

books

of note



TOWARD IMPROVED ACCOUNTING FOR THE ENVIRONMENT edited by Ernst Lutz; *The World Bank, Washington, D.C., 1993; 329 pp., \$32.95 paper*

Economists have long recognized that measures of income and wealth—although serviceable for many economic and social policy purposes—have some important shortcomings. For one thing, the data are, and always will be, imperfect proxies for human welfare. Also, the data are inadequate for tracking changes in society's stock of "natural capital," such as renewable and nonrenewable resources as well as environmental assets. In recognition of this latter failing, U.S. President Bill Clinton, in his April 1993 Earth Day message, directed the Bureau of Economic Analysis, in the U.S. Department of Commerce, to begin work on recalculating this country's gross domestic product (GDP) along "greener" lines.

The logic for pursuing such reforms is unassailable. As part of conventional GDP accounts, by estimating depreciation of manmade, reproducible physical capital—for example, plants and equipment—economists can judge what future income must be compensated for in new investments to keep a country's economy whole. No such allowance has traditionally been made for depletion in the stock of natural capital. The neglect is not entirely cavalier: "Unmarketed" natural phenomena like biodiversity or species extinction are hard to quantify in physical, let alone monetary, terms. Yet, other resources, such as minerals, are more amenable to estimation. In light of the neglect of accounting for resources, the president's directive is well taken. Natural resource-dependent developing countries may find such improved accounting practices especially beneficial in gauging economic performance and prospects.

The World Bank book, which thoroughly airs many aspects of GDP measurement problems and reforms, comes at a particularly timely juncture in the concern with recording natural resource depletion and environmental degradation. It is a diverse collection, comprising contributions by experts from governmental agencies, international institutions (principally the World Bank and the UN

Statistical Office), universities, and other research centers. Important work by those not represented in the 18-chapter volume is described and referenced. The publication covers basic conceptual issues, identifies areas of controversy, and presents a number of case studies that show the effect of green accounting reforms on measures of macroeconomic and sectoral performance in developing and industrial countries. It is an important and valuable collection, pointing to benefits, opportunities, and inherent difficulties in pursuing such reform efforts.

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CHOOSING A SUSTAINABLE FUTURE by the National Commission on the Environment; *Island Press, Washington, D.C., 1993; 180 pp., \$25.00 cloth, \$15.00 paper*

This book delineates, in three sections, a strategy for implementing sustainable development in the United States. The first segment, "Sustainable Development," discusses the concept of and rationale for a more environmentally sustainable society in the United States. The second section, "Tools for Sustainable Development," documents some of the fiscal, technological, and governmental changes needed to effect sustainable development. The final chapter, "Priority Problems," explains how these "tools" can and should be applied in different contexts, such as pollution control and energy and nature conservation. A bibliography at the end of the text provides a useful guide for readers wishing to delve further. *Choosing A Sustainable Future* does not claim to be a comprehensive or exhaustive treatise on the environment-development problem. It cannot be faulted, however, as a pithy introduction to some of the most pressing issues of our time.

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ENERGY POLICIES AND THE GREENHOUSE EFFECT: Policy Appraisal, vol. 1 by Michael Grubb; *Dartmouth Publishing Co., Brookfield, Vt., 1990; xvii + 294 pp., \$52.95 cloth, \$21.95 paper*

In this volume, Michael Grubb outlines a series of strategies for limiting greenhouse warming based on drastically cutting global carbon dioxide emissions from fossil fuels rather than relying on aggressive efficiency programs, which are currently the cornerstones of CO₂ reductions for the immediate future. Because energy markets are imperfect, interventionist policies, such as performance standards, financial incentives, and utility programs, will be necessary. To encourage conservation and use of renewable energy sources, Grubb favors carbon taxes to nuclear energy. He supports the introduction of alternative transportation fuels as well as the implementation of measures to cut congestion. He also hopes to expand the role of electric utilities. In establishing these priorities, Grubb recognizes the following challenges: convincing developing countries to avoid the energy paths taken by the industrialized countries, raising the large amounts of capital necessary to aid developing countries, and developing long-term policies in the face of uncertainty and market imperfections.

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ENERGY POLICIES AND THE GREENHOUSE EFFECT: Country Studies and Technical Options, vol. 2 by Michael Grubb, Peter Brackley, Michèle Ledic, Ajay Mathur, Steve Rayner, Jeremy Russell, and Akira Tanabe; *Dartmouth Publishing Co., Brookfield, Vt., 1991; xx + 450 pp., \$64.95 cloth, \$21.95 paper*

In volume 2 of *Energy Policies and the Greenhouse Effect*, Michael Grubb et al. assert that successful reduction of carbon