

BOOK REVIEWS

The Economy of the Earth: Philosophy, Law, and the Environment

Mark Sagoff

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The original edition of *The Economy of the Earth* arrived in the late 1980s at a time when a philosophical critique of economic valuation – specifically willingness to pay (WTP) – was just emerging and the contingent valuation method was about to become headline news in litigation over compensation for the Exxon Valdez oil spill. It provided timely support for the environment to be dealt with politically instead of economically. Since then much has been written on the subject, not least in *Environmental Values*. Twenty years on, a simple theoretical attack on the way some economists have reduced all environmental problems to ‘market failures’ no longer seems as important as finding practical ways forward in a complex world where politics and economics are inseparable. Unfortunately, despite totally new text in seven of the ten chapters, that is not something to be found here.

This is a book of black and white. If you reject dichotomies then you are unlikely to get much beyond the first chapter, for everything is divided in two, from visions of Nature to salvation. The core argument rests upon the idea that Nature as sacred with intrinsic value is in opposition to Nature as utilitarian with instrumental value. This is supplemented by numerous other dichotomies: market freedom vs government coercion; pollution vs growth; religious inspiration vs resource exploitation; WTP Man vs Economic Man; environmental pessimism vs technological optimism, and so on. Not forgetting Sagoff’s most popular fiction, that the consumer is distinct from the citizen. There is little indication of how conflicting values are to be resolved, beyond some passing vague references to ‘balance’, representative democracy, participation, and one mention of using ‘historically contingent public values’ (p. 55), whatever they might be. Apparently ‘we’ – read Americans, as the book is totally oriented to that nation – can have both traditional economic growth and sacred Nature, can protect rights and have prosperity without any radical reform.

Sagoff 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) – clearly a poorly-timed assertion. He tells us that price signals work well for production and consumption, that technology provides plentiful substitutes for scarce resources, that market competition improves standards of living. Contradictory statements and examples throughout undermine this stance in the face of reality. Sagoff engages in a free market rhetoric which wants consumers to be sovereign, while actu-

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ally showing they are not so. He never squares his support for technology and nuclear power (p. 122) with the case study of Chapter 2 which is built around nuclear waste impacts and how techno-scientific development has overridden local people, their concerns and non-market values. Similarly, Sagoff's promotion of economic growth as essential to social progress and welfare contrast with his remarks that happiness fails to increase with income and addressing poverty requires tackling war, political structure and distributional inequity.

Economics itself is narrowly conceived by Sagoff as a purely macroeconomic subject, and *The Economy of the Earth* thus misses an opportunity to reveal the root causes of problems with economic approaches to valuing environmental change and degradation. While my reasoning differs (compare Sagoff 2008 with Spash 2008b), I agree that ecosystem services valuation, as conducted by ecologists and biologist, has often been misleading and produced meaningless numbers. However, lumping this with all other environmental valuation research, in order to reject everything, means throwing away much informative research. Amongst the losses would be useful evidence of value pluralism and non-economic human motives. There is, for example, more to be garnered from contingent valuation than mere numbers for a cost-benefit analysis. Indeed, evidence from a range of studies supports some of Sagoff's own claims, challenges economic value theory and suggests that alternative institutions are needed to assess value conflicts (Spash 2008a; Vatn, 2004). Surprisingly, Sagoff does not cite his own work related to the promise of deliberative monetary valuation (Sagoff 1998).

Notwithstanding his substantive past insights into problems with preferences Sagoff's economics is often incorrect. For example, he confuses expenditures and consumer surplus (pp. 73–74), ignores the fact that budget constrained utility maximisation can be equated to utility constrained expenditure minimisation (pp. 81–82), confuses normative objections to hypothetical compensation with Pareto efficiency, and fails to see the connections between macro aggregate total output and WTP. He tries to attack welfare economics as if it were a distinct subject area which can be separated from mainstream theory (hence his WTP Man vs Economic Man, and the attempt to claim that economics does not practice preference utilitarianism). He gives his permission for economists to conduct cost-effectiveness analysis (p. 27) and so shows that he totally fails to comprehend how costs and benefits are interchangeable categories, and his spiritual, aesthetic and ethical categories can suffer as much as being assessed as costs as they do as benefits. More generally, many of his criticisms would apply across the board and undermine demand analysis and market theory, with implications for the brand of macroeconomics and the free market capitalism he is keen to promote.

The level of scholarship is also often disappointing in other respects. For a philosopher there are some rather careless aspects. Nature is confused with human artefacts e.g., stopping oil extraction to preserve the Arctic is equated to building a cathedral (p. 5). Intrinsic value lacks a definition and is at one point followed by ‘whatever that concept might mean’ (p. 185), and this despite the concept being central to ‘the view this book preaches’ (p. 21). The incommensurability of sacred values appears compromised by advocating environmental destruction in one place being compensated by, for example, energy efficiency. His US national history neglects Native Americans and totally ignores non-Christians. There is frequent dependence upon the popular press, a narrow selection of US authors and caricaturing of disciplines using a few unrepresentative outlying people who are easily criticised. The excessive repetition of text and arguments should have been cut down by a good editor and the index is less than helpful.

Despite major additions, the new book is less concerned with finding alternative ways forward than deriding economists, environmentalists and ecologists for trying to work together. The attacks on interdisciplinary research are farcical, especially for a philosopher who claims to work on law, economics and the environment. More clearly than before Sagoff is revealed as advocating American political conservatism. The diatribe is repetitive and the opportunity to offer practical policy options to address value conflicts lost. Meanwhile the ideological framing, espousing supposed American Christian values and branding environmentalists as left-wing, is as unhelpful as the unquestioned acceptance of traditional economic growth and technology as the ultimate answer to human and planetary well-being.

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