

**I. Answer the following questions by saying true if the statement is correct and false if not,**

1. When narrowly defined, natural and environmental economics are the same.
2. Natural resource economics is concerned with the inter-temporal resource allocation.
3. There is always a positive relationship between economic growth and environmental degradation.
4. There is bi-directional relationship between environmental degradation and poverty.
5. Technological development can help to replace non-renewable resources.
6. Non-renewable resources has zero regenerating capacity.
7. In the presence of externality, there will be inefficient resource allocation
8. If its assumption are satisfied, free market economy will always leads to efficient resource allocation.
9. Sustainable development attempt to meet the needs of current generations by compromising the needs of future generation.

**II. Explain the following statements**

1. Briefly explain the most pressing environmental problems in Ethiopia
2. Evaluate the environmental policy of Ethiopia in managing environmental problems
3. Discuss how inefficiency in resource allocation takes place in the presence of environmental externality
4. Explain factors that are responsible for market failures in environmental economics and remedial measures required to overcome it.
5. Explain how to mitigate the negative externalities that arises from leather factory production in Ethiopia.
6. Discuss the difference between strong and weak sustainable development
7. Explain the three pillars of sustainable development
8. Explain the service that economic system receives from environment.
9. Describe the main conditions that must be satisfied for static efficiency to take place.
10. Discuss the possible parameters that we use to measure the sock of non-renewable resources.
11. Define environmental pollution and its main responsible factors.
12. Explain the optimal level of pollution control.
13. What are the different types of pollution?
14. Describe the difference between contingent valuation method and contingent choice method.
15. Public goods are characterized by non-divisibility in consumption and non-excludability in consumption. Explain what it mean when it is said non-divisibility in consumption and non-excludability in consumption.