

Protection is good economics

By Andrew J. Gunther

We're frequently told that the Endangered Species Act, a cornerstone of U.S. environmental law, must be "improved." At the heart of these arguments are claims of economic damage, as critics agonize that the well-being of critters is placed above that of humans.

These criticisms arise from a limited understanding of both endangered species protection and economics. A key purpose of the ESA is to enhance our well-being, and in particular that of future generations. Endangered species, just as the famous canary in the coal mine, indicate the degradation of ecosystems that contribute environmental goods and services to our economy.

These goods and services include clean air and water, crop pollination, water retention and flood control, soil formation and waste assimilation. Our economy depends upon these factors just as it does on fossil fuels, capital investment and labor. If we want a strong economy for ourselves, our children and grandchildren, it makes economic sense to protect the ecosystems that provide these valuable goods and services.

Unfortunately, the "cost" and "benefit" of endangered-species protection often reflects what can be easily assigned a monetary value. The ability of our estuaries to absorb and degrade all of our waste discharges is of great value (imagine if all our waste just built up). But because it is difficult to give a monetary value to waste assimilation, this benefit is often overlooked when the "economics" of environmental law is debated.

This selective application of economic theory leads to analyses that give great weight to easily quantified costs (i.e., timber not cut, the cost of emission control equipment or the value of unsold water "left" in a river), but ignore the costs incurred if environmental protections are not provided (soil erosion, childhood asthma or damaged fisheries). These selective economic arguments can be made quite compelling, because the quantifiable costs are often borne by specific individuals or corporations in particular instances, while the hard-to-quantify (but no less economic) costs are borne by society as a whole (including future generations) due to the cumulative impact of the activities of all individuals or corporations.

The recently completed Millennium Ecosystem Assessment sponsored by the United Nations, has made the first global assessment of how the loss of ecosystem services such as water retention and purification is adversely affecting human well-being, and how poorly our present economic markets take such costs into account. For example, an analysis of Mediterranean forests has documented that the "market value" of timber and fuel from these ecosystems accounts for only one-third of their total economic value, with the balance being ecosystem goods and services such as watershed protection or climate moderation. When the loss of these goods and services is considered, many nations commonly considered to be growing in wealth are actually getting poorer, the U.N. assessment found.

There is no doubt that the ESA produces economic hardship in specific cases, as individuals find they are no longer free to take actions that harm endangered species. These instances prompt claims that implementing the ESA is causing a "taking" of private property, with complaints about government intervention in our "free market" economy.

Yet, without government intervention, our economy polluted our rivers, poisoned our air, acidified our rainfall and poured untreated waste into our estuaries and coastal waters. Government intervention (such as the ESA) does not "take" private property; it simply represents the public's refusal to continue to subsidize private activities by allowing the destruction of public resources.

So next time you hear somebody talk about the economic impacts of the Endangered Species Act, remember the big picture. Protecting endangered species, and the ecosystems they represent, will keep our economy productive now and in the future.

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