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| journal.gif | Environmental Science Journal**Ethics and Economics: The Bhopal Disaster** |
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A pesticide factory owned by the Union Carbide company experienced an explosion and leak in the 1980s, resulting in the death of thousands and severe illnesses and other health effects for countless more in India. The company ended up paying only $470 million to India as a result of a lawsuit. However, this did not address the full costs of cleaning up the area, taking care of the victims’ long-term healthcare, or compensating them for physical harm. Many of the chemicals used by the now-abandoned plant still remain. Union Carbide was purchased by Dow Chemical in 1999 for $9.3 billion in stock.

In 2004, a man claiming to be a Dow representative stated on the BBC that the company agreed to fully clean up the site and compensate all victims, a total cost of $12 billion. Immediately afterwards, Dow Chemical’s stock fell 4.2% over 23 minutes, a loss of $2 billion in market value.

If you were the CEO of Dow Chemical, would you push for the company to pay compensation to the victims and clean up the site? Discuss the ethical and economic considerations for this decision. Do you believe the company has a responsibility to its investors when making this decision? Do you believe the victims in India will ever be compensated? Explain your basis for this prediction.