# Environmental and ecological economics

International Baccalaureate · IB Diploma · Environmental Systems and Societies · HL · Vocabulary in context

| Word | Example |
|---|---|
| **environmental economics** | **Environmental economics** uses economics to solve environmental problems. |
| **ecological economics** | **Ecological economics** sees the economy as part of nature, with limits. |
| **weak sustainability** | **Weak sustainability** says we can replace some nature with machines. |
| **strong sustainability** | **Strong sustainability** says some nature can never be replaced. |
| **market failure** /ˈmɑːkɪt ˈfeɪlɪə/ | Pollution with no price is a **market failure**. |
| **externality** /ekˈstɜːnælɪti/ | Smoke affecting nearby households is a negative **externality**. |
| **public good** /ˈpʌblɪk ɡʊd/ | A flood wall is a **public good**: it protects everyone. |
| **pigouvian tax** /pɪˈguːvɪən tæks/ | A **Pigouvian tax** makes polluters pay for the harm they cause. |
| **cap and trade** | **Cap and trade** sets a total emission limit and allows permit trading. |
| **payment for ecosystem service** | A **payment for ecosystem service** pays a farmer to protect a forest. |
| **carbon tax** | A **carbon tax** charges for carbon emissions. |

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| **emissions trading** | **Emissions trading** lets firms buy and sell pollution permits. |
| **grain for Green** | **Grain for Green** pays farmers to turn steep farmland back into forest. |
| **eco-compensation** | **Eco-compensation** pays communities for protecting nature. |
| **total economic value** | **Total economic value** includes both the use of nature and its value to people who never use it. |
| **contingent valuation** | **Contingent valuation** asks people how much they would pay for cleaner air. |
| **willingness to pay** /ˈwɪlɪŋnəs tə peɪ/ | A survey measures people's **willingness to pay** for cleaner water. |
| **gross ecosystem product** | **Gross ecosystem product** puts a money value on what nature gives us. |
| **cost-benefit analysis** /kɒst ˈbenɪfɪt əˈnæləsɪs/ | A **cost-benefit analysis** compares a project's expected gains and losses. |
| **discount rate** /ˈdɪskaʊnt reɪt/ | A higher **discount rate** makes future benefits count for less today. |
| **social cost of carbon** | The **social cost of carbon** is the harm caused by one more tonne of carbon dioxide. |
| **gross domestic product** /grəʊs dəˈmestɪk ˈprɒdʌkt/ | **Gross domestic product** is the value of everything a country makes in a year. |

| Word | Example |
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| **decoupling** | **Decoupling** means the economy grows while pollution falls. |
| **environmental Kuznets curve** | The **environmental Kuznets curve** says pollution rises and then falls as countries get richer. |
| **rebound effect** | The **rebound effect** happens when cheaper energy makes people use more. |
| **steady-state economy** | A **steady-state economy** does not grow beyond what nature can support. |
| **degrowth** | **Degrowth** means using fewer resources on purpose. |
| **green growth** | **Green growth** seeks economic growth with less environmental damage. |
| **doughnut economics** | **Doughnut economics** aims to meet everyone's needs without harming the planet. |