Congleton’s essay, which complements the previous essays, examines the political technicality of negotiating and implementing international environmental agreements. This essay serves as a valuable lesson for policy makers in a very complex and multifaceted context.

In conclusion, this book should be required reading for those policymakers and practitioners who are interested in political economy and for graduate students majoring in international economic, environmental economic and political science.

Reference


Three sets of potential buyers might consider Introduction to Environmental Economics: Individuals, professors adopting an environmental economics textbook for the first time, and professors considering switching from a previously assigned environmental economics textbook. While the book does warrant consideration from the first two sets – it is generally clear, up-to-date, and informative – it is not significantly better than its current competitors to make up for the large start-up costs associated with a switch.

Hanley, Shogren and White have organized their book in an elegant, clear fashion. Part One – “Economic Tools” – includes the standard fare of an introduction to environmental economics: the theories of externalities, public goods, and common property resources; the measurement of benefits and costs of environmental regulation; and economic growth, sustainability and trade. Part Two – “Applying the Tools” – illustrates how economics can elucidate the causes and solutions of six “problems”: transportation, rainforests; water pollution; climate change; biodiversity; and energy policy. With only 15 chapters in less than 350 pages – which seamlessly present data, charts and illustrative boxes in a non-cluttered fashion – this a user-friendly, accessible volume.

The first chapter illustrates the strengths of this book. It convincingly establishes that economics, “as much about Main Street as it is about Wall Street”, is a critical tool for environmentalists and policy makers. While introductory “top-ten” lists seem inevitable since the publication of Greg Mankiw’s textbook, the list
here does include insights that are compact and stimulating: “scarcity means that opportunity costs exist for all choices, even those driven by moral imperatives”; “whilst economic growth may not solve all environmental problems, and may be the cause of others, very few people would swap their position today with the equivalent of 200 years ago”. The authors have taken particular care to establish the need for a dialogue between environmental economists and ecologists: the first box in this chapter summarizes seven critical insights from ecology that should be in the forefront of economic analysis and policymaking.

The second chapter, “Markets for the Environment”, illustrates some of the book’s weaknesses. The introduction to the concept of markets is general without being instructive (“To economists, the idea of a market is more exotic – they see the market as a spontaneous tool of exchange”). The next two sections, on the power and limits of markets, enumerate the core concepts – comparative advantage, efficiency, opportunity cost, Pareto optimality, externalities, and so on – without capturing the essence of their importance. For example, the first three of these concepts are introduced together in one short paragraph, followed by a brief paragraph that illustrates why Bob Dylan (“his Bobness”?) should not shovel snow! Surely these concepts, and others at the core of environmental economics, deserve a more thorough grounding in an introductory text? Later, the discussion of externalities suffers a similar fate. Does the lack of a market really lead to too few racing flames on the sides of cars?! Generally, the editing in many places seems to have been insufficient. The paragraph that introduces the prisoner’s dilemma (“also called the social trap or the tragedy of the commons”), for example, maintains that this concept boils down to a person not being able to “avoid shooting himself in the foot”. Throughout the chapter, the presentation is at times wordy and somewhat garbled (This is indeed true in the first pages of many chapters, which take too much time to establish their main point). Overall, I doubt that a student reading this chapter for the first time would have a feel for the essence of “how markets can work for and against the environment”.

By contrast, the fifth chapter on risk is a welcome addition to an introductory textbook. The chapter, building on the strong work of Shogren, does a nice job of introducing expected utility theory. However, the chapter does not flow well: there is a excessive dependence on mathematical exposition in the text, In fact, the presence of so many calculations here raises the question: why not includes analytical problems in the end of each chapter, to further engage students in the material? A scan of the other seven environmental economics textbooks on my shelf reveals that they all include such exercises: this omission is a weakness of this textbook.

The rest of Part One reveals other inconsistencies. The chapter on valuing in the environment is well done. It is encouraging to see indifference curves – too often deleted from introductory texts – used to illustrate the difference between “willingness to pay” and “willingness to accept”. The five boxes in this chapter are well chosen and written – including a fascinating use of contingent valuation