

If Invasive Species are 'Pollutants', Should the 'Polluter Pay'?

Abstract

A number of recent papers have considered economic aspects of biological invasions. One common theme in this literature is that invasive species are a form of "pollution" and that appropriate public policy responses would involve prohibitions, taxation, or measures of the types employed to address other environmental threats. This approach is complicated by several considerations, however. First, the consequences of nonnative species are not always apparent, are often subjective, and may not even generally be "damages" as opposed to "benefits". Second, even stipulating that biological invaders are "bad", the stochastic damage function relating the level of imports to the expected value of damages is concave rather than convex. This nonconvexity leads to the third complication: very different policy prescriptions can arise depending on small differences in damage and other parameter values. These considerations motivate several conjectures. First, preventing biological invasions may not be an important economic objective. Second, considerations of political economy may be particularly important in deciding on appropriate policy. Third and finally, a "cost-benefit analysis of further cost-benefit analysis" might reveal that the ubiquitous call for "further research" to resolve such issues is not wise.