



**THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF SOCIAL STUDIES
POSTGRADUATE DIPLOMA IN DEVELOPMENT STUDIES AND PUBLIC
POLICY**

FINAL EXAMINATION – 2009/2010

NEP 1202 – ENVIROEMNTAL ECONOMICS AND MANAGEMENT

DURATION – THREE (3) HOURS



Date: 23rd February 2010

Time: 9.30a.m. – 12.30 p.m.

Answer only five (05) questions

1. (i). What is scarcity? What are the consequences of scarcity?
(ii). Differentiate “Change in demand” from “change in the quantity demanded”
2. Illustrate, supply and demand curves, and explain the market effect of
(i). Price ceilings
(ii) Price Floors
3. (i) Prepare a short description of Environmental Economics.
(ii) Explain briefly the four basic views of environmental ideologies.
4. (i) What is “market failure”
(ii) Give examples of Market failure in the context of externalities?
5. (i) Differentiate between the meaning of the expressions “willingness to pay” (WTP) and “willingness to accept” (WTA)
(ii) “If you were a free-market ideologue you would urge the government to use WTP as a standard measure of environmental benefits. If you were a socialist you would urge WTA as the standard for measurement”. Explain

6. Explain the travel-cost method using hypothetical data. Analyze a case for a selected environmental service.
7. Is there a role for Benefit-cost Analysis in Environmental, Health, and Safety Regulation?
8. Discuss the relationship between valuation of environmental services and the environmental policy formulation?
9. Write short notes on any four of following
 - i. The law of diminishing returns
 - ii. Malthusian scarcity and Ricardian scarcity
 - iii. The second law of thermodynamics
 - iv. Non-Renewable resources
 - v. Benefit-cost ratio
 - vi. Land degradation

