

Why should we value nature?

A number of commentators have suggested that it is simply wrong to try and place economic values upon environmental resources and the benefits they bestow. And at first glance there is a lot of appeal in such an assertion; which is what makes it, at first glance, such a crowd pleaser! Surely the idea of taking something as aesthetically pleasing as a woodland walk and representing this as a number behind a pound (or dollar) sign is grubby; profane even!

So what does such an argument infer with regard to how we should formulate environmental policy? It suggests that such policy should be made on the basis of inherent knowledge of how precious the environment is (with some underlying suggestion that such value is in any case infinite). So the question then is: if we need to ditch the accountants, who should we replace them with? Maybe we should recruit an Environment Tsar who can take on board all information and make a decision for us?

However, this person is going to encounter two very difficult problems when they take over. After immediately firing (perhaps literally!) the accountants, the first problem they will encounter is a very practical one. The environment is very complex. So, let's keep it as simple as the real world will allow and consider some small island; say one located say just off the north west of some major continent, oh I don't know; say Britain.

Now let's give this Tsar a real world question (not some artificial choice between (1) a Nirvana of lambs skipping across verdant fields of wild flowers with happily singing children playing hide and seek between majestic oaks and (2) a blasted heath dotted with Victorian factories where the same children toil under the whip hand of Mill owners who laugh as they pour a cocktail of mercury and crude oil into stagnant rivers). This real world question just asks the Tsar to decide how best to use the countryside. This of course must seem trivial to someone of their capabilities who can readily bring together the interconnected consequences of land use change upon:

- food production (sadly still measured in money values, tut tut);
- changes in greenhouse gases (measured in tonnes of carbon dioxide, nitrous oxide, methane and other insulating gases);
- changes in the quality of water (measured in micrograms per litre of nitrates, concentrations of phosphates, pesticides, faecal matter, etc.);

- changes in the quantity of water (land use has a very major impact upon water quantities; ask the people of Boscastle whose homes were destroyed by floods in part due to land use change in the upper catchment);
- changes in the number of recreational visits which people can make (including many of Britain's poorest who rely heavily on open access greenbelt areas for their recreation);
- Etc., etc.

Now let's take all that information and make a decision!

To date I have met many British decision makers. I admit to a prior scepticism and that in any massive organisation there are always examples of bad practice. However, overall the experience has left me incredibly impressed by a group who are uncorrupt, thoughtful and dedicated to trying to make the best decisions for the general public. Nevertheless, in all this experience I have never met anyone with the demi-divine ability to take all of the above disparate units as they stand (prices, tonnes, milligrams, litres, visits, etc.) and make a decision without trying to compare across them. The obvious solution is to try and make this information commensurate; to turn it into a common unit. Now I really don't care what unit you want to use – honestly I don't! According to that infallible source of information, Wikipedia, Cowry Shells were used as units of account for centuries and across many areas of the world. That's fine by me! The only advantage of using money as a unit is that it maps very nicely onto other areas of decision making (which I turn to as part of our Tsar's second problem).

OK – so hopefully the argument for a common unit is fairly obvious. Of course the immediate and important question is how do you express all these different effects of our land use change in one unit; namely money. Discussing each of the above would, I suspect, result in this discussion becoming unappealingly long. So let's just choose one – that most contentious example of the children playing hide and seek in the oak woodland; surely even accountants can't put a money value on that! I agree but go further – accountants and self-appointed interest groups should be actively prevented by law from putting values on woodland recreation. Surely the best people to decide how much the British people value woodland recreation are.....the British people. This value is revealed by looking at people's own behaviour and making a single assumption; that people are not crazy.

People deciding where to go for days out choose between different sites. Perhaps they live very close to an urban playpark, fairly close to a woodland and fairly distant from the seaside. These

different destinations all have different costs, with closer ones having the lowest cost both in terms of travel expenditure (say petrol; perhaps it's even zero when visiting the playpark) and in terms of time (for most people it's the destination, not the travel time, which is the attraction). So there are costs being traded off against benefits. Those costs can be measured in money terms (yes even the time costs are revealed by people's choices between transport modes and their cost). Now we need our single assumption; that people are not crazy! This implies that the benefit of their actions must be at least as big as the cost. In this manner we have a measure of the value people put on their own recreational trips which reveals that, even though we visit local places more, those infrequent and longer trips to woodlands and the beach have even greater per visit value. And, while we probably cannot change the location of the beach, we certainly can influence the location of many other recreational sites. Therefore the best thing we can do for woodland recreation is to plant those oaks near to where people live. Here is something amazing; the profanity of economic valuation has led us to a common-sense result!

What could be the alternative to this approach? To reject the evil inherent in valuation and make environmental decisions through some other means. Perhaps the Tsar could assemble a panel of similarly enlightened or 're-educated' souls to make the 'right' decisions, devoid of such inconvenient information drawn from the behaviour of the entire population.

However, even if this approach is taken, our Tsar will now encounter the second problem; sadly we do not have unlimited resources. It might sound crowd pleasing to talk about the infinite value of the environment (actually the value of the environment in totality is indeed infinite, we are all dead without it; however I have yet to encounter a policy proposal to get rid of, say, all drinking water - real world policies are about choices between feasible alternatives, not the laughing children versus Armageddon variety). But think for a moment what that catchiest of catchphrases would actually imply if our Tsar was actually allowed to dictate policy. Let's imagine the consequences of a policy; let's go organic! Not just a bit – totally! Let's pass a law stopping all use of chemical fertilisers and pesticides in Britain. This will improve the quality of rivers by reducing diffuse nutrient and pesticide pollution from farms. This will, in turn, have some positive effect on the ecology of those rivers (note the use the term 'some'; it won't turn them back into the burbling brooks of romantic idyll – not unless our Tsar also plans a radical reduction in the UK population of humans who provide massive nutrient inputs to rivers via sewage).

However, this is not going to be a costless policy. Assuming that we cannot simultaneously indoctrinate the UK public into major dietary change with hugely increased spending on higher priced organic food being willingly accepted, then the accompanying decrease in UK farm output is going to result in higher imports (presumably with higher greenhouse gas emissions and loss of biodiversity rich tropical areas) and lower farm incomes. Now we could decide to support this by diverting taxes either to protect farm incomes or to pay their unemployment benefits. Either way this policy takes tax revenues away from other uses (sadly, there is no money tree).

In fact, every real-world policy choice implicitly places a value on the losses or gains concerned. There is absolutely no wriggle room here. Every time a policy is enacted it implicitly says that the resources used and alternatives forgone by taking this decision are less than the value of that policy. This applies in all areas of policy making. If we decide to build a new hospital, a school, a new train track or conserve an area of natural habitat this is the implicit value decision which is being taken. We think this should be decided by all members of society and not just one Tsar.

...and finally – for those with lives that are so exceedingly busy that they really should consider a career change...the thirty second version:

Two inescapable facts:

1. Human wants (including those with the highest possible motivations such as improving society) exceed the resources available to satisfy them all;
2. Therefore, every time we decide to do one thing, we are making a decision not to do another. We are implicitly placing values on each option.

Valuation is unavoidable; it is the essence of decision making. To pretend otherwise is irresponsible

It is better to be explicit about the valuations inherent in decision making and to seek to use the world's limited resources in the best way possible by recognising the inevitable trade-offs which all decisions imply.

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