Lecture outline

Topic: Strategic relationships in resource markets

Schedule:

June 20, 09:00-11:00, room MD 003

June 21, 10:00-12:00, room MD 003

June 22, 10:00-12:00, room MD 003


Introduction: The lecture covers recent theoretical developments on strategic issues in resource markets. The starting point is the conceptual connection between the exhaustible-resource monopsony and durable-good monopoly problems. The latter is among the best-understood models of dynamic behavior in economics. The objective is to cover the lessons from the durable-good theory for understanding the dynamic relationship between resource importers and sellers. The lessons prove useful in evaluating the effects of demand-side policies such as technology programs, subsidies to alternative energy, emissions taxes and quotas, fuel tariffs, and asymmetric information on the supply side behavior in the resource markets. Other recent topics include the effects of market structure such as the possibility of forward contracting of stocks on resource depletion. The lecture provides tools for studying the relevant applied questions in the field, and seeks to point out potential directions for further research.

Level: advanced undergraduate/graduate

Lecture 1: The connection between Coase and Hotelling

The connection under commitment stated in:

The most relevant durable-goods paper for resources:

The subgame-perfect outcome is in:

Survey of the resource literature:

Application of the result:

**Lecture 2:** bilateral dynamic resource monopoly

Example and survey of the older literature:

Adoption of technologies reducing resource dependence and methods:

Optimal tariff-design for resource monopoly:

**Lecture 3:** Contracting and resource use

On the effect of contracting on oligopoly:

Contracting and resources:

**Readings on dynamic games**

