The garbage situation in the U.S. has changed considerably during the past two years. The new situation offers opportunities to grass-roots activists seeking to discourage waste.

THE BASIC FACT IS, THE PRICE OF TRASH DISPOSAL IS DROPPING

Philadelphia and Cleveland recently hammered out new long-term garbage contracts that lower their costs 20%. [5] Philadelphia's 1988 garbage contract with Waste Management, Inc. locked the city into $67 per ton through 1994. But in March, 1992, Philly signed new contracts for the years 1995-2001 at $50 per ton. [5] Boston recently received bids for the city's garbage disposal at $50 per ton instead of the previous year's $70 per ton, a 28% price drop. [5] Pittsburgh's contract with Chambers Development is up at the end of 1993 and Pittsburgh officials expect to get a new contract at a price "the same or better" then the 1993 price of $38.17 per ton. [5]

BUT COMMUNITIES WITH INCINERATORS ARE LOCKED INTO HIGH PRICES THEY OFTEN CAN'T AFFORD

Two Long Island communities--Babylon and Huntington--acted last week to shore up the fiscal stability of their incinerators. Each town had paid roughly $200 million to build its incinerator, and now neither town can keep up the payments on the debt. This past week, the NEW YORK TIMES reports, the town of Huntington almost missed its payroll because it had diverted operating monies to cover its debt payments. [2] Huntington officials voted to impose a fee increase of $170 per year on each family in the town--the second increase this year. Earlier the town had imposed a $500 per year increase on residents living in certain parts of the community. [2]

To bail itself out, Babylon took another approach. It signed a 20-year agreement with neighboring community North Hempstead, locking Babylon into accepting 60,000 more tons of trash each year at $84 per ton, with an annual price-increase of 4%. [2]

The two Long Island towns are not the only ones facing these problems. As the NEW YORK TIMES put it, "Incinerators throughout the Northeast, from Essex County, N.J., to Washington County in upstate New York, have found themselves unable to attract enough trash because landfills in other parts of the country are charging as little as one-sixth as much." [2]

There are 4 main reasons why the price of trash disposal is dropping, 2 temporary, and 2 permanent.

First the temporary reasons:

THE NATION'S LINGERING ECONOMIC DECLINE HAS REDUCED THE OUTPUT OF TRASH FROM THE COMMERCIAL AND INDUSTRIAL SECTORS. Presumably this will change in the future.

And: FEDERAL SOLID-WASTE REGULATIONS ARE ABOUT TO FORCE THE CLOSURE OF SEVERAL THOUSAND SMALL LANDFILLS IN THE NEXT TWO YEARS. THESE SMALL FRY ARE ACCEPTING WASTES AT FIRE-SALE PRICES.

And the longer-term reasons:

THE BIGGEST WASTE HAULERS HAVE BUILT MORE LANDFILL CAPACITY THAN THE NATION NEEDS

Browning-Ferris owned 600 million cubic yards of unused capacity in 1984. They tripled that, to 1.7 billion cubic yards, in 1991, and plan to nearly double that again, to three billion cubic yards, by the year 2000. According to estimates by EPA [U.S. Environmental Protection Agency], that will represent a 10-year supply for the nation as a whole. And that's just one company. Waste Management, Inc. won't say how much capacity its 130 dumps represent, but the WALL STREET JOURNAL estimates that it ranges from 650 million to a billion tons. [5] "Who's going to fill up all these dumps," asks Douglas Augenthaler, a financial analyst with the Wall Street firm Oppenheimer, and noted for conducting his own research, not merely accepting companies' words. [1]

RECYCLING AND WASTE REDUCTION HAVE BEGUN TO CUT INTO THE AVAILABILITY OF TRASH. Some towns are now achieving a 73% recycling rate, and other towns have instituted a pay-per-bag garbage plan that has got people focused on buying things differently, to reduce their personal wastes and thus their personal costs. [6]

As a result, some financial analysts are predicting that even the largest and wealthiest waste-hauling companies will not be able to maintain the high returns on investment they maintained throughout the '80s. In short, the big garbage haulers are in trouble.

ANOTHER FACTOR DRIVING DOWN THE COST OF TRASH DISPOSAL IS THIS: MANY PUBLIC OFFICIALS HAVE REALIZED THAT GOVERNMENTS CAN USUALLY MANAGE WASTE MORE CHEAPLY THAN PRIVATE COMPANIES CAN.

