I. An Introduction to NR Economics

1. (2 points) Define the term rent (resource royalty) within the context of nonrenewable natural resources.

2. (2 points) What, in the last twenty-five years, other than increased scarcity and/or increased market power, might explain increases in the relative prices of some natural resources? Explain your answer.

3. (6 points) Argue that a change in the relative price of a natural resource is a good indicator of a change in the scarcity of that natural resource. Now argue that it is a bad indicator.