

# Natural capital key to global prosperity, Oxford economists warn

November 29 2017

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Credit: Abigail Keenan

Oxford University economists have today issued an urgent international 'wake-up call' around nature's continued decline and the grave threat posed to global prosperity by ignoring it.

New research by the Oxford Martin School, commissioned by the Green Economy Coalition, has revealed that governments can be ignorant to the [economic value](#) of nature, and the extent to which national and global wealth depends on it. The researchers agree that this natural capital is the

basis for all human prosperity.

The knock-on effects of extreme weather, mass extinctions, falling agricultural yields, and toxic air and water have already caused significant damage to the [global economy](#) - with pollution alone costing 4.6 trillion USD every year. However, as these conditions continue, the risk of losing other vital natural resources, such as topsoil for food production and a stable climate (essential for organised economies to function), becomes increasingly likely.

Speaking from the World Forum on Natural Capital, as he launched the research, Professor Cameron Hepburn, lead author of the report and Professor of Environmental Economics at the Institute for New Economic Thinking at the Oxford Martin School, said: "Much of the value that economies create is built upon a natural foundation – the air, water, food, energy and raw materials that the planet provides."

The research lays blame at the feet of central economic and political institutions. It highlights three key concerns: firstly, natural capital is not being accurately measured – or subsequently valued. Secondly, our economic models are not built to recognise the dependences between 'capitals' and are therefore ill-equipped to understand how invaluable natural capital is, compared to man-made alternatives. Thirdly, as the structure of our political and economic institutions is not able to effectively manage natural capital, it cannot accurately reflect its value.

"Our economies are flying blind, and new models and methodologies are urgently required. The opportunity to properly value nature is not just a task for economists but for all of us," says Oliver Greenfield, convenor of the Green Economy Coalition. "The societies and economies that understand their dependency on nature are healthier and more connected, with a brighter future."

Although the report issues some grave warnings, it also includes the much needed reassurance that there is still hope for the Earth.

Better data on the value of natural capital assets is key, so that the [economy](#) can then be reorganised to support these assets having special status, preventing them from being squandered and giving governments and financial centres a fighting chance at saving the planet.

Oliver Greenfield added: "We are poisoning the well from which we drink. The dire state of nature and the implications for our future barely registers in economic decision-making. To put this another way, we are building up a big systemic risk to our economies and societies, and just like the financial crisis, most economists currently don't see it."

Provided by University of Oxford

Citation: Natural capital key to global prosperity, Oxford economists warn (2017, November 29) retrieved 2 May 2024 from

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