

Environmental Economics Facts

Economics · Answer Key · 18 Questions

1. What is the economic term for the benefits people derive from healthy ecosystems, such as clean air and water?

- A) Natural capital
- B) Ecosystem services**
- C) Biodiversity value
- D) Resource depletion

2. The practice of fishing in a way that allows fish populations to replenish is known as:

- A) Overfishing
- B) Sustainable fishing**
- C) Trawling
- D) Aquaculture

3. Which of these is an example of a renewable natural resource?

- A) Coal
- B) Oil
- C) Timber**
- D) Natural gas

4. The economic cost of pollution, such as the damage to crops from acid rain, is an example of:

- A) A positive externality
- B) A public good
- C) A negative externality**
- D) A market failure

5. Conservation efforts aimed at protecting endangered species often rely on what kind of economic concept to justify their costs?

- A) Scarcity
- B) Opportunity cost**
- C) Marginal utility
- D) Comparative advantage

6. The value of a forest that is preserved for its carbon sequestration benefits (absorbing CO₂) is an example of:

- A) A direct use value
- B) An indirect use value**
- C) An option value
- D) A non-use value

7. Which economic principle suggests that as more of a resource is consumed, the marginal benefit of consuming an additional unit decreases?

- A) Law of Demand
- B) Law of Supply
- C) Law of Diminishing Marginal Utility**
- D) Law of Diminishing Returns

8. The economic activity of ecotourism, which involves visiting natural areas, directly contributes to:

- A) Resource depletion
- B) Biodiversity loss
- C) Local economies**
- D) Habitat destruction

9. The concept of 'tragedy of the commons' describes a situation where:

- A) Private resources are overused
- B) Commonly owned resources are depleted**
- C) Government regulations protect resources
- D) Individuals cooperate to conserve resources

10. Which of these is an example of a non-renewable natural resource?

- A) Solar energy
- B) Wind energy
- C) Peat**
- D) Geothermal energy

11. The economic concept of 'externalities' is important in understanding the impact of human activities on:

- A) Financial markets
- B) Consumer behavior
- C) The natural environment**
- D) Corporate profits

12. Protecting a coral reef ecosystem for its potential medicinal discoveries in the future is an example of:

- A) A direct use value
- B) An option value**
- C) An existence value
- D) A cultural value

13. When a country invests in renewable energy sources like solar and wind, it aims to reduce its reliance on:

- A) Water resources
- B) Fossil fuels**
- C) Agricultural land
- D) Forestry products

14. The economic principle that describes the cost of choosing one option over another, such as choosing to develop a forest for lumber instead of preserving it for its ecological benefits, is:

- A) Scarcity
- B) Opportunity cost**
- C) Supply and demand
- D) Inflation

15. The economic value of a pristine wilderness area for recreational hiking is an example of:

- A) An indirect use value
- B) A non-use value
- C) A direct use value**
- D) A speculative value

16. What is the economic term for the variety of life on Earth at all its levels, from genes to ecosystems?

- A) Ecological succession
- B) Biogeochemical cycles
- C) Biodiversity**
- D) Habitat fragmentation

17. The economic cost associated with managing invasive species that harm native ecosystems is a form of:

- A) A benefit of globalization
- B) A market failure**
- C) A cost of biodiversity
- D) A natural phenomenon

18. Investing in reforestation projects can have positive economic impacts by:

- A) Increasing soil erosion
- B) Reducing water quality
- C) Creating carbon sinks and preventing deforestation**
- D) Decreasing biodiversity