The Economics of Common-Pool Resources

Instructor: Prof. Timo Goeschl, Ph.D.
Email: goeschtl@eco.uni-heidelberg.de
Schedule: Initial meeting: October 16, 2014, 16.00 - 18.00
Seminar event (TBC): January 8 and 9, 2015
Classroom: Seminar Room #215, Bergheimer Str. 20
Office: Room #220, Bergheimer Str. 20 (54-8010)
Office hours: Tuesdays, 17:00 – 18:00 (email/call the office for appointments: office@eco.uni-heidelberg.de)
Language: English
Target audience: B.Sc. students in Economics.

SYNOPSIS

Despite their rivalrous nature, many of the world’s most important resources are not subject to private property rights, but managed by assemblies of individuals. This reflects the fact that they are so-called common-pool resource that “generate finite quantities of resource units so that one person’s use substracts from the quantity of resource units available to others”(Ostrom et al. 1994) while being “sufficiently large that multiple actors can simultaneously use the resource system and efforts to exclude potential beneficiaries are costly” (Ostrom 2002). Typical examples are fisheries, forests, water, etc.

Are such resource systems doomed, as Hardin’s ‘tragedy of the commons’ posits, or can the users self-organize into something approaching an efficient use of the resource? – This seminar provides a variety of theoretical, empirical, and experimental starting points for coming to a better understanding of the likely fate of common-pool resources and the economic underpinnings of their trajectory.

Every participant will study a general background reading. In addition, each participant will write and present a research paper on a specific topic (see list below), reviewing and critiquing the assigned specific readings.

- **Reviewing** means (i) summarizing and (ii) contextualizing the key points of the reading’s argument so as to make its content understandable to a person who has not studied the reading.
- **Critiquing** means engaging with the substance of the reading’s argument, trying to point out weakness of logical consistency, coherence, or empirical factuality, and ideally, offering an alternative perspective based on logic, theory, and/or evidence.

PREREQUISITES

Familiarity with the English language; familiarity with intermediate micro, public economics, mathematics for economists, and statistics.
ASSESSMENT

Your performance will be evaluated based on the following assignments:

2. **Seminar presentation**. Duration: 20 minutes. Weighting: 30 percent.
3. Written **referee report** constructively critiquing the research paper of a fellow participating student and 3 minute presentation thereof. Maximum length: 1000 words. Weighting: 20 percent.

LITERATURE

The full set of readings is attached below. The following paper introduces the field. Irrespective of topic, each participant will read this paper, intellectually process its content, and productively use it in their research paper.


KNOCK-OUT CRITERIA

For a pass grade, the following minimum requirements are to be fulfilled:

1. You need to be in attendance for the entire duration of the seminar event.
2. You need to hand in a research paper, a report, and give a presentation on time according to schedule.
3. You need to observe the upload deadline of your research paper.

SCHEDULE

- **October 16, 16:00-18:00**: Introduction, assignment of places and topics, email list
- **Nov. 13, 17:00**: Due-date for uploading a draft (for feedback by your advisor) of your research paper on Moodle (voluntary)
- **Nov. 17-21**: 45min feedback session with your advisor (student to make appointment by email)
- **Dec. 19, 17:00**: Deadline for uploading your complete research paper on Moodle for evaluation by your discussant. No excuses, no exceptions.
- **Jan. 8-9**: Seminar event and presentations
  - At the start of the seminar event, all referee reports need to be handed in in hard copy
- **Jan 13, 16:00**: Deadline for handing in your final research paper in hard copy at the Secretary’s office, room 219, Bergheimer Str. 20.

E-Learning

This seminar course has a Moodle website at http:\\elearning2.uni-heidelberg.de
List of Topics and Readings

Part I
Theory

1. The ‘Conventional’ Theory

2. Game Theory Applied to Common Pool Resources

3. Explaining Cooperation: Evolutionary pressure

4. Explaining Cooperation: Repeated Interaction

5. Explaining Cooperation: Joint Supply Dependency

6. Explaining Cooperation: Cultural Norms and their Evolution

7. Explaining Cooperation: Preferences for Fairness
Part II
Empirical Evidence

8. Learning from History: The Debate About Enclosures

9. Alpine Meadows

10. Marine Environments: Lobsters and Clams

11. Marine Environments: International Fisheries

12. Irrigation

13. Forest Commons

Part III
Experimental Evidence

14. Rent dissipation in the lab
15. Creating Institutional Solutions in the Lab

16. Monitoring and Fines

17. The Role of the Decision-Making Entity: Do Individuals or Groups Do Better?

18. Tests of Motivation