

Economics 332
Fall 2008
H. Fretwell
Homework #3
Questions to ponder
Due November 13

List at least 2 factors that limit the effectiveness of OPEC as a cartel.

What prevents Russia from cutting off oil supplies to Europe? (What prevents Saudi Arabia and other OPEC countries from cutting off oil supplies to the United States?)

Why are proven reserves for oil increasing even though we are depleting (using) the resource?

What rate of increase do you expect MUC for a depletable resource will follow over time?