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## SCIENCE & TECHNOLOGY

### Ecosystem services

## Greening the books

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### The environment may yet appear in the accounts of companies and countries

COSTA RICA'S environment minister, Carlos Manuel Rodríguez, has a plan to make people take his kind more seriously: "We need to learn the language of finance and economics, and demonstrate the economic benefits of the environment." When he said it this week at a UN gathering, the room burst out laughing.

But his notion may not be that outlandish. Costa Rica is already a leader in recognising the "ecosystem services" provided to the broader economy by healthy watersheds, unmolested forests and so on. And this week, the World Bank has joined Mr Rodríguez's side by publishing a report arguing that current measures of a country's economic welfare, such as gross national product, are inadequate since they ignore the value of a country's natural assets.

When national accounts are expanded to include not only "produced" wealth (goods and services), but also intangibles (such as knowledge) and especially natural wealth, they reveal some interesting patterns. Natural capital makes up a big part of the wealth of the poorest, but not the richest. That, argues the report, makes it all the more important for governments in poor countries to manage their natural resources wisely. Alas, many do not.

To be clear, the bank's boffins, led by Kirk Hamilton, do not argue that nature should be fenced off and development quashed. The point is the wise use of natural assets. After all, the world's rich countries were once poor, and they used their natural resources to help themselves grow. As they got richer, they raised environmental standards, reforested denuded lands and so on. America, much maligned by greens, nonetheless earns strong marks for its overall management of natural assets. Many poor countries, by contrast, are squandering their natural capital.

The United Nations Environment Programme added its voice in a separate report on market greenery also released this week. This analysis argues that well-directed investments in the environment (such as terracing agricultural land to slow erosion) often have payback rates of three dollars or more for every dollar invested. It also makes the claim that, if the price of greenhouse-gas emissions (measured as the weight of carbon in carbon dioxide) stays above \$30 a tonne, then countries will find it cheaper to conserve forests as carbon "sinks" than to chop them down.

Governments have slowly started to take account of natural capital, but whether they will shift the basis of national accounts as the World Bank suggests is more doubtful. Margaret Beckett, Britain's environment secretary, is sceptical. While supporting the idea of valuing ecosystem services, she expresses doubt about whether Britain will move from conventional GDP measures to "green GDP" anytime soon. She has, however, thrown her weight behind a project that has similar objectives to the World Bank's but is aimed at corporate, rather than national, accounting methods. The Carbon Disclosure Project (CDP), a coalition of big institutional investors, aims to force companies to list the true (but often hidden) liabilities they may face from global warming among their financial disclosures.

The scheme started out in a small way in Britain about five years ago, but has grown to become the world's biggest register of corporate greenhouse-gas emissions. The CDP makes these data available free for all to

see. The hope is that even in America, where there is no federal law forcing cuts in carbon-dioxide emissions, the transparency that the project provides will help mobilise companies to act—if only to appease the CDP's members, who control an impressive \$21 trillion in assets.

In time, Mrs Beckett argues, firms that act on emissions may see ways of developing business as well as avoiding costs. She points to General Electric's recently launched "Eco-magination" campaign, which is meant to profit from low-emission technologies, as an example. Who knows? If all environment ministers abandon tree hugging in favour of such talk of profit and loss, then Mr Rodríguez's dreams may yet come true.

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