

## Economics Workshop: Sustainability and Value

### Some economics terms from filmed lecture

**Commodity:** An exchangeable article of commerce. In other words: A physical substance, such as food, grains, and metals, which is interchangeable with another product of the same type, and which investors buy or sell. The price of the commodity is subject to supply and demand. Risk is the reason that trading of the basic agricultural products began. For example, a farmer risks the cost of producing a product ready for market at sometime in the future because he doesn't know what the selling price will be.

**Externalities:** Benefits or costs generated as the result of an economic activity, that do not accrue directly to the parties involved in the activity. Put another way: The consequences or impacts of resource decisions that are not directly accounted for in the price paid for the resource.

- **Negative externalities** (aka external costs) are impacts on "outsiders" that are disadvantageous to them and for which they receive no compensation.
  - Private costs + external costs = total social costs.
  - Example: the pollution (noise, dust, vibration) endured by people living next to a quarry, as side effects of production processes
- **Positive externalities** (aka external benefits) are impacts on `outsiders` that are advantageous to them and for which they do not have to pay.
  - Example: benefits to local people that stem from the growth of a major industry causing trade to increase and jobs to become more numerous and available.

**Zero-sum game:** a game (or transaction) in which the total of all the gains and losses is zero. Thus, any gain made by one player is exactly balanced by losses to other players.

### Definitions of terms for workshop

**Commodity value:** those natural or physical qualities of an area or object that have potential to be bought or sold for a profit. A species has commodity value if it can be made into a product that can be bought or sold in the marketplace.

**Amenity value:** those natural or physical qualities and characteristics of an area that contribute to people's appreciation of its pleasantness, aesthetic coherence, and cultural and recreational attributes. Contributing factors to suburban amenity values include public and private open space, historic and cultural heritage, neighborhood character, vegetation (e.g. bush, trees and gardens), safety, views, and noise levels. A species has amenity value if its existence improves our lives in some nonmaterial way.

### List of seven things to rank during workshop: The last remaining:

- A. Forested corridor connecting the largest two protected rainforests in Costa Rica
- B. Population of mountain hemlock
- C. Population of golden toads (actually now extinct, tropical cloud-forest living species with otherwise unknown bioactive skin toxins)
- D. Wild population of chimpanzee
- E. Undammed tributary of the Columbia
- F. Viable, wild (not domesticated, not genetically modified) seeds of rice
- G. Vial of live smallpox, which provides the only route to make new vaccine.