



Methodological and Ideological Options

To value or not to value? That is not the question

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ABSTRACT

Should we reject money when we value nature? Like most environmentalists, ecological economists are increasingly divided on this question. Synthesizing political ecology with ecological economics, we argue that this way of framing the question is limited. We propose a reformulation of the question into “when and how to value with money?” and “under what conditions?” We recommend four criteria for a sound choice: environmental improvement; distributive justice and equality; maintenance of plural value-articulating institutions; and, confronting commodification under neo-liberalism. We call for due attention to the socio-political context within which a valuation is placed and the political goals it serves. The relevance of this framework is demonstrated by applying it to three practical cases: pollution damages, water pricing and payments for ecosystem services.

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“At this point, the critic of money valuations, who is nevertheless deeply concerned about environmental degradation, is faced with a dilemma: eschew the language of daily economic practice and political power and speak in the wilderness, or articulate deeply-held nonmonetizable values in a language (i.e. that of money) believed to be inappropriate and fundamentally alien.”

[Harvey (1996, p. 156)]

1. Introduction

Many environmentalists, including ourselves, are often caught in the uncomfortable dilemma elucidated by Harvey. Costanza et al.'s (1997) study on the monetary value of the world's ecosystems divided ecological economists among those who accepted valuing nature in monetary terms as a pragmatic choice, and those who rejected it on methodological and ethical grounds (e.g. Spash, 2008). A related schism has emerged within the environmental movement. While some NGOs discuss full-cost pricing in the World Water Forum or carbon trading in the Climate Summits, others are organizing alternative forums outside, with slogans such as “water is not a commodity” (alternatifsuforumu.org) or “our climate is not for sale” (climateassembly.wordpress.com).

Should we value nature with money or not? Revisiting this controversial question is the overarching objective of this article. Drawing insights from ecological economics (EE) and political ecology (PE) we

aspire to offer guidance to environmentalists and ecological economists on when and how to engage with monetary valuation. PE is a field with roots in geography, anthropology and rural sociology. Like EE, PE also aspires to “combine the concerns of ecology and a broadly defined political economy” (Blaikie and Brookfield, 1987, 17). However, PE is much more influenced by the Marxist and egalitarian tradition of political economy. Nature-society relationships are examined through an analysis of social forms of access and control over resources and ecosystems (Watts and Peet, 2004). We are not the first ones who nurture insights from both EE and PE (e.g. Gómez-Baggethun and Ruiz-Pérez, 2011; Kosoy and Corbera, 2010; M'Gonigle, 1999; Martínez-Alier, 2002; Martínez-Alier and O'Connor, 2002; Vatn, 2000). But, to our knowledge, we are the first ones to examine the implications for EE of the expanding PE literature on the commodification of nature (but see also Rodríguez-Labajos and Martínez-Alier, 2012).

Some terminological clarification here will help. We will refer to the classical economics distinction between use value, the value we give to goods for their usefulness, and exchange value, the money potential of goods through market exchange. By monetary valuation we refer to those processes and tools through which money (exchange) values can be derived for non-market goods and services. A commodity is defined as a good or service exchanged in a market. By commodification we refer to the institutional, symbolic and material changes through which a good or service that was not previously meant for sale enters the sphere of market exchange (Bakker, 2005). To give an example: the Costanza et al. (1997) study and attempts to give prices to ecosystem services with contingent valuation represent instances of monetary valuation. The institutional establishment of wetland banks where wetland services are exchanged is a case of commodification (Robertson,

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2000) as is the case of biodiversity offsets. Valuation may be a necessary step in a commodification process, e.g. when values have to be assigned to ecosystem services in order to exchange wetlands. Reversely, it may be its end outcome, e.g. when a CO₂ market value is the result of the institutionalization of a process of emission permit exchange.

The paper proceeds as follows. Section 2 outlines the main contribution of PE to EE understandings of the monetary valuation process. We find that PE allows a better understanding of the monetary valuation process as part of a broader process of commodification, and in turn of commodification as part of the broader process of capitalist expansion into new social and environmental domains (Harvey, 2007; Polanyi, 1944). This facilitates a more politically aware stance on when to engage with valuation and when not. Section 3 offers some normative principles for those environmentalists and ecological economists who may share our values. The framework provided here is complementary to philosophical explorations seeking the normative basis for compensation under conditions of constitutive incommensurability (O'Neill, 2001). Section 4 gives three concrete examples (pollution damages, water prices and ecosystem services) to illustrate how these guiding principles may inform choice in practical situations. Section 5 concludes.

2. Political Ecology, Ecological Economics and Monetary Valuation

2.1. Ecological Economics

Ecological economists have criticized the fundamental limitations of monetary valuation of nature. This is probably well-covered ground for the readers of this journal and codified here into four main theses that are useful for the rest of the paper (our intention is not to reopen the discussion of whether this critique is right or wrong; we start here from the premise that it is right).

