

GLOBAL PERSPECTIVES (US)

8275/03/PRE

Paper 3 Presentation

May/June 2015

PRE-RELEASE MATERIAL

To be given to candidates

READ THESE INSTRUCTIONS FIRST

Guidance for Teachers

This Resource Booklet contains stimulus material to be used by candidates preparing their presentation for 8275/03. One copy should be given to each candidate.

Presentations must be prepared in a four-week period. This may take place at any point before 31 May 2015, by which date all presentations must have been submitted to CIE via the Cambridge Secure Exchange (MOVEit).

The Presentation is marked out of 40.

Instructions to Candidates

- You should use the enclosed stimulus material to help you identify the subject for your presentation.
- Your presentation should attempt to answer a question.
- Your presentation must address alternative perspectives on the question you select and must engage directly with an issue, an assumption, evidence, and/or a line of reasoning in one or more of the documents within this Booklet (i.e., you should not just pick an individual word or phrase that is not central to the reasoning of or the issues covered by the documents).
- You are expected to reflect on these perspectives using your own research.
- Your presentation should be designed for a non-specialist audience.
- Originality in interpretation is welcomed.
- Your presentation may be prepared in a variety of formats and should normally include an oral commentary.
- The speaking or running time of your presentation should be a maximum of 15 minutes.
- Whether presented or not, the submission must include a verbatim transcript of the presentation.

This document consists of **11** printed pages and **1** blank page.

Document 1

“Costing the Earth: The Value of Pricing the Planet”

Adapted from an article by Fred Pearce in the *New Scientist*, 31 October 2012. Pearce is a consultant for *New Scientist*.

If we are to save the natural world from destruction, must we first put a cash value on it?

In a rainforest in Guyana, two men are trying to sell rain. If you want, they will also sell you soil, biodiversity, nitrogen-fixing bacteria and all kinds of other things. Tempted? Thought not. But these men are not con artists. They are engaged in a serious experiment to save the planet: to see whether hard-nosed self-interest can succeed where altruism and politics are failing.

The experiment, run by zoologist Andrew Mitchell of the University of Oxford and banker Hylton Murray-Philipson, takes the form of a private company called Canopy Capital. It does not own the 360,000-hectare Iwokrama forest, but has bought the rights to market its “ecosystem services”. For this it has so far paid half a million pounds.

The services on offer include “the storage of carbon, the generation of rainfall, the supply of water, the maintenance of biodiversity, the prevention of erosion, the formation of soil, the fixation of nitrogen, the treatment of waste and pollution and the support of indigenous and other forest community livelihoods”. Anyone interested in buying these services can do so, in the form of green bonds.

It’s an impressive list. But who would pay for services from a remote rainforest when they already appear to come for free? And what, exactly, would they get for their money? At present the answers are: nobody, and not much. But that is partly the point. The future of the planet could depend on finding some different answers.

Welcome to the weird world of green economics, in which the value of ecosystems is being reduced – or elevated, depending on your perspective – to a matter of dollars, in a bid to save them from destruction.

It makes a certain intuitive sense. All economic activity is dependent on the environment: what would the timber trade be without forests, or fisheries without fish? And those are just some of the direct connections. Without a stable climate, water to drink and air to breathe, there would be no economy at all.

But at present, the environmental factors that keep economies ticking over are almost entirely absent from economics itself. If they are acknowledged, it is as “externalities” that are not reflected in the prices of goods and services. A classic example is greenhouse gases: emitters emit them for free, and wider society picks up the tab.

To try to plug this loophole, economists have given nature a new name: natural capital. The argument is that only when we can see the true value of nature will we have the incentive to look after it.

So is natural capital really a game-changer? It’s a big ask. One reason natural capital has been ignored is that, by and large, nature is not owned by anyone. Most of it is shared. If you don’t own something, you can’t put it on your balance sheet as an asset. Investing to protect it makes little sense, because you would be giving your competitors a free ride.

The ecologist Garret Hardin put a name on this in a famous 1968 paper: “The Tragedy of the Commons”. In it, he pointed out that shared natural resources with open access quickly get depleted, because everyone has an interest in grabbing what they can, while they can. This bleak logic plays out in the real world in the form of deforestation, soil erosion, overfishing and so on. It is easy to see the folly of such actions – but why would anyone stop unless they knew that everyone else would, too?

Making matters worse, people are often barely aware that natural capital exists until it is lost. That is, when deforested coastlines are flooded, drained wetlands cease to clean up pollutants, forests result in droughts, and the trashing of coral reefs causes fisheries to collapse.

