IU Bloomington
Department of Economics

E724 -- Institutions and Governance of Natural Resources
Section 13413
T TH 9:30 – 10:45 am, Wylie 101

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Office hours: Wednesday 1:30 pm - 2:30 pm and by appointment

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Course Plan, Requirements and Grading
The course will examine a wide variety of empirical applications in topics in natural resource economics such as resource scarcity, land use, water, oil and gas, biodiversity, fisheries, and forestry. There will be an emphasis on empirical studies and on contract theory, transaction costs/property rights, economics of law, and political economy. We will spend some time at the beginning of the course on the new institutional economics and standard models of renewable and nonrenewable resource use (dynamic methods will be used). In general each meeting will be conducted as a seminar with student presentations, though we will lecture on occasion. The Handbook on the Economics of Natural Resources 2015. Eds. Halvorsen and Layton (Edward Elgar) will be a basic reference. Students will be responsible for assigned readings and participation in the class discussion. The course requires each student to write a research paper on a topic approved by the instructor. The paper will account for 50% of the grade in the course. The students also will be required to review one of the assigned papers in class. This presentation will be judged on the understanding of the paper's substance, organization, clarity, and answering questions, and will contribute 40% to the student's grade. The remaining component of the grade will be class participation (10%).

Topic Outline
1. Introduction: Coase, North, & Williamson
2. Institutions and Economic Growth
3. Private and Public Ownership
4. Contracts and Contract Enforcement
5. Corruption
6. Optimal Resource Use: Depletion, Harvest and Conservation
7. Taxation of Natural Resources
8. The ‘Curse’ of Natural Resources
9. Open Access to Natural Resources
10. Establishing Resource Ownership
11. Aboriginal Use & Historical Use
12. The Institutions of Land
13. Governance and Regulation of Natural Resources
14. Wildfire & Natural Disasters
Reading List

Specific articles will be identified for presentation during the semester.

1. INTRODUCTION TO INSTITUTIONS: COASE, NORTH, WILLIAMSON, AND ACEMOGLU


URL (NBER version): http://ideas.repec.org/p/nbr/nberwo/9608.html;


(Stable URL: http://www.jstor.org/stable/1942984)


2. INSTITUTIONS AND ECONOMIC GROWTH


### 3. Public and Private Ownership

**The essence of property and the creation of property rights**


**Property rights and firms**


**Private vs. government ownership**


4. CONTRACTS AND CONTRACT ENFORCEMENT


5. CORRUPTION


6. OPTIMAL RESOURCE USE: DEPLETION, HARVEST AND CONSERVATION


Nonrenewable Resources: Theory of Depletion


Renewable Resources: Theory of Harvest


7. THE TAXATION OF EXHAUSTIBLE NATURAL RESOURCES


8. THE CURSE OF NATURAL RESOURCES


Acemoglu, Daron, and James Robinson’s blog (including references): http://whynationsfail.com/blog/2013/6/27/resource-curse-and-institutions-getting-more-specific.html

**9. OPEN ACCESS TO NATURAL RESOURCES**


**10. ESTABLISHING RESOURCE OWNERSHIP**

*Legal Institutions*


*Haslem v. Lockwood*, 37 Conn. 500 (1871), known as the dung case.)


**Contracting for Property Rights**


**Common Property**


11. ABORIGINAL USE & HISTORICAL USE


12. THE INSTITUTIONS OF LAND

Allen, Douglas W. 1991. “Homesteading and property rights; or, how the West was really won.” Journal of Law and Economics (34):1-


13. GOVERNANCE AND REGULATION OF NATURAL RESOURCES

**Oil & Gas, Minerals**

*Barnard v. Monongehela* 216 PA. 362 (1907).

*Hammonds v. Central Kentucky Natural Gas Co.,* 75 S.W.2d 204 (Ky. App. 1934) (Supp.)
Phillips Petroleum Co. v. Cowden, 241 F.2d 586 (5th Cir. 1957).


*Water*

*Coffin et al., v. Left Hand Ditch Co.* 6 Colo. 443 (1882).

*Huber v Merkel* 62 L.R.A 875 (Supreme Ct of Wisconsin 1903)


Forests


Marine Fisheries


Wildlife


**Endangered Species**


**Environmental Agencies**


**14. WILDFIRE AND NATURAL DISASTERS**


**THE LAST PAPER**