satisfactory but not maximum returns to shareholders. One key innovation was to limit capital investment, keeping mill capacity from growing to the point where it required unsustainable inputs of timber to be profitable. The company's anomalous strategy was successful over several decades, but following a 1985 junk-bond-financed takeover, the firm doubled the harvest rate to get more out of its "underperforming" assets.

Princen's main emphasis is on the need for new organizing *principles* to guide our activities, but the TPL case also highlights the need for changes to the broader *economic structure* to allow the sufficiency principle to flourish (indeed, one might argue the latter is more fundamental). The author suggests that for sufficiency to have spread beyond the niche example of TPL, the lumber industry as a whole needed to restructure for "permanence" rather than "appropriation." Undoubtedly reforms above the micro-level are needed to level the playing field, but lurking in the background is the broader question of sufficiency's compatibility with capitalism and its endless quest to accumulate more profit. Princen addresses this question only indirectly, sending out conflicting signals. Further exploration of the necessary institutional and systemic changes to accompany sufficiency would be valuable; but at the very least, the TPL case points to sufficiency's incompatibility with a shareholder-dominated capitalism — of the kind that has emerged since the 1970s in the United States — in which maximizing short-term returns to owners of stock has become the overriding imperative for company managers.

A tension also exists in the book over the relationship between efficiency and sufficiency. Princen goes as far as saying efficiency is "absolutely contrary" to sufficiency and in "inherent contradiction" with long-term, sustainable resource use. Yet elsewhere he suggests efficiency can be redeemed and complement sufficiency. For that to happen, he says efficiency must be considered over the long term and over large geographic scales to avoid transferring costs across time and space. Such specification of the conditions under which efficiency and sufficiency can work in tandem, and even become more alike, seems more fruitful than positing the two as inherently contradictory.

Princen maintains that, as ecological constraints grow tighter, sufficiency or something like it will emerge as a central organizing principle. The question is whether the concept will be embraced willingly in time to head off a systemic collapse. He finds hope in his three cases that a different path is possible, that people are capable of managing their needs and wants, and that, like slavery before it, unending economic expansion will one day no longer be taken for granted as the natural order of things. By building up the concept of sufficiency, Princen has made an important contribution to hastening the arrival of that day.

Anders Hayden
Sociology Department, Boston College
E-mail address: haydenan@bc.edu.

18 September 2006

doi:10.1016/j.ecolecon.2006.09.030

Ecological Economics: An Introduction, Mick Common, Sigrid Stagl. Cambridge University Press(2005). 592 pages ISBN: 13: 9780521816458

Mick Common and Sigrid Stagl have written an introductory ecological economics text from a rigorous mainstream economics perspective. Their book has a similar ambition to that of Daly and Farley (2004) in going beyond addressing environmental and resource issues *per se* to encompassing the vision of ecological economics as a reworking of economics in general. But Common and Stagl's work differs from Daly and Farley's in a number of ways. They do not cover as many standard economic topics as Daly and Farley do — for example, while they discuss economic growth and development, they do not discuss short-run macroeconomics including monetary and fiscal policy. While some see Daly and Farley's book as a fairly mainstream work intellectually and ideologically, Common and Stagl are still closer to the economic mainstream. As they write in the first chapter: "Much of what you will learn from this book carries over into neoclassical economics. If, …, you go to study more advanced economics of a basically neoclassical kind you will not have to unlearn what you have learned from this book. [But the book will] give you a different, and often more critical, perspective" (p. 15). But they do differ from the "neoclassical economists", that they contrast themselves with, by placing intragenerational equity and sustainability as coequal economic policy goals with efficiency, and in emphasizing that we cannot understand the long-run economic growth and development process without situating the economy within its environment. However, applying the label "neoclassical" to mainstream economists and not to themselves does not make a lot of sense to me — rather this is a mostly neoclassical approach to ecological economics. In any case, the neoclassical label seems to be increasingly less useful in describing mainstream economics.

The authors' perspective on how to do ecological economics is very close to my own. In that respect, I would be very happy to set this book for my students as a primary textbook in an introductory ecological economics course. The book is authoritative on economics and the extensive discussions of natural science seem solid too. On the other hand, Common and Stagl's approach to ecological economics is at variance with a large part of the ecological economics community, and while a coherent and uniform approach is important at the introductory level, there is no acknowledgment in the book of the differences of opinion among ecological economists. The authors often make statements about what ecological economics is or about what ecological economists think, believe, or argue. These statements clearly represent the authors' own opinions that are not necessarily shared by all ecological economists. For example, after a brief discussion of ethics, they state: "Utilitarianism is the ethical basis for economics" (p. 9). Earlier, we were told that such a general statement about economics refers to both "neoclassical" and ecological economics. A section on differences of opinion among ecological economists would have been useful.

