

Glossary entry: environmental capital

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As part of my work on [capital](#), which in turn contributes to my thinking on the politics of care, and how it must be defined, I have posted this new glossary entry on environmental capital, which is an addition to the entries already made on capital and [capital maintenance concepts](#).

Environmental capital is the stock of natural systems that make economic activity possible. It includes:

- * ecosystems,
- * biodiversity,
- * soil,
- * water,
- * atmosphere,
- * climate stability and the
- * biophysical processes that sustain life.

Environmental capital provides material resources, energy flows, waste absorption and ecological stability. Without it, no other form of capital can exist.

Conventional economics treats environmental harm as an externality. This is an accounting choice, not a fact of nature. Environmental degradation is capital consumption. Pollution, biodiversity loss, soil depletion and climate destabilisation represent the liquidation of environmental assets, even when they appear as profitable activities in financial terms.

Environmental capital maintenance requires that natural systems be preserved within

their regenerative and absorptive limits. Sustainable Cost Accounting makes this explicit by identifying the cost that would need to be incurred to prevent or reverse environmental harm. Where these costs are not provided for, apparent income is, in reality, the transfer of value from the future to the present.

Environmental capital maintenance is preconditional. Without it, physical capital cannot be sustained, human health deteriorates, social cohesion breaks down, and financial capital claims become fictitious. An economy that destroys its environmental capital cannot, by definition, be generating true income.

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