The Economic Valuation of Nature:

A Question of Justice?

ABSTRACT: While many of the concerns over the economic valuation of nature have gained broad exposure, justice concerns remain largely peripheral. Within both scholarly debate and actual valuation exercises, the emphasis is most often on reconciling cultural and monetary valuation. Increasingly, as the valuation of nature gains momentum, proponents of the trend seek to relieve apprehensions by suggesting that economic valuation is entirely compatible with intrinsic and aesthetic values. This attempt to mollify skeptics, however, misses the mark; regardless of whether or not nature may be valued simultaneously in cultural and economic terms, the social and environmental justice implications of monetary valuation remain. The purpose of this commentary is to clarify that much of the resistance to the economic valuation of nature is motivated by these justice concerns and that reassurances about the cultural value of nature do little to quell them. Several of the justice reasons to remain cautious of the economic valuation of nature are also elaborated.

KEYWORDS: ecosystem services; social justice; intrinsic; extrinsic; valuation; nature

The economic valuation of nature, as a concept, is now firmly established in many corners of the academy. In addition, it is also taking root as the basis of conservation policy across the globe, as institutions as diverse as Conservation International and the World Bank embrace related activities. While many of the concerns over this trend (e.g. those raised by Redford and Adams 2009) are well known, many others are consistently overlooked. Specifically, questions of justice remain peripheral to most scholarly debates and valuation exercises. Despite a longstanding concern for
issues of equity within ecological economics (Pascual et al. 2010; Corbera et al. 2007; Padilla 2002; Barrett 1996), there is a strong temptation to accept the valuation trend in order to advance important (and now urgent) conservation action. The acceptance of economic valuation is often a strategic calculation, but it is one that is rarely made in full consideration of its social and environmental justice implications.

The idea that nature should be valued in economic terms is seductively logical. If society does not adequately protect nature, it must be because we do not properly value it. The solution, then, is to make the “true value” of nature (i.e. its monetary value) explicit, and enter it into our decision-making calculus. Those that remain wary of departing from an ethics-based framing of conservation are provided with reassurances that the “intrinsic” value of nature – that is, nature’s inherent value or the value it has for its own sake – is entirely compatible with this new direction.

In other words, we may still appreciate nature for aesthetic and cultural reasons, and make ethics-based management decisions, even while we pursue economic valuation.

Skroch and Lopez-Hoffman (2010), for example, argue that economic valuation is just another tool in the set and that it does not displace other (non-monetary) ways of valuing nature. Juniper (2013), as well, goes to great lengths to reassure his readers that we may still value nature intrinsically even as we pursue economic valuation. While this may not actually be possible (Ariely et al. 2009), the argument that the two forms of valuation can exist alongside one another continues to be made quite forcefully in dismissing dissenting views.

Reassurances that cultural and monetary valuation are compatible, however, suggest that proponents of the new direction are not fully aware of the reasons many remain opposed. Certainly some skeptics of market-based conservation (e.g. McCauley 2006) argue that economic valuation should
be rejected on the grounds that nature holds infinite intrinsic value, but many others (including myself) oppose it primarily for social justice reasons. Indeed, the frequency with which the compatibility argument continues to be made suggests that the justice argument is not being heard and, thus, warrants further explication here.

The purpose of this commentary is to clarify that not all, perhaps not even most, opposition to the economic valuation of nature is motivated by notions of nature's intrinsic, aesthetic, or cultural value. Resistance frequently stems, rather, from the belief that economic valuation does more to promote uneven accumulation of wealth and extend the reach of global capitalism than it does to expand sound ecological management (Corson 2010; Brockington and Duffy 2010).

The theoretical traditions that concern the distribution of wealth and control over resources foster a skepticism of the monetary valuation of nature not because of a belief that nature should be valued culturally, but because doing so economically risks introduction of the same logics that have delivered extreme social inequity and unchecked class power (not to mention the recent global financial meltdown). From this view, application of economic logic to conservation is dangerous for both society and the environment, and it makes no sense to extend it into new realms. This perspective, however, is not widely considered in much of the literature engaged with valuation exercises. Redford and Adams (2009) provide a succinct accounting of the reasons to remain cautious of the concept on pragmatic and (largely) ecological grounds, yet there are still many other reasons to remain cautious on social justice grounds. Several of these are elaborated below.

