

Valuing nature

We are collectively failing to value nature adequately. This is not true for everyone, everywhere, but the dominant socio-political and economic systems that most people find themselves operating within explicitly place little or no value on the natural world. That this is bad for the planet is beyond serious debate and that a degraded world is, in turn, bad for people, in spite of economic prosperity, is increasingly widely understood. Critiques of mainstream economics and its inability to properly value nature are not intellectually new, but in the context of the past 40 years of neoliberal orientated politics, they have been marginal voices.

As environmental challenges have accrued and become more obvious, and the finger of blame is repeatedly found to point towards certain types of human activities, it is increasingly clear we need to change our relationship with nature. Inevitably, such a prognosis is met with great resistance by those who benefit most from the status quo, but even so challenges to mainstream economic thinking are becoming increasingly hard to keep at bay.

In this context the UK Government commissioned Prof Sir Partha Dasgupta to lead an independent review on the economics of biodiversity. The report was published in February 2021, at a key moment when governments are preparing for UN meetings on climate change and biodiversity and simultaneously considering COVID-19 economic recovery planning.

The Dasgupta Review calls for fundamental and sweeping changes to economic thinking and practice. Many have drawn parallels between this report on biodiversity and the influential Stern Review on the economics of climate change. The Stern Review, which reported in 2006, concluded that “the benefits of strong and early [climate] action far outweigh the economic costs of not acting.” A message which has unfortunately made limited impact on the speed of climate mitigation action. Nevertheless, The Stern Review did mark a watershed moment when climate change broke through into mainstream political and policy domains. It is hoped that this review can do the same for biodiversity.

A key takeaway from the Dasgupta review is that “our economies, livelihoods and well-being all depend on our most precious asset: Nature”. While this might seem obvious to the ecologically minded, it does offer

a fundamental challenge to existing economic norms. The report goes on to state that “We have collectively failed to engage with Nature sustainably, to the extent that our demands far exceed its capacity to supply us with the goods and services we all rely on... [and this is]... endangering the prosperity of current and future generations.”

Markets which fail to account for natural capital assets and their damages, as well as broader institutional failures that often incentivise environmentally destructive behaviours, are identified as the roots of the problem. Mirroring the message of the Stern Review, the Dasgupta Review concludes that “it is less costly to conserve Nature than to restore it once damaged or degraded”. An argument for urgent and rapid action. But what kind of economic action is needed?

The report calls for no less than a “change in how we think, act and measure success to rapidly ensure that our demands on Nature do not exceed its supply, and that we increase Nature’s supply relative to current levels.” To do this, the review argues, we will need to change measures of economic success, in particular focussing less on GDP, which is transaction orientated and fails to adequately consider natural asset depreciation. The review recommends incorporating natural capital into national accounting systems as a critical first step towards making more inclusive measures of wealth our measure of progress.

Finance and education systems are also picked out for reform to provide institutional support for an economic system that factors in the natural environment and citizens who understand their connection to nature and its importance in their lives, both instrumentally and in terms of its intrinsic value.

Such messages are not particularly new or surprising, but a high-profile report commissioned by a national government is very welcome at this critical juncture. Perverse incentive structures in our economic system lay at the heart of many of the challenges we face in combating climate change, biodiversity loss, and social injustice. We hope this review will mark a watershed moment when mainstream economics begins to seriously engage with natural capital. ■ *The Lancet Planetary Health*

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For the full Dasgupta report see <https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review>