Preface

When we started to work on what finally became this book, we were in the process of deciding whether to rewrite our earlier textbook on social accounting or to write a new one. We chose the latter option. Our first textbook, *Welfare Measurement, Sustainability and Green National Accounting*, co-authored with Per-Olov Johansson, appeared in 1997. In that book, we focused the analysis on social accounting in economies with technological change and external effects of environmental damage. To a large extent, we disregarded other issues associated with resource allocation in decentralized (and possibly imperfect) market economies – human capital and uncertainty were two exceptions. We also neglected the possibility that environmental damage created by production and/or consumption in any country might spill over to other countries. Since 1997, our research on social accounting has concentrated on questions that were not addressed in the previous book, such as transboundary environmental problems, issues related to the public sector, as well as the choice of metrics for the welfare measures. It therefore seemed increasingly self-evident that we should try to write a new book instead of rewriting the old one.

Clearly, writing a book is not merely a three-man job. Many people have been involved at various stages of the process. First of all, we would like to thank Geir Asheim, Henk Folmer and Wallace E. Oates. Henk and Wallace gave their general reactions on an early version of the manuscript, which encouraged us to proceed and write the final version, while Geir provided more detailed comments on part of the book at a later stage. Several colleagues at the Department of Economics here in Umeå have also contributed: in particular, Tomas Sjögren and Magnus Wikström read and commented on different parts of the manuscript. Marie Hammarstedt helped us with the editing process and some of the typing. Throughout, our colleagues have never complained, despite the fact that by now we have given (too) many seminars on social accounting. Special thanks are also in order to Chuan-Zhong Li and Kaj Nyström. Li co-authored two papers that comprise part of the material in Chapter 3, while Kaj co-authored a paper that serves as part of the basis for Chapter 9. Kaj also helped us make the mathematical analysis in Chapter 9 understandable (perhaps even to a mathematician). We are very grateful to Julie Sundqvist for thoroughly checking our use of the English language; her work improved the text considerably.

Someone else has also been involved in the process, albeit in an indirect way. Martin Weitzman, whose early work laid the foundations for what later became green accounting, not only produces an almost continuous flow of new ideas; he is also interested in exchanging ideas. Part of his recent work is the most important source of inspiration for Chapter 3. He also visited the annual Ulvö Conference in 1997, where he acted as discussant for what later became Chapter 6.

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