

A new report says that we could still make the choice t...

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As [The Guardian](#) notes this morning:

The world is being put at “extreme risk” by the failure of economics to take account of the rapid depletion of the natural world and needs to find new measures of success to avoid a catastrophic breakdown, a landmark review has concluded.

The report on which this comment is based was written for HM Treasury by Professor Sir Partha Dasgupta of Cambridge University.

[The Treasury says of the review:](#)

Professor Sir Partha Dasgupta’s review presents the first comprehensive economic framework of its kind for biodiversity. It calls for urgent and transformative change in how we think, act and measure economic success to protect and enhance our prosperity and the natural world.

Grounded in a deep understanding of ecosystem processes and how they are affected by economic activity, the new framework presented by the [Dasgupta Review](#) — which was commissioned by HM Treasury - sets out the ways in which we should account for nature in economics and decision-making.

The Treasury notes Professor Dasgupta saying:

Truly sustainable economic growth and development means recognising that our long-term prosperity relies on rebalancing our demand of nature’s goods and services with its capacity to supply them. It also means accounting fully for the impact of our interactions with Nature across all levels of society. COVID-19 has shown us what can happen when we don’t do this.

I have to agree. My doing so is unsurprising. This theme was central to my 2011 book, [The Courageous State](#).

I may return to that book, and its suggested approach to these issues over the next few

days. At this moment, and without having had a chance to read more than the 10 [page summary to the report](#), let me highlight two of its conclusions. The first is this, which underpins the report:

The solution starts with understanding and accepting a simple truth: our economies are embedded within Nature, not external to it.

While most models of economic growth and development recognise that Nature is capable only of producing a finite flow of goods and services, the focus has been to show that technological progress can, in principle, overcome that exhaustibility. This is to imagine that, ultimately, humanity is 'external' to Nature.

The Review develops the economics of biodiversity on the understanding that we — and our economies — are 'embedded' within Nature, not external to it. The Review's approach is based firmly in what we know from ecology about how ecosystems function, and how they are affected by economic activity, including the extraction of natural resources for our production and consumption, and the waste we produce through these activities, which ultimately damages ecosystems and undermines their ability to provide the services on which we rely. This approach helps us to understand that the human economy is bounded and reshapes our understanding of what constitutes truly sustainable economic growth and development: accounting fully for the impact of our interactions with Nature and rebalancing our demand with Nature's capacity to supply.

This is the logic is use in [sustainable cost accounting](#). It is also the logic I [outlined in a blog post last week](#) .

The other extract is this:

Nature's worth to society — the true value of the various goods and services it provides — is not reflected in market prices because much of it is open to all at no monetary charge. These pricing distortions have led us to invest relatively more in other assets, such as produced capital, and underinvest in our natural assets.

Moreover, aspects of Nature are mobile; some are invisible, such as in the soils; and many are silent. These features mean that the effects of many of our actions on ourselves and others — including our descendants — are hard to trace and go unaccounted for, giving rise to widespread 'externalities' and making it hard for markets to function well.

But this is not simply a market failure: it is a broader institutional failure too. Many of our institutions have proved unfit to manage the externalities. Governments almost everywhere exacerbate the problem by paying people more to exploit Nature than to protect it, and to prioritise unsustainable economic activities. A conservative estimate of the total cost globally of subsidies that damage Nature is around US\$4 to 6 trillion per year. And we lack the institutional arrangements needed to protect global public

goods, such as the ocean or the world's rainforests.

That we are in the mess we are in is the fault of failed economics that has been accepted as truth by governments. The failure is ongoing. The UK government is a part of that failure.

There is no sign this morning that the UK intends to change behaviour as a consequence of this report. If they, and almost all other governments do not change though then we as a race are at threat of extinction, as is much else life in earth. This need not happen. We might still have a choice. But will we take the option to survive?

That will require a courageous state.