Energy: A Giannini Jingle

C.-Y. Cynthia Lin
UC-Davis
Annual Meeting of the Giannini Foundation
May 14, 2007
Lin & Wagner (forthcoming, JEEM): “Steady-state growth in a Hotelling model of resource extraction”

- reconciles trendless nature of historical minerals prices with Hotelling model
  - Technological progress
  - Stock effects
- But: yields steady-state growth in extraction
  - In reality, resource stocks are finite
The Present

- Structural break (a là Lee, List & Strazicich, 2006)
  - Impending scarcity of resource
  - High oil prices
The Future

- Investment in:
  - unconventional fossil fuels
  - alternative energy

- R&D investment decisions
  - following Lin (2007): “Do firms interact strategically?: A structural model of the multi-stage investment timing game in offshore petroleum production”

- Growth and natural resources