

Can we save the environment with economics?

1 Warmer

a. In pairs, discuss why the following might be effective ways to measure the importance of looking after the environment

- Volume of carbon in the air
- Centimetres of increase in ocean levels
- Dollar value of natural resources
- Degrees of change in global temperatures

2 Key words and expressions

a. Complete the definitions using words from the paragraph numbers given for the article.

1. an abbreviation consisting of letters that form a word (1) _____
2. one of the people most admired in a particular profession (3) _____
3. to collect carbon dioxide that is produced by burning coal or oil and store it to stop it getting into the atmosphere (4) _____
4. the variety of different types of plant and animal life in a particular region (6) _____
5. extremely important and urgent (7) _____
6. able to quickly become healthy, happy, or strong again after an illness, disappointment, or other problem (7) _____
7. important and noticeable (8) _____
8. calculated the size, value, or amount of something when all the facts were not available to you (9) _____
9. forming two very different groups, opinions, or situations that are completely opposite to each other (13) _____

10. a reduction in the harmful effects of something (15) _____
11. extreme and obvious (15) _____
12. ideas or practices that are accepted by most people as being correct or usual
(18) _____

Why we need to put a number on our natural resources

PEOPLE FIND IT EASIER TO CONSIDER NATURE WORTH PROTECTING WHEN WE ASSIGN A FINANCIAL VALUE TO IT

- 1 Economists at the mighty International Monetary Fund used to joke that the institution's acronym should actually stand for "It's Mostly Fiscal." No wonder: the IMF is (in)famous for fretting about countries' budget plans, tax policies, growth strategies and capital flows.
- 2 Last week, however, the IMF's managing director Kristalina Georgieva discussed how some of its employees have branched into an unlikely pastime: whale-watching.
- 3 "We have economists studying whales," she told a panel organised by the Paulson Institute, a foundation created by Henry Paulson, former US Treasury secretary and Goldman Sachs luminary, that often champions environmental causes.
- 4 One of these economists is Ralph Chami, an IMF official who has studied how whales sequester CO₂, removing it from the atmosphere, as part of an IMF analysis of the value of natural capital — the world's stock of natural resources. (Whales apparently sequester 33 tonnes of CO₂ over a lifetime.)
- 5 Does this matter? Some mainstream economists might mutter about mission creep. But the initiative is worth noting. It reveals a subtle but striking shift in the global green debate that is now underway and that will be an important topic at this week's annual UN general assembly.
- 6 In the past few years, the world has woken up with a vengeance to the problem of carbon emissions, thanks in part to activists such as Greta Thunberg, who has inspired a generation to campaign against fossil fuels. But now Paulson and Georgieva are part of efforts to expand the focus of this activism from a narrow debate around emissions towards a wider one around biodiversity and natural capital.
- 7 Quite apart from the moral and spiritual imperative behind the drive to protect nature, people such as Paulson argue that there are two additional points: destroying nature not only hurts the economy but also makes it harder to combat the emissions we're now trying to reduce. Conversely, protecting nature makes the planet more resilient to environmental shocks and negative changes.
- 8 With that messaging in mind, the Paulson Institute and the IMF are now scrambling to put some tangible numbers around the contribution of natural capital. A report from the Paulson Institute, the Nature Conservancy and others last week suggests that 30-50 per cent of the planet's species will vanish by the middle of the century without action — and that the bill to prevent this would be \$600bn-\$820bn a year.
- 9 It also points out that the World Economic Forum has guesstimated that \$44tn — about half — of global gross domestic product depends on natural capital, while the value of forests in terms of carbon capture alone could be \$100tn.
- 10 Now, some observers might argue that affixing dollar signs to nature is ridiculous, not to mention immoral, since it implies that the only things that matter are those that carry a price. In any case, these numbers entail so much guesswork that they are apt to seem fantastical.
- 11 However, Paulson insists that number crunching is needed: "The problem is that people assume that natural capital is a free good, and if you don't put a value on it, they will value it as zero."
- 12 What is really interesting is that this new drive to quantify the issue reflects another imperative: the topic of biodiversity might yet turn into a tool that could forge some modicum of consensus on "green".
- 13 While the issue of climate change and carbon emissions tends to be politically polarizing, particularly in countries such as the US, talking about biodiversity is often less contentious. Some Republicans, for example, find it far easier to embrace policies labelled as "environmental protection" than "climate change".

