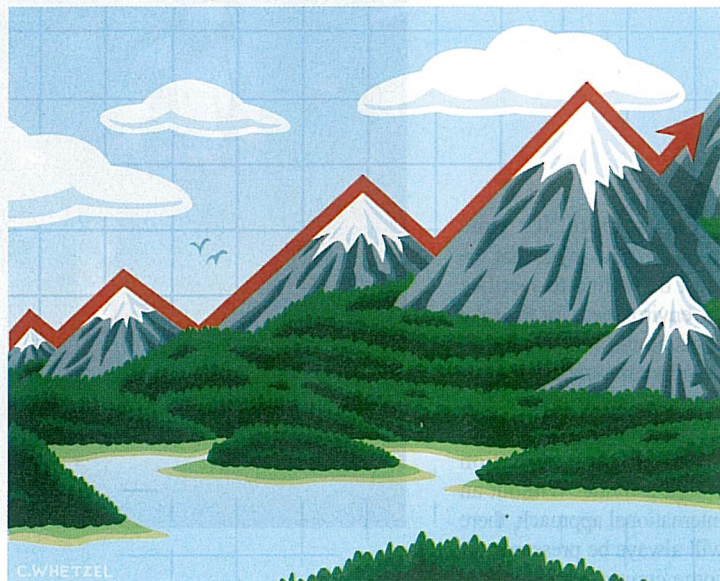




Amy Domini

REPAVING PARADISE

How much is a beautiful landscape worth? Calculating social value can help preserve and protect the environment.



IT IS TIME TO START PLACING MONETARY VALUE ON "GREEN AND PLEASANT" spaces. They hold inherent value not traditionally calculated by companies intent solely on making a profit. The result of disregarding this has been the creation of a landscape that diminishes our enjoyment of life.

What has happened since my youth is a shame. People wanted things, and the quest for more things led to more development. Particularly outside cities, wherever you travel in the U.S., once-pleasant views are blocked by sprawl. The country is plagued by the ubiquitous Route 101 (or whatever), with all its fast food chains and monotone retail stores. Where once you saw rivers, mountains, corn fields or majestic forests, you see concrete and tar. This grindingly depressing environment was economically feasible only because the builder never had to consider (or pay for) the value of "green and pleasant" to the rest of us.

Cities have faced the same plight. The two-story building that had a bit of gardening in front and maybe a rococo trim was replaced by a much taller and plainer one with a footprint right out to the sidewalk. Often the developer kept one wall blank so the next lot could be built upon, leaving the rest of us to look at a large gray flat space or perhaps a gigantic advertisement. This is a well-established right under the law, but it is wrong. The developer took from the neighborhood and pocketed the profit.

Some may argue there is no alternative—that losing a pleasant sight is a necessary by-product of "progress." But that isn't true. Walking down the sidewalk in Madrid recently, I saw a new building towering over

older smaller ones, with no windows on the side that would one day be another tower. Yet this time, it was different: A massive garden was affixed to the wall. From afar, you saw a wavy pattern, and standing close, you marveled at the variety of vegetation. The value of the view was intact. A green and pleasant land can be vertical.

Back in the suburbs, prettifying the strip mall may seem like too large a challenge. Nonetheless, the economic situation coupled with the rise of Internet sales is forcing a change. Many of the roadside malls are bankrupt, creating eyesores that will eventually mandate new usage. But who will come to the rescue? As local governments try to find users who will at least make the sites a bit more appealing, we see these barren spots giving way to farmers' markets. Local and sustainable businesses are gaining the advantage—almost poetic justice.

This is not meant to be a rant against development. I use these stories to illustrate that almost universally, natural treasures are giving way to further capitalism. This can be a once-pristine lake sacrificed to the nearby oil drilling company, or a sustainable fishery sacrificed to global commercial enterprises that find it cheaper to strip the ocean. Agribusiness convinces unhealthily overfed people in America to eat more beef because it is profitable; meanwhile, children

in the Southern Hemisphere starve from lack of grain—which had been used to feed beef cattle. These things happen because corporate profits are counted, though costs are quietly passed along to society.

There is an answer. First, find out what is going on. Then disclose it. Finally, assign a value to the loss.

It can be done. Today, Japanese companies must report to their government the cost or benefit to Japanese society of their environmental impact. These detailed reports are models of what could be done across the full range of issues. Responsible investors understand that data, like the Japanese reports, can be a valuable tool for social change. We have played and continue to play an important role in shaping capitalism to incorporate people and the planet. By demanding extra-financial information, we strive to expose the "costs go to society, profits come to me" rules by which certain big companies play. We believe the solution is to rewrite the rules of finance in a way that accounts for the total costs of corporate behavior, not just those currently required on financial statements.

I'm sure we all feel sadness when we remember a once-wonderful spot paved over to put up a parking lot. What we haven't yet realized is that as investors, we have the ability to shape the decisions that can help other places avoid ending up like this.

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PHOTOGRAPH: PAK FUNG WONG