

## FEATURED BOOK REVIEW

### The economy of the Earth revisited

**The economy of the Earth: philosophy, law, and the environment**, 2nd edition, by Mark Sagoff, Cambridge, Cambridge University Press, 2008, xi + 266 pp., index, \$27.99 (paperback), ISBN 978-0-521-68713-3

As a philosopher, Mark Sagoff made a name for himself attacking environmental economics, cost-benefit analysis and especially willingness to pay arising from contingent valuation studies. In doing so, he provided an important early external critique of the developing mainstream economic approach to the environment. He brought together his core philosophical arguments in a book (Sagoff 1988), which drew a division between the economic and political treatment of the environment. Most prominently, he advocated a distinction between the citizen and the consumer, which was widely cited. Amongst others, this seemed to strike a strong chord with those concerned by the rise of neo-liberal politics and the spread of the market under Thatcher and Reagan. After 20 years, Sagoff has published another version of his book where he replaces 7 of the 10 chapters, making this effectively a new book. This has already been lauded by some as an important contribution.

Sagoff's basic positions remain unchanged. Environmentalism should be based on non-consequential reasoning involving the aesthetic, spiritual and religious, and economics is misguided in applying cost-benefit analysis to environmental problems. What is different is the reduced attention to economics, politics, law and property rights and the increased coverage of arguments claiming that there is no crisis due to environmental degradation, resources are abundant, and ecologists and conservation biologists are misdirecting society as much as economists. The book also spends much time exploring a variety of ways in which Americans might relate to Nature without scientific or economic instrumentalism.

Sagoff favours dichotomies and so refers to a world of two opposing monistic value systems: intrinsic value in Nature and instrumental value in economics. Intrinsic value lacks a definition and is at one point followed by 'whatever that concept might mean' (p. 185); this despite the concept being central to 'the view this book preaches' (p. 21). The reader might have expected a philosopher to offer some depth to this conceptualisation and some explanation as to how this view relates to other value systems, categories

and concepts to which he himself refers. For example, he recognises preference utilitarianism in economics (p. 75), claims himself to be a Kantian (p. 84) and briefly mentions virtue ethics (p. 191). He also refers to various categories of values, for example, the aesthetic, spiritual, moral, economic, political and scientific. On motivation he states: 'a human being contains multitudes' (p. 78). Yet, Sagoff provides neither a clear theory of environmental values nor an explanation of his various concepts and categories or their interrelationships.

The title's legal reference might have been expected to involve showing how sacred Nature can be protected in a modern political economy. In fact, there is no attempt to use philosophy and law in combination to address environmental problems. On the basis of his interest in the citizen, as distinct from the consumer, Sagoff might have explored making operational citizen power and built on developments in political science over the last 20 years. Instead, he relies on rhetorical appeals to free-market idealism, growth and technology. Apparently, 'we' – read Americans as the new book is wholly oriented to them – can have both traditional economic growth and sacred Nature, protect rights and have prosperity. Environmental protection requires no radical reform of the American way of life. The targets for Sagoff's wrath are instead those who fail to draw strong lines of demarcation between systems and disciplines.

In the new work, Sagoff continues to target environmental applications by economists who extend cost-benefit studies from a base in microeconomic theory and project appraisal. In his rejection of the field of environmental valuation, he throws out much which might have been informative and fails to engage with developing ideas. He discerns no differences in the types of valuation work being conducted. For example, there is more to be garnered from contingent valuation than mere numbers for a cost-benefit analysis, and empirical evidence supports some of Sagoff's own claims, challenges mainstream economic value theory and suggests alternative institutions are needed to assess value conflicts (Vatn 2005, Spash 2006, 2008a). More generally, Sagoff dismisses microeconomics completely. He thus misses an opportunity to unearth the root causes of problems with the economic approach to valuing environmental change and degradation.

Unfortunately, Sagoff writes as if nothing had changed in the field of environmental values, politics and philosophy since the early 1980s. For example, there is no mention of arguments by other environmental philosophers concerning value pluralism and incommensurability (O'Neill 1993, O'Neill *et al.* 2007), which have led to the recommendation of social multiple criteria analysis (Martinez-Alier *et al.* 1998). Similarly absent is the debate over the potential of small group political processes to address environmental conflicts and the relationship to deliberative monetary valuation (see Niemeyer and Spash 2001, Spash 2007, 2008a). Sagoff even ignores his own contribution on political hybrids of stated preferences (Sagoff 1998).

One new area of valuation he does mention is the work by ecologists and conservation biologists producing money numbers they claim represent

ecosystems' values. This he strongly attacks. I have myself criticised ecosystem services valuation, as misleading and producing meaningless numbers, although I argue the case somewhat differently, and, unlike Sagoff, am careful not to treat this as equivalent to other valuation work (compare Sagoff (2008) with Spash (2008b)). Strangely, amongst other criticisms, Sagoff chastises these natural scientists (and others) for attempting interdisciplinary research. He goes on to argue that they and others should return to their mono-disciplinary bunkers. His reasoning is apparently driven by the need to maintain another dichotomy, namely, fact versus value. He fails to understand why environmentalism has developed into a multi-faceted movement which combines – much to the chagrin of Sagoff – science and economics.

