

1st SEM. 2018/2019



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UNIVERSITY OF ESWATINI

FINAL EXAMINATION PAPER

PROGRAMME: BSc. in Agricultural Economics and Agribusiness
Management Year 4

COURSE CODE: AEM403/AEM 403

TITLE OF PAPER: ENVIRONMENTAL AND NATURAL RESOURCE ECONOMICS

TIME ALLOWED: TWO (2): HOURS

INSTRUCTION: 1. ANSWER ALL FOUR QUESTIONS
2. EACH QUESTION CARRIES 25 POINTS

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CHIEF INVIGILATOR

Question 1 (25 MARKS)

- a) Is there a difference between market failure and externalities? Explain. **6 MARKS**
- b) What are the four possible types of externalities? **4 MARKS**
- c) Discuss with a help of a figure why an unregulated market with a negative externality (pollution) leads to an inefficient outcome (*Inefficiency with an external cost*). **15 MARKS**

Question 2 (25 MARKS)

The travel cost method is used to estimate economic use values associated with environmental goods and services that are used for recreation. Can you discuss the advantages and limitations associated with the travel cost method of value estimation?

25 MARKS

Question 3 (25 MARKS)

- a) Distinguish between stock, local and global pollutants? **6 MARKS**
- b) What is the optimal allocation of a stock pollutant? **4 MARKS**
- c) Discuss pollution control policies. **15 MARKS**

Question 4 (25 MARKS)

- a) In fisheries, is maximum sustainable yield and effort *equal* to the static efficient sustainable yield and effort? Discuss extensively with the help of figures. **10 MARKS**
- b) If maximum sustainable yield and the static efficient sustainable yield *are not equal* when will they be equal? **5 MARKS**
- c) Is there a difference between the static efficient sustainable yield and the dynamic efficient sustainable yield? Explain. **5 MARKS**
- d) If the static efficient sustainable yield and the dynamic efficient sustainable yield *are different* when will they be equal? **5 MARKS**