

Simonis, Udo E.

Book Review — Digitized Version

[Rezension] Herbert Giersch (Hrsg.): Economic progress and environmental concerns. Berlin [u.a.]: Springer-Verlag, 1993

Weltwirtschaftliches Archiv - Review of World Economics: Zeitschrift des Instituts für Weltwirtschaft, Kiel

Provided in Cooperation with:

WZB Berlin Social Science Center

Suggested Citation: Simonis, Udo E. (1994) : [Rezension] Herbert Giersch (Hrsg.): Economic progress and environmental concerns. Berlin [u.a.]: Springer-Verlag, 1993, Weltwirtschaftliches Archiv - Review of World Economics: Zeitschrift des Instituts für Weltwirtschaft, Kiel, ISSN 0043-2636, Mohr, Tübingen, Iss. 4, pp. 849-851

This Version is available at:

<https://hdl.handle.net/10419/122587>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



WZB-Open Access Digitalisate

WZB-Open Access digital copies

Das nachfolgende Dokument wurde zum Zweck der kostenfreien Onlinebereitstellung digitalisiert am Wissenschaftszentrum Berlin für Sozialforschung gGmbH (WZB).

Das WZB verfügt über die entsprechenden Nutzungsrechte. Sollten Sie sich durch die Onlineveröffentlichung des Dokuments wider Erwarten dennoch in Ihren Rechten verletzt sehen, kontaktieren Sie bitte das WZB postalisch oder per E-Mail:

Wissenschaftszentrum Berlin für Sozialforschung gGmbH

Bibliothek und wissenschaftliche Information

Reichpietschufer 50

D-10785 Berlin

E-Mail: bibliothek@wzb.eu

The following document was digitized at the Berlin Social Science Center (WZB) in order to make it publicly available online.

The WZB has the corresponding rights of use. If, against all possibility, you consider your rights to be violated by the online publication of this document, please contact the WZB by sending a letter or an e-mail to:

Berlin Social Science Center (WZB)

Library and Scientific Information

Reichpietschufer 50

D-10785 Berlin

e-mail: bibliothek@wzb.eu

Digitalisierung und Bereitstellung dieser Publikation erfolgten im Rahmen des Retrodigitalisierungsprojektes **OA 1000+**. Weitere Informationen zum Projekt und eine Liste der ca. 1 500 digitalisierten Texte sind unter <http://www.wzb.eu/de/bibliothek/serviceangebote/open-access/oa-1000> verfügbar.

This text was digitizing and published online as part of the digitizing-project **OA 1000+**.

More about the project as well as a list of all the digitized documents (ca. 1 500) can be found at <http://www.wzb.eu/en/library/services/open-access/oa-1000>.

Giersch, Herbert (Ed.), *Economic Progress and Environmental Concerns*. Berlin, Heidelberg, New York, London, Paris, Tokyo, Hong Kong, Barcelona, Budapest 1993. Springer-Verlag. X, 302 pp.

This book is about EPEC, not OPEC. While the concept of OPEC is clear, but not very impressive, the concept of this book is impressive, but not very clear. *Economic Progress*, not economic growth, *Environmental Concerns*, not environmental damage. While concerns are subjective and, at best, social, damage is objective and, all too often, irreversible. The editor, it seems, was aware of this discrepancy; but while he carefully coined the title, he didn't steer the contributors towards a respective text. So there is

brilliance in this book but not much coherence; there is innovative thinking, but also perpetual assertion.

Let's start with *Wilfried Beckerman's* "fresh look" at the environmental limits to growth. As he already did twenty years ago, he still reasons about increasing environmental damage as "alleged" consequences of economic growth. If one still trusts in words, "alleged" implies that the author doesn't approve of real damages to nature. Of course, economics may not have the words to adequately describe physical impacts of economic activity, but economists are human beings, and generally are not extraterrestrial. Worse, Beckerman seems to have a rather deterministic world view: preferences, technologies and even governmental policies, he submits, are not diverse and dynamic, but strictly correlated with rising income. So, it's the poor that damage the environment, but the rich will save it. Who believes in such mechanistic thinking? And what about irreversibilities? "Getting rich first before starting to conserve" may make, will make nature lose out, and so will future generations. Beckerman's paper to me is a prototype of what Albert O. Hirschman called the "rhetoric of reaction", with ample evidence for Hirschman's theses of confusion (*Sinnverkehrung*), vanity (*Vergeblichkeit*), and jeopardy (*Gefährdung*).

