



# Nature in the Market-World

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# market-world paradigm

values = prices

payment or profit

private actors

market exchange

result: **efficiency**

**the most** goods & services produced at **least cost**

***market utopia***

**market paradigm in global environmental policy**

**conservation funds are scarce...**

**...but nature can pay its way**

**'natural capital'**

**'market instruments'**

***sell nature to save it***

# **bring ecology *into* economy**

(*not* economy into planetary ecology)

**monetary valuation**

**property rights**

**market rules & institutions**

# **nature:**

## **source of tradable commodities**

### **resources**

timber, water, minerals, crops, biodiversity  
genetic information

### **ecosystem services**

water filtration, protection from storms & floods  
habitats  
beauty, spiritual meaning  
sequestration of CO<sub>2</sub>

# selling nature to finance development?

the Earth Summit bargain

biotechnology > new values of forests

biodiversity prospecting

'genetic resources' - new, tropical miracle crop?

*export-dependent development*

**climate change,  
forest conservation & development**

**carbon-sequestration 'services'**

**- the *newest* tropical miracle crop!**

**promise: *triple-win* for**

**investors**

**nature**

**global-South states & communities**

**market strategy  
to slow climate change?**

**'the market' can allocate for efficiency**

**least-cost solution...**

**...carbon sinks in the tropics**

***a conservation bargain!***



# Payments for Ecosystem Services **PES**

monetary incentives to plant trees, not cut them

'markets' in name only

most success where market criteria *not* applied

*critics:*

pro-poor PES = 'market distortion', 'political'

# Reduced Emissions from Deforestation & Degradation **REDD**

= PES on a global scale

*controversies...*

**financing:** private c-market investment? or grants?

**payment distribution:** market criteria? social goals?

**recentralization?** or local control?

# market efficiency in PES

differences in ‘opportunity costs’

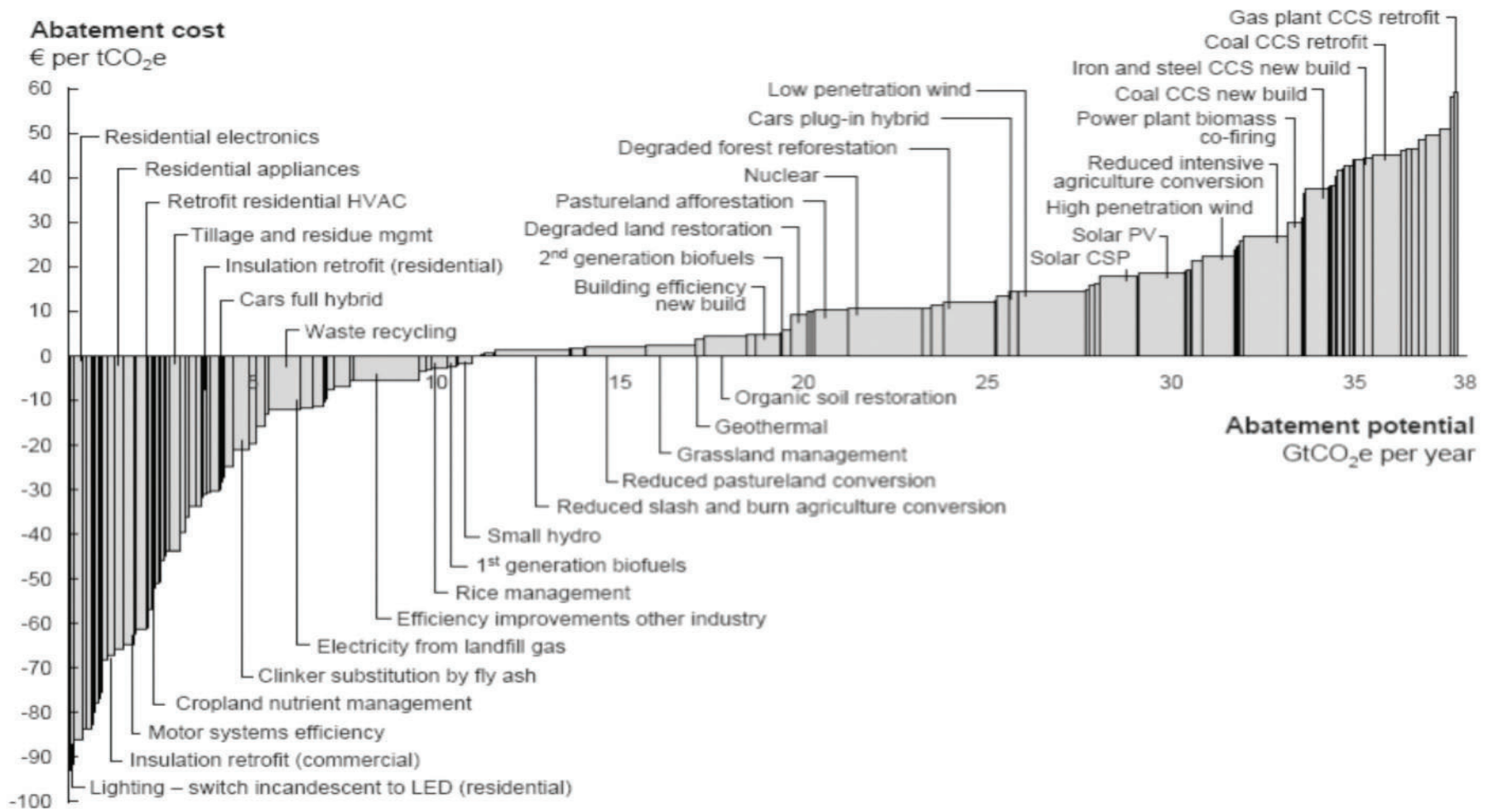
**cheap:** pay swidden & small- & medium scale farmers & ranchers

