



The Economics of Biodiversity: Building on the Dasgupta Review

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Environmental and resource economists have, during the last forty years, studied a wide variety of topics, emphasizing climate change, the extraction of natural resources, the energy transition, and also biodiversity or sustainability in general. The key problem was to bring it all together in one single, unified framework. The publication *The Economics of Biodiversity: The Dasgupta Review* (Dasgupta, Partha. *The economics of biodiversity: the Dasgupta review*. UK HM Treasury, 2021.), has done exactly that.

There exists at most a handful of researchers who have both the width and depth of knowledge to develop such a report. It thus does not come as a surprise that, in 2019, the HM Treasury of the United Kingdom commissioned Sir Partha Dasgupta to prepare this landmark publication. After several rounds of reviews by some of the leading scholars in this field, the final report was published in the beginning of 2021. Since then, it has seen a substantial amount of publicity and official responses from the highest governmental and non-governmental levels across the world. Its impact on the policy scene is already equaling that of the Stern Review, which was published in 2006.

The Review develops the economics of biodiversity on the understanding that the world's economies are embedded within nature, not external to it. Its approach is based on what we know from ecology about how ecosystems function, how they are affected by economic activity, and firmly based on neoclassical economics. The central messages of the Dasgupta Review are that there is a significant gap between what we demand from nature and what it can supply; that one way to close the gap is to treat nature as an asset management problem; that other approaches to close the gap require changes to our institutions; and that we need to introduce natural capital (more firmly) into national accounting.

Some may be reluctant to treat nature as an asset management problem, while others may feel this is an intuitive approach that is well-grounded in established theory and rather easily implementable within our current social framework. Fact is, we now have a unified, single framework that guides us in how we can deal with biodiversity and the biosphere. The

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objective now is to build upon it, extend it, or provide meaningful alternatives that have a similar holistic approach and ease of implementability.

In order to help focus attention on biodiversity, the biosphere and our embeddedness in nature, the journal *Environmental and Resource Economics* has decided to produce a Special Issue on the Dasgupta Review. The goal of this Special Issue is to rigorously analyse and assess the Dasgupta Review and provide some first extensions.

The hope is that the Dasgupta Review will be a true game changer and induce environmental economists to pay much more attention not only to biodiversity itself, but to a more holistic approach in general. We clearly need a better understanding as to how to close the gap, how to reshape our international institutions to protect nature effectively and efficiently, and how to measure the contribution of nature to our well-being. The Dasgupta Review has already taken significant steps in that direction. Nevertheless, fellow environmental and resource economists, rest assured, there is enough work left over for you in this topic. Thus, with this call to arms, I present to you some of the first academic reflections on, and extensions to, the Dasgupta Review, as well as an article by Sir Partha Dasgupta himself, who kindly agreed to discuss the responses and lessons learnt so far. Enjoy.

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