

ergy on a daily basis. Conservation may reduce but will not eliminate the appetite for vast quantities of energy. Each of the various sources poses environmental risks. Burning coal pollutes the atmosphere; hydro-electric power may require the damming of rivers and the destruction of fragile eco-systems; nuclear power may lead to devastating accidents and requires the disposal of highly hazardous wastes; and the burning of fossil fuels contributes to global warming. Newer, less hazardous forms of energy remain as yet impractical on any large scale. Living without energy is not an acceptable solution. The challenge, therefore, is to find the best combination of imperfect instruments that will least contribute to environmental problems and at the same time not undermine maintenance of an open trading system. Concludes the World Bank's Patrick Low:

... the simple idea that environmental standards are not absolutes with infinite values turns out to be very powerful. It implies greater scope for policy flexibility. It undermines some of the less reasoned populist positions on the environment, in particular on trade and the environment, and it weakens the position of protectionists that seek to conceal their demands for trade restrictions in environmental arguments.¹⁰

In keeping with the goal of ensuring that economic development sustains the capacity of the globe to meet current and future human needs, measures aimed at protecting the environment should be sufficient to the objectives they are meant to achieve but not more than sufficient. Determining sufficiency is a matter both of establishing a scientific basis for the measure and also of investigating least cost alternatives, i.e., costs that reflect appropriate tradeoffs between environmental and other societal goals.

The third element in developing an appropriate approach to the trade/ environment interface thus involves ensuring that environmental policies meet the standard of sufficiency, i.e., that they are a necessary and legitimate response to the problem and proportional to the goals being sought. Given differences in environmental preferences, as well as financial and technological capabilities in different countries, a great deal of analysis and consultation will be required on a case-by-case basis to develop consensus as to what constitutes sufficiency. Despite differences of view as to, for example, risk assessment, suitability and appropriate bench-marks involved in environmental measures, the sufficiency standard should provide a rational basis for dialogue as well as a standard upon which to make informed public choices and resolve intergovernmental conflict.

Environmental Policy and Trade

Environmental problems are now understood to involve a wide range of issues. Efforts to address these can be divided into two broad categories: efforts to protect the physical environment, whether water, air, or land; and efforts to con-

¹⁰ Patrick Low and Raed Safadi, "Trade Policy and Pollution," paper presented at the Symposium on International Trade and the Environment, World Bank, Washington, November 21-22, 1991, pp. 8-9.