

Environmental Quality

- A Public Issue

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Improving the quality of the environment has become one of today's important public issues, at the national level as well as state and local levels. Citizens are becoming increasingly concerned about the condition of our air, water, soil, and general surroundings. They see the paradox of our rising standard of living being in part responsible for the apparent decline in quality of environment. Public action through government seems to be one way to bring corrective action.

Industrial and other economic activity along with density of population contribute to environmental pollution. North Dakota is a rural state with a relatively sparse population, but this does not mean pollution is not a problem. However, it does imply that the problems are less severe and that our public has time for preventive action. The regulations adopted in recent years in our state on water quality standards, air pollution control, solid waste disposal, and other related activities emphasize a concern for quality of environment in North Dakota.

Economic Implications

Pollution of our environment is a byproduct of our productive economy. The rising level of living for a growing population in the nation results in more production of goods and services. As we enjoy more material goods, one of the costs is added waste disposal and deterioration of the environment. Improvement of the environment will

require counter measures and allocations of more resources with the incurred costs to control pollution. Thus, the issue of environmental quality has both economic and political dimensions.

The economic characteristics of environmental quality are somewhat unique. The market system of our economy does not automatically control pollution through the cost-price structure. Pollution is an "external" cost of production and consumption; that is, the producer or consumer whose activity causes the pollution does not usually bear the cost. For example, a factory whose smokestack pollutes the air or whose effluent pollutes the river incurs no production costs for this pollution. The livestock feeder with feedlot run-off into a river pays no "rent" for this disposal. The consumer who discards trash on public sites does not bear the cost. An urban home owner with municipal garbage services does not pay in proportion to quantity of waste.

Our market mechanism does not reflect consumer demand for improved environmental quality. Clean air, clean rivers, and clean environment are not marketable through the private sector in the way that we market food, clothing, cars, and personal services. If the market system is not adaptable to achieving the quality of environment wanted by the public, then we can turn to the public sector, our government.

Government regulations are being used increasingly to control pollution, because the economic pressures of the market system are not adapted to achieve the desired control. Environmental quality, then, is a social problem requiring public decision-making through government.

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The public can decide at the national, state, and local level on the quality of environment wanted. However, the public must recognize that pollution control involves added costs, either in the form of higher prices for goods and services, higher taxes, restricted use of certain resources, or a combination of these. Government action should reflect the public demand for environmental quality relative to the costs of achieving that quality.

Public Policies

The public is attempting to improve environmental quality through government. Responsibility falls on federal, state, and local government. The federal government establishes national policy, becomes involved in interstate control of environmental control, supports research, and may provide assistance to state and local government. The state government is usually involved in establishing regulations and standards and in enforcing compliance. Local government is more likely to be involved in the actual practice of pollution control, such as garbage collection, treatment of sewage, and control of water quality. Local units may also enact and enforce local regulations.

Public decision-making through government for controlling pollution should be based on all available information. What are the costs of the pollution? What are the alternatives for controlling the pollution? Public policy choices may be between compulsory government regulations, or some type of government-induced market incentives, or a combination of these.

Compulsory regulations are the most frequently used public policy for control of environmental quality. For example, "The Federal Water Quality Act of 1965 provided for the establishment of water quality standards for all interstate waters. The act further provided that states could set such standards and also adopt a plan for their implementation and enforcement."¹ In turn, water quality standards have been adopted by our state government. State regulations have also been adopted on air pollution, solid waste management, and control of wastes from certain livestock enterprises.

Pollution control through government regulations means that the added costs become "internal" production costs if applicable to private industry. For most industries, these costs would be passed on to consumers in the form of higher prices. In the short run, competitive industries like agriculture will have greater difficulty in passing on increased costs. If the restrictions differ greatly be-

tween states, industry will be in a competitive disadvantage in the state with more rigid pollution control measures. However, most states are in the process of strengthening their air and water quality standards. If local government services, such as water supply and sewage disposal, are affected by new regulations, the local taxpayer bears the added costs of new pollution control practices.

Another public policy approach to control of environmental quality is to utilize government subsidies or grants for pollution control research and operation. For example, government might subsidize the installation of pollution control equipment for certain types of industries, or government might, through subsidy, encourage the shift to a higher cost but pollution-free method of production or consumption. This policy approach would seem to be more applicable to federal government for interstate type of economic activity. The cost of this policy approach would fall largely on the taxpayer in the form of higher taxes.

Some have also proposed that government levy an effluent fee on those who pollute. This forces an added cost onto the producer and discourages pollution; however, the government is then responsible for cleaning up the pollution. The added costs of this approach would tend to be higher consumer prices and possibly higher taxes if the fees do not cover cost of control. The complexities of this approach would make it difficult to administer equitably.

Summary

Environmental quality is both a public and private responsibility. The optimum approach is probably a balance between government controls and private responsibility. The public needs to decide which levels of government can best establish policy and execute pollution controls. Government involvement should probably include regulations as well as support for research and pollution control activities.

In establishing governmental policies, the public needs to recognize that improving the quality of environment will incur added costs in the form of higher consumer prices, higher taxes, or restricted use of resources and facilities. Policy decisions depend on the level of environmental quality wanted by the public as related to the "price" the public is willing to pay.

As one industrial leader has said, "The public's determination to restore the environment is here to stay, and we shall all have to be ready to share its costs."

¹Water Quality Standards for Surface Waters of North Dakota," North Dakota State Department of Health.