For decades, major polluters have been claiming that they cannot afford to clean up their acts without laying off workers: "jobs vs. environment" is the common phrase.

Naturally, such talk can make workers feel insecure and resentful of community activists. So for decades the "jobs vs. environment" argument has served to divide workers from many of their best natural allies -- activists concerned about quality of life in their communities (including the natural environment AND jobs). All too often, "jobs vs. environment" has allowed the polluters to divide and then conquer whole communities, even whole states.

Recent economic research shows that the "jobs vs. environment" argument doesn't hold water. Communities and states that fail to protect their environment don't do well. They tend to have stagnant economies (low rates of job growth) and low average incomes, unfair taxes (taxing the rich least of all, as a proportion of income), and high prices for energy for the average person. They also tend to have huge gaps between the rich and everyone else, and mediocre public health (partly related to pollution, partly related to the huge inequalities in income). And finally, they have low participation in elections (perhaps because people feel the system is rigged, which in these states it tends to be).

States that enact strong environmental protections tend to create good jobs, spread the wealth around more fairly, have better public health, fairer taxes, and greater democratic participation. In sum, numerous studies now show that good jobs, a clean environment, and better quality of life all go hand in hand. From the community's perspective, pollution does not pay.

For example, studying Los Angeles County, California, sociologist Manuel Pastor, Jr. has shown that the most dangerously polluted areas of the county have the highest proportion of minority residents and the lowest rate of job growth. Thus it is apparent that jobs do not necessarily increase when the environment is allowed to deteriorate. As Dr. Pastor says, "Instead, it looks like environmental degradation and economic weakness go hand in hand." [1, pg. 12]

In a series of studies over a decade's time, Professor Paul Templet has analyzed all 50 states of the U.S. and found that states with lax environmental enforcement are the poorest states in the union, economically. Dr. Templet served as Secretary of the Louisiana Department of Environmental Quality from 1988 to 1992, and is now professor of environmental studies at Louisiana State University.

Corporations that dump pollutants into air, water or soil are using nature (a public resource) as a free toilet. But of course nature's toilet (which economists prefer to call a "sink resource") isn't really free. Someone besides the polluter eventually pays -- for abandonment of a resource such as shellfish beds, for cleanup, or for harm to health (asthma, diabetes, cancer and so on).

Economists like to say that such polluters have "externalized their costs" by dumping their poisons into public spaces, forcing the public to bear the costs. In essence, the poisoners have received a public subsidy in the form of a free toilet.

In the same way, a timber company is receiving a subsidy when it logs a forest without paying the attendant costs of soil erosion, stream siltation, loss of flood control that the forest provided by storing water, and other environmental damage.

These "pollution subsidies" increase a firm's profits while imposing costs on those who are affected, ranging from immediate neighbors to all taxpayers. Thus pollution moves large sums of money from the pockets of its victims into the pockets of its perpetrators. [2, pgs. 3-4]

Viewed by an economist, those who pollute without paying the full costs are depreciating a "public trust resource" that belongs to society at large.[3] They are appropriating ("taking" or "privatizing") a resource that belongs to everyone, without paying compensation. Normally when a public servant embezzles or steals financial capital from the public, society imposes penalties including disgrace, monetary fines and, in rare cases, imprisonment. But when polluters appropriate and degrade public-trust resources, such as water and air, they often get away scot free.

Many states provide a second kind of subsidy to corporations -- energy subsidies. In the U.S., the average residential consumer pays about twice as much per unit of energy as an industrial firm pays. This represents a subsidy by individual rate-payers to the big consumers of energy.

Economists say that some disparity in price can be justified because the cost of delivering large quantities of energy to one end-user is lower than the cost of delivering the same amount of energy to many end-users. However, some states are clearly favoring large users at the expense of small users - thus money is taken by individuals and put it into the pockets of corporations.

In Louisiana and Alaska, for example, individual consumers pay four times as much per unit of energy as industrial users pay. As Paul Templet observes, "The energy subsidy... reduces the cost of obtaining a natural resource. There is no particular reason that industry should enjoy drastically cheaper energy than the public does.... The huge price differences in certain states reflect political power. Eliminating the energy subsidy would return the appropriated natural assets to citizens in the form of reduced pollution and more equitable prices. It would also promote more efficient use of energy, and enhance public health. Citizens could spend less on energy, and more on education or other needs." [2, pgs. 6, 13]
A third kind of subsidy occurs through taxation. In general, income taxes and property taxes take a larger proportion of wealth from the rich than from the poor. Such taxes are labeled "progressive."

