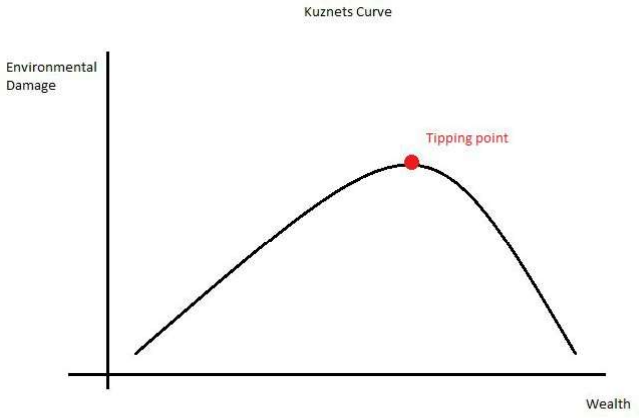
Environmental Economics Lecture 1

Environmental Economics

- the study of how to make the best decisions that involve or affect the environment, the economy, and the inter-relationship between the two

The effect of the economy on the environment

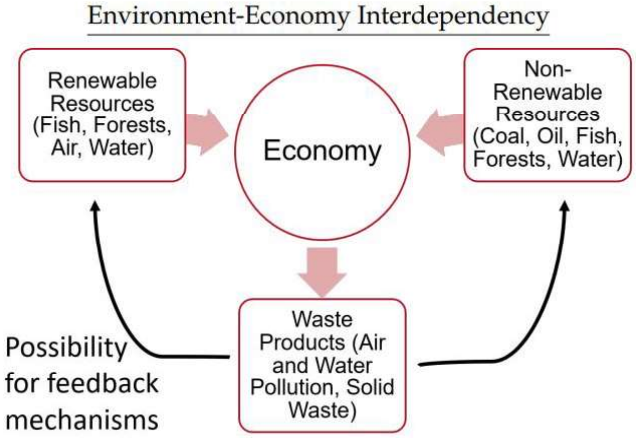
Environmental issues worsen with economic growth until average income reaches a certain point after which environmental quality tends to improve



As wealth increases, environmental damage increases. However there is one point where the rich start to be more efficient and produce with less environmental damage. This is once people are past the tipping point

The effect of the environment on the economy

Warming climate impacts negatively winter resorts. Warming climate negatively impacts coral reefs tourism.



Effects accumulate, and are exacerbated by population growth

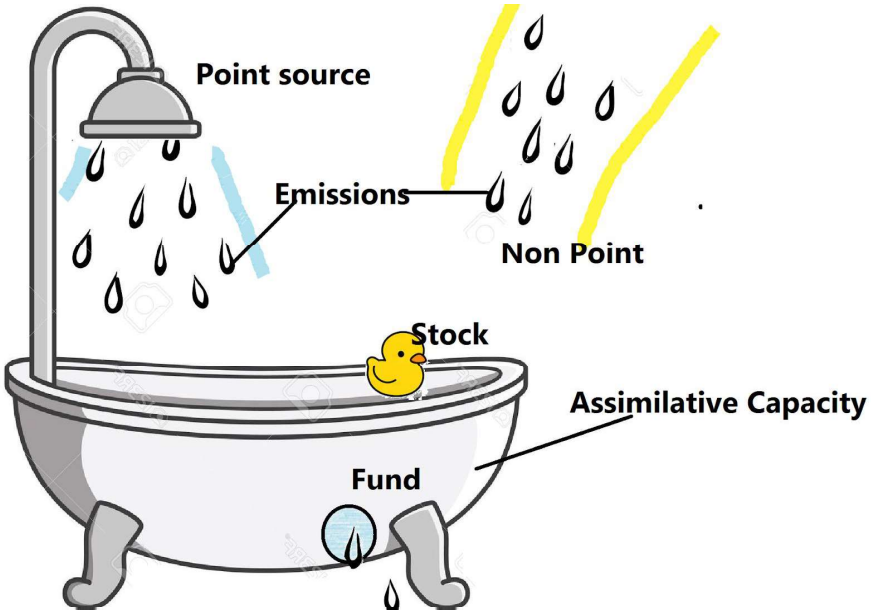
For most goods and services, we rely on markets, which match producer costs with consumer valuations to yield the right amount of production and consumption

However with environmental goods and bads, markets do not work out to yield the socially desirable amount of output

Brown Issues: Relating to air, water and chemical pollution (Silent Spring illustrated this)

Green Issues: Relating to ecosystems and natural environments (i.e. tazzie devil cancer)

Pollution Taxonomy



Assimilative Capacity:

- Ability of the environment to absorb or process pollutants

Stock Pollutants:

- Those for which the environment has an effectively zero ability to assimilate

Emissions:

- Flow of a pollutant

Fund Pollutants:

- Those for which the environment has some ability to assimilate

Non-point Source

- Many diffuse sources (e.g land runoff, precipitation, drainage)

Point Source

- Any single identifiable source of pollution from which pollutants are discharged (e.g. pipe, ditch, ship or factory smokestack)

Thresholds