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Review of: Federal Judge's Desk Reference to Environmental Economics (John A. Baden, ed.; Pacific Research Institute 1998)

Edward J. Hendrick Jr.

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Book Reviews

Federal Judge's Desk Reference to Environmental Economics (John A. Baden, ed.; Pacific Research Institute 1998). Dedication, forward, glossary, section introductions. LC 98-9206; ISBN 0-936488-84-0. [324 pp. paper. 755 Sansone Street, Ste. 450, San Francisco, CA. 94111. [http:// www.pacificserch.org](http://www.pacificserch.org)].

The objective of this edited set of papers is neatly portrayed on the cover of this book: the scales of justice perfectly balancing the earth and packets of paper money. Thematically, the editor has set out to demonstrate that it is both desirable and economically possible to design and carry out public policies that balance the needs of the environment with the demands of commercial progress.

The book, advertised as a “desk reference for federal judges,” is intended as a resource in areas of environmental analysis and public policy. The reader discovers quickly that the selection of essays on environment and economics issues results in an “agenda book” consistent with a school of thought known as “New Resource Economics”(NRE). According to the editor, “[N]RE emphasizes the constructive potential of private property rights, market incentives, and voluntary arrangements as people seek economic progress and environmental quality while preserving liberty.”

Strongly in the book's favor is the inclusion of a thorough forward by John Baden whose opinions in this arena are regularly published in the Seattle Times. Baden acknowledges that the compilation and his own writings are intended to advance the objectives of this school of thought and hopefully sway the judiciary to their economic slant.

These essays are organized into seven sections, each containing articles by a host of past and present authorities. Each chapter is concluded with a selection from Baden's own writings. The seven section topics are: (1) Economic Coordination; (2) Property Right and Transactions Costs; (3) Marginal Analysis; (4) Externalities; (5) Common Pools; (6) Public Choice Theory; and (7) Evaluation Risk and Tradeoffs.

Among the “jewels” included in this compilation are the seminal articles by Ronald Coase “The Problem of Social Cost”, and Garrett

Hardin's "The Tragedy of the Commons". Coase, using the now famous analogy of the tradeoff between the railroad's desire to install locomotive "spark arrestors" and the farmer's desire to plant flammable crops along the right of way, teaches the concept of how transaction costs drive the proper assignment of property rights. Hardin, teaches us how the societal gain and loss equation results from netting out the worth placed on and generated by, common assets (the "free rider" principle) versus the individual's investment in private property. Given the editor's interest in promoting a better understanding of the tradeoffs between public policy initiatives that purport to protect the environment versus initiatives by private enterprise, these essays provide both a "good read" and a widely accepted philosophical foundation on property rights and decision processes.

Probably the best outline of Baden's thinking are contained in his essay, entitled "The Guiding Principles of Economic Reason", a reprint of a lecture on economic policies and incentives which he delivered in 1995 at the University of Washington. The essay is a tightly written overview of ten principles included in the book. It uses the popular analogy of an ecosystem to describe the interactions and evolution of social, economic and environmental interests.

This book helps the reader understand several basic and classical economic concepts, their application to the juxtaposition of long term environmental issues and commercial expansion goals, and the process by which decisions are made by and on behalf of society. As a reference source, this compilation of essays on economics and the environment belongs at least within arms length on the thoughtful reader's bookshelf.

Edward J. Hendrick, Jr.[†]

[†] Mr. Hendrick, after retiring as Strategy Implementation Officer for U.S. West Advanced Technologies, is a 1999 candidate for the J.D. and M.I.P. at Franklin Pierce Law Center. He holds an A.B. (English) from St Joseph's University and an MBA from Fairleigh Dickinson University.