On the other hand, sales taxes tend to have the opposite effect and are thus labeled "regressive." Sales taxes are regressive because they take a fixed share of whatever is consumed and those with low and moderate incomes tend to spend a greater portion of their income on consumption, compared to the rich. A poor person and a rich person will pay the same amount of sales tax on the purchase of a hot water heater, but the cost of a hot water heater is a much larger proportion of a poor person's income than of a rich person's income, so the sales tax is regressive -- it stings the poor worse than it stings the rich. A state that relies on regressive taxes more than progressive taxes is providing a subsidy to those with high incomes and large property holdings, a subsidy paid by those with low incomes and few property holdings. It is a way of picking the pockets of the poor and handing the proceeds to the rich. Thus a sales tax is like Robin Hood in reverse.

Professor Templet has shown that all three kinds of subsidies -- pollution, energy and tax -- are associated with poor environmental performance.

Templet examined all 50 states in terms of a Green Policy Index (developed by the Institute for Southern Studies[4]), which took into account 77 indicators of effective environmental policies. Templet also examined all 50 states in terms of a Green Conditions Index[4], which is based on 179 measures of environmental quality.

Templet found that states that provide the largest subsidies to polluters, energy hogs, and the rich are the same states that have the weakest environmental protection policies and the most degraded environments. The 25 states providing more total subsidies than the national average are (in order of biggest subsidies to the smallest): Louisiana, Utah, Florida, Tennessee, Mississippi, Alabama, Washington, Nevada, Texas, Arizona, New Mexico, Oklahoma, Hawaii, West Virginia, Arkansas, South Carolina, North Dakota, Indiana, South Dakota, Virginia, Kansas, Missouri, North Carolina, Alaska, and Georgia.

Templet also examined the relationship between the three kinds of subsidies and various measures of economic well-being. He found that the pollution subsidy is a good predictor of poor economic performance as measured by poverty, income inequalities (the gap between high and low incomes), unemployment, and low average personal income.

In other words, as firms are allowed to externalize more of their costs (freely dumping into the public's common-heritage resources of air and water), poverty increases, the gap between rich and poor increases, and average income declines.

As Templet notes, "This suggests that spending to control pollution constitutes a progressive policy in terms of income distribution." The benefits may be more than just economic, since is it the poor, and often minorities, who are most likely to live near polluting facilities, and who therefore bear the burden of health damage as well.

Templet found that large energy subsidies are, likewise, correlated with poverty, unemployment, income inequalities and low personal incomes. The tax subsidy is also correlated with increased poverty, greater inequalities in income, and lower average incomes, not surprisingly because tax subsidies effectively take from the poor and give to the rich.

Templet examined the pollution subsidy in relation to economic growth and found a negative correlation: as firms dump more pollution and thus externalize more costs, their states forego jobs. Pollution retards economic growth.

Templet also wondered whether corporate profits increased in those states where subsidies were highest. Data on corporate profits were not available, but he found a surrogate measure - -value added in manufacturing -- that allowed him to test whether profits increased as subsidies rose. They did.

If firms invested these increased profits within the state, then they might contribute to public welfare through increased employment and income. Unfortunately, Templet found that most of the profits go to shareholders and managers, most of whom live in other states and even other countries.

As value added per job (the surrogate for corporate profits) increases, a greater proportion of gross state product leaves the state, Templet found. "In general," he says, "profits tend to leak from high-subsidy, low-income states to low-subsidy, high-income states, fueling inter-state inequality." [2, pg. 10]

Leakage of profits from high-subsidy states to low-subsidy states is a major source of income inequalities between states. It drains income from states that consume the most resources and generate the most pollution. As income leaks from a state, we see a rise in unemployment, poverty, and pollution. Leakage goes somewhere -- in general, it goes to the states where the owners live. Indeed, a number of the richer states actually import income -- their total income exceeds their gross state product. "The situation is analogous to colonialism in which the mother country draws resources and other wealth from the colony, proffering little compensation in return. In this respect, the United States displays a kind of internal colonialism." Templet says.

In addition to environmental degradation and economic decline, subsidies also damage our democratic ideals. By examining all 50 states, Paul Templet found that, as subsidies increase for polluters, energy hogs, and the rich, political participation declines -- fewer people bother to go to the polls at election time. States with above-average total subsidies have a voter participation rate that is 15% below the U.S. average.

Based on his personal experience as a cabinet official in Louisiana state government, Templet believes that subsidies damage democracy because polluters and the rich use their extra profits to buy political favors to further increase their own power. He says, "Citizens in high-subsidy states may well feel disenfranchised, perceiving that their elected representatives cater to special interests. They may doubt that voting will change anything. Yet low [voter] participation itself contributes to the further concentration of power."

Templet goes on: "Those receiving subsidies can use additional financial capital in a number of ways. One obvious
way is to spend more on campaign contributions, and to hire
more lobbyists to protect and augment the subsidies.
Industrial corporations are major contributors to political
campaigns. In making contributions, special interests not only
help to elect representatives, but may also influence choices
for appointed positions.