Continued on next page

- 14 So too on the international stage. Discussions about climate change often spark a blame game between countries such as the US and China, since they raise questions about who is responsible for emissions — previous high polluters or nations busily developing now — and thus who should curb them most aggressively. US President Donald Trump and Chinese President Xi Jinping traded barbs over this at the UN this week.
- 15 Discussions about biodiversity, however, tend to focus more on mitigation and resilience. This can still spark fights (as seen during the recent battles between Brazilian president Jair Bolsonaro and environmental activists around rainforest destruction in the Amazon), but overall they tend to be less stark.
- 16 “We can argue about what is causing climate change . . . but we cannot argue about what is happening now,” says Paulson. “So I think you will find people coming together and saying, ‘What do we need to do to protect against climate shocks like storms and forest fires?’”
- 17 Of course, such hopes might yet turn out to be naive, given that the Covid-19 pandemic is distracting policymakers — and cutting the level of financial resources available to protect nature or anything else. But there again, the pandemic has also shown clearly the cost of ignoring science and our global connections; indeed, those championing biodiversity argue that the spread of zoonotic diseases — ones that jump from animal to human, such as Covid-19 — is partly a result of our lack of respect for natural capital.
- 18 Either way, it’s worth remembering the whales; if nothing else, they show how orthodoxies can change, even in economics.

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Gillian Tett, September 23 2020

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3 Understanding the article

a. In pairs, discuss the answer to the following questions.

1. What have economists from the IMF recently been studying?
2. What is ‘natural capital’?
3. How do Henry Paulson and Kristalina Georgieva want to change environmental activism?
4. How much is it estimated to cost in order to save 30 to 50 percent of the Earth’s species?
5. What could help political parties agree on green issues?
6. How does Henry Paulson think different political groups will react to recent natural disasters?

Advanced

4 Business language – word pairs and phrases

a. Match the words to make word pairs and phrases from the article. Then check your answers in the article.

- | | |
|-------------------|--------------|
| 1. number | a. strategy |
| 2. growth | b. stage |
| 3. mission | c. game |
| 4. gross domestic | d. crunching |
| 5. blame | e. product |
| 6. international | f. creep |

b. Write the word pairs and phrases next to the definitions.

1. the total value of all goods and services produced in a country in a year

2. work that involves doing a lot of calculations, especially when you think this is boring

3. a situation in which person A tries to make other people take responsibility for doing something that person A did wrong, rather than seeking a solution _____

4. a plan or set of plans intended to increase something, e.g. the number of customers to a business

5. the gradual expansion of the original objectives of an organization _____

6. a specific area of life in public where very important events happen: _____

c. Write six sentences that illustrate the word pairs and phrases using examples from your personal or professional life.

5 Business language – verbs commonly used in business

a. Complete the sentences with the correct form of the verbs below.

champion combat curb forge spark

1. They've _____ a strong partnership that will more or less guarantee their success for years to come.
2. We must focus on _____ the spread of the virus.
3. Cortisol is a hormone that _____ stress.
4. She is just one of the activists _____ the cause of climate change.
5. The decision _____ riots long before the government realised the public's feelings.

b. Write five sentences using these verbs about challenges you have faced in the workplace.

6 Discussion questions

“The problem is that people assume that natural capital is a free good, and if you don't put a value on it, they will value it as zero.” Do you agree with Henry Poulson?

How can talking about 'environmental protection' be more effective than talking about 'climate change'?

7 Wider business theme – Action plan

a. In groups of four, imagine that you are in a meeting about ways to increase people's awareness of the actions needed to protect the environment. Divide yourselves into economists and environmental activists and discuss the following:

- opinions on natural capital
- the future of environmental activism
- an agreement on the key actions to take

b. Work together to develop an action plan for effective ways to increase people's awareness of the actions needed to protect the environment. Present your action plan to the class.