Random acts of kindness, valuing nature, or a moral economy?
Three visions of our economy & how to get there

Ken Bagstad
Audience participation

• What is economics all about anyway?

Putting a dollar value on things (i.e., goods and services)

Understanding preferences and tradeoffs

*Chrematistics*: “The art of getting rich” (i.e., finance)

*Oekonomia*: “Management of the household”
Economists and their skeptics

Skeptic 1        Economist               Skeptic 2

It’s impossible to value nature. If it doesn’t have a price, it must not have value!

It’s unethical to value nature. Nature has intrinsic value. It’s priceless!
A childish answer

“If you don’t like (something about) capitalism, you must be a communist/socialist/Marxist”
An adult answer

Capitalism is *amazing* at generating wealth – but the system is what we make of it. If today’s capitalism is destructive to social justice and nature, how can we rewrite its DNA?
“the key question is... not whether we should promote markets instead of government intervention, but what is the optimal combination of market, (government), and cooperative systems for governing (resource) utilization and management?”

- Natasha Landell-Mills and Ina Porras, 2002
The evolution of economics

“Random acts of conservation kindness” – Chicago metropolitan area

Is this a conservation victory or a loss?

1900s-early 2000s  Early 2000s-?  The future?

1992 2011
If nature has value, stop treating it as inventory in liquidation

Simple enough for a 6-year old and his stuffed tiger?
## Some basic premises

<table>
<thead>
<tr>
<th>Ecosystem services are:</th>
<th>Ecosystem services are not:</th>
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<tbody>
<tr>
<td>A way to improve accountability to communities – identifying how people benefit from nature</td>
<td>Always appropriate to boil down or reduce to a dollar value</td>
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<tr>
<td>A way to understand how different landowners’ actions benefit and harm others</td>
<td>Always appropriate for use in cost-benefit analysis</td>
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<tr>
<td>A way to improve economic efficiency and resilience</td>
<td>A “cure-all” for all environmental and social problems</td>
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<tr>
<td>A way to show the economic benefits of conservation (sometimes creating win-win situations for people, nature, and the economy)</td>
<td>Impossible or unethical to value</td>
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<tr>
<td>Critical to human survival and economic prosperity</td>
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Fig. 2. Stages in the modern history of ecosystem services.
The evolution of economics

“Right pricing” of externalities in a market-based system

Can we internalize all the externalities, and avoid unintended consequences?

1900s-early 2000s

Early 2000s-

The future?
The evolution of economics

• Back to the future? A land ethic/biophilia-based economics?

“To explore and affiliate with life is a deep and complicated process.... [O]ur existence depends on this propensity, our spirit is woven from it, hope rises on its currents.”
—Edward O. Wilson, Biophilia
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“We need to reject a magical conception of the market, which would suggest that problems can be solved simply by an increase in the profits of companies or individuals”
Potential policy solutions: Salzman’s 5 P’s

1. Payments (i.e., PES)
2. Penalties (Taxes & fees)
3. Prescription (Laws)
4. Persuasion (incl. common property regimes)
5. Property rights (polluter pays vs. beneficiary pays, Willingness to pay vs. Willingness to accept, “rights” to keep receiving subsidies, etc.)

Salzman 2005
Greed & individuality?

Piketty: Deregulated, neoliberal capitalism generates inequality serious enough to undermine the social contract (“American Dream,” equality of opportunity, standards of fairness held by the world’s major wisdom traditions)
Or cooperation, community, empathy?

People are natural cooperators IF
1. They know each other (have community)
2. There are penalties for cheating or cutting corners

Importance of building trust, empathy, broader love of humanity vs. emphasis on extreme individualism

Elinor Ostrom
Questions

• Which conservation paradigm do you identify with, and why? Which would you prefer if you could “rewrite capitalism’s DNA?”
  1. Opportunistic conservation
  2. Pricing externalities/market-based conservation
  3. Land Ethic/Biophilia economics

• If you’re opposed to pricing nature, do you think society can make the jump to #3? What’s preventing that from happening?

• Can we simultaneously work on right pricing and building the ethical framework for a more inclusive economics?