



Incentives May Protect Nature, but Conservation Still Costs

Self-interest is being seized on of late as a promising way to save biodiversity and enhance environmental integrity. To explore prospects for land conservation that also benefit land owners, RFF participated as one of several co-sponsors in a major conference put on by the Electric Power Research Institute this past autumn called “Managing for Biodiversity: Incentives for the Protection of Nature.” (See the description of the conference in the “Goings On” section, page 3.)

As EPRI acknowledged in its invitation to conference participants, efforts to protect species and habitats and improve ecosystem health tend to be contentious. On a hopeful note, however, the conference organizers pointed to a recent convergence of policy, economic, and social trends that they say signal new opportunities to bridge the traditional gap between environmental and economic goals. The bridge would be built on conservation policies that incorporate flexibility, as well as on advanced scientific methods, and new business strategies that recognize the value of intact ecosystems.

Forward-looking policies could, for example, unlock the commodity value of such intangibles as ecological resources and ecosystem services, the organizers suggested. Eventually, a “currency” for species and habitats might even reflect an exchange value based on acknowledged contributions of biological diversity to ecosystem health and integrity.

RFF President Paul R. Portney and RFF Fellow James Boyd were among the invited speakers at the three-day event addressing incentive-based habitat protection from the perspectives of economics, science, and environmental policy. In his remarks at the opening session, Portney spoke to the first of these. Sounding a cautionary note, he pointed out that not all species and habitats can be preserved; we will have to engage in at least some “triage,” which will be controversial. Still, in keeping with the

conference’s general optimism, Portney observed that both environmentalists and developers can find some common ground in the recognition that society should spend its dollars on habitat preservation so as to do as much good as possible. What is needed, Portney concluded, is plenty of experimentation to see how close we can come to maximizing biodiversity preservation, given available budgets.

Jim Boyd also warned against easy “win/win” optimism while urging extended experimentation. He summarized for his audience an analysis of easement contracts in south Florida, which led him and RFF

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Fellow R. David Simpson to remain “agnostic” about the current ability to confidently rank conservation policies in terms of cost-effectiveness.

The contracts illustrate the complexities associated with turning conservation into reality, Boyd and Simpson found. The easements posed some recurrent challenges, several due to the long-run nature of the protection process.

“Conservation means much more than doing deals today,” the two researchers wrote in a paper whose findings provided the basis of Boyd’s presentation at the conference. “It means a commitment that

will be fulfilled generation after generation. Monitoring, management controls, and enforcement are issues that will never go away. To ignore them is to ignore the safeguards that provide protection itself.”

As for the promise of incentives, we should be careful not to “harbor unrealistic expectations,” the economists warn. The ultimate cost of conservation, Boyd and Simpson remind us, is determined by one consistent, inviolable principle: That is, the value of whatever other economically useful activities are forgone to preserve the habitat in its natural state. No free lunches here, either, in other words.

Having emphasized that the baseline cost of preservation is the difference between land values “with and without” restrictions, the researchers say it is no cause for despondency. Agriculture, grazing, and forestry can all be economically compatible with the maintenance of habitat for some indigenous species. So may be some residential land use.

As RFF President Portney did, the two researchers called for more experimentation to understand the diverse array of strategies available for biodiversity conservation. The options include everything from fee-simple purchases to easements to tradable development rights to preferential tax treatment for conservation-compatible land use to regulatory restrictions. Experimentation, they maintain, will lead to improvements in policy implementation and yield greater insight into the relative desirability of the options.

Meanwhile, they add, the greatest unresolved issue remains the question of how properties to be protected for biodiversity are chosen, especially given the complex interplay of scientific debate about priorities for preservation and the unpredictability of development patterns. That issue is likely to be another important focal point in an ongoing struggle to balance the costs and benefits of biodiversity conservation. ☞