

## ECON 315 Assignment 5 (Topic 6)

### Directions:

- The due date is on the schedule page. (Late assignments not accepted.)
- You may complete the assignment in a group of up to three students.
- Submit the assignment in D2L.
- Submit only one assignment per group.
- List the names of all members at the beginning of the assignment.

### Questions:

1. How does the economic concept of scarcity differ from just the physical availability of a resource? What factors does it take into account?
2. Explain the Hotelling Rule and its implications for the extraction of nonrenewable resources over time. Why is it important that the rate of return to resource stocks equals the rate of return on other investments?
3. The chapter concludes that real-world markets often do a good job approximating efficient extraction rates for nonrenewable resources like oil and minerals. What are the key reasons for this? How might the situation differ for resources like groundwater?