Botkin and Keller- Chapter #7(Economy)

**Commons-** land or resource owned publicly; with public access for private uses

**Direct Causes** - the producer in obtaining, processing, and distributing a product

**Environmental Economics** - the use of persuasion of people, organizations, and society at large to act in a way that benefits the environment

**Externality** - producers as part of their costs and benefits, and not accounted of in their cost-revenue analyses.

**Indirect cost** - costs and benefits that don’t show up in the price tag.

**Intangible factor** - a factor that you cannot affect but value

**Natural capital** - ecosystems that provide public-service functions

**Policy instruments** - what, can, and how we do environmental economics

**Public-service functions** - ecosystem services

**Risk-benefit analysis** - riskiness of a resent action in terms of its possible outcomes is weighed against the benefit, or value, of the action.

**Tangible factor** - a factor that you can touch, buy, and sell

**1. What is meant by the term the tragedy of commons? Which of the following are the results of this tragedy?**

- The tragedy of the commons is the overuse and over-exploitation of a resource that isn’t able to reproduce and recover. This forces the people to choose whether to continue using up the resources until it is gone, or create a new plan to preserve it.

(b) The fate of the gray whale.

**2. What is meant by risk-benefit analysis?**

It is when the riskiness of a [resent action in terms of its possible outcomes is weighed against the benefit, or value, of the action.

**3. Cherry and walnut are valuable woods used to make fine furniture. Basing your decision on the information in the following table which would you invest in?**

(b) A walnut plantation.

**4. Bird flu is spread in part by migrating wild birds. How would you put a value on (a) the continued existence of one species of these wild birds; (b) domestic chickens important for food but also a major source of the disease; (c) control of the disease for human health? What relative value would you place on each (that is, which is most important and which least)? To what extent would an economic analysis enter into your valuation?**

(a)- The value would come from the popularity of tourism and populations of the birds.

(b)- The value would be based on the amount of diseased chickens.

(c)- The value would be based on the amount of humans affected by the disease.

**5. Which of the following are intangible resources? Which are tangible?**

Tangible resources: (c), (d)

Intangible resources: (a), (b), (e)

**6. What kind of future value is implied by the statement “Extinction is forever?” Discuss how we might approach providing an economic analysis for extinction?**

Extinction will always happen in nature. No one can stop extinction since it happens naturally. We can approach this as seeing the economic benefits of the nearly extinct species or endangered species.

**7. Which of the following can be thought of as commons in the sense meant by Garett Hardin? Explain your choice.**

By Garrett Hardin, the tuna fisheries in the open ocean would be thought as a common because of its accessibility to people that can overuse it.