

January Examination Period 2024

ECN351 Environmental Economics

Duration: 2 hours

**YOU ARE NOT PERMITTED TO READ THE CONTENTS OF THIS QUESTION PAPER UNTIL
INSTRUCTED TO DO SO BY AN INVIGILATOR**

Answer FOUR questions out of the FIVE below

If you answer more questions than specified, only the first four answers (up to the specified number) will be marked. Cross out any answers that you do not wish to be marked.

You are permitted to bring 20 x A4 pages of notes into your examination (i.e. 10 double sided pieces of paper). These can be typed or handwritten and can include graphs and images. They can include material from any source.

Your notes must be stapled together and include your student ID number and the module code on the first page. You must submit your notes at the end of the examination with your answer booklet.

Calculators are not permitted in this examination. Complete all rough workings in the answer book and cross through any work that is not to be assessed.

Possession of unauthorised material at any time when under examination conditions is an assessment offence and can lead to expulsion from QMUL. Check now to ensure you do not have more than 20 pages of notes. You should also not have mobile phones, smartwatches or unauthorised electronic devices on your person. If you do, raise your hand and give them to an invigilator immediately.

It is also an offence to have any writing of any kind on your person, including on your body. If you are found to have hidden unauthorised material elsewhere, including toilets and cloakrooms, it will be treated as being found in your possession. Unauthorised material found on your mobile phone or other electronic device will be considered an assessment offence. A mobile phone that causes a disruption in the exam is also an assessment offence.

EXAM PAPERS MUST NOT BE REMOVED FROM THE EXAM ROOM

Examiners: Giulia Tozzi

Question 1

Different types of environmental policy options could help us achieve the social optimum. Please explain the potential role of environmental policies to achieve the social optimum. When answering the question, explain the problem of environment externalities and spell out different policy options available.

[25 marks]

Question 2

During lecture/class, we saw that researchers have tried to estimate the potential effect of climate change on economic growth.

2.1 What do the macro and micro literatures tell us about the potential effect of climate change on economic growth?

[7 marks]

2.2 Drawing on the evidence discussed in class, what do you think is the best empirical methodology to estimate this effect, and what are the respective findings?

[11 marks]

2.3 What are the limitations to this method?

[7 marks]

Question 3

What evidence do we have regarding the long-term effects of air pollution on individuals' human health? Refer to one specific scientific study discussed during lecture/class, and briefly explain their context, empirical methodology, and main findings.

[25 marks]

Question 4

What are the reasons behind monitoring failure in the context of environmental regulation? How does the empirical evidence measure "collusion"? Refer to at least one specific scientific study discussed during lecture/class, and briefly explain their context, empirical methodology, and main findings.

[25 marks]

Question 5

Is trade bad for the environment? Explain the reasoning behind your answer.

[25 marks]