The WALL STREET JOURNAL reports that cities are "banding together to increase public-sector leverage over dump prices, and building new dumps of their own and expanding old ones to bypass more expensive private landfills." [5]

Some municipalities know they're paying too much for trash disposal but can't do anything about it. Morris County, N.J., must pay $131 per ton for disposal through the end of 1994 in part because it allowed a single company, Chambers Development Co. of Pittsburgh, to step in four years ago and gain control of the county's only two disposal outlets. "That lack of control really costs us," says Glenn Schweizer, the county's trash czar. "The rates are excessive." [5]

In the early 1980s, Delaware voluntarily raised its trash disposal fees, to finance construction of its own dumps in the early 1980s. This strategy has begun to pay off. In the last few years, neighbor states reliant on the private sector have been paying more than Delaware's $43.51 to $49.60 a ton, says N.C. Vasuki, the state's trash chief. [5]

When it comes to managing trash, municipalities have several advantages over private trash companies. Cities' borrowing costs are often lower, and they don't pay taxes or look for profits. Furthermore, they can legislate so-called flow control, which gives them the power to steer all the trash within their borders to their own dump--a monopoly.

"Anybody who can walk and chew gum on a clear day ought to be able to beat out the private sector," says H. Lanier Hickman, head of the Solid Waste Association of North America, a group of mostly municipal waste officials. "We're learning to compete with the private sector," he says. [5]

The WALL STREET JOURNAL reports that, "In Los Angeles County, the nation's largest trash market, and in big Texas cities like San Antonio and Dallas, officials are fighting to preserve municipal control of dumps. Losing that control could cost Los Angeles County $350 million a year in added dump fees, officials estimate.

"Even in Waste Management's back yard, the Chicago area, municipalities are fighting back. In the northern suburbs, Lake County has essentially said no to any private-sector dump or incinerator project, and instead plans to build its own. 'Ownership is key,' to controlling costs," says Bill Barron, deputy county administrator. [5]

Finally, the elections next month may bring big changes in the
federal government's attitude toward trash, especially toward incineration. President Bush, in his national energy strategy, called for a seven-fold increase in the number of garbage incinerators by the year 2010. On the other hand, Al Gore, in his book, "EARTH IN THE BALANCE," has this to say about incineration:

THE HUGE NEW INVESTMENT IN NEW INCINERATORS--ALMOST $20 BILLION WORTH-- IS BEING MADE EVEN THOUGH MAJOR HEALTH AND ENVIRONMENTAL CONCERNS HAVE NEVER BEEN ADEQUATELY ADDRESSED. ACCORDING TO CONGRESSIONAL INVESTIGATORS, THE AIR POLLUTION FROM WASTE INCINERATORS TYPICALLY INCLUDES DIOXINS, FURANS AND POLLUTANTS LIKE ARSENIC, CADMIUM, CHLOROBENZENES, CHLOROPHENOLS, CHROMIUM, COBALT, LEAD, MERCURY, PCBS, AND SULFUR DIOXIDE...

THE PRINCIPLE CONSEQUENCE OF INCINERATION IS THUS THE TRANSPORTING OF THE COMMUNITY'S GARBAGE--IN GASEOUS FORM, THROUGH THE AIR--TO NEIGHBORING COMMUNITIES, ACROSS STATE LINES, AND, INDEED, TO THE ATMOSPHERE OF THE ENTIRE GLOBE, WHERE IT WILL LINGER FOR MANY YEARS TO COME. IN EFFECT, WE HAVE DISCOVERED YET ANOTHER GROUP OF POWERLESS PEOPLE UPON WHOM WE CAN DUMP THE CONSEQUENCES OF OUR OWN WASTE: THOSE WHO LIVE IN THE FUTURE AND CANNOT HOLD US ACCOUNTABLE.[8]

These facts offer opportunities to activists hoping to discourage waste.

** The economics of incineration are looking worse than ever. Incinerator companies and other waste haulers are resorting to extraordinary accounting measures--"cooking the books" is the way BUSINESS WEEK4 and FINANCIAL WORLD1 express it--to make themselves appear as profitable as ever, but these tricks can only fool investors for so long. Besides, landfilling is much cheaper, and there's plenty of landfill capacity for the foreseeable future.

** Incinerators require a 20-year commitment to providing a steady stream of trash, and the modern world seems poised to produce less trash. Communities that commit to incineration are locked out of a modern approach to environmental protection based on waste reduction, waste avoidance and pollution prevention.

** The small dump operators who are selling landfill space at bargain prices have made people mad because they're filling their dumps with outsiders' trash. The big new landfills built by BFI, Waste Management, and Chambers have the same problem: they only make sense financially if they accept trash from outside the local area. This means there are ready-made constituencies angry enough to push hard for federal legislation giving local governments the right to say "no" to outsider's trash. (See RHWN #299.)

** There is now abundant evidence that local governments are better off managing their garbage themselves, instead of handing it to private companies. Communities that lose control of their garbage can be held hostage. Local control is more flexible and cheaper.

--Peter Montague


Descriptor terms: waste disposal technologies; incineration; wmx; bfi; landfilling; local governments; waste treatment technologies; economics; bonding; financing; ny; waste hauling industry;