

Building a sustainable economy around blue natural capital

In our second episode of *Seas Of Opportunity*, we were joined by Sir Dieter Helm – professor of Economic Policy at the University of Oxford and former chair of the Natural Capital Committee – to hear his thoughts on the importance of natural capital in a sustainable blue economy.

A key theme in this episode, and Dieter Helm's wider work on natural capital, is the importance of capital maintenance: maintaining a baseline of natural capital to pass on to the next generation. While we do not know how much aspects of our marine environment will be worth in the future, handing over at least the same level of natural capital as we inherit bestows the next generation with options on how they wish to use it. Where we degrade ecosystems further, we are depriving the next generation of these options.

Here are some of the highlights we took away from our discussion with Dieter.

Rather than simply looking at marine ecosystems in terms of the benefits we get from them, another way to view them is as core infrastructure assets that allow the world around us to function. The duty of each generation is to pass these assets on to the next generation, in at least the same state that we inherited them:

"We don't know what those benefits in the future are necessarily going to be...so the best way to think about it is [that] these are core assets. We need them in perpetuity. It's our duty to pass them on to the next generation in at least as good a state as we inherited them. And it's for them to choose how they use that endowment."

So how do we go about maintaining our marine natural capital assets? The conventional approach may be to fund this through investment or borrowing. However, an alternative approach is that capital maintenance is achieved through current spending, much like we spend on other forms of essential infrastructure:

"It is our duty to maintain them, which means that we have to spend out of our current income to make sure that these assets don't deteriorate...analogous to fixing the potholes in the road. We have to make sure that anything we do that damages our natural marine world is properly

repaired. That is what capital maintenance is about – fixing the roof as and when there's damage to it, particularly when we cause it."

The more conventional approach to marine natural capital looks to assess its value in relatable economic terms, and considering what returns may be achieved through investing in marine ecosystems. This approach to individual aspects of the marine environment is perhaps missing the wider importance of whole system:

"In ecosystems, natural capital is about systems and how they fit together, and it's the latter approach which is so seriously missing from the way we approach the marine environment."

Our reflections

Spending to maintain healthy seas and ecosystems is a necessary foundation upon which to build a sustainable blue economy. This is a prerequisite to unlocking the benefits that a blue economy can provide, including job creation, economic growth in coastal areas and attracting investment to improve marine ecosystems further.

A simple yet key message from this episode is that "anything unsustainable won't be sustained". In terms of the blue economy, this could mean extractive practices that deplete our marine natural capital assets. Examples include bottom trawling and dredging. Instead, money should go towards activities that protect and enhance those assets, and in turn increase the social, economic and environmental benefits they can deliver. This requires putting marine natural capital at the heart of economic and policy decisions.

Seas Of Opportunity: Navigating the Blue Economy is a collaborative effort between the Marine Conservation Society and Simmons & Simmons.