EPA Administrator Cites Benefits of Pollution Control Programs

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Environmental Protection Agency Administrator Russell E. Train today said that pollution control expenditures are not a significant cause of inflation and do have positive effects on employment.

In testimony before the Congressional Joint Economic Committee, Train emphasized that "pollution programs will add about 0.3 percent to the Consumer Price Index over the period 1973-1978. This indicates that any conceivable alteration of the environmental program would not make a dent in our inflationary problem, because more fundamental causes are involved."

Train said that, based on current outlays, more than 50,000 persons are now employed in construction projects, and by 1977 the number is expected to increase to 125,000. He said another 75,000 jobs are expected to be created during the 1970s in those industries producing pollution control equipment.

The Administrator also refuted claims that Federal environmental programs are hurting employment and production by causing many existing plants to shut down. "This is just not supported by hard evidence," he said. "Since January 1971, EPA has learned of only 69 industrial plant closings for which pollution control was cited as a significant factor. Of these, only 14 closings involved Federal enforcement action, five of which involved State action as well.

"I do not think anyone could claim that this level of impact has significantly affected the Nation's productive capacity or its unemployment problem," said Train. "Furthermore, most of the plants involved have been small, old marginal plants which would have closed soon anyway due to more fundamental economic problems."

Addressing the inflation issue, Train said, "A comparison of quantifiable costs and benefits has generally supported our pollution control standards. EPA research has shown that measurable damages of $11.2 billion annually from sulphur oxide and particulates are more than double the annual expenditures needed for their control."

With regard to the Agency's automotive emission standards, Train noted that a National Academy of Sciences study found that "benefits would be commensurate with expected costs if the statutory nitrogen oxide emission standard were eased, as I recommended to Congress last year."

The Administrator noted that some critics claim that pollution expenditures also cause inflation by creating excess demand for scarce resources. "While this statement is technically correct," he said, "it is not correct to assert that pollution control costs are more inflationary
Train also discussed the concept that complying with EPA regulations diverts capital needed by industry in expanding capacity to meet increased demand to lessen inflationary pressures. "We know that this is not likely to be a problem throughout the economy, as only 2 percent of the firms included in a Department of Commerce survey report that they have reduced plant and equipment expenditures due to pollution control requirements," he said.

However, Train went on to say that "It could be a problem for industries facing high capital requirements, high capital costs, high pollution control expenditures, and low profits."

Train said, "We now perform economic analysis of the impact of all our significant actions. We have tried to balance environmental and economic objectives to the extent dictated by our legislation, and we have suggested legislative changes where we think they are justified on economic grounds."

The Administrator cited the following examples of how these policies have been put into effect:

- EPA has modified a number of effluent guideline limitations on industrial water pollution as the result of Agency studies and public comments;
- Thermal effluent guidelines for the electric utility industry were reviewed and substantially revised;
- An amendment has been sought to the Clean Air Act to ease the statutory nitrogen oxide automotive emissions standard scheduled for imposition in 1978;
- Low-lead gasoline regulations contain a delay in imposition upon small refiners;
- Air nondegradation regulations have been structured to mesh with State economic development planning;
- EPA has sought to persuade States to eliminate "overkill" where their sulphur oxide emissions standards are more stringent than necessary to protect the public health.

"I think we must proceed carefully, weighing the consequences and alternatives for each separate decision," said Train. "EPA is trying to steer a middle course between our environmental needs on the one hand and the clear requirement for caution in levying spending requirements on the other."