

sources will retard growth. From an environmental perspective, the most appropriate use of resources would occur if prices were able to reflect the true costs of their production to the environment. That is more likely to happen if markets are allowed to work than if they are not. The world of agricultural trade offers a good example of market failure as a result of inappropriate trade and economic policies and the resultant pressures on the environment. Production subsidies and closed borders have resulted in highly intensive land exploitation in Western Europe at a level that is not compatible with the long-term sustainability of that land. If markets were allowed to work, European agriculture would become less intensive and more sustainable in the long term and European consumers would benefit from the lower costs of imported food products.

The example of agriculture suggests that trade policy decisions do not always make economic sense. Continuing restrictions affecting world trade in textiles and clothing offer a further example of pragmatic and necessary compromises between economic and other objectives. These examples, however, should not be taken as failures of the world trading system. Rather, they indicate the extent to which the international trade rules have managed to contain protectionist zeal and provide a framework within which to address problems arising in sensitive areas such as agriculture and textiles in an orderly manner.

The second element in defining an appropriate trade and environment interface, therefore, involves acceptance of the fact that maintaining an open trade regime is key to maintaining sustainable economic development. Compromises may at times be necessary between economic and other objectives, including environmental objectives, but such compromises should be addressed within the framework of existing rules and should not undermine the basic values of an open trading system.

Environment Policies for Sustainable Development

In the last few decades, awareness of the need to protect the fragile biosphere has approached the top of the public policy agenda. The depletion of the ozone layer, global warming, waste disposal problems and the threatened extinction of plant and animal species are just a few examples of the issues that have made protecting the environment an urgent global priority. No responsible politician today would any longer deny the importance of this issue. Business leaders have become acutely aware of the need to be sensitive to environmental concerns. The issue is no longer whether, but how. A major challenge, therefore, is to find an acceptable balance between environmental and economic goals.

As we noted earlier, the aim of environmental policy is to ensure that the planet remains a viable and rewarding place for the human species. It follows that not all activity that has a negative impact on the environment is necessarily bad nor should environmental concerns always take precedence over other societal goals. For example, modern society devours a considerable amount of en-