**too expensive:** pay owners & investors in palm oil plantations, soy monocultures, logging, golf courses

**waste of money:** pay people too poor to deforest; people with no intention to deforest

*“...the guy with the chain saw...”*

## Cost abatement curve for REDD after McKinsey & Co.



Note: The curve presents an estimate of the maximum potential of all technical GHG abatement measures below €60 per tCO<sub>2</sub>e if each lever was pursued aggressively. It is not a forecast of what role different abatement measures and technologies will play.

*commodity fetishism gone wild*

economic **efficiency**

v

social **equity**

# market efficiency in REDD

why are C offsets in the tropics a bargain?

*lower opportunity costs for labor & land*

US\$ 30 / CO<sub>2</sub>e versus US \$<1 – 10-20 / CO<sub>2</sub>e

**efficiency**

**equity?**

or Larry-Summers logic?

# **global, market-financed REDD depends on inequality**

ability to **buy cheap C credits**

in Brazil, Congo, Indonesia, Guyana, ....

**use them to continue polluting**, profitable activities  
or **sell them for higher prices** in industrial countries

is the **source of the profit**

that attracts private investors in C markets

***without inequality, incentive disappears***

# 'efficiency' is a political construct

opportunity-cost calculations are *not* neutral

what get measured

which costs & benefits are 'equivalent'

how prices are set

are *political decisions*

that favor *some* people & places over others

favor *some* GHG-emitting activities over others



**Are ecosystem services valuable?**

**Should people be compensated &  
supported in maintaining them?**

***of course!***

That part of the idea behind

PES & REDD makes sense...

***but***

# market-based conservation

assumption of **universal commensurability**  
of nature & of human-nature relationships  
management as **tradable commodities**  
in a global market

**can reinforce inequalities** between  
poorer & wealthier landholders  
urban & rural areas  
global North & South

# **alternatives**

**ecosystems** may have different  
& **greater, long-term values**

in the context of

**autonomously-defined development**

linking **greening, food security, & equity**

**food production & C sequestration**

**in forests & *farm soils***

# forests V food

closing of the global land frontier

Mexico's PES: '**plant trees, not maize**'

**green grabbing or farmland grabbing**

Forests for *whom?* Food for *whom?*

# **rural communities, livelihoods, & food sovereignty**

ecosystem-services exports

as a development strategy

accepts the trend toward

**food production by industrial agriculture**

**food provision via global markets**

***disappearance of rural communities***

***as productive members of society***

**realistic climate & green-economy policies**

need to be built upon

**present & *future* values of nature**

**to local populations**

**to national sustainable-development strategies**

as well as **to wider humanity**