KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2011/2012

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE (CONSERVATION BIOLOGY)

SCB 208: INTRODUCTION TO ENVIRONMENTAL ECONOMICS

DATE: Thursday, 29th March, 2012 TIME: 11.00 a.m. – 1.00 p.m.

INSTRUCTIONS:

*Answer **ALL** questions in Section A and any **ONE** question from Section B. Section A should be answered in the spaces provided on the question paper only.*

Section A (40 marks)

SECTION A (5 MARKS EACH)

1. Explain the following concepts:-

   a) Allocation

   b) Scarcity

   c) Commodity

   d) Opportunity cost

e) Pareto efficiency

2. Differentiate between “demand function” and “supply function”.

3. Using a diagram, distinguish between “marginal willingness to pay” and “total willingness to pay”

4. State and explain two possible causes of shortage and surplus in the market economy.

5. Outline the main classifications of resources in environmental economics and give an example in each case.

6. Discuss the indirect use value of environmental resources

7. If a certain resource had a current monetary value of Ksh 245,000,000 and earns an annual interest rate of 4%, calculate the future value of the resource after 5 years.

8. Using an economic model, explain why two countries could mutually benefit from engaging in international trade.

Section B: Essay (30 marks)

***Answer ONE question*.**

1. Discuss the fundamental objectives of microeconomics and macroeconomics. (30 marks)

2. Discuss the Travel Cost Method in valuation of environmental resources (30 marks)

3. Using economic models, discuss externalities and their implications in environmental conservation. (30 marks)