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**HABIT IN POLLUTION
A CHALLENGE FOR INTERGENERATIONAL EQUITY**

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Abstract

In this article we extend the recent literature on overlapping generations and pollution by allowing each generation's utility to depend on past levels of pollution. To conform with the literature on habit in consumption we call this extension habit in pollution. Habit in pollution can visualize itself as either a concern for the flow of pollution only, or for the stock, or anything in between.

We show that habit in pollution has not only significant consequences for the level of pollution and capital, but also for the evolution of utility over time. We observe that habit in pollution can lead to violations of two standard criteria of sustainability, which suggests that habit in pollution can be another source of intergenerational inequity.

JEL Classification: Q20, I31.

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