POTENTIAL ECONOMIC COSTS OF MIGRATION: COMMENT

William J. Lurie-Lawrence*

Our colleagues have brought a much forgotten aspect of growth to our attention. All too often elaborate plans for expansion and growth are implemented with little regard for concomitant costs. It has been correctly pointed out this morning that the myopic vision of our public leaders often equates growth and increasing population to prosperity, ignoring the unavoidable burden of the social costs that must then become the obligation of our future generations. This public neglect of the social costs of growth has been mirrored in the private sector.

It has become increasingly evident that ecological costs occupy a prominent position in economic development, for we can no longer afford to ignore our crucial relationship with nature. One of the most significant inroads recently made in this country toward solving the existing crisis between man and the environment has been the decline in the rate of population growth. As pointed out by Evans and Serow, the rate of increase is steadily approaching the replacement rate; in fact, their model assumes that this will occur within one generation. They also assume a direct correlation between fertility rates and mobility. This however cannot be a causal-effect relationship, and I see no a priori reasons to believe that the fertility rates of those who migrate will persist for any length of time at a higher level than will the rates of those who do not migrate. We have shown time and again that fertility and family size are more directly functions of income and of the quality of education. It is therefore most important to relieve financial pressure and increase the employment opportunities for this mobile sector in order to achieve the desired rate of population growth. This approach will also increase the marginal product of migrants and thereby help decrease the per capita social costs of providing public services.

We must also recognize that the Pareto efficient social welfare function is a global and not a local optimal. In this manner, the social planner must coordinate his objectives around reducing congestion in those regions where the environment is being threatened. This can be accomplished with the proper incentives to industry and a host of other feasible solutions that have been adequately discussed in the literature. The main point here is that, while migration will lead to an increase in pollution levels and in the cost of social services for a particular region, the observed decline in the rate of population increase is acting as an automatic stabilizer to this problem on the national level. What is of paramount importance however, is that a concentrated effort be made to inform all people of the obligation we have as a nation to protect our environment. We must learn to change our orientation from one of a maximum utilization to that of an optimal utilization of our nation's resources.

It is in this area that the work done by Evans and Serow might be extended to further accomplish their goals of decreasing the social cost of growth. The use of Leontief's input-output analysis has been suggested. I believe it will prove to be a viable force that can segment the social costs of pollution on an industry by industry basis. Leontief has championed the cause of the environmentalist and extended his input-output matrix to include the disaggregated costs of pollution as they are passed on to the consumer by industry. We can easily incorporate the costs of commercial and residential growth into the solution, as well as the allocation of resources to creating anti-pollu-

*Hofstra University, Hempstead, New York, and New York University Washington Square.

tion devices. I have recently had the pleasure of attending a lecture in New York City, during which Professor Leontief put forth the suggestion that regions establish maximum tolerable levels for all types of pollutants. The imposition of a pollution ceiling established by the people of a particular region, will act as a constraint on that region's planners prior to development.

In reviewing the methodology used by Evans and Serow to show the relationship between migration and the increased costs of providing water and sewage services, I only question why the migration rates for SMSA's in Virginia were used (especially for the Washington, D. C. area) when Greensboro and Guilford County, North Carolina, were the object of the study. This may have been the product of data constraints, but the use of a proxy tends to make an interpretation of the results more difficult. The decreasing per capita costs of providing these services are reported to be a function of the lower construction costs incurred during the time period studied; it would be of interest to test the hypothesis that these lower costs were in fact economies of scale that resulted from a higher population. They use only the costs of providing water and sewage as an indication of the social burden due to migration, and note that many other costs i. e., education and protective services will also be incurred. I submit that the high degree of inelasticity of both the demand for and supply of water and sewage might make these other more important social services better indicators of social burden for the overall objective of the study. The per capita costs of police and fire protection or education would undoubtedly be a better indicator of the social burden of migration.

It becomes self-evident that an increase in the population will of necessity increase the costs of providing social services. This is not the crux of the social burden, for it ignores the benefits that a concerned and informed people would bring to a region. Just as it is a mistake to consider only the asset of an increase in migration, it is also a mistake to consider only the costs. Both sides of the ledger must be accounted for. Increased social costs can be covered by efficiently administered tax policies on both the private citizen and business. These policies should adequately reflect not only the marginal costs of these economic units to the region but also the marginal benefits these units derive from that region. Public policy must also consider the abuse to the environment that is precipitated by the inhabitants of any region. It is further conceivable that a public policy designed to spread out the costs of pollution may act as a disincentive to further migration. The proper policy tools would operate within our basic economic structure while providing the nebulous concept: "the quality of life". Such policies should make it unprofitable for anyone to engage in activities that run counter to the ecological balance that must be maintained for the survival and perpetuation of our nation.

In summary, I commend both our colleagues for making us aware of the dangers we face through indiscriminate and uncontrolled growth, and sincerely hope that this element of social consciousness continues to permeate the profession.