
How did the idea of “environmental services” emerge?

To understand the emergence and development of the idea of environmental services, it is important to consider at least two crises that hit the industrialized countries of the North, particularly the U.S. and Europe, especially hard in the 1970s: the environmental crisis and the crisis of the capitalist economy.

It was during the 1970s that situations of extreme pollution and environmental degradation began to arise in many countries of the North, the most industrialized nations, but also to a considerable degree in countries of the Southern hemisphere. Scientists and environmentalists began to issue warnings about the exploitation and use of natural resources like timber, minerals, oil, clean water, etc., which were considered limitless up until then, as well the pollution and degradation suffered by the environment as a result. In other words, they warned of the limits of the predatory exploitation of nature and its “wealth”.

This was directly linked to unprecedented levels of production and consumption of industrialized goods, above all in the capitalist countries of the North, whose economies, based on fossil fuels like oil, experienced spectacular growth in the 1950s and 1960s, leading mass consumption to rise exponentially in those countries. It should be stressed that this has been and continues to be the case for only a small minority of the human population, at the expense of the majority of the population living in the South. And while the countries of the North were faced with an environmental crisis, this also occurred, or even to a greater extent, in countries of the South, where the exploitation and extraction of natural resources was (and continues to be) concentrated. The communities who lived around these areas and were dependent on these resources for their survival were the hardest hit by the environmental crisis.

The first to react in response to this crisis were biologists in the North, concerned with finding a way to preserve the environment and reverse the process of degradation. Working within the prevailing logic of the liberal economy, they began to attribute to nature the role of a provider of “ecosystem services”, based on the idea that it was necessary to place greater value on nature in order to save it. Later, at the end of the 1970s, this idea was adopted by a group of capitalist economists who introduced the concept of “ecosystem services” or “environmental services” into the economy, estimating the value of these services at between 16 and 54 trillion U.S. dollars a year (6).

The idea of assigning value to nature by placing a price on it, in other words, the pricing of nature, was very well received by conservationist organizations eager to obtain more resources to expand preservation areas: “It’s time to recognize that nature is the largest company on Earth working for the benefit of 100 percent of humankind – and it’s doing it for free,”(7) declared Jean-Cristophe Vié, deputy head of the IUCN Species Programme. The IUCN, the leading global network for nature conservation, brings together different stakeholders, such as governments and NGOs, and is financed by governments, bilateral and multilateral agencies, member organizations and corporations (8).

(6) Sullivan, Sian, “Green Capitalism, and the Cultural Poverty of Constructing Nature as Service Provider”. In ‘Upsetting the Offset’, Böhm, Steffen and Siddhartha Dabhi (eds), London, MayFlyBooks, pp. 255-272

(7) Ibid.

(8) www.iucn.org/about/

The Tragedy of the Commons

The literature on environmental services frequently refers to “The Tragedy of the Commons”, an article by Garret Hardin published in 1968, which is used to justify the need to fence off and privatize nature in order to keep it from being depleted. In Hardin’s view, people’s use of nature is disastrous because, despite the individual benefit derived from this use, it will eventually result in the destruction of the “commons” or shared resources. A limited world can only support a limited number of people, or else the natural world will end up being destroyed. These views have been used as one of the main pretexts for blaming local traditional communities for the destruction of forests and for justifying their expulsion from them, while genuinely destructive activities carried out by big companies and landholders in the name of “progress” and “development” are allowed and even supported.

However, as Fairlie et al. point out (9), Hardin referred to a determined area of nature, such as a forest, subject to open access by all, with no rules for its use defined among the people using it. However, this is not typical in the majority of the countries of the South and even in places in the North. Throughout history, up until today, in many rainforest and other ecosystem areas around the world, the communities who lived in and continued to live in these places traditionally have free access to the forests and the rivers, with all of their wealth, which they use for their survival, but in accordance with a shared understanding and rules, which can be quite simple or sometimes rather complex, involving many aspects. In this sense, these areas are neither private nor public.

