



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

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AUGUST – DECEMBER 2018 TRIMESTER

FACULTY OF ARTS AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

REGULAR PROGRAMME

ECN 405: RESOURCE ECONOMICS

Date: DECEMBER 2018

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and any other TWO Questions

- Q1. a) Using examples, explain and illustrate the following Natural Resource Economics concepts:
- i) Opportunity cost and scarcity. **(2.5 marks)**
 - ii) Known reserves. **(2.5 marks)**
 - iii) A classification of resources. **(5 marks)**
 - iv) Property rights regimes. **(5 marks)**
 - v) Maximum sustainable yield. **(2.5 marks)**
 - vi) Governance rules. **(2.5 marks)**
- b) Argue for and **against** rising prices of a depletable scarce natural resource. **(10 marks)**
- Q2. Using a numerical example, illustrate the following issues in non-renewable resource allocation:
- i) Issues in allocation of non-renewable, non-recyclable resources. **(10 marks)**
 - ii) Dynamically-efficient allocation. **(10 marks)**
- Q3. Explain the following issues in Common Property Resources allocation:
- i) Full-rent dissipation versus group optimum. **(10 marks)**
 - ii) Free-riding and transaction costs. **(10 marks)**
- Q4. Describe the kinds of conflict that arise in the use and management of:
- i) Group/common grazing land resources. **(10 marks)**

ii) Forestry resources.

(10 marks)

Q5. Write concise notes on water resource use, management and conflicts with reference to a specific country.

(20 marks)

END