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Environment

Nature is priceless, which is why turning it into ‘natural capital’ is wrong

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An increasingly popular line of argument is that, by turning nature into capital, it is possible to reconcile a capitalist growth economy with conservation. In this way, proponents assert, conservation can be expressed in a language that economists, policy-makers and CEOs understand.

But this strategy is not just self-defeating. It is a dangerous illusion that masks the way capitalist growth undermines conservation itself.

The concept of natural capital is hot. Over the past decade a growing network of actors and organisations has banded around promotion of this concept as the key to the future of sustainable development. At the recent World Conservation Congress, natural capital was front and centre, with a launch celebration of the Natural Capital Protocol and announcement of yet another new coalition to develop private finance for conservation.

These, and many other initiatives, describe natural capital in simple terms as the nature, water, or the air that we live with on a daily basis. The Natural Capital Forum, for example, says the concept refers to

the food we eat, the water we drink and the plant materials we use for fuel, building materials and medicines.
This example - and indeed most others are premised on the fundamental assumption that “natural capital” can become the basis for a sustainable economy.

Clearly, things are not this simple, as even many proponents of these initiatives acknowledge. What’s worse is that the two main assumptions in this agenda (nature can become capital and provide services, and this could be the basis for a sustainable economy) are based on fundamental fallacies. They will not reverse the negative effects of our global growth-economy. They will in fact make them worse.

What “capital” really means

The fact that the food we eat and the water we drink apparently need to be labeled “natural capital” only becomes meaningful in the context of capitalist growth. In this context everything should, in principle, become “capital”.

It is therefore vital to be clear on what “capital” really means. In daily conversations and some economic theory, the term is frequently defined as a “stock” or as “assets”. More accurate, however, is to see capital as a process, a dynamic. It is about investing money (or value) in order to make more money (or value). In short, capital is “value in motion”.

Capital in a capitalist economy is therefore never invested for the sake of it. The aim is to extract more money or value than had been invested. Otherwise it would not be capital.

It follows that the move from “nature” to “natural capital” is not an innocent change in terminology, another word for the same thing. Rather, it constitutes a fundamental reconceptualisation and revaluation of nature. Natural capital is about putting nature to work for capitalist growth – euphemistically referred to as green growth.

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The move from nature to natural capital is problematic because it assumes that different forms of capital - human, financial, natural - can be made equivalent and exchanged. In practice - and despite proponents’s insistence to the contrary - this means that everything must potentially be expressed through a common, quantitative unit: money. But complex, qualitative, heterogeneous natures, as these same proponents acknowledge, can never adequately be represented in quantitative, homogenous money-units.

And even if we try, there is an untenable tension between the limitlessness of money (we can always generate more money) and the limits of natural capital (we cannot exchange evermore money-capital into natural capital, for all eternity).

Natural capital is therefore inherently anti-ecological and has little to do with giving value to nature, or rendering this value visible. It is the exploitation of nature to inject more value, and seeming legitimacy, into a faltering capitalist growth economy.

Failing capital markets

Another assumption is that natural capital can form the basis for a sustainable society. In practice, however, it has become clear that investing in natural capital is not all that attractive for most companies, investment firms or even governments. So, even if a price tag has been put on nature - which can never adequately capture its total value - recent research shows that markets for natural capital and ecosystem services are mostly failing. In practice they are usually not even markets at all. Rather, they are subsidies in disguise.

Further, actual private investments in natural capital are negligible compared to investments in unsustainable economic activities. This is because these are much more profitable, and hence a much better form of capital or “value in motion”.

When Ecuador, for example, asked government and private actors to invest in conservation of the Yasuni protected area, the promised investments stayed far below what was hoped for. Actual donations were much lower still. As a result, the country is now allowing companies to drill for oil in the park.

The common argument made by proponents of natural capital, namely that it helps to make the value of nature visible, is therefore deeply flawed. The value of nature is perfectly visible to investors. They know that destroying it is far more profitable than saving it.

Destruction for protection?

An even more fundamental point is that destruction of nature is increasingly becoming the basis for the conservation of nature. Programmes built on natural capital are usually geared towards offsetting the destruction of nature, which becomes the main source of the money needed for investing in conservation. In the logic of natural capital, investments in unsustainable economic activities are therefore “compensated” by equal investments in sustainable activities.

This practice, which in theory should lead to no net loss of – or better yet, net positive impact on - nature and biodiversity, leads to an untenable contradiction. It means that nature can only be conserved if it is first destroyed.

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But as indicated above, this is still mostly a virtual problem since actual investments in conserving natural capital have remained insignificant. Even worse, companies generally invest much more in strong lobbies to keep environmental regulation to an absolute minimum. If they really believed that conservation would be profitable, there would be little incentive to pursue this lobbying any more.

From quantity of growth to quality of life

The conclusion is clear: natural capital is no practical or realistic solution to integrate nature into the economy or make its values visible. It is a dangerous illusion that will not only worsen but also legitimate the environmental crisis. And while some probably really believe in its potential, most of those at the helm of the current economic system must see on a daily basis that natural capital is illusory.

But by participating in it, they also know that more fundamental questions about the logic of our economy and who benefits from it are not asked. And hence they do not have to provide any answers.

But we do have to ask these questions: should we not start weaning ourselves off an economy predicated on an unsustainable quantitative growth-fetish? Should we not build an economy focused on people, nature and equality rather than one based on putting forth money only to ultimately make more money? Most especially, should we not build an economy focused on quality of life rather than quantity of growth?

With some imagination, the answers are not only straightforward but also practical, logical and truly sustainable.

The conversation

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