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Title: Land Use Regulation in the Lake George Basin: An Ecological Economic Perspective

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Abstract:

This study examines land use policy in Lake George, New York, focusing on conventional and environmental economics perspectives and why the regulatory structure has been incapable of protecting the environmental quality of the area. Deterioration of the Lake George environment is due to failures in the market to achieve socially optimal resource allocation, in information regarding the true value of resources, and in intervention by regulatory public policies that promote non-optimal resource use. Problems that affect the Lake George basin include:

- Inadequately controlled land development
- Diminished scenic qualities of the shoreline and the mountainsides
- Quality of Lake George's world-renowned pure waters are deteriorating rapidly
- Cumulative effects of numerous small-scale projects that lacked oversight
- Better recognition of the long-term economic consequences of allowing present environmental degradation to continue

The paper goes on to explain some basic economic concepts concerning the relationship between the sustainability of economic activity and environmental quality. Essentially, to preserve environmental quality, the level of economic activity cannot exceed the ability of the environment to absorb waste, known as the ecological carrying capacity. However, decision-making criteria, by default, is based entirely on traditional economic criteria; this favors large, immediate economic benefits over small, lasting environmental ones. This relationship underlies a broader problem with the inability of conventional economic thought to account for nonmarket values, such as environmental variables like water quality.

The study concludes that the regulatory failure in the Lake George basin is due to a failure to recognize the inherent conflict between economic growth and environmental protection. In order to correct this, the paper suggests an ecological economic approach to planning projects by clearly specifying the level of environmental integrity desired and use this as the governing factor in how much economic activity to allow. This can be accomplished following a number of policies:

- Efforts to integrate environmental values into project appraisals need to be strengthened to give "appropriate weight" to environmental protection
- Decision-makers need to adopt a long-term view and assess the cumulative impacts of development
- A long-term planning horizon should be used that considers the true social cost of development
- Set limits to the amount of development that should be allowed in the Lake George basin that emphasizes quality of life and environmental protection for a region considered one of the nation's most precious national assets
- Efforts need to be made to reduce the amount of economic activity or change the type of economic activity entirely to ensure environmental sustainability
- Decision-makers need to realize that the value of preserving Lake George will not be fully captured in an economic analysis