Open response from the Planetary CFO to Monbiot article in the Guardian July 2014

Put a price on nature? We must do this to enable us to achieve One Planet Living

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As self-appointed Planetary Chief Financial Officer (“PCFO”) I feel it is incumbent on me to respond to several points George Monbiot makes in the above mentioned article.

He claims that valuation of natural assets is being done to make them more marketable by capitalists, for example as assets providing ecosystem services. My own concept is that all assets on the planet should be valued, but within various asset classes. One asset class would be Global Commons and this class would contain assets for which asset rights are carefully defined and protected. Assets within this class could not be put into any market, and the purposes of valuing them would be to provide a means to identify the relative sufficiency or deficit of such assets in relation to the liabilities to provide for the global human population alongside appropriate planetary biodiversity. These assets and liabilities would be reported each decade in a World Balance Sheet.

Monbiot criticises early attempts and methods to value natural assets. This is a legitimate concern, but not a good reason to stop trying to find better valuation methods. They will be found – we can be confident of that. That’s part of the role of the PCFO.

Monbiot points out the perverse incentives regarding land use – the example he quoted was of a farmer having a financial incentive to have a small number of Ospreys on his land rather than sheep, because of the huge revenues from visitors wanting to see Ospreys. If the World Balance Sheet comes into being, the scenario Monbiot painted would only exist for land which was not in the Global Commons asset class. In these other asset classes, trading would be encouraged and could take place without compromising the Global Commons.

Monbiot criticises Dieter Helm’s comments about green growth being good for the economy. Here, I think I disagree with both of them, to some degree, and would like to set out an alternative frame of reference to resolve and unify what I believe are the ultimate aims of both of them in looking at natural assets. Monbiot’s main point seems to be that economic growth, even if green, causes damage to the environment (ie the natural capital). However, within the World Balance Sheet approach, green growth is good if (and only if) it leads to a good balance between the amounts (at an appropriate value) of assets in the Global Commons asset class, compared with the liabilities to provide for the global population (see above).

Monbiot criticises valuation of (UK) natural assets, on the premise that this would hand over stewardship of them to the City of London. Within the World Balance Sheet approach, stewardship of the assets would fall to a Global Governance Body (“GGB”) which doesn’t yet exist except within my imagination. This also addresses Monbiot’s concerns about power, if the GGB was to be set up with sufficient power to undertake its mission and role. It’s mission would be:

*“One Planet Living, for Humanity, Forever”*

Monbiot criticises cost-benefit analyses, for their part in creating perverse incentives to convert natural assets to commercial assets, for example turning ancient woodlands into motorway service stations (another example might be railway lines such as HS2). Under the World Balance Sheet approach, the answer to this is to ensure that assets in the Global Commons asset class could not be turned into assets in another asset class. In effect, certain asset classes would be ring-fenced. Within each asset class, some conversion of assets would be allowed. Within the Global Commons asset class, however, this would be determined largely by natural processes, and any man-made asset conversions would be carefully monitored.

Finally, Monbiot quoted values as a reason not to value natural assets, on the basis that financialisation of assets is a capitalist’s value not an environmentalist’s one. He is right to point out that this is a fundamental issue. I’d say that it is at the core of the dilemma facing humanity at the current historical crossroads – the values of consumerist capitalism and the values of sustainability (paraphrased as One Planet Living) appear on the surface to be diametrically opposed to each other. However, as Planetary CFO, I believe that the way forward lies in finding a middle way – the way that enables these very different camps to have a meaningful dialogue for peace and reconciliation. We must find the win-wins. I think the World Balance Sheet provides a way to do this. It means we can provide capitalists with asset classes they can base a real and thriving market-based economy on. It also means the Global Commons asset class, or asset classes, can be used to drive towards One Planet Living, in aggregate, for the whole of humanity.