

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**FOURTH YEAR EXAMINATION FOR THE AWARD OF
DEGREE OF BACHELOR OF ECONOMICS AND STATISTICS, ECONOMICS AND
SOCIOLOGY AND ECONOMICS AND MATHEMATICS**

ECON 445: ENVIRONMENTAL ECONOMICS

STREAMS:

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 22 /09/ 2021

2.30 PM – 4.30 PM

INSTRUCTIONS TO CANDIDATES:

- Answer Question One and any other Two Questions.
- DO NOT WRITE ANYTHING on the question paper.

QUESTION ONE (30 MARKS)

- With the aid of relevant examples, briefly discuss the following terms as used in environmental economics. [12 Marks]
- Waste discharge into the environment is not necessarily an environmental problem. Discuss this statement giving clear illustrations. [8 Marks]
- What is environmental degradation? Identify an environmental degradation problem in your community and discuss the factors that you think are responsible for this problem. [10 Marks]

QUESTION TWO (20 MARKS)

- The environment provides both a direct value as well as raw material intended for economic activity. Discuss the interrelationship between the economy and the environment. [8 Marks]
- Discuss the reasons why markets fail to allocate environmental resources optimally.

- c. Governments in both developing and developed countries have come up with various policies to enhance and conserve environmental quality. With reference to Kenya, discuss such policies. [4 Marks]

QUESTION THREE (20 MARKS)

- a. Discuss the following methods of environmental valuation. [12 Marks]
- i. Environmental impact assessment
 - ii. Hedonic price method
 - iii. Travel cost method
 - iv. Contingent valuation method
- b. What are the problems associated with economic environmental valuation? [8 Marks]

QUESTION FOUR (20 MARKS)

- a. Pollution is one of the major environmental problems in developing countries. Discuss the major types of pollutants. [10 Marks]
- b. With the aid of a diagram, describe the tradeoff between economic goods and environmental quality and hence discuss sustainable economic development. [10 Marks]
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