

# POTTSTOWN CITIZENS FOR Enlightened LEADERSHIP

## Preserving our natural capital

*Last week, we discussed how the snowballing human population is destroying the our planet's natural resources and snuffing out biological diversity.*

*Throughout history, the human economy has been based on unlimited growth. This is no longer sustainable.*

*The following essay by Sir Dieter Helm, a British economist and Oxford professor, sets forth a new way of thinking about our economy.*

**BY SIR DIETER HELM**

Natural capital is everything nature provides us for free. It is what our economy is built upon.

We add man-made capital in the shape of houses, factories, offices and physical infrastructure, and human capital with our skills, ideas and science.

Natural capital should, therefore, be at the heart of economics and economic policy – but it isn't.

As a consequence we abuse nature, drive species to extinction, and destroy ecosystems and habitats without much thought to the consequences.

The damage won't go away; as we wipe out perhaps half the species on the planet this century and induce significant climate change, the economic growth we take for granted will be seriously impaired. Put simply, our disregard for natural capital is unsustainable – it will not be sustained.

Just as we try to maintain and enhance our own assets – our houses, cars and our knowledge and skills – so too should the broader economy avoid running down its base of natural capital assets. Some natural assets will be used up – such as the non-renewables like oil and gas – but even here we should be mindful of compensating future generations for what we will not therefore bequeath to them.

The natural assets that really matter are the renewables – the ones nature keeps on providing us for free, forever – provided we don't deplete them beyond the threshold of sustainable reproduction. We can for example carry on for hundreds of thousands of years harvesting fish from the sea, as long as we do not overfish. The potential value of

all those fish forever is enormous.

For the economy as a whole, national accounts need to provide for this capital maintenance as a first call on its revenue. If they did, and if we had a proper balance sheet, then economic growth would be sustainable.

It would be lower, too. Put another way, by not maintaining our assets, we are living beyond our means – let alone also borrowing from the future to finance the deficit, and making future generations pay for our excessive current consumption.

A sustainable level of economic growth – driven by all the new technologies that keep coming along – would be lower, but we would nevertheless be better off in the long run. We would not then face the consequences of the loss of so much of our natural environment and the climate change that results.

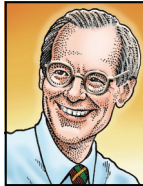
Unlike the climate change problem, natural capital has a big spatial dimension. Climate change is all about a small number of gases in the atmosphere, and it does not matter where they are emitted.

Natural capital comes at every level, and location matters. It includes the great global biodiversity hotspots, like the Amazon, and it includes everyone's backyard and every park and garden. Everyone can therefore make a difference to natural capital in ways that they cannot to the climate change problem.

Think of some of the things you could do today. If your front garden is paved and concreted over, you could break it up and allow wild flowers to flourish, which in turn would help the bees. So barren is much intensive agricultural land, as it is sprayed with pesticides and herbicides, that bees often find cities much better habitats than the countryside.

Natural capital is in for a shock, unless compensating improvements are made.

*Here in Pottstown, people wonder why we need to plant trees and meadows and remove excess asphalt. It's because we must preserve our natural capital wherever we can.*



Commentary by  
Thomas Hylton



**SIR DIETER HELM**