The task of green economics, then, is twofold. First, it must overcome ignorance by translating abstruse ecological value into a measure more easily understood – money. Secondly, and more controversially, it must turn that abstract valuation into real money, by finding ways for people to get richer by valuing nature. That way, the argument goes, the unstoppable forces of global capital will be directed towards saving nature rather than destroying it.

We are still a long way from finding out how such a market might perform. Since it opened for business in 2007 Canopy Capital has failed to sell a single bond. Its bankers concluded that, as yet, there is nothing to sell. Whatever its theoretical value, the rainforest had no actual market value beyond its timber and land.

Perhaps green economics is the least bad tool we have. But like the global banking system, it could all turn into a massive gamble. Is that a risk we're willing to take?

Document 2

“We Must Put a Price on Nature If We Are Going to Save It”

Adapted from an article by Tony Juniper in *The Guardian*, a UK newspaper, 10 August 2015. Juniper is a campaigner, writer, sustainability adviser, and environmentalist.

Campaigning against economic valuations could inadvertently strengthen the hand of those who believe nature has little or no worth.

Recent calculations of the economic value of nature and ecosystem services have caused many environmentalists to react negatively. They point to the risk of a progressive “privatisation” and “commodification” of nature, and argue that society should appreciate the intrinsic values of nature – nature for its own sake. Putting a ‘price on nature’ will create more enclosures whereby the public benefits derived from ecosystems will be seized by corporations and other private interests.

The new discourse about “natural capital” is seen by some as another step towards the degradation of the biosphere. George Monbiot wrote in such terms this week. He argued:

Rarely will the money to be made by protecting nature match the money to be made by destroying it. Nature offers low rates of return by comparison to other investments. If we allow the discussion to shift from values to value – from love to greed – we cede the natural world to the forces wrecking it.

But to paint such a one-sided picture is a dangerous game. For decades campaigners have fought for the protection of nature for its own sake, and while there has been notable progress (seen for example in the rapid increase in protected areas worldwide, which will hopefully continue irrespective of purely economic evaluations), the overall trends have not been encouraging.

The destruction of unprotected forests, loss of soils, depletion of aquifers, extinction of animals and plants and plunder of the oceans has continued apace. It seems that the moral argument has gained insufficient traction, and that in the absence of new frames continuing population and economic growth will cause more damage.

One source of hope comes from the growing realisation that nature is essential for economic development. The message is clear: without nature the economy is nothing. That penny is beginning to drop in various important places, and could soon lead to a new era of policy-making. An era in which ecology and economics go hand in hand, but only if we have the tools to build bridges between these worlds that are so alien to each other. And that is where the economic valuation of nature can come in.

By appreciating that nature is vital for economics, and has measurable tangible financial values, it is possible to get the attention of people who have at best hitherto regarded nature a supplier of resources, or worse still an economically costly distraction that gets in the way of economic ‘growth’. Making the moral case in the face of such beliefs won’t work. If, on the other hand, such scepticism can be met with economically compelling logic, then we might get a bit further.

There are of course ecological values (like beauty and the very fact that things exist) that sometimes cannot be assigned financial values, and should be protected by the law, policy and public backing rather than through markets.

There are certainly dangers that come with financial values being attached to natural systems. These might be seen in how countries choose to reflect the value of ecosystems (like forests) that indigenous people rely on and have ancestral rights over (or should do). Those dangers need to be managed with regulations and other safeguards when, for example, those same forests are deemed as financially valuable in supplying a distant city with water, and when managing that water affect the rights of the people in the forest. There are risks but just outcomes can be secured.

I have spent the past 25 years campaigning for nature for its own sake, because it is beautiful and because it should exist for its own reasons and because we have no right to destroy it. I have found that everyone agrees with that though, and while I am trying to convince them, more forests are cut, oceans polluted and greenhouse gases released.

We could carry on like this, with ideological purity preserved (on all sides), or we could open a new discourse, one that requires the sceptics to meaningfully engage, and on the field where future environmental battles will be won and lost – the field of economics.

Document 3

“Discovering Nature’s Wonder in Order to Save It, an Interview with Jaboury Ghazoul”

Adapted from an article published on *Mongabay*, an environmental science and conservation news site, 8 September 2009.

Sometimes we lose sight of the forest by staring at the trees. When this happens we need something jarring and eloquent to pull us back to view the big picture again.

