

Environmental Quality and Economic Development: The Effect of Infant Mortality *

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Abstract

Environmental pollution has bad impacts on health, mostly on infants. As a result, it may badly influence the accumulation of human capital. By factoring in this health effect, we analyze the relationship between environmental quality and economic growth. In turn, we find that the economy might fall into the poverty trap where no education is conducted hence the low productivity per capita. However, even if there exists a steady state where positive education is given, it might suffer from the environmental poverty trap where the infant mortality rate is positive. In order to avoid the environmental poverty trap, the improvement of efficiency in education and that of health care are needed.

Keywords: Economic growth, Environmental quality, Infant mortality, Public policy

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