

AGRICULTURE, TRADE, & THE ENVIRONMENT

Discovering and Measuring the Critical Linkages

Edited by Maury E. Bredahl, Nicole Ballenger, John C. Dunmore, and Terry L. Roe

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At the beginning of this decade, environmentalists truly began to discover trade issues. The singular event of the GATT decision on the Tuna/Dolphin case ensured the battle would be joined. It has been an "Us" versus "Them" attitude, on the part of trade liberalization proponents and environmentalists. The free trade advocates, having been around for many years, did not welcome the young interventionists. The debate frequently still is framed by two questions "How does trade liberalization harm the environment?" and "How do environmental protection measures interfere with trade liberalization?" It is within this context that we review *Agriculture, Trade, & The Environment*.

OVERVIEW

They say you should not judge a book by its cover. However the sickly light green jacket cover on this book matches the disappointment that awaits within. The book's title was promising. Trade and environment has been more of a debate, and agriculture has been left out of the discussion more often than not. Thus, a book that would "discover" "linkages" between trade and the environment, and not neglect agriculture sounded like a long unfulfilled need had been satisfied.

Unfortunately, the book is more of a poorly edited patchwork of tired arguments by economists who lack all the requisite interests to deal with the topics. Much of the book is made up from papers presented at a symposium entitled "Agriculture, Trade and the Environment: Understanding and Measuring the Critical Linkages" sponsored by the International Agricultural Trade Research Consortium, an organization made up of 160 economists from 16 countries. The other chapters were "invited". Needless to say, almost all of the authors are economists and the book is severely lacking in balance.

The book includes a few good chapters with a good introduction to the pro-trade liberalization perspective. It does not deal well enough with agricultural issues and is mostly a rehash of economic models and arguments in favor of trade liberalization and its rising tide that lifts all boats (thus protecting the environment). In the final chapter, it is admitted that "[a]lthough the conference was intended to be agriculturally oriented, the larger issues related to the general environment quickly emerged as the focus." (p. 301). *Agriculture, Trade and the Environment* is further proof that purist economics provides an inadequate tool kit for environmental policy-making. Worse, the authors are out of step with new environmental economics from University College London, the London School of Economics or even the World Bank. In short, the text contributes nothing new to the subject it purports to deal with.

The editors have organized the papers and the invited chapters into four parts. The first few chapters deal with the linkages of trade and the environment and international institutions. Second, the linkages between trade, renewable resources and international environmental goods are explored. The third part discusses ways to measure these linkages. The fourth section deals with the identification of further research still needed.

DISCOVERING THE CRITICAL LINKAGES: TRADE, INTERNATIONAL INSTITUTIONS AND THE ENVIRONMENT

The always present Jagdish Bhagwati repeats the assertion that there is a positive correlation between income growth and the demand for environmental protection. Howard Gruenspecht looks at whether the suggested trade/environment linkages are valid, and whether there are not other more cynical motivations for the environmentalists to interfere in trade talks. Ambassador Michael Smith who identifies himself as a major player in trade and environment negotiations reveals that he conducts his work on two principles "(1) that traders are, at heart, environmentalists ...; and (2) that carried to an extreme, the international crusade of environmentalists can end up hurting everyone." (p. 42). This clearly is a biased view that does not suggest one who is seeking balance.

Steve Charnovitz again trots out his Global Environmental Organization (GEO) that should operate along side of the WTO just like the International Labor Organization. In so doing, he is still failing to understand the need for reform of the international trade regime which has been at the forefront of the trade and environment debate since *Our Common Future* was published in 1987. A chapter by Ballenger and Krissoff provides an adequate summary of one of the NAFTA environmental side agreements but devolves into a shallow and unconvincing account of interviews of environmental groups' and farm groups' positions on NAFTA related environmental provisions.

DISCOVERING THE CRITICAL LINKAGES: TRADE, RENEWABLE RESOURCES AND INTERNATIONAL ENVIRONMENTAL GOODS

G.M. Heal leads off with a chapter on the management of international environmental goods. This is followed by Graciela Chichilnisky's disappointing discussion of property rights and the search for an equilibrium model for North South trade. She concludes with the simplistic notion that the "South overproduces, but primarily because the North overconsumes." (p.107) and that "[a]ll in all, property rights improvements in the South could check the main economic source of overuse: prices which are below social costs." (p. 106). Therefore, Chichilnisky ignores that natural resource prices in the North are also well below social costs.

Diao and Roe also try and tackle the North South general equilibrium model. This section of the book ends with a chapter by John Walley on how to quantify trade and environment linkages. He points out that standard environmental regulation that supposedly interferes with trade actually has little effect. However, if instead a carbon tax were adopted, global production and trade patterns would be strongly impacted.

MEASURING THE CRITICAL LINKAGES

This part of the book, which includes six competent chapters, finally begins to deal with the issues related to agriculture. The authors discuss the economic effects of environmental

policies on the agriculture sectors in the United States and Europe. Unfortunately, the chapters perpetuate the one-sided perspective of the book by continuing to suggest that environmental issues have no place in trade liberalization talks (remember the rising tide).

KEY QUESTIONS AND RESEARCH NEEDS

The lead sentence in this section says almost all that needs to be said: "Most of the research that has already been done on the relationship between expanded agricultural trade and environmental protection is theoretical, incomplete, and lacks sufficient empirical content" (p. 281). Sadly, the first two of three key questions for further research by the authors show they are still stuck in the "Us" versus "Them" mode:

First, can existing national programs adequately address any negative environmental effects of expanded agricultural trade?

Second, how much do environmental policies adversely affect trade?

Third, how should transboundary or global environmental problems be addressed -- through trade or other measures? (p. 10)

The third question merely suggests that the trade liberalization proponents do not want interference from the environmental policy makers.

Instead, research should focus on how to reform economic theory and the valuation of natural resources in national accounts and the international trade regime. In addition, further research should be focused on internalization of the costs of pollution (and to convince Dr. Bhagwati that pollution is not an externality anymore). Finally, research should focus on how we can create models of trade liberalization which will allow for environmental protection at the same time (thus, not waiting for the pollution-filled, over-fished rising tide to lift our boats).

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