The book is primarily directed to undergraduates, but graduates who are coming to ecological economics without any background in economics might also find it useful. Much of the material is a more introductory version of material found in Perman et al. (2003), which is aimed at upper level economics majors and graduate students. It is very much a British university textbook with dense print, no color, and plenty of references. Each chapter does begin and end, however, with useful pedagogical outlines, and after each chapter there is a glossary and a section for further reading, as well as the usual questions and exercises. The writing style is also very British and rather wordy and formal. On the other hand, there are examples from all round the world including North America. The mathematics in the book is simple and there are also numerous numerical examples, which use Excel spreadsheet simulations. These are good, but I found that they disrupted the flow of the text and would be better presented in boxes.

The book is organized into four parts: Interdependent Systems, Economic Activity, Governance, and The International Dimension. The first section covers the relevant basic science, the history of the development of human society, and the relations between the economy and the environment. In all three chapters there is a very strong emphasis on the role of energy and the laws of thermodynamics. The second section covers input–output modeling and national income accounting, economic growth and development, economic growth and the environment, exchange and markets, and the limits to markets. Common and Stagl's vision of sustainable development places as much emphasis on the economic development aspect as on the sustainability component as intragenerational equity is as important to them as intergenerational equity. As in the first section of the book, there is also a strong historical focus — a natural part of a more Classical approach to economics, which many see ecological economics representing. The chapter on economic growth and the environment primarily focuses on a defense of the Limits to Growth model and the environmental Kuznets curve. Not surprisingly, they are rather skeptical of the latter. The final two chapters of this part cover the core of microeconomics, welfare economics, and market failure. The latter includes the simplest explanation of the second-best problem I have seen.

The Governance section covers the emergence of the sustainability concept and its operationalization and goes on to deal with decision-making under uncertainty as well as including a standard chapter on environmental policy instruments. Chapter 12 – A World of Nation States – presents an orthodox discussion of international trade and its relation with the environment and interaction with international environmental agreements. The final two chapters are case studies of climate change and biodiversity loss.

The most surprising omission from the book is in the area of environmental evaluation. One paragraph briefly mentions environmental valuation — as a neoclassical approach to valuing public goods that is not ready for applied use. There is a detailed discussion of net present value calculation, but the term "cost–benefit analysis" does not appear. Neither is there a discussion of alternatives such as multi-criteria analysis. As mentioned above, there is an extensive discussion of input–output modeling.

In conclusion, despite various lacunae and caveats, I believe this is the best comprehensive introductory ecological economics text so far published.

REFERENCES

Daly, H.E., Farley, J., 2004. Ecological Economics: Principles and Applications. Island Press.

Perman, R., Ma, Y., McGilvray, J., Common, M., 2003. Natural Resource and Environmental Economics, 3rd edition. Addison-Wesley.

David I. Stern

Department of Economics, Rensselaer Polytechnic Institute, Troy, NY 12180, USA

E-mail address: sternd@rpi.edu.

8 June 2006

doi:10.1016/j.ecolecon.2006.06.022

Bruce L. Hay, Robert N. Stavins, Richard H.K. Vietor (Eds.), Environmental Protection and the Social Responsibility of Firms: Perspectives from Law, Economics, and Business. Resources for the Future Press, 2005, ISBN: 1-933115-03-3, 240 pp.

May companies engage in corporate social responsibility, beyond that required by law? *Can* they do so consistently over time? *Should* they pursue socially responsible practices even if it means they sacrifice profits? Finally, *do* companies often behave this way? This set of provocative questions is taken up in a recent book edited by Bruce Hay, Robert Stavins and Richard Vietor of Harvard University. Bringing together scholarly perspectives from the fields of law, economics and business in a unique format, the book takes on important theoretical questions surrounding environmental protection and corporate social responsibility and their practical implications. While it settles conclusively on answers for only one of these four questions, the book opens up and brings clarity to positions on each, suggests avenues for further research, and reveals possible ways that scholars from each of the fields of law, economics, and business might be informed by work from other disciplines.

The unique format and genesis of the book contributes to its broad scholarly appeal. The book is the product of a one-day workshop organized by a partnership between the Harvard Business School, the Harvard Law School, and Harvard's John F. Kennedy School of Government. The workshop brought together leading scholars from a range of U.S. universities for discussion on three commissioned papers (one from each of the legal, economic, and business perspectives) and two invited commentaries on each paper. The book presents each paper, followed by the two commentaries from scholars within the discipline, and finally summarizes key points from the workshop discussion of each paper and its commentaries. This format results in a comprehensive overview of the state of scholarship within each perspective, a formal presentation of some of the critiques, and a less formal glimpse into the lively discussion and debate that occurred at the workshop. It is rare to gain access to this kind of cross-disciplinary engagement in a book format and this is arguably one of the most interesting aspects of the book because it highlights where and how scholars in different disciplines converge and depart in their interpretations of these important questions.