

Forests: Market and Intervention Failures. Five Case Studies edited by Soren Wibe and Tom Jones. London: Earthscan, 1992. Pp.204; index. £14.95 (paperback). ISBN 1 85383 101 8

Forest policy in Europe is largely in a mess according to the papers presented in this book. The five case studies (UK, Sweden, Italy, Germany, and Spain) show how various policies have been inefficient and have resulted in large resource misallocations. The editors claim that the elimination of both market and intervention failures will take the world closer to sustainable development (p.1). However, market demand is in the driving seat and the same authors believe that the size of forests should not be fixed at any particular level. In fact, the editors are really concerned with removing government intervention because 'the degree and type of intervention is usually determined by a partisan political process, rather than through impartial markets'. (p.4). Apparently the world is perfectly competitive and the consumer is sovereign.

This antipathy towards government intervention is not shared by all the subsequent papers. Ian Bateman actually argues, using a cost-benefit framework, that in the UK the Forestry Commission can easily justify its budget if the environmental benefits of its operations are taken into account. This conclusion

is reached with little attention to biodiversity, ecological stability, species preservation, intrinsic values in non-human animals or even the central concept of discounting. There are also some claims that a negative consequence of forests is reduced water supply (p.143), although other contributors argue the opposite (pp.112, 137,187).

All the papers are in the utilitarian neoclassical tradition with that on Italy perhaps the furthest removed by its concern for the institutional structure. The Italian study also argues that there are positive benefits to forest investment, even excluding environmental benefits (p.116), and while the market has failed to allocate the required resources (for example, due to myopia) government intervention could establish the necessary judicial and administrative framework (p.122). Similar comments on market failure can be found in the other studies (p.191), but the book never reaches a consensus on the role of government. Thus, while all the studies recognise the importance of non-market goods, and private forestry is seen as operating poorly, two of the studies go on to call for deregulation to increase efficiency (pp.71, 139).

The case studies all contain interesting facts on forestry in their respective countries, but this information is poorly integrated. For example, there is no common currency measure, and the discussion of CO₂-uptake benefits is Skr/kg for Sweden and £ and \$/tonne in the UK. The introductory chapter could have covered Pareto efficiency and environmental cost-benefit analysis, so avoiding the repetition amongst the case studies. An overview and some conclusions bringing all the information together at the end of the book would have helped greatly – for example, comparisons of land ownership and areas in forestry. Thus, while the case studies are of interest in themselves the job of bringing them together as a book could have been done more effectively.

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