

# Farming for the birds?

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- Does it make sense to an economist to persuade farmers to “farm for wildlife”?
- Does it make sense for taxpayers to pay farmers to do this?

# It makes economic sense when..

- People care about (value) the positive effects that farming in a particular way can have on wildlife, habitat quality, ecosystem services and landscape
- And where these values (benefits) exceed the costs of producing them

# It makes sense to use taxpayers money to encourage wildlife-friendly farming when..

- Market forces fail to give farmers enough of an incentive (and that's almost always → providing public goods)
- When again the benefits exceed the costs
- When there is no other way of providing these environmental outputs more effectively (RSPB)
  
- Governments throughout the world (especially in the EU) have set up programmes to pay farmers to produce environmental goods – “Agri-environmental policy”
- An increasingly important aspect of rural policy under the Common Agricultural Policy

# What's the hard economic evidence?

- People are willing to pay for improvements in wildlife, habitat quality, landscape quality, and water quality
- These estimated values seem quite rational and plausible
- Evidence is also that on the whole, benefits of agri-environmental policy are (much) bigger than the costs
- Some evidence that *marginal* benefits decline as quantity of environmental goods produced increases – again, consistent with economic theory

# But..

- An important question is whether agri-environment schemes generate additional environmental goods to what would have been produced anyway
- Note this does not just mean “more birds” – a joint product is “more habitat protection, better landscape, better recreational amenities, better water quality”
- So showing “no additionality” in terms of birds does not imply no net benefits

However, policy needs to be changed to improve taxpayer's value for money

- New evidence that willingness to pay for habitat improvements varies a lot both across the UK and across habitats → need a more differentiated agri-environment scheme
- Also need to move to paying for environmental outputs rather than changes in management practices
- Also: need to think about who benefits and who loses out from agri-environmental policy (geese conservation in Islay)

# Learn more...

- Many references on this subject can be downloaded from my web page accessed through [www.economics.stir.ac.uk](http://www.economics.stir.ac.uk)
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- Thanks for listening