First, because ecosystems are highly complex and interconnected, their value cannot be compressed in a simple metric (Gómez-Baggethun and Ruiz-Pérez, 2011; Vatn and Bromley, 1994), or broken in individual monetizable parts, such as the value of a single species or area (Martín-López et al., 2008; Rodríguez et al., 2006). There are critical species and systems that escape human attention and may be undervalued or not valued at all (Vatn and Bromley, 1994), and independently of what humans may or may not value there are species or resources without which ecosystems cannot be sustained and for which there are no adequate substitutes or equivalents.

Second, there are multiple values and relevant languages of valuation other than those expressed in monetary terms. This is because there are multiple rationalities other than utilitarianism – such as consequential, rights-based, and procedural rationalities – through which humans choose courses of action (Martinez-Alier et al., 1998; O'Neill, 2001; Spash and Hanley, 1995). Such values are incommensurable, yet weakly comparable with one another (Martinez-Alier et al., 1998; O'Neill, 2001).

Third, there is no unique value for environmental goods and services independent of the distributional and institutional settings within which such values are expressed (Martinez-Alier and O'Connor, 2002). Initial entitlements matter, such as whether one has the right to pollute against payments, or be compensated for environmental damage. Each leads to very different valuations and outcomes (Vatn and Bromley, 1994).

Fourth, social processes of valuation, including monetary valuation, are value articulating institutions (VAIs) (Jacobs, 1997). These are frames invoked in the process of expressing values that regulate and influence which values come forward, which are excluded, and what sort of conclusions can be reached (Vatn, 2005). People exhibit different preferences depending on the socio-institutional environment in which they express them. Different values will be favored in a market than in a church.

Based on these four theses, ecological economists make an ethical and epistemological plea for plural values and plural VAIs. They complement this with a constructive methodological and political project of developing new VAIs with increased potential to accommodate

motivational plurality. New methods include social multi-criteria analysis (De Marchi et al., 2000; Gamboa and Munda, 2007), or deliberative valuation (Howarth and Wilson, 2006) and decision-making forums (Zografos and Howarth, 2008). Such processes however are still socially marginal, other than in experimental research domains. Monetary valuation on the other hand expands its domain and becomes the dominant language through which values about ecosystems and other components of the natural environment are being expressed. Facing Harvey's dilemma and the danger to become irrelevant, some ecological economists end up participating in the dominant institutional processes of monetary valuation with the hope that different values will be treated on equal grounds, but often these end up dominated by the cost-benefit logic and monetary values.

How can political ecology help critical EE out of this dead-end? First, let us present the key relevant ideas of PE.

2.2. Political Ecology

PE starts from a very different vantage point than EE. The focus is not on particular methods or practices of valuation. It is on understanding how capitalism works, how it affects human and non-human nature relationships, and why and how under capitalism there is a drive to reduce all forms of value and valuation into monetary (exchange) values. Starting from Marx's labor theory of value, a key insight concerns the inherent drive of capitalism to expand and reach limits and contradictions. These are – temporarily or spatially – surpassed through inventing new outlets for accumulation (Harvey, 2006). Crucially, this often takes the form of making new commodities through which capital can be circulated, out of things and relations that were previously subject to different logics (e.g. caring or ecosystem functions). Expanding commodification therefore is a structural tendency of capitalism since this way capital overcomes (temporarily) its crises.

While commodities are universal to all societies, “what distinguishes capitalist commodification is the general and expanding character of commodity production and circulation by capitalists who deploy wage labor in doing so” (Prudham, 2007, p.412). Commodities, markets and money existed also in pre-capitalist societies. However it is only societies organized around wage labor on the one hand and capital-holders on the other, that tend to reduce “the value of all things, people and social relations into money” (Douai, 2009).¹

A key concept here is “accumulation by dispossession” (Harvey, 2007, building on Marx). This refers to primitive accumulation ex-novo. Primitive accumulation was the original separation with “extra-economic” means (laws, violence and forced expropriation) of producers from their means of subsistence, such as in the pasture and game enclosures of 16th–19th century in Europe. Harvey among many others (e.g. Federici, 2004) has argued that primitive accumulation is not something that happened once in the origins of capitalism and is now over. It is an essential mechanism through which new outlets for accumulation are constantly created, especially when accumulation is in crisis. Privatization of public services (such as water, energy or transport), ecosystem services, intellectual patents in genes and life-forms, land-grabs and privatization of parks or beaches, the trimming down and privatization of social security and health-care are all instances of such “accumulation by dispossession”. Like in the original enclosures, people have their collective control over common resources reduced, and need to sell

¹ In Marx's theory the proposition that capital has to constantly expand through accumulation is derived by the foundational distinctions between exchange and use values, and between capitalists who own the means of production and wage labor that has to sell itself in a market in order to subsist and reproduce. The precise ways in which these relations generate the quest for constant accumulation are beyond the scope of this paper. The interested reader should consult Harvey (2007).

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