Indeed, one of the most bizarre aspects of the new book is the attack on interdisciplinary research. Like some old-fashioned trade union leader, Sagoff argues for disciplinary demarcation: 'each cobbler should stick to his or her last' (p. 15) – a peculiar remark from someone claiming to write a book combining philosophy, law and economics. Sagoff then caricatures and chastises his opponents. Environmentalists exaggerate and are doomsayers. They should stick to promoting intrinsic value in Nature with moral, aesthetic and spiritual arguments while avoiding scientific and economic analysis and explanations. The economy is fine if only economists would avoid ethics, stick to facts and creating jobs. No role in Sagoff's world for an ecological economics concerned with the integration of science and values to improve environmental policy. Sagoff then allies himself with a mainstream interpretation of economics as objective analysis without value judgements – which is to deny that economics is always political.

For Sagoff, economists are engineers, which helps explain why he misinterprets Adam Smith and ignores the history of economics as a moral science (see Sen 1987). A rather orthodox economic story is then employed to support the separation of economics from politics. The reader is told, in chapter 4, that Adam Smith's invisible hand is alive and well to protect individual freedom in an unfettered market place. Despite a reference elsewhere to *The Theory of Moral Sentiments* (p. 243) Smith is caricatured, in the neoclassical economic tradition, as 'advocate of the free market' (p. 134). Support for this from Smith's own work is absent. Sagoff says nothing of Smith's moral philosophy, virtue ethics, criticism of unfettered individualism, attacks on utilitarianism and promotion of self-command. The role played by Hume, as forefather of economics, is ignored and confused with that of Smith. Seriously considering Smith's combination of ethics and economics would be an anathema to Sagoff's thesis, just as it is to mainstream economics. Both deny the need for serious reappraisal of orthodox economics and modern neo-liberal political economy.

Sagoff strongly advocates a black and white worldview which denies the messy grey of reality where concepts combine and dichotomies falter. This inevitably leads to problems and confused reasoning. For example, in trying to explain the consumer-citizen dichotomy, Sagoff lists his personal value

conflicts, concluding: 'I have an "Ecology Now" sticker on a car that drips oil everywhere it's parked' (p. 48). We might sympathise with the recognition that everyone faces challenges in trying to be environmentally benign. However, rather than a good example of why some fundamental dichotomy exists, this just appears as dysfunctional behaviour and bounded rationality. Claiming such actions are 'OK' because voting is different from shopping, you are a consumer and a citizen with irreconcilable preferences, then becomes nonsensical. The consumer-citizen dichotomy then is merely a means of evading the need for fundamental behavioural change and taking responsibility for one's actions. Those who wish to be unthinking consumer-polluters can wear the badge of environmental concern while expecting political action (by others) to address any problems they create. Dismissing the notion that buying products is an act with political dimensions, Sagoff supposes a neutral world of production and consumption which can be engaged with, or analysed, independently of any institutional, political or value context.

On Sagoff's planet Earth, everything is divided neatly and distinctly. Sagoff's consumer world is meant to be free from politics, just as his environmental politics is free from the consumer. This seems implausible to anyone who has reflected upon modern political economy and the nature of markets. If you buy organic local produce you support a different production system and power group in society than if you buy genetically modified, industrially farmed and internationally traded produce with its connections to petro-chemicals and multi-national corporations. Even a simple shoe depends upon environmental inputs, energy, materials and labour which can arouse political concerns (pollution, toxic waste, poor work conditions, child exploitation). Markets are neither objectively given to us nor free from values. All sorts of 'things' have been, and currently are, treated as tradable commodities – from people, human organs, sex, animals, plants, through to armaments, food and clothing. Clearly, the mere existence of a market neither makes it morally justified nor the price charged valid.

This reveals a basic failure to understand markets as social constructs, as institutions imbued with values and embedded in power relationships. There are two aspects of this market framing which Sagoff fails to explore: individual psychology and political institutional structure. Sagoff leaves unquestioned the rational economic model of consumer behaviour, which he merely segregates from the political. Conforming to the citizen-consumer dichotomy implies, psychologically, that an individual must become a schizoid personality removing emotion and intellect when entering a supermarket, in order to operate as the pure consumer model dictates. Similarly, the structure of the market economy as a political institution is never addressed, and instead Sagoff describes the economy as an engineered mechanical structure outputting high paid jobs in a value- and ethics-free way.