1. Ecosystems in Exchange

First, and foremost, conventional assessments of the ecosystem services concept fail to consider the implications of treating nature in such a way that it can come to hold an exchange value. When
nature is abstracted into service commodities “that are adequate to bear value in capitalist circulation” (Robertson 2012) – that is, when complex ecosystem functions are reduced, for example, into tradeable tCO₂e offsets and circulated in markets – new opportunities for accumulation emerge. For one, surplus value can increasingly be extracted by traders in speculative markets as nature comes to be “something always already encountered in the commodity form” (Robertson 2012, 386). Furthermore, when such mechanisms are developed to capitalize on nature, it fundamentally alters the rationale for why conservation is undertaken. Rather than being something that is done because it provides social and ecological benefit to local communities, it becomes something that is done because it leads to economic gain for elite individuals. Even though a concern for social well-being is often retained (for example in the ESPA research programme in the UK) it may be impossible to avoid such bottom-line economic calculations in the context of broader economic tendencies toward capital accumulation. Indeed, as nature is increasingly “subsumed” by the logic of such a system, conservation itself becomes an “accumulation strategy” (Smith 2007).

2. Markets and Resource Control

Second, the proliferation of market-based approaches to conservation is, in many ways, antithetical to ensuring social and ecological well-being. Markets are an anti-democratic means of resource management that transfer decision making authority away from those most immediately affected by conservation decisions to those who are able to leverage the greatest capital, trading “any semblance of broad social discussion” for “narrow class control” (Smith 2007, 30). They orient decision-making towards profit maximization for elite investors, rather than social welfare and biodiversity enhancement. Furthermore, there is a danger that markets will displace other methods of resource management, such as those often employed by indigenous communities. Certain forms of resource governance are inherently incompatible with economically oriented decision making,
and the introduction of market-based strategies can threaten their very existence (Sullivan 2009).

Markets are designed to pursue economic efficiency, delivering the greatest conservation at the lowest cost. However, they do so at the expense of important social and ecological considerations, such as who stands to gain and which ecosystems receive priority. While some (e.g. Pagiola et al. 2005) have argued that the achievement of conservation is the primary concern in natural resource management, and that social objectives risk distracting from it, the foundational notions of sustainable development and the principles articulated in the Millennium Ecosystem Assessment insist that such aspects cannot be ignored. Pursuit of economic efficiency through market-based mechanisms undermines the very reasons why these concepts were originally formulated.

3. Uneven Distribution of Benefits

Certainly, as Muradian et al. (2010) have argued, markets are not the only means of capitalizing on ecosystem functions or implementing “payments for ecosystem services” (PES). The range of other more-than-market approaches, however, still have important justice implications. Even in cases where PES is largely tax-based and markets are relatively insignificant (e.g. in Costa Rica), concerning effects may still arise (Fletcher and Breitling 2012; Matulis 2013). Distributional implications stemming from the conceptualization of ecosystems as “service providers” constitutes a third social justice reason (unrelated to markets) some are uneasy with the economic valuation of nature. These implications stem from the alignment of conservation financing with the provision of services. If greater financing is allocated to areas where services have a higher monetary value, for example to watersheds where many industrial water users are located, then a disproportionately greater share of the benefits from conservation (and from participation in the PES program) will be delivered to select communities. In these cases, communities with higher development will receive greater conservation, regardless of the area's biological importance or social welfare needs (Matulis
The result is that the residents of one watershed benefit (both monetarily and in terms of health effects) more than the residents of another. In other words, PES produces geographically uneven patterns of conservation-development, not only exacerbating wealth disparity, but also expanding inequalities of the health benefits derived from conservation.  

4. Unequal Access to Participate

Fourth, there can also be unequal access to PES programs and the economic benefits they provide. The more elite segments of society are frequently better positioned to take advantage of such opportunities. Zbinden and Lee (2005), for example, have found that the landowners who participate in Costa Rica’s program are wealthier, more highly educated, and have greater “off farm” income than those who do not participate. Porras (2010) affirms this observation and reveals that the program has also attracted large scale (and often times foreign) corporate investment interests, allowing the greatest benefits to be captured by those already most privileged. Furthermore, not only do these programs favor large landowners and investors, they entirely exclude the landless – without ownership of land, individuals are unable to participate and, thus, receive no share of the benefit from resource conservation. Regardless of whether or not PES is responsible for existing landlessness, it can be a factor in exacerbating social inequity. Certainly, the argument could be made that all (including the landless) will enjoy health benefits from greater conservation, however these benefits in no way excuse distributional injustices.

