BLUEPRINT FOR A SUSTAINABLE ECONOMY


Ten years after the pathbreaking book Blueprint for a Green Economy, David Pearce and Edward B. Barbier have produced an update. The new volume comprehensively covers the entire environmental economics debate and reports on the empirical advances and theoretical innovations that have taken place during the 1990s. It does so in accessible and nontechnical language, which makes the complex insights of environmental economists on methods for achieving sustainability available to a wide audience.

The monetary valuation of the environment remains the key concern for the authors, and the book opens with a thorough overview of the methodologies available, combined with a stimulating review of their use in actual assessments for policymaking purposes. The authors end by noting how, despite the massive output of valuation studies over the past years, shifting environmental problems have made "benefit transfer" necessary. Benefit transfer is the transfer of monetary estimates from one site or context to another. The authors find that "The temptation to use existing [valuation] studies to provide estimates for new sites is a strong temptation: It saves the costs of an original study and is highly suited to approaches based on guidelines and manuals of practice." However, they also warn that benefit transfer is a controversial methodology, which entails risks of poor practice that in turn may provide ample ammunition for critics of the valuation technique per se.

Their humble statement that cost-benefit analysis (CBA), because of the inherent uncertainties, at best can inform decision makers without clear-cut answers and their caution on benefit transfer deserve wider attention. Unfortunately, malpractice in environmental economics and its implications are not treated by Pearce and Barbier.

A separate chapter is devoted to ecological economics, a scientific orientation that has emerged largely after the publication of the first Blueprint and a subject that Pearce and Barbier recommend be regarded as a new type of interdisciplinary analysis rather than as a scientific paradigm. Readers will be surprised to see how relatively openmindedly the authors present contributions from ecological economics, a position that differs remarkably from more orthodox neoclassical environmental economists. Notably, the authors come to develop the conventional perspective in their discussion of ecological threshold effects. In its final chapter, Blueprint for a Sustainable Economy confirms the impression that there is fertile ground for innovation in research at the interface of ecological economics and the reformist position in neoclassical environmental economics to which the authors belong.

Between the opening chapter on valuation and the closing chapter on ecological economics, the reader will find thoughtful discussions on measurement methods for sustainable development and choice among and properties of policy instruments as well as on business and the environment. For new and old readers, Blueprint for a Sustainable Economy is a worthwhile recapitulation of the methods available for greening the economy.

Mikael Skou Andersen
Department of Policy Analysis
National Environmental Research Institute
Denmark