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Jaboury Ghazoul: In view of what I have already said, I would argue yes, but nevertheless I am mightily pleased that smallpox has been eradicated. I absolve myself of guilt by accepting that viruses are not really species.

Document 4

“Wilderness: This House Believes That Untouched Wildernesses Have a Value beyond Resources and Other Utility That Can Be Extracted from Them”

The opening remarks of the moderator, Oliver Morton, adapted from an archived online debate on the website of *The Economist*, October 2011. Oliver Morton is a Senior Briefings Editor at *The Economist*.

As John Sauven of Greenpeace UK points out, there is an immense aesthetic appeal in images of the wild, the untouched; more than anything else, they speak of the nature that many people value most dearly.

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This is a topic that appeals to the emotions – feel free to give vent to such feelings, but also to look for the guidance of reason and for the weak spots in the arguments you read here.

Document 5**“Vigorously Promote Ecological Civilization”**

Adapted from a speech given by Hu Jintao at the opening ceremony of the 18th Chinese Communist Party National Conference, broadcast live on CCTV-1 in Chinese. Translation by BBC Monitoring Asia-Pacific, November 2012. Hu Jintao was President of the People’s Republic of China from 2003 to 2013.

Building ecological civilization is a long-term program of lasting importance that affects the welfare and future well-being of the people. We must give prominence to ecological civilization, work hard to build a beautiful China in order to realize sustainable development for the Chinese people. [applause]

We must uphold the basic state policy of resource conservation and environmental protection; uphold the policy of giving priority to conservation, protection, and nature recovery. We must create a good production and living environment for the people, and make a contribution to global ecological safety. For the current and future period, we must focus on doing a proper job for the four tasks listed below:

1. We must improve the development setup for state land. We must control the pace of development by following the principle of striking a balance between population and natural environment and between economic, social, and ecological benefit, in order to leave more recovery space for nature and leave more fertile farmland for agriculture, and leave for our future generations a beautiful homeland with blue skies, green lands, and clean water. [applause]
2. We must fully promote resource conservation. We must thriftily utilize our resources, and promote fundamental changes in the use of resources. We must drastically cut our energy, water, and land consumption. We must promote revolution in energy production and consumption; support energy-saving and low-carbon industry, and development of new and renewable energy to safeguard the nation’s energy safety.
3. We must intensify protection of the natural ecosystem and environment, and implement major natural recovery projects. We must speed up water conservancy projects, and strengthen building of a system to prevent and reduce natural disasters. We must insist on preventive and comprehensive management and focus on resolving the issues of public health hazards and environment by strengthening preventive treatment for water, air, and land pollution. We must work together with the international community to actively deal with global climate change, on the principles of common but differentiated responsibility, fairness, and respective capabilities.
4. We must strengthen the building of an ecological civilization system. We must build a system for state land development and protection, strengthen environmental supervision and control, and strengthen educational propaganda for ecological civilization. We must increase awareness of conservation, environmental protection and ecosystems among the people, and cultivate the good habits of treasuring the ecological environment. We must value nature with more self-awareness, protect the ecosystem more actively, and work hard to march toward a new era of socialist ecological civilization. [applause]

Document 6

“Taking Happiness Seriously”

Adapted from Jeffrey Sachs’s Introduction to *The World Happiness Report*, commissioned for the United Nations Conference on Happiness (April 2012) and published by the Earth Institute at Columbia University. Jeffrey Sachs is a professor of economics and Director of the Earth Institute.

Most people agree that societies should foster the happiness of their citizens. The U.S. Founding Fathers recognized the inalienable right to the pursuit of happiness. British philosophers talked about the greatest good for the greatest number. Bhutan has famously adopted the goal of Gross National Happiness (GNH) rather than Gross National Product. China champions a harmonious society.

Yet most people probably believe that happiness is in the eye of the beholder, an individual’s choice, something to be pursued individually rather than as a matter of national policy. Happiness seems far too subjective, too vague, to serve as a touchstone for a nation’s goals, much less its policy content. That indeed has been the traditional view. Yet the evidence is changing this view rapidly.

A generation of studies by psychologists, economists, pollsters, sociologists, and others has shown that happiness, though indeed a subjective experience, can be objectively measured, assessed, correlated with observable brain functions, and related to the characteristics of an individual and the society. Asking people whether they are happy, or satisfied with their lives, offers important information about the society. It can signal underlying crises or hidden strengths. It can suggest the need for change.

