



The Precautionary Principle and the law of unintended consequences

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Abstract

The purpose of this paper is to explore within a political economy framework the application of the Precautionary Principle to food and agricultural policy. The paper reviews the Precautionary Principle in general, but also raises issues associated with unintended consequences arising from it. In addition, the paper provides a general model of political economy that includes both precaution and consequences, discusses issues related to precaution and irreversibility, and illustrates how unintended consequences can affect welfare.

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Introduction

The Precautionary Principle is increasingly becoming a major tenet of food policy and a rallying cry by certain environmentalist groups who invariably challenge any changes to the status quo including technological innovations such as genetic modification and food irradiation. Despite significant economic consequences arising from the Precautionary Principle there has been little analysis done by economists

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(Majone, 2002). The purpose of this paper is to present the Precautionary Principle in economic terms. The paper reviews the Precautionary Principle and provides examples of where its consequences have been significant. The paper gives full consideration to the law of unintended consequences and shows the effects of the law on economic outcomes. The paper develops a model of political economy, irreversibility, and then extends the ideas to consider cost–benefit analysis.

The Precautionary Principle

The Precautionary Principle first emerged in Europe in Swedish and German environmental policies in the 1960s and 1970s. In the following years, the principle has been enshrined in many international treaties and declarations (e.g., the 1990 Bergen Declaration on Sustainable Development through the 2000 Cartagena Protocol on Biosafety). The Treaty on European Union (1992), where the words ‘Precautionary Principle’ appeared in the title of the section on environment, provided the basis for common European environmental law as well as environmental health policies. The Treaty, however, did not define the principle in the environment section or anywhere else in the document. The Precautionary Principle was also stated in the 1992 Rio Declaration following the Rio Conference on the Environment and Development (United Nations, 1992). Principle 15 of the Declaration states that: “In order to protect the environment, the precautionary approach shall be widely applied by states according to their capability. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.” What this definition of the principle states in two double negatives is that cost-effective prevention of environmental degradation shall not be postponed just because it has not been proven a priori that such preventative measures will work. Löfstedt et al. (2002) report that there exist at least 19 various definitions of the Precautionary Principle used in domestic and international regulatory documents.

Recently, the principle has also morphed into mainstream food policy through the actions of the European Commission (EC), who in a White Paper on Food Policy (1st January 2000) declared that the “use of scientific advice will underpin food safety policy, whilst the Precautionary Principle will be used where appropriate” (Commission of the European Communities (1999, 2000)). The foundation of food safety policy was to be based on the three components of risk analysis: risk assessment based on scientific advice and information analyses, risk management based on regulation and control, and risk communication. The White Paper announced that food safety was subject to the Precautionary Principle, however, it was not until a separate Communication issued on February 2nd, where the EC noted that, the Rio Declaration notwithstanding, the Precautionary Principle is not embedded in the Treaty on European Union and relied on legal text, case law and policy orientation. In regards to case law, the Commission noted that the scope of the Precautionary Principle depends on case law, which to some degree is influenced by prevailing social and political values. In regards to policy orientation, the EC made the case on the transitive principle that

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