Thus, Sagoff, with unfortunate timing, paints a Panglossian picture in which modern economics has been a success in macroeconomic terms and the global economy 'seems to be booming' (p. 194). He tells us that price signals

work well for production and consumption, technology provides plentiful substitutes for scarce resources, and market competition improves standards of living. Free market capitalism is the answer to all our problems and will promote the necessary (bio, genetic and nuclear) technology. Technology reduces costs so that environmental regulation has no economic impact; there will be new jobs for old, the rich can afford a better quality environment.

We are told the American environment has improved over the past three decades creating a clean economy. Rather contradicting himself, Sagoff notes this actually required institutional change (not free markets) because the USA legislated to control pollution. Interestingly, the Bhopal catastrophe is mentioned as aiding positive domestic legislation in the USA (p. 11). However, the ensuing political lobbying and 'greenwashing' by Union Carbide is ignored along with the fact that this incident brought the whole concept of traditional economic growth and development into question (Ravirajan 2002). Sagoff's faith in economic development contrasts with the victims' experience of an exploitative and undemocratic system which remained, and remains, unchanged by the disaster. The issue Bhopal raised for many was how much pollution has been exported via placing dangerous production outside the USA (and more generally industrially developed countries). Cheap products from developing industrial economies are then bought at the expense of social and environmental standards.

Yet, according to Sagoff, there is no need to adjust prices for social damages. He goes as far as branding new welfare economics as equivalent to communism while citing free market Austrian economics with approval (pp. 80–82, 93). The idea that the economy has failed to price environmental resources is derided because a zero price for environmental entities is due to their abundance and lumpy items that cannot be priced in the market; the market sets competitive prices for what needs to be priced (see also Sagoff 2008). This technocentric free market optimism reveals Sagoff as ideologically aligned with an American dream of the conservative right.

In Sagoff's world, strict divisions aid a blinkered view of reality, which allows him to ignore how American capitalism actually operates: by exploiting the weak and silent. In chapter 7, there is a brief recognition that capitalist growth is based upon individualism to the exclusion of socialism and can be damaging to social institutions (family, community). Yet, he then claims social institutions will enable adaptation to the rapid technological change pushed by the market. How social institutions outcompete the system that threatens to destroy them remains unclear.

In chapter 6, the excessive and wasteful consumption of Western society is partially criticised as eroding certain values but then claimed to be necessary for 'development'. The USA must consume more to allow the poor South to gain from export-led growth. Sagoff loses sight of his earlier criticism of growth as failing to produce happiness (pp. 74–76, 83); now it just becomes progress. There is no shortage of resources, and technology provides cheaper substitutes, so the real problem is just excessive abundance.

Questions of adequate supplies for whom, with what impacts and for how long are pushed to one side. Human-induced climate change is briefly mentioned but no connection made to impacts threatening ecosystems, for example, on-going insect invasions destroying the 'abundant' forests. Sagoff cites the environmental Kuznets curve as if it were a reality, without mentioning the critical literature that empirically falsifies it. The text is again contradictory, stating few industries could exist without pollution and even that industry would cease, jobs be scarce and inflation rampant, if pollution were controlled regardless of cost (p. 10). He ignores the fact that the character of pollution has shifted with technology to the more dangerous, non-point, unseen, international and intergenerational. He also fails to recognise that new technology creates new uncertainties.

Of course not all share Sagoff's rose tinted picture of industrial society or claim its pricing system is efficient and effective. Galbraith (2007), for one, explained a very different America. One where large corporations set mark-up prices, hold political power and manipulate the system for their own ends and to the detriment of the small scale competitive sector. In several passages contradicting his own thesis, even Sagoff points out the failures of the market system: corporations manipulate demand (p. 56), homogenise society (p. 161), create crisis and instability (p. 167), while development ignores intrinsic value in Nature and consumption is promoted at the loss of higher values (pp. 135–136).

The contradictory statements and examples throughout reveal Sagoff struggling to maintain his rhetorical diatribe in favour of economic growth and technology. For example, nuclear power is advocated (p. 122), but chapter 2 is built around the case of nuclear waste impacts and how techno-scientific development has overridden local people, their concerns and non-market values. Similarly, economic growth is repeatedly promoted as essential to social progress and welfare despite its failure to do so being noted elsewhere. Growth is also pushed as the solution to poverty, but evidence is given and sources cited which state poverty is due to political problems, distribution and war. Joining a few of these dots would draw a far more realistic picture of the political economy in which we live.

After 20 years and despite the revisions and additions, the dichotomous world of Sagoff lacks credibility. Value pluralism is just not on Sagoff's radar, neither is the science–society interface, political economy, nor problems with the American dream. His pro-growth, environmentally benign, technocentric and Panglossian consumer society, existing in a world of abundant zero-priced resources, contrasts with the reality faced by billions. His prescription is to allow American style growth to continue *ad infinitum*. His conclusion is that environmentalists have become 'left-wing' and 'anti-American' while they should be religious – Christians – espousing 'conservative values' (pp. 207–208). At a time when there is a grave need for an alternative and progressive vision of an economy for the Earth, and its poorest people, Sagoff's latest work offers little.

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