



**INSTITUTE FOR
ENVIRONMENTAL
SCIENCE AND POLICY**

**LEAP
and
Institute for Environmental Science and Policy**

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"Why Ecosystem Services Have No Economic Value"

Thursday, November 12, 2009

12:00 Noon, Rm 4289 SEL

Science and Engineering Laboratories

840 West Taylor Street

Parking is available on the northeast corner of Taylor and Halsted.

Entrance on Taylor

Abstract:

In the theory of an efficient market, competition among sellers tends to bring consumer prices down close to production costs. Since nature has no production costs, the competitive market price of its services is zero, which is the amount it charges. Where nature provides too little of a "good" or too much of a "bad" economic activity will adjust "at the margin" to the change. These adjustments can be studied on a case-by-case basis, but they are so diverse, ephemeral, and contingent on law and technology that no generalizations about them are possible. If the concept "economic value" refers to the price an incremental unit of a good fetches in an efficient market, the economic value of ecosystem services is negligible. The attempt to attribute shadow or surrogate market prices to ecological services either ascends to generalities that are easily refuted or descends to particulars that constantly change.

Please join us for refreshments before the seminar