What we see happening in the world is a process, which began long before Hardin’s article, of the growing enclosure of these communities, of groups of people who traditionally made free use of the forests, the rivers, the seas, and are gradually being incorporated into the market, the dominant economic system that seeks to gain control over “natural resources” – timber, minerals, oil, etc. – in search of profits, wreaking destruction along the way. The idea of environmental services appears to be one more step in this direction.

(9) Fairlie, Simone et al, “Reclaiming the Commons”, The Cornerhouse, <http://www.thecornerhouse.org.uk/resource/reclaiming-commons>, 1995

In the 1970s, the expansion of the process of the privatization of nature was considered an excellent solution, both by conservationist NGOs, concerned for the survival of forests and other ecosystems and in search of resources for this purpose, and also by the main capitalist governments of the North, headed up by the United States, who were seeking new ways of generating profits during a time of

economic crisis. They sought solutions that could help overcome the crisis and benefit their big corporations. This was also the time of the beginning of the growth of speculative capital, which has gained increasingly greater ground in the globalized economy since then.

Speculative capital

In 1944, as the Second World War was coming to an end, a monetary agreement signed by the world's most powerful capitalist countries in the U.S. town of Bretton Woods established that, from that point forward, the U.S. dollar would be the international reserve currency. This meant that the dollar would serve as the standard currency for all commercial and financial transactions among nations. However, in order for this to be possible, the U.S. central bank would have to maintain gold reserves equivalent to the volume of dollars issued. In this way, the currencies of the other countries would have fixed parity with the dollar, which would be directly convertible to a fixed amount of gold, thus guaranteeing the financial backing of all international transactions from then on.

However, in the early 1970s, due to the fall in profit rates for big U.S. companies, the U.S. government decided to terminate the convertibility of the dollar to gold. This meant the end of the international monetary system based on the gold standard. Until then, the money in circulation was primarily productive capital, or rather, capital resulting from concrete productive activities, such as industrial production and agriculture. But from that point on, an ever greater share of "money" began to circulate in the form of so-called speculative capital, capital that is aimed at generating profits but without contributing to production, for example, through stock markets, foreign debt "securities" and interest on these "securities", etc. Strangely, even though no concrete productive activity is involved, the profits obtained in this way are considered real within the international financial system, and big capitalist operators like banks and corporations succeeded in raising their profit rates once again, albeit through speculative activities (10). Today, the total value of speculative capital, made up of stocks, bonds, and other types of tradable instruments or securities, is several times greater than the value of productive capital. This is the logic of earning money "without doing anything".

The growth of speculative capital is closely linked to the rise of neoliberalism, with its policies of privatization and a free market economy, although the state continues to play a very active role for the benefit of big companies. Policies of explicit support for private enterprise contributed significantly to the growth of the billion-dollar debts accumulated by the countries of the South, as well as increased exploitation, extraction and privatization of "natural resources". And it is the populations of these countries that have paid a heavy price for all this.

In recent years, financial speculation has taken ever greater control over the economy, including by way of environmental services, seeking to create new "natural commodities" that can then be "traded". This could be described as a growing process of "financialization" of nature, which was strongly motivated by the latest economic-financial crisis in 2007-2008. As a result of this crisis, instead of a move by governments to regulate financial markets, there has been increased interest in "diversifying investments", for example, by investing in environmental services but also in other areas, such as the land market. This is why financial market experts are devoting much more time to finding ways to incorporate environmental services into financial markets, in search of new profits (11).

(10) Carcanholo, Reinaldo A. and Paulo Nakatani, 'Capitalismo Especulativo e Alternativas para América Latina', <http://www.rosa-blindada.info/b2-img/Klismoealternativas.pdf>

(11) Tricarico, Antônio, "The 'financial enclosure' of the commons", http://www.un-negls.org/gsp/docs/Financialisation_natural_resources_draft_2.pdf, 2011.