

UNIVERSITY OF COLOMBO
FACULTY OF ARTS
FOURTH YEAR EXAMINATION IN ARTS (ECONOMICS) -2018
ECN 4275: ENVIRONMENTAL ECONOMICS
TIME ALLOWED: TWO (02) HOURS ONLY
ANSWER ANY FOUR QUESTIONS

1. A. What is environmental economics? How do you distinguish environmental economics from other branches of economics?

B. Briefly discuss three (3) main categories of environmental problems that you are familiar with.
2. A. Explain clearly what you understand by the term **externality** of environmental economics.

B. With the use of appropriate examples, briefly discuss three (3) types of externalities that you are familiar with, and explain what implications of each of such type has on market operations?
3. A. Distinguish between use value and non-use value by using possible examples.

B. Outline the classification of environmental valuation methods.
4. A. Why is there a trade-off between environmental quality and other forms of consumption?

B. Distinguish between private goods and public goods externalities.
5. Explain why it is difficult to estimate the value people place on environmental goods, the benefits they receive from cleaner air and other such services provided by nature.
6. "Contingent Valuation is increasingly used to put values on environmental goods". Examine the merits and demerits of this method with illustrative examples.

7. Explain, by using the essence of Hedonic Pricing Method, why houses in certain localities are expensive than those in other localities.

8. Write brief notes on **FOUR** of the following terms, showing their relevance to environmental economics.
 - A. The Precautionary Principle
 - B. Travel cost method
 - C. Externalities
 - D. Green House Effect
 - E. Limits to Grow
 - F. Environmental Carrying Capacity
 - G. Conservation of Biodiversity

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