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Superfund's insatiability -- Footing the Bill for Superfund Cleanups by Katherine N. Probst, Don Fullerton, Robert E. Litan and Paul R. Portney

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Footing the Bill for Superfund Cleanups, by Katherine N. Probst, Don Fullerton, Robert E. Litan, and Paul R. Portney. Washington, D.C.: Brookings Institution and Resources for the Future, 1995, 176 pp.

Most people are shocked to discover that a multibillion-dollar governmental program has never been subjected to a careful program evaluation or cost-benefit analysis. This book by researchers affiliated with the Brookings Institution and Resources for the Future begins to fill in one side of this information gap for the Superfund program, the federal effort to clean up abandoned hazardous waste sites. The authors estimate the costs of the current program, analyze who bears these costs, and compare their results against the cost incidence estimated under several alternative program designs. Readers interested in the politics of Superfund reform will find the book particularly useful because of this emphasis; those concerned about the larger fundamental issues posed by Superfund may go away unsatisfied.

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Focusing solely on the 1,134 private sites on the National Priorities List in 1994, the

authors estimate the cost of the existing program at $3,919.6 million per year. They estimate the cost of four alternative programs similar to those proposed last year at $3,775.6 million to $3,861.2 million per year, with the Clinton administration's proposal coming in at $3,795.9 million. The maximum reduction in total cost would be only four percent. Thirty-five pages of appendices explain how these estimates were made as well as revealing a large number of significant (though unavoidable) assumptions, none of which appears to have been subjected to sensitivity analysis, however. Thus, the authors' cost estimates suffer from a serious case of false precision--five significant figures!--and from the fact that they are, for all practical purposes, indistinguishable in magnitude and probably accurate only with respect to the first digit. That the authors report their results to the nearest $50,000 may be the most troubling concern about the entire book.

These cost estimates detract from the authors' primary message, which concerns the incidence of these costs. Under the current program, roughly one-third of total costs are borne by taxpayers, another third are cleanup costs picked up by "responsible parties," and the remaining third consists of insurer and responsible-party transactions costs, that is, lawyers and others hired to deflect cleanup costs to others when it is possible to do so and to delay Judgment Day when it is not.

It is this final one-third that the players in last year's legislative drama sought to reduce, on the sensible ground that litigation contributes nothing to whatever human health and environmental benefits Superfund generates. But the authors estimate that the Clinton administration's proposal would have reduced total annual costs by less than four percent. This means that virtually all of the energy spent in trying to "reform" Superfund involved efforts to shift costs to others rather than to reduce them.

Calculating costs

Probst and her co-authors discuss only one part of the federal program to clean up hazardous waste sites. Superfund is vastly larger in fact and in influence than the summary tables in the book might suggest. First, the Environmental Protection Agency (EPA) currently estimates that before Superfund is finished, it will have cleaned up between 3,000 and 6,000 nonfederal sites. At approximately $30 million each, this implies a total commitment of $90 billion to $180 billion. At the current spending rate of $4 billion per year and with the use of interminable "pump-and-treat" schemes to remedy groundwater contamination, we will not finish paying for the current program until after the year 2100. Like craftsmen of the Middle Ages, hydrologists may be able to pass on their knowledge to their children and grandchildren, who will be cleaning up the same sites. When the lame-duck Congress of 1980 enacted Superfund, however, the program was authorized for only four years with total expenditures capped at $600 million. Ironically, most risk experts now believe that hazardous waste sites in general pose substantially less risk than was feared 15 years ago. This means that the current program commits 100 to 200 times as much money as originally promised to remedy a problem that is a small fraction of the originally perceived threat.

Second, the authors' estimates specifically exclude the cost of restoring damaged natural

resources, costs for which potentially responsible parties remain liable under Superfund, independent of the costs of site remediation. Peculiarly, federal and state governments are by law the "trustees" of these resources, even when they are located on private land, and they are entitled to demand full restoration of the environment as it existed before the land was developed for industrial use. Reliable estimates of the cost of restoring damaged natural resources are not available because the number of such cases pursued to date has been small and highly variable. Nevertheless, under current law it is safe to assume that total claims for natural-resources damages will be roughly of the same magnitude as site remediation costs.

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- 5