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Real wealth is in the natural world

By [Whitehorse Star](#) on August 8, 2011 at 2:09 pm

Can the economic value of the environment be quantified?

Nature is worth tens of billions of pounds a year in economic benefits and societal well-being in the U.K., according to the first extensive financial assessment of a nation's environment.

Commissioned by the U.K. government, the National Ecosystem Assessment (U.K. NEA) report <http://uknea.unep-wcmc.org/Resources/tabid/82/Default.aspx> provides a new way of estimating national wealth.

It also represents the first time any country in the world has quantified the economic, health and social benefits of its ecosystems in monetary terms.

In essence, the UK NEA audit calculated the value that U.K. habitats add to the economy each year; through natural-world support for the basic infrastructure of life, provision of renewable resources, removing pollution, providing cultural benefits and offering recreational spaces.

It asserts that we've constantly failed to consider the economic benefits a thriving environment brings.

As well, contrary to the traditional view that economic growth is based on chasing a higher Gross Domestic product (GDP), the report implies we will end up richer and happier if we take into account the true value of nature.

Of course, this isn't the first time attempts have been made to place economic values on the environment.

The Canadian Boreal Initiative's study The Real Wealth of the Mackenzie Region http://www.borealcanada.ca/documents/MackenzieReport_2010.pdf compiled a natural capital balance sheet of the state of Canada's Mackenzie watershed Boreal region, in response to pressures for a natural gas pipeline in the region.

The market value of the Mackenzie watershed, assessed as the region's GDP, was estimated at \$41.9 billion per year.

Non-market values, assessed as the potential value of 17 "ecosystem services" produced by the region, was estimated at \$570.6 billion per year.

In addition, the carbon stored by forests, wetlands and tundra were valued at an estimated \$339 billion.

These figures are far in excess of the potential, and short-term, economic benefits of a natural gas pipeline.

Current industrial activity in the region (with a footprint of 25.6 million hectares) results in an estimated cost of natural capital degradation in the billions of dollars.

The development of a pipeline would further erode this natural wealth. This new approach does not suggest that natural capital extraction should cease or never take place, but rather that there be a more prudent consideration of future natural capital stewardship. That way, valuable ecosystem services can be maintained while meeting human needs and economic development objectives.

In its excellent report on economics and the Peel watershed, http://cpaws.org/uploads/pubs/report_peel-economics.pdf, CPAWS identified the economic value of the region in terms of the income accrued through tourism, conservation and the provision of visitor services.

This figure runs into the tens of millions of dollars, even over a relatively short 10-year period.

Quite impressive, until you consider the "natural capital" approach.

Acknowledging the region's "infrastructure" support for the basic necessities of human life and resource provision increases the value of the Peel watershed to tens of billions of dollars.

This surely surpasses any direct economic benefits from industrial development.

We know it makes environmental sense.

Now it makes economic sense too.

Jim Taggart

Yukon Conservation Society

Dawson City