



Put **Earth** under  
**liquidation** and  
**PAY the**  
**SHAREHOLDERS**

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LAW REPORT  
INTERVIEW

We need **“TO TREAT THE EARTH AS THOUGH IT WERE IN LIQUIDATION”**.

That way we can **GIVE SOMETHING BACK** to the shareholders, says one of the founding fathers of **ECOLOGICAL ECONOMICS** Robert Costanza.

**MONICA GRAAFF** spent a few minutes with Costanza when he visited Cape Town earlier this year.

**H** E'S GOT BROAD SHOULDERS, I THOUGHT WHEN I RECENTLY, ALMOST literally, ran into one of the world's foremost ecological economists at the entrance of the seminar room in the Sustainability Institute outside Stellenbosch. Broad shoulders and a big smile.

Both attributes can come in handy when you have a mission to save the planet and find that a whole lot of people take you seriously. Yes, ecologist turned economist Robert Costanza, who has been cited in more than 3,000 scientific articles since 1987 and been the subject of more than 80 interviews and reports about his work in various media, including *Newsweek*, *US News and World Report*, *The Economist*, *The New York Times*, *Science*, *Nature*, *National Geographic*, and *National Public Radio*, needs both. When you take on a big challenge, you need both fortitude and a sense of humour. And you need to be able to see the bright side when the storm clouds darken.

The evidence, the director of the Gund Institute for Ecological Economics at the American University of Vermont told us, is now irrefutable: we are headed for an ecological meltdown if we don't rapidly change our conception of economics and how the Earth works.

The challenge Costanza and fellow eminent ecological economists like Herman Daly share, is to persuade economic planners to work with ecologists, rather than in spite of them. Because by failing to cost the true value of ecological services, the market, upon which

economic policies and decisions are based, often gives the wrong information.

Economics (where ecological services are considered outside the circular flow of income) is not what we were taught, he said. It is based on an old world that was empty (of people). Now it is full.

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So looked at this way, economics is really about how we manage "our quality of life and wellbeing". And we need to remember, we live in a house that has already exceeded its size in terms of building regulations and comprises complex inter-relationships among and between the materials it's made of, where it is situated, and those living inside it.

Ecological economics is a trans-disciplinary approach towards understanding the complex linkages between human

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and natural systems. It embraces uncertainty as an indispensable component of complex systems, but does not become overwhelmed by it. And it does not shy away from attempting to recommend and lobby for effective policies that will lead to an ecologically sustainable world.

Obviously we can't actually follow Herman Daly's image of putting the "Earth into liquidation", but there is a host of measures to bring about efficient and fair distribution of resources, both between groups and generations of humans, and between humans and other species. Among these, he lists ecological tax reform; ecosystem service payments (already practised in Costa Rica); impact fees for development tied to the real

impacts on the socio, economic and ecological environments; environmental assurance bonds; and expanding the commons.

He finds thinking about the Earth as a business useful, because it speaks to people in a language they understand. There is hope for our future but, faced with so much doom and gloom, it is important to create a positive vision of what it can look like. We need to sell a new quality of life – one that will improve for everyone across the board if we make these changes.

So instead of asking people to genuflect for wrongs committed in the past, Costanza turns traditional views of environmentalism on its head in a surprisingly positive and motivating way: we can actually profit from accepting that we are part of an ecologically interlinked and intricate world.

"Imagine the Earth is a business, everyone's business – yours and mine," he says. "If you own part of it, then you're entitled

to a share of the profits. As an owner you'll want to take good care of the assets of the business and to plan for the future so your business doesn't collapse. You'll also want to maximize your profit, or in other words, the benefit you receive from the business."

Is this going to work? Eventually, he says, with a grin. "We have a long way to go, but one measure of success is if you have well organised sceptics, and we've got them! Another is how much publicity the recent United Nation's *Millennium Ecosystem Assessment* has received. A mammoth and highly respected piece of research, it found that approximately 60% of the ecosystem services evaluated (15 out of 24) were being degraded or used unsustainably, with dire consequences

to come.

In his own nuclear world of Vermont – which he boasts is the only state in America that George W Bush has not visited – Costanza is already making a difference to how things are run and the policies and laws that are passed. Certainly this is made easier by living in an independent minded state of only 600,000 people, but still, water, for one, is now a public good. Widening the commons is a start in the right direction.

Costanza recently launched a new not-for-profit initiative, Earth Inc ([www.earthinc.org](http://www.earthinc.org)), that has published the first Earth Shareholder Report (ESR) along the principles of Four Capitals Accounting – a system that balances natural, social, human and the built capital assets. Earth Inc plans to regularly update the ESR, and offer its services to do shareholder reports for whole countries, municipalities and communities.

Just before the seminar, I managed to whisk Costanza off to the gardens of the institute to take a photograph and grab a moment alone. In doing so I hoped to glean a glimmer of who this tall, smiling, almost nonchalant man with a brilliant vision of the world, and a daunting CV, really is. Awkward though such brief first encounters usually are, it was not hard to discover that this dynamic globe-trotting evangelist for a better world has a quiet personal side where satisfaction comes from growing his own organic vegetables and living in an earthy strawbale house (as do I some of the year) as part of an eco-village.

This goes to show. You don't have to be a politician to change the laws, and living a life in balance with nature and your community does not make you all lentils and sandals. All you need is a sound vision for the future – and broad enough shoulders, coupled with a positive attitude, to carry it out. ■



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***Sustainability or collapse? An Integrated History and Future of People on Earth (MIT Press, 2007), edited by Robert Costanza with Lisa J Graumlich and Will Steffen.***

Human history, as written traditionally, leaves out the important ecological and climate context of historical events. But the capability to integrate the history of human beings with the natural history of the Earth now exists, and we are finding that human-environmental systems are intimately linked in ways we are only beginning to appreciate. In *Sustainability or Collapse?*, researchers from a range of scholarly disciplines develop an integrated human and environmental history over millennial, centennial, and decadal time scales and make projections for the future. The contributors focus on the human-environment interactions that have shaped historical forces since ancient times and discuss such key methodological issues as data quality. Topics highlighted include the political ecology of the Mayans; the effect of climate on the Roman Empire; scenarios for the future; and the accuracy of such past forecasts as *The Limits to Growth*.