

OLLSCOIL NA hÉIREANN, GAILLIMH
NATIONAL UNIVERSITY OF IRELAND, GALWAY

SEMESTER 1, 2001

ENVIRONMENTAL & NATURAL RESOURCE ECONOMICS (EC388)
3rd B.Comm & 3rd B.A.

Professor H. Dixon
Professor M.P. Cuddy
Dr. Scott R. Steele

Time allowed: **TWO** hours.

Instructions:

The distribution of marks is as follows:

Section A: 35 marks (approximately 45 minutes)

Section B: 35 marks (approximately 45 minutes)

Section C: 30 marks (approximately 30 minutes)

Total marks: 100

Detailed instructions:

Section A: Answer **FOUR** questions. The questions carry equal marks

Section B: Answer **FOUR** questions. The questions carry equal marks.

Section C: Answer the essay question.

SECTION A

Answer **ONLY FOUR QUESTIONS** from this section. Provide relatively short answers and/or analysis.

1. List and briefly describe three important techniques used for placing values on environmental resources.
2. What is the role of discounting in Benefit-Cost Analysis? Why does discounting play such an important role in the analysis?
3. What are the main arguments for preserving biodiversity?
4. Explain the basis of the negative attitudes of towards National Parks in South Africa. Given these negative costs do you think it would be a good idea to open up the Kruger National Park to agriculture and grazing?
5. List what and explain what you believe to be the three most important concepts in ecological economics. Do you think ecological economics provides a useful alternative to environmental economics? Why or why not?
6. Do you think a Marketable Permit Regime for Carbon emissions should be a significant part of any policy to combat climate change? Explain such a policy in broad terms and discuss the most difficult issues that such a policy would face.
7. Consider the following pessimistic view on trade and the environment issues:

Environmental protection costs are significant in pollution-intensive industries, and encourage industrial growth for export in countries without significant pollution control. In addition, low wages make it impossible for municipalities to finance sewage treatment or waste disposal through local taxes. Transboundary and global pollution is growing, and the harmonization of minimum standards is necessary to prevent a "race to the bottom."

- a) How does this differ from what the text argued is the "Consensus View"?
- b) Which view do you take?

8. In the mid-1980's, then Vice President George H. Bush went to the Persian Gulf to support higher crude oil prices. IN the early 1990's, President Bush strongly supported UN military action to terminate Iraq's occupation of Kuwait and Iraq's potential to raise Persian Gulf oil prices. How can you reconcile this apparent contradiction? Why does the author of the text argue that the oil market is a Hybrid?
9. Suppose you are a forester helping your neighbour manage her 1,000-acre stand of Douglas fir. If she says to you that she can maximize the value of her land by harvesting trees when they are 120 years old because this would maximize sustained yield, how would you respond?