Such is the idea of the emerging scientific study of happiness, whether of individuals and the choices they make, or of entire societies and the reports of the citizenry regarding life satisfaction. The *World Happiness Report* summarizes the fascinating and emerging story of these studies. It reports on the two broad measurements of happiness: the ups and downs of daily emotions, and an individual’s overall evaluation of life. The former is sometimes called “affective happiness,” and the latter “evaluative happiness.”

What is important to know is that both kinds of happiness have predictable causes that reflect various facets of our human nature and our social life. Affective happiness captures the day-to-day joys of friendship, time with family, and sex, or the downsides of long work commutes and sessions with one’s boss. Evaluative happiness measures very different dimensions of life, those that lead to overall satisfaction or frustration with one’s place in society. Higher income, better health of mind and body, and a high degree of trust in one’s community (“social capital”) all contribute to high life satisfaction; poverty, ill health, and deep divisions in the community all contribute to low life satisfaction.

What we learn in the report is that happiness differs systematically across societies and over time, for reasons that are identifiable, and even alterable through the ways in which public policies are designed and delivered. It makes sense, in other words, to pursue policies to raise the public’s happiness as much as it does to raise the public’s national income. Bhutan is on to something path breaking and deeply insightful. And the world is increasingly taking notice.

Document 7

“Jesse Kline: If the Government Wants to Make Me Happy, It Should Leave Me Alone”

From the *National Post*, a Canadian newspaper, April 2012. Jesse Kline is a Comment Editor and writer.

Can the government make you happier? Tonight, many of us will get off from a hard day's work, fill our cars with gas that is fast approaching \$1.50 per litre and start worrying about the looming tax deadline. The government might not make us happy, but it sure can make us sad.

Like many aspects of economics, things tend to work better when we don't have central planners conducting social and economic experiments on us, for the simple reason that they do not have enough information to make decisions for ourselves and our families better than we can. But this fact always seems to escape those who would like to remake the world according to some unattainable ideal. Take, for example, the bureaucrats over at the United Nations. This week, the UN released its World Happiness Report, a 158-page document that should come with a caveat stating that the report itself is not actually intended to make you happier – but has been known to cure insomnia.

My colleague Terence Corcoran effectively argued on the front page of Tuesday's *National Post* that the campaign to use happiness as a means of measuring national economies has largely been championed by socialists, whose goal is to increase government intervention in our lives. And, as Mr. Corcoran reminds us, “no economist ever claimed GDP was a measure of happiness.” But perhaps we should not be so quick to dismiss happiness as a useful measure of a free and prosperous society.

Much of the findings in the World Happiness Report are fairly intuitive: Wealthier countries tend to be happier, while unemployment makes people unhappy. But the big question is what the authors think policy makers should take away from their findings, and on this point they are fairly vague. For example, the report recommends that governments should not pursue GDP growth to the point where “economic stability is imperilled” or “community cohesion is destroyed.” No kidding. Governments certainly can have pro-growth policies that lead to economic bubbles. They can also pursue anti-growth strategies that lead to a decline in the standard of living – which isn't good for anyone. The best government can do is stay out of the way, so the economy can find a happy equilibrium. They should not, however, do things like create “public employment” as a means of reducing unemployment, like the report suggests. Digging holes and filling them back up may make a few people happier, but it makes us all worse off.

It is often said that money cannot buy happiness and, for the most part, this is completely true. But while wealth itself is not a means to achieving a happy life, it certainly allows people to overcome economic barriers that could be standing in the way of exploring the many great possibilities life has to offer. And yet, there is a growing body of evidence that suggests it is the freedom to pursue one's passions that makes people happy – not their relative success.

A 2006 study published in the *Journal of Socio-Economics* and authored by the University of Regina's Tomi Ovaska and Ryo Takashima of the University of West Virginia, found the two factors that made the biggest difference in terms of happiness and life satisfaction are economic freedom and health. The report concludes that even though GDP is a fairly good indicator of standard of living, the data suggests that “alternative economic variables, notably economic freedom, are more effective in raising the average well-being of populations.”

Even the authors of the UN report acknowledge that, “In a happy society, individuals feel they are charting their own courses through life, without excessive constraints. That is why there was such unhappiness in the countries of the Soviet bloc before their transition to functioning and stable open societies, and why the happiest countries all have very high shares of their populations who feel free.” So perhaps the take-away from this report should be that happy people are free people – and freedom is achieved in the absence of government control.

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