

The Environment and Economics

Key Questions:

1. What is economics?
2. What is the relationship between economics and the environment?

The **economy** is the system of _____

Goods are _____ e.g. _____

Services are _____ e.g. _____

To produce goods and services requires:

- _____,
- _____, and
- _____.

We live in a **capitalistic** economic system where _____
_____.

Stop and Reflect:

Why might this be important?

What kind of effect can the **profit motive** have on the way that we view and treat natural capital and the environment? (write down some ideas)

Problem: Our economic system does not assign **realistic** value to natural capital.

Question: How do we determine the true value of natural capital?

Example: What is the value of a forest?

(Brainstorm: what kinds of natural capital resources and services are provided by a forest?)

According to our economic system,

The value of a standing forest is: _____

The value of the forest **after** being cut down (lumber, paper) is: _____

Gross Domestic Product (GDP):

Is the GDP a useful method of measuring value?

Our gross national product... counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for those break them. It counts the destruction of our redwoods and the loss of our natural wonder in chaotic sprawl. It counts napalm and the cost of a nuclear warhead, and armored cars for police who fight riots in our streets.

Yet the gross national product does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the intelligence of our public officials.

It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; It measures everything, in short, except that which makes life worthwhile.

Robert F. Kennedy, March 18, 1968

How much does a hamburger really cost?

The energy cost of the 550 million Big Macs sold in US every year is \$297 million, with a GHG (greenhouse gas) footprint of 2.66 billion pounds of CO₂.

We also need to take into consideration water use, soil degradation, and health costs of treating diet-related illnesses such as diabetes and heart disease;

According to India's Center for Science and the Environment, a burger grown from beef raised on clear-cut forest should really cost \$200.

(from The Value of Nothing – Why everything costs so much more than we think, Raj Patel, HarperCollins 2009

