

## Preface

A second edition of this book has become necessary for two main reasons. Firstly, the book has established a broad readership base and has been well received, judging by the strong patronage over the last three years. I have received valuable feedback from various people which I have utilised in improving the presentation of the material. I would like to express my sincere gratitude to all those individuals who have provided reviews of the book, as well as the many readers who have made unsolicited comments. Secondly, a second edition offers an excellent opportunity to make a few editorial corrections, update the statistical information, and include additional material.

A number of changes have been made to enhance the usefulness of this book. Firstly, each chapter now contains a summary of the key terms and concepts used. This is meant to serve as a checklist for readers to ensure that they have obtained a firm grasp of the terminology and concepts. Secondly, solutions to all the numerical exercises have been provided at the end of the text. Thirdly, useful websites where the reader can access further information have been provided at the end of the book. This section would be particularly useful for readers engaged in research projects.

While the basic structure of the book has been retained, much of the material has been updated. The material in Chapter Two (Introduction to Ecological Economics) has essentially been retained. However, the discussion on Modelling Economy-Environment Interactions has been expanded to include the deficiencies of the input-output model, as well as information on the input-output econometric model. Given that one of the principal targets of this book is the non-economist who wants to know about environmental economics, Chapter Three (How Markets are Supposed to Work) retains its basic characteristic of trying to explain economic principles in simple terms. In the spirit of making the concepts comprehensible to the non-technician, the earlier material on indifference curves has been judged to be unnecessary and has therefore been removed. The discussion in Chapter

Four (Why Markets Fail) has been augmented with material on the topic of government (or policy) failure. To further elaborate on the solutions to the problem of market failure, an Appendix on the use of customary marine tenure systems in resource management has been added to this chapter.

In Chapter 10 (Economic Growth and the Environment), a section has been added on the relationship between economic growth and biodiversity loss. This issue has been virtually ignored in the current debate on the environmental effects of economic growth. Here, results from an empirical study are presented and discussed. The definitions of sustainable development (Chapter 11) have been expanded to include a wider range of perspectives. Finding appropriate indicators of welfare (or economic development) is essential in order to measure progress towards sustainable development. It is now widely accepted that the traditional measures (Gross Domestic Product and Gross National Product) are seriously flawed. In this regard, Chapter 11 contains a discussion on alternative measures of welfare that could be used to assess national progress. A new chapter (Chapter 12) has been added on Green Accounting and the Measurement of Genuine Saving. The discussion is complemented with case studies to illustrate the basic concepts.

This book is not only aimed at non-economists, but also economists who would like to learn about current environmental issues and possible solutions. As such, it tries to strike a balance between theory and applications. Although it is written from an economics perspective, the limits of analysing environmental problems using a purely economic analysis are acknowledged. For this reason, I have canvassed a multidisciplinary perspective, as evidenced by the inclusion of topics such as ecological economics, stakeholder analysis and multi-criteria analysis.

Once again, I would like to express my sincere thanks to those who have offered comments and suggestions for improving the book. I would also like to thank World Scientific Publishing Company, especially Joy Quek, for excellent work in all aspects of commissioning and providing general support for this and the previous edition.

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