More is to be learned from other parts of the book. *Johannes Heister* and *Friedrich Schneider*, for instance, ask for environmental ethics, new accounting procedures and sustainability. Economic progress should be in line with nature. And nature is not unlimited. It is not only a resource to be exploited, but also a factor that requires proper maintenance, and this maintenance must be paid for. And there is *Joanna Pasek's* paper on intergenerational justice. Although she shares some doubts as to the coincidence of apparent concerns for the future and desired effects of respective actions, she ends with a strong perspective: "It is an essential quality of our culture that we project our main undertakings and endeavours into the future. Social institutions, science, art, and other undertakings, are meaningful to us not only because they directly satisfy our present needs, but also because they form and organize our vision of the future" (p. 62). She doesn't quote economics here. Is it because economists may, in fact, have no vision of the future – except, of course, more of the same, i.e. quantitative economic growth?

Georg Erdmann discusses the potential of evolutionary economics as an approach to environmental problems (not concerns!). In the real world, there are serious environmental problems and neoclassical economics is poorly equipped to deal with them. No doubt, new goals have to be formulated that go beyond simplistic aggregate economic growth rates, and there is need for new policy instruments to reconcile economy and environment. *Johannes Heister* and *Peter Michaelis*, while pointing to the favorable properties of the CO₂ case, propose such an instrument, namely a system of tradeable "emission coupons". Contrary to conventional tradeable permits, emission coupons are defined only in terms of a particular quantity of CO₂ and are good for an unlimited period of time. By placing the coupon liability on companies that produce or import fossil fuels, the available reduction and substitution potential could be activated at moderate transaction and administration cost.

Establishing markets where no markets exist, this also is the motto of *Wallace E. Oates*, with a somewhat different perspective. Pollution charges are not only a potentially effective instrument for environmental protection. Such charges will also produce revenues. The design of such instruments should, therefore, consider both their contribution to pollution control and to an overall tax reform. Envisioning any institutional setting in which these potentially conflicting goals will be coordinated seems difficult, but a strong case is made for placing the authority for pollution charges with an environmental regulator! How strong must the environmental minister be to take up this advice?

Edward E. Barbier in his paper on developing countries argues that sustainable natural resource management has a vital role to play in economic development and poverty alleviation. As substantial policy distortions and market failures affecting resources man-

agement do exist, policies are needed to correct these distortions. That sounds a bit like the old “Münchhausen” story. Maintaining the status quo, however, could not only be the reality for resource management in developing countries but in industrial countries as well.

Reading *James A. Tobey’s* paper on the impact of domestic environmental policy on international trade was somewhat of a surprise to me. Although the author seems to be a “growthman,” he comes to quite moderate conclusions. Environmental policy has had little effect on trade, and there is little force to the argument that policies must be relaxed to preserve international competitiveness. The main reason, however, is that the costs of pollution control are not at all as large as the opponents of strict environmental policies generally assert.

Joanne C. Burgess’ paper on the economics of trade in endangered species makes good reading. It is rich in empirical details and leads to a variety of sustainable management options that, however, should be developed further. Community-based wildlife development, soft tourism and recreation could help reconciling development and conservation needs. The question is addressed but remains open, how all this has to be complemented by international agreements and financial support.

An international fund is suggested by *Torsten Amelung* in order to stop tropical deforestation. While the clearing of rain forests incurs negative externalities for all who have an interest in rain forest conservation (a concern!), the governments of most tropical countries still view their forests as exploitable resources (no problem!). In theory, both trade barriers (bans) and compensation payments could help to internalize these international externalities. Amelung is strongly in favor of compensation payments which, however, should strictly be conditional in order to prevent defaulting. Consequently, he says, such compensatory finance should not be regarded as aid but rather as a payment for ecologically important services.

Probably the most debatable but at the same time most challenging part of the book is *William D. Nordhaus’* paper on “How much should we invest in preserving our current climate?” Though the phrasing of the question is all-embracing, the arguments put forward are quite private, biased towards a management philosophy of “anything goes”. He uses several scenarios but strongly favors one of them, and that leads to cure and not to prevent damage. Though he theoretically considers irreversibilities of climate change, and long-term effects, he is still weak in considering the regionally differing concerns about those effects, and the problems they create. If there would be a dialogue with people from the regions and sectors (and compassion for future generations) that will suffer most, the scenarios used would be different, and so the policy suggestions. It is, to be fair, not Nordhaus’ fault that such dialogues have only just begun. But it doesn’t make any good to blame the IPPC (Intergovernmental Panel on Climate Change) or the Second World Climate Conference, as Nordhaus does, for not having done serious cost-benefit estimations. It’s not the climatologists who should engage in economics, it’s the economists themselves who should engage more in the economics of global change. And here it is Nordhaus himself who could play a constructive role in such a future project.

Udo E. Simonis