5. Accumulation by Dispossession

A fifth reason to remain wary of the economic valuation of nature is that it encourages land

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1 The frequently cited upstream/downstream dichotomy (e.g. Pagiola et al. 2005) – in which economic benefits are assumed to flow from relatively affluent downstream service users to relatively poor upstream service providers – suggests the opposite, that economic valuation actually enhances distributional equity. This, however, problematically neglects the fact that poverty is often concentrated (downstream) in cities and that, despite chronic rural (upstream) poverty, payments may be captured by the wealthy in all areas (Zbinden and Lee 2005). Rather than upstream versus downstream, my comparison is between watersheds with development and watersheds without development.
grabbing – that is, the dispossession of land from certain groups, as other more powerful ones consolidate their control over lucrative resources. Worse than disproportionately benefiting the elite, PES has the potential to adversely affect the most vulnerable (particularly those with tenuous possession of land) as familiar patterns of resource alienation unfold under the banner of environmentalism (Fairhead et al. 2012). While land grabbing has, historically, been associated with efforts to gain energy and food security, a new emphasis is being placed on conservation as a driving factor (see *Journal of Peasant Studies* 39.2). As production of ecosystem services increasingly presents opportunities for monetary return, control of lands suitable for their production or eligible for enrollment in PES will increasingly be sought after. Communities occupying those lands, but lacking knowledge of the arcane legal mechanisms required to hold on to them, may find themselves under threat of dispossession. One carbon offsetting project at Mt. Elgon National Park in Uganda, for example, has resulted in massive (and violent) removal of local communities as reforestation presented an opportunity for capital gain (Cavanagh and Benjaminsen, forthcoming).

6. Exclusionary Management

Finally, even in cases where land tenure is secure and risk of dispossession is minimal, PES presents a tendency towards exclusionary management practices. These programs rely on well-defined property rights (Farley and Costanza 2010), so that participating landowners may be rewarded (as well as held accountable) for their management activities. Enrollment in PES requires that owners manage their land according to agreements designed to increase the provision of services. As a result, enrollment often introduces management practices that require participating landowners to monitor their lands and enforce access restrictions (Matulis, forthcoming). This establishes adversarial relationships within communities and undermines forms of management that rely upon cooperation (Sullivan 2009). Perfectly sustainable activities by non-owners may be denied by
newly protectionist landowners as access is tightened. The result is ultimately the accumulation of resource benefits by those who are able to consolidate their control over land.

These six examples provide an overview of the social justice reasons to remain cautious of the economic valuation of nature, and they complement the largely pragmatic reasons presented by Redford and Adams (2009). While the economic valuation of nature has proven to be an influential rhetorical device for communicating the importance of conservation, it remains that the framing of nature in explicitly economic terms has paved the way for the complete financialization of society's interface with it. Profit-driven markets, speculative investments, land grabs, and other ills emerge from this new framing regardless of whether or not it was the intended objective. The justice implications of this are at the root of an important line of critique, and they are the reason that many remain skeptical. Importantly, the argument that the economic valuation of nature is compatible with our cultural appreciation of it does little to quell these concerns.

Economic valuation reduces complex management decisions to simple economic accounting and denies the politics of inherently political activities. Who decides how resources are managed and who benefits from those decisions are questions central to justice in environmental management. Choosing a particular course of action because it “makes the most economic sense” evades responsibility for unjust and inequitable outcomes. Allowing markets, financialized transactions, or economic logic to decide merely provides cover for elite individuals to consolidate their control over resources and accumulate the benefits derived from conservation activities.

Prevailing rhetoric holds that “there is no alternative” to the economic valuation of nature. This resurrection of Thatcherian logic, however, represents (at best) a lack of imagination or (at worst) an unwillingness to explore other options for the purpose advancing a political agenda. Alternatives
do exist— for example, de-growth (Demaria et al. 2013), re-commoning (www.recommon.org/eng/), ethics-based management (Azqueta and Delacámara 2006), a not-for-profit or “social economy” (Connelly et al. 2011) – and they need to be treated with the same serious consideration as economic valuation. Acceptance of a concept in light of so many clearly identified drawbacks is irresponsible. Whatever alternative framework emerges, conservation must be undertaken to provide the broadest social and ecological well-being, and not for the “primary objective of generating valuable environmental services” (World Bank 2007, 14).
References:


