

***“The High Price of a Clean Environment”***


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In today's world companies are growing and expanding rapidly producing more and more, thus pushing more and more emissions, waste, and pollution into our environment. Now it is obvious for the most part regardless if one is rich or poor that an individual would prefer to live in a less polluted area than a more polluted one, but at what cost? Do all citizens, poor, rich, sick, or foreign, deserve to have these rights? The right to fresh water, clean air, up to date sewage treatment plants, and other basic environmental aspects do not come cheap or easy<sup>1</sup> usually at a high cost. Should we as the tax payers be held responsible for the costs of these rights or should environmental protection only be for the rich that can afford it? Should factories be built in lower class neighborhoods and cities where the aspects of environmental protection are only seen as luxury goods and not as rights for everyone? These questions have plagued economists and environmentalists for years because of its ethical and moral standpoint.

As an economist, the environment is seen very differently than through other's eyes. They view the environment as a composite asset that can provide loads of different materials and services. It is also crucial for all living organisms because it provides the life sustaining systems that keep everyone and everything alive. Helping the economy with raw materials, which in turn are transformed into consumer products that fund many businesses. It also provides services directly to the public such as the air we breathe, food and drink we consume to survive, and protection to help support our shelters. But it also provides us with the overall beauty of nature with sunsets, oceans, mountains, flowers, and much more that have no substitute or price.<sup>1</sup> Because economists see the

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<sup>1</sup> Titenberg, Tom. "Environmental and Natural Resource Economics-7<sup>th</sup> edition." Pearson Education and Addison Wesley Inc., 2006. Page 14-15, Concerning the concepts of valuing one's environment.

environment as an asset, they try to prevent its depreciation of value by keeping it clean or at least certain areas. 

Now the advantages of having a clean environment are easily seen by the work done to enforce it. The EPA or Environmental Protection Agency has been working with the president and many parts of government for many years raising money to keep the environment clean. In 2006 the senate along with George Bush approved a Interior-EPA spending bill totaling roughly \$26.3 billion, and in 2007 to fund land, air, and water programs \$26.1 billion were allocated to the EPA.<sup>2</sup> The Office of Administrative Law Judges, a civil enforcement agency of the EPA, conducts hearings and makes decisions between the EPA and persons, businesses, government entities, and other organizations which are under environmental laws.<sup>3</sup> The EPA also works with many federal agencies as well as the state to investigate, apprehend, and punish any violators of environmental regulations. Punishments for many environmental crimes can include and vary from slight reprimands to long-term prison sentences.<sup>4</sup>


The main concern of the EPA is to help with the clean air and water acts that concern every individual on planet earth. The clean air acts helped to establish in 1970 the National Ambient Air Quality Standards for more than 6 pollutants. They focus on mobile emission sources like cars and buses and concentrate heavily upon stationary


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<sup>2</sup> Posner, Michael. "Senate Subcommittee Approves Interior-EPA Spending Bill." National Journal Group, 2008. [www.governmentexecutive.com](http://www.governmentexecutive.com) Deals with government involvement in many parts of our lives, such as the environment.

<sup>3</sup> [www.EPA.com](http://www.EPA.com). Focusing on the many aspects of EPA Enforcement within the United States.

<sup>4</sup> [www.EPA.com](http://www.EPA.com). Focusing on the many aspects of EPA Violations and how they deal with them.

sources such as factories or plants.<sup>5</sup> The Federal Water Pollution Control Act of 1972 worked on and established regulations limiting industrial pollutant discharge capable of making it into many water sources. They initially require application of “best practicable control technology” and mandates future use of the “best available technology.”<sup>6</sup> The EPA was created to help push environmental protection in order for everyone to live a clean and healthy life. 

We now see how much time, effort, and money is spent trying to help keep our environment clean and health conscience, but many times the costs of a clean environment are too much for some to bear. The quality of one’s surrounding environment is purely a luxury good or an economic good for which demand increases more proportionally as incomes rises.<sup>7</sup>  We see this based upon the cleanliness or health consciousness among many cities. The nicer areas of town are much cleaner and are better to look at while the poorer areas are much dirtier and less appealing. Wealthy cities seem to be more interested or concerned with environmental regulations to protect themselves from sickness or illnesses, and the poorer areas provide only basic human needs to survive.<sup>8</sup>

The idea that only the rich should and can afford environmental protection seems to cause much debate among economist and others. Many seem to think that everyone should be given the right to a clean life, but others seem to think that it should only come

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<sup>5</sup> Hazilla, Michael. Kopp, Raymond J. “Social Cost of Environmental Quality Regulations: A General Equilibrium Analysis.” The Journal of Political Economy, 1990. Page 856 dealing with Private Costs of Regulation.

<sup>6</sup> Hazilla, Michael. Kopp, Raymond J. “Social Cost of Environmental Quality Regulations: A General Equilibrium Analysis.” The Journal of Political Economy, 1990. Page 856-7 dealing with the best practical outcomes of regulation.

<sup>7</sup> [www.wikipedia.com](http://www.wikipedia.com) defining what a luxury good is to an economist.

<sup>8</sup> Old Student Paper on Rainforests.

with a high price. It may seem that the decision to give everyone a clean living space is clear but the decision making process is what brings us to a halt when understanding the ethical and financial aspects.

Now there are many different ways to view this problem, but I will begin with the ideas and views of an economist. As an economist, we view actions or movements based upon the idea of consequentialism. This idea states that we judge actions and policies solely on the basis of their consequences or outcomes.<sup>9</sup> Therefore they see many problems or situations as “positive economics” or void of having a good or bad value.<sup>10</sup> For example economists don’t care how much money something costs or how many people they hurt as long as it makes more money and helps out more than it hurts in the end. There is no good or bad in the beginning or end, just whether or not it helps more than it hurts. If the ends justify the means, then economists would be all for it.

For decades, economists have been working with market based or economic-incentive approaches to help with environmental protection and regulation.<sup>11</sup> Many years ago Author Cecil Pigou suggested taxes to discourage anything that produced externalities, but this only made the big corporations pay and didn’t help the little guys or the impoverished. J. Dales introduced the idea of property rights to promote environmental protection to lower aggregate costs.<sup>12</sup> Property rights refer to a bundle of entitlements defining the owner’s rights, privileges, and limitations for use of the

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<sup>9</sup> Morey, Edward R. “Moral Philosophy, aka Theories of Ethics.” Consequentialists.

<sup>10</sup> Morey, Edward R. “Moral Philosophy, aka Theories of Ethics.” Positive Economics.

<sup>11</sup> Hahn, Robert W. Stavins, Robert N. “Economics of the Environment: Economic Incentives for Environmental Protection: Integrating Theory of Practice.” The American Economic Review, 1992. Page 464, Old Practice of Economic Theory.

<sup>12</sup> Hahn, Robert W. Stavins, Robert N. “Economics of the Environment: Economic Incentives for Environmental Protection: Integrating Theory of Practice.” The American Economic Review, 1992. Page 464, Alternative Policy Instruments.

resources.<sup>13</sup> In other words, someone actually owned the right to environmental protection and the ability to allocate them as they see fit. These rights help to control objects or property from becoming ambiguous or not guaranteed by the owner.<sup>14</sup>



Property rights, though useful in ensuring everyone a clean surrounding, are once again at a high price that for some is unattainable. All these ideas all play off the idea of a cost-

benefit analysis which economists use to determine the best possible outcomes for



situations or actions.

Of course it is virtually impossible to conduct a thorough cost-benefit analysis without all the numbers and data but can be understood theoretically to help with our discussion about how one would view environmental protection. First one would have to understand the costs side to relocate factories, to improve technology to reduce emissions and pollutants output, and other very expensive policies to improve the environment. To also fully understand the costs side, one would have to develop a program or scenario to understand how an unclean area can affect each individual. Not everyone sees



environmental regulations as important or valuable or even in the same light. Then the benefits that each person gains from a clean living space would have to be weighed out against the costs. Once all the costs and benefits have been laid out, an economist can

easily choose what action to represent. To move forward with protection acts and



movements if the benefits outweigh the costs or pull back and let everyone deal with the problem themselves if the costs are greater than the total benefits. Overall economists

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<sup>13</sup> Tietenberg, Tom. "Environmental and Natural Resource Economics-7<sup>th</sup> edition." Pearson Education and Addison Wesley Inc., 2006. Page 63, Property Rights and their Structure.

<sup>14</sup> Li, David D. "A Theory of Ambiguous Property Rights in Transition Economies: The Case of the Chinese Non-State Sector." Journal of Comparative Economics. Academic Press, 1996. Understanding Property Rights.

would only see this situation based upon the ease of implementation and ability to increase quality and value at the least of costs.<sup>15</sup>

Although economists make decisions void of a right or wrong theory and only with ending results, many other people would see this problem more from an ethical or moral standpoint.

As for the ethical point of view, one must consider the many ideas of Altruism, Utilitarianism, or just a basic right or wrong standpoint. Altruism is defined as the selfless concern for the welfare of others, and Utilitarianism deals with the idea that one equates “good” with pleasure and happiness and “bad” with pain and suffering.<sup>16</sup> As an altruistic, one would never be concerned with the cost of implementation but only with ways to benefit others. They would see environmental protection, only if they believed it to be necessary, as something everyone deserves despite the price it takes. They would be willing to give up their own welfare or financial stability to ensure other’s happiness or pleasure. Now this view on the subject may seem nice and loving because they would want to help everyone, but the economic aspects of their actions are usually set aside and not viewed, and thus many of their problems can will never be solved. As a utilitarian, one believes that the individual is the best judge of their own welfare and thus would let each individual deal or concern themselves with this problem.<sup>17</sup> If one feels that environmental protection is important, they must find a way to deal with it themselves because they are the best judge of the their own life. From a non-economic standpoint,

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<sup>15</sup> Hahn, Robert W. Stavins, Robert N. “Economics of the Environment: Economic Incentives for Environmental Protection: Integrating Theory of Practice.” The American Economic Review, 1992. Page 464, Policy Design and Evaluation.

<sup>16</sup> VanDeVeer, Pierce. “The Environmental Ethics and Policy Book: Chapter 1.” Utilitarianism.

<sup>17</sup> Morey, Edward R. “Moral Philosophy, aka Theories of Ethics.”

one would either help everyone they came across despite the costs or let others take it upon themselves to take action. Although these two views only portray a small array of what a non-economist would do, they show both sides allowing for all to receive environmental protection or only the one's that deem it worthy of their time.



It is easy to see that environmental protection will always be an ongoing struggle within our world. The costs to have a clean environment are hard to weigh out directly against the benefits that arise because they differ greatly with each individual and location. However moral and ethical aspects do help sway this problem from side to side allowing us to see the whole picture and not just the financial sector. In the end, I have noticed that the cost to have a clean environment is truly at a high peak as of today, but everyone must get involved ethically or economically in order to solve this interesting situation.



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