



Spatial Economics Research Centre

Tuesday, 7 June 2011

The True Value of Nature

[George Monbiot](#) doesn't like the [National Ecosystem Assessment](#), launched last week, which tries to assess the economic value of nature. He thinks that placing a value on nature will allow big business to override the planning system. For many reasons, [I think this is unlikely to happen](#).

More generally, Mr Monbiot is not a fan of cost-benefit analysis, its 'arbitrary' assumptions and its way of balancing costs and benefits to try and reach a decision. I disagree, for at least three reasons:

a) The prices used in these exercises are not 'arbitrary'. For example, in the NEA, there are at least some of these prices which have been [estimated from what people pay to live amongst, or close to natural amenities](#). The same is the case for transport. You might argue that these figures could be improved ([I would agree](#)) but it's unfair to suggest that they are completely arbitrary.

b) The point of valuing these assets is presumably to make it more likely that environmentally destructive road, rail and other development schemes do go ahead, i.e. that it is not so easy to show that "multibillion pound road schemes which cut two minutes off your journey are deemed to offer value for money"

c) More generally the (well worn) points about CBA - that some things are unquantifiable or 'cannot be swapped for money' - begs the question of how Mr Monbiot thinks we should weigh up the claims of competing interests on resources? Should we just take his word for it?

So, CBA may not be perfect, but it is still a highly useful input in to the decision making process.

Posted by [Prof Henry G. Overman](#) on [Tuesday, June 07, 2011](#)



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