"In my experience as a cabinet official in Louisiana's state
government, I found that the quality of public leadership
declines as special interests increase their sway. Even federally funded programs tend to languish. State agencies
become less responsive to citizens, who in turn withdraw
from the political process. The state becomes a less attractive
place to live and do business. The end result is institutional
failure, the erosion of democracy and the loss of social
capital." [2, pg. 11]

Templet shows that all three subsidies -- pollution, energy,
and tax -- foster inequality in at least three ways:

1. Subsidies diminish productivity, disposable income,
health, and quality of life for those who bear the costs.

2. Subsidies enhance the political power of those who are
subsidized, allowing them to manipulate markets and
the political process to further their own interests; and

3. Subsidies deprive governments of revenues that they
could have used for education, health care, and other
programs that serve citizens. [2, pg. 4]

In sum, Templet describes a vicious circle. By discharging
poisons into air, water, and soil, corporations take -- without
compensation -- the public's clean environment and the
public's health. In so doing, the poisoners capture subsidies,
for which the public pays the price. Thus the poisoners
increase their profits. With their ill-gotten gains, the
poisoners then purchase favors from public officials, who in
turn pass (and fail to enforce) weak laws that allow the
poisoners to continue using the environment as a free toilet.
These policies make the state less attractive to other firms, so
the diversity of the economy declines.

As Templet notes, "Communities may be left with a
'company town' syndrome. They grow poorer, more polluted,
more subject to boom-and-bust cycles, and more dependent
on the industries that are reaping the benefits. As
concentrated wealth fosters concentrated power, public policy
embraces subsidies even more. The result is a spiral of public
and ultimately private decline. Although corporations can
eventually pick up and go elsewhere, the public as a whole
cannot." [2, pg. 14]

The public sees what is going on but believes it cannot affect
the outcome of this corrupt game, and so drops out, refusing
to participate in elections or other forms of democratic
game. Thus social capital (an economist's phrase for
civic spirit) declines, leading to the further decline of public-
trust resources -- a downward spiral of social, economic, and
environmental decay.

What can be done? The short answer is that we could
improve public health and well-being, and enhance
environmental quality, first by reducing or eliminating
subsidies for corporate polluters, energy hogs, and the rich,
and, secondly, by taking back control of "the commons" to
put citizens in control of our public-trust resources, the
environment. It is time we denied special interests the right to
"privatize" our air and water (and the environment's limited
capacity to absorb wastes) without full compensation to their
rightful owners -- the public.

One way to tackle these problems would be by reviving and
revitalizing the ancient "public trust doctrine" -- the legal
document that says state governments have an affirmative duty
to protect our common-heritage resources, such as water and
air, for generations unborn. States have an affirmative duty to
prevent private parties from "taking" or degrading our
common-heritage resources. Like the "precautionary principle," the "public trust doctrine" is a powerful new tool
for community protection that can be learned, articulated,
expanded, and advanced by grass-roots activists.[3] You'll be
hearing more about this from us. --Peter Montague

* My thanks to Carolyn Raffensperger and her colleagues at
the Science and Environmental Health Network for their
exploration of the "public trust doctrine."

DPE-01-03]. Amherst, Mass.: University of Massachusetts,
Amherst, Political Economy Research Institute. Available at:

Protect Natural Capital: The Quest for Environmental Justice
[PERI Working Paper No. DPE-01-02]. Amherst, Mass.: University of Massachusetts, Amherst, Political Economy
Research Institute. Available at:

[3] Air, water, and soil are sometimes called "public trust
resources" because they are common resources owned by
everyone and by no one. Under a legal doctrine traceable
back to the laws of ancient Rome, governments have a
special duty to protect these public trust resources for the
benefit of future generations. This "public trust doctrine" is
firmly embedded in state laws in the U.S., though like all
laws it is sometimes forgotten, sometimes ignored and
sometimes breached. We at ERF believe it is a powerful,
little-used idea that grass-roots activists should be learning
about, speaking about, and expanding. On the public trust
document, see:

James T. Paul, "The Public Trust Doctrine: Who Has the
Burden of Proof," paper presented at the July, 1996 Meeting
in Honolulu, Hawaii of the Western Association of Wildlife
and Fisheries Administrators, Hosted by the State of Hawaii
Department of Land and Natural Resources." Available on
the web at http://www.rachel.org/library/getfile.cfm?ID=190
and:

Carolyn Raffensperger, "Precaution and a Theory of
Property," The Environmental Forum May/June, 2003 (a
publication of the Environmental Law Institute in
Washington, D.C.). Available at:
http://www.rachel.org/library/getfile.cfm?ID=192

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