

1st ecco workshop on "Exporting externalities - Does moving Polluting Industries to Developing Countries Solve or Create Environmental Problems?"

Wednesday, 4 February from 7 - 9 pm

Room 2C in ULU (Malet Street), University of London Union

During this workshop we will try to discuss an argument arising from a highly contentious World Bank memorandum. The aim of this workshop is to come up with a position paper which we will then distribute among all ecco International groups to start a truly global discussion within ecco which should then culminate in a ecco International position paper to be distributed via the internet.

In order to prepare for this workshop, it is highly recommendable to read the attached brief articles. For those of you who have enough spare time to go into more detail, the following readings might be useful:

1. C. Pearson (ed.), *Multinational Corporations, Environment and the Third World* (Duke University Press)
2. J.M. Dean, *Trade and the Environment*
3. P. Low (ed.), *International Trade and the Environment* (World Bank, 1992)
4. A.B. Jaffe, S.R. Peterson, P.R. Portney, R. Stavins, *Journal of Economic Literature*, **33**, 132 (1995)
5. R. Repetto, *Jobs, Competitiveness and Environmental Regulation* (World Resources Institute, Washington)

(Readings from J.R. Vincent, T. Panayotou *Consumption or distraction*, Science **276**)

See you all there

Max and Janosch

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LET THEM EAT POLLUTION

Lawrence Summers, chief economist of the World Bank, sent a memorandum to some colleagues on December 12th, 1991. The Economist has a copy. Some of the memo has caused a fuss within the Bank:

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

(1) The measurement of the costs of health-impairing pollution depends on the forgone 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 with 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 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 tradable 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-5 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-tradable.

The problem with arguments against all of these proposals for more pollution in LDCs (intrinsic rights to certain goods, moral reasons, social concerns, lack of adequate markets, etc) could be turned around and used more or less effectively against every blank proposal for liberalisation.”

The language is crass, even for an internal memo. But look at it another way: Mr. Summers is asking questions that the World Bank would rather ignore - and, on the economics, his points are hard to answer. The Bank should make this debate public.

By Basil Enwegbara:

What Summers suggested at the time is that bearing the ecological and social consequences already caused by the Western extractive industries that forced most countries in Africa to environmental devastation in their efforts to produce raw materials for the western industries was not enough. He argued that African countries should go further and become the backyard for toxic waste generated industrially and domestically in the west.

The question this raises is why should the poverty and debt-ridden African people that have been globally marginalized and discriminated, be further forced into giving up their universal right to health and life in order to ensure that their civilized western counterparts are not harmed by the toxic waste generated by their own civilization? With most African countries struggling to meet their so-called foreign debts, debts imposed on them by the World Bank and IMF as their economic remedies, they must, based on Summers' economic logic of toxic waste dumping, be ready to accept western toxic waste as another condition for loan and debt swap, even though they lack both the human resources and technology vital for the handling and storage of the toxic waste

In making that case, Summers failed to understand in his argument on the health impact of toxic waste that the danger on humans is more than cancer effect. He failed to appreciate that the bioaccumulation of toxins can also lead to neurotoxicity, respiratory infections, and chronic pulmonary diseases, besides instant death. Shouldn't Summers, therefore be made to appreciate that while the property of the rich should always be protected from the poor as Aristotle believed, the rights of the poor and the weak to exist alongside the rich, should deserve equal protection, as Lincoln believed?

Lawrence Summers may be considered the brightest economist of his time, or the most overrated. Georg Hegel, the German philosopher, was also considered ahead of the thinking world during his time at the height of the slave trade. But at the same time he believed in the impeccability of the shipment of millions of able-bodied African men and women to Europe and the Americas as slaves (probably President Summers has forgotten that Africa's loss of millions of men and women to the five centuries of Trans-Atlantic slave trade, caused its under-population). Here are Hegel's reasons to justify the impeccability of the wicked and inhumane traffic of Africans as commodities of trade: "The Negro exhibits the natural man in his completely wild and untamed state. We must lay aside all thought of reverence and morality - all that we call feeling if we could rightly comprehend him: there is nothing harmonious with humanity to be found in his type of character...[Africa] is no historical part of the world; it has no movement or development to show."

So the two men were/are both great thinkers but at the same time their great wisdom lacked morality and respect for the humanity in Africans. But was it not Abraham Lincoln, who during his battle to free Africans as slaves in the United States, who queried the type of wisdom and humanity a man could claim to possess when he lacked morality and respect for another man? The obvious questions therefore are: Why did Harvard University fail to consider the implications of Summers' memo when selecting him as its chief executive? Was the content of the memo not considered morally offensive enough to disqualify him as the next president of Harvard, or was it perhaps that it was all about the so-called uncivilized 770 million people of Africa? It seems all these years of efforts by many Africans to seek a Harvard education have not brought a change in the minds of those who propagate human knowledge and civilization. In other words, have Africans for so long wasted both their time and scarce resources seeking a Harvard education? Why shouldn't we fear that Summers would encourage anti-African policies at Harvard during his presidency? Why should we believe that his views about these "primitive people," 200 of 1000 of whom die before they reach the age of 5, have suddenly changed? In other words, why shouldn't we be concerned that this center of excellence will soon be diminished?

As an environmental policy analyst, I am outraged that a man who holds such beliefs (regardless of other qualifications) should be allowed to lead one of the world's foremost universities. Could anyone within a just and fair mindset think otherwise; that is, that President Summers' policies will not discriminate against Africans? Anyone who believes that must defend his or her belief. In doing so, however, that argument must come to terms with the damage already done. Summers' under-population and under-polluted economic thesis has, in part, justified the ongoing annual Trans-Atlantic shipment of millions of tons of western toxic waste in Africa - it's too late for apologies.