

## **Let them Eat Pollution**

On December 12, 1991, Lawrence Summers, chief economist of the World Bank, sent a memorandum to some of his colleagues presenting views on the environment that are doubtless widespread among orthodox economists, reflecting as they do the logic of capital accumulation, but which are seldom offered up for public scrutiny, and then almost never by an economist of Summers' rank. This memo was later leaked to the British publication, *The Economist*, which published part of it on February 8, 1992, under the title "Let Them Eat Pollution." The published part of the memo is quoted in full below:

Just between you and me, shouldn't the World Bank be encouraging more migration of the dirty industries to the LDCs [Less Developed Countries] ? I can think of three reasons:

- (1) The measurement of the costs of health-impairing pollution depends on the foregone earnings from increased morbidity and mortality. From this point of view a given amount of health-impairing pollution should be done in the country with the lowest cost, which will be the country of the lowest wages. I think the economic logic behind dumping a load of toxic waste in the lowest-wage country is impeccable and we should face up to that.
- (2) The costs of pollution are likely to be non-linear as the initial increments of pollution will probably have very low cost. I've always thought that under-populated countries in Africa are vastly under polluted; their air quality is probably vastly inefficiently low [sic] compared to Los Angeles or Mexico City. Only the lamentable facts that so much pollution is generated by non-tradeable industries (transport, electrical generation) and that the unit transport costs of solid waste are so high prevent world-welfare-enhancing trade in air pollution and waste.
- (3) The demand for a clean environment for aesthetic and health reasons is likely to have very high income-elasticity. The concern over an agent that causes a one-in-a million change in the odds of prostate cancer is obviously going to be much higher in a country where people survive to get prostate cancer than in a country where under-five mortality is 200 per thousand. Also, much of the concern over industrial atmospheric discharge is about visibility-impairing particulates. These discharges may have very little direct health impact. Clearly trade in goods that embody aesthetic pollution concerns could be welfare-enhancing- While production is mobile the consumption of pretty air is a non-tradeable. The problem with the arguments against all of these proposals for more pollution in LDCs (intrinsic rights to certain goods, moral rights, social concerns, lack of adequate markets, etc.) [is that they] could be turned around and used more or less effectively against every Bank proposal for liberalization.