The Reagan-Bush years have brought tremendous changes to America. Probably the most important of these was summarized by Lester Thurow, dean of MIT's Sloan School of Management: "When Ronald Reagan became President, the United States was the world's largest creditor nation. When he left the presidency, we were the world's largest debtor nation. In 1980, we had a trade account surplus of $166 billion; by August 1987, we had an indebtedness to foreigners of $340 billion."[1] By the time Mr. Reagan left office, our debt to foreigners had mounted to about $500 billion. It is the first time in history that an industrial power has converted itself from creditor to debtor in peacetime.

Foreign debt has induced the owners of America's assets to sell off at bargain basement prices. The sell-off accelerated as the 1980s progressed--if "progressed" is the right word. The individuals who sold their assets got fabulously rich, but in the process, ownership and control of America has slowly moved offshore.

In 1988, foreigners owned 21% of all Manhattan real estate, 32% of downtown Minneapolis, 39% of downtown Houston, and a stunning 46% of downtown Los Angeles. Hilton hotels are now foreign-owned, as are Holiday Inns. Firestone Tire is foreign owned. In 1988, 47% of all patents issued in the U.S. were granted to foreigners. Norelco, Magnavox and Philco are owned by foreigners. General Electric's consumer electronics division is foreign-owned. Smith & Wesson has fallen into foreign hands. Purina Mills, Sohio oil and one-third of all the banks in California have gone foreign. RCA Records, CBS Records and Capitol Records are all now foreign-owned. The publishing firms Doubleday, Harper & Roe, Bantam Books, Dell, Viking, E.P. Dutton, Delacorte, Grolier, Charles Scribner & Sons--all are in foreign ownership. Tiffany--the diamond merchant of New York--is foreign owned. And of course Rockefeller Plaza is now owned overseas. United Artists and Twentieth Century Fox are now owned abroad. This list of course represents the merest beginnings of a full catalog.[2] By 1988, Germans owned approximately 30% of the American chemical industry.

One wealthy investor said, "We are much like a wealthy family that annually sells acreage so it can sustain a lifestyle unwarranted by its current output. Until the plantation is gone, it's all pleasure and no pain. In the end, however, the family will have traded the life of an owner for the life of a tenant farmer."[3]

As Harvard Business School professor Carol Greenwald has said, "When the history of the period is written, historians are going to marvel at a great power surrendering its economic might with so little resistance."[4]

Of course these facts have everything to do with the policies of Ronald Reagan, George Bush and the Democrats who control Congress but what, you may ask, have they to do with hazardous waste?

Last week, I traveled to North Carolina to debate officials of a company called ThermalKem. ThermalKem operates a hazardous waste incinerator in South Carolina and is itching to open one in North Carolina. ThermalKem has already signed a contract with the state government of North Carolina. NC state government has agreed to find a site for the incinerator; state government will then lease the site to ThermalKem for $50 per year. All ThermalKem has to do is build the incinerator and operate it for 20 years. When the incinerator turns to rust, according to ThermalKem's contract with NC state government, the taxpayers of North Carolina will retain ownership of all the toxic ash created by the incinerator and all the liability attached thereto. Thus, state government of North Carolina has shouldered the two major burdens of hazardous waste--incineration--the uncertainties of siting, and liability for the toxic ash--leaving ThermalKem with little to do but ship profits by the boatload to the banks. But whose banks?

ThermalKem is owned by a German firm called NuKem. Is this purely accidental? ThermalKem says in public it will not take wastes from foreign companies, meaning it will not import toxic waste from foreign soil. But what about wastes from German-owned chemical companies operating on U.S. soil? Has America become the dumping ground for the truly advanced industrial nations? In North Carolina, one can argue, it seems to be so. Imagine it: Year after year ThermalKem sends handsome profits overseas to its parent firm, NuKem, while North Carolinians accept the disease-producing air pollution, the industrial accidents, the transportation spills, the unexpected releases, and all the liability that goes with these things. And most importantly, North Carolina accepts full responsibility for the ash and for whatever damage that ash will cause in the foreseeable future--the contamination of water supplies, the heartache, the disruption of communities when the news gets out that "The dump is leaking" as sooner or later it must.

Doubtless some highly-placed North Carolina officials, when their terms of office expire, will take jobs with Thermalkem and will live happily ever after. One hand washes the other. If it makes anyone feel any better, we should acknowledge that North Carolina is not unique (except in the frankness of its commitment to helping foreign investors line their pockets at the expense of the American environment): Increasingly the U.S. waste processing industry is foreign owned.

The "cutting edge" of hazardous waste treatment technology is cement kilns. They represent the fastest-growing segment of the hazardous waste market. For 10 years cement kilns have escaped regulation thanks to a loophole EPA (U.S. Environmental Protection Agency) built into its hazardous waste regulations. According to the regulations, if I send liquid hazardous wastes to a cement kiln where they are blended with fuel and then burned, I have "recycled" the wastes and they are thus exempt from all U.S. waste regulations. New cement-kiln regulations are in the pipeline but even these do not close major loopholes. (See RHWN #174.)

If I send my wastes to a hazardous waste incinerator, the ash from that incinerator is a legally hazardous waste and must be landfilled at great expense in a double-lined dump where someone must at least watch it. If I send those same wastes to a cement kiln, the toxic ash is simply mixed in with the cement and is then distributed into the environment, wherever the cement goes. All liability simply disap- pears. The new regulations will not change this.

During the past 10 years--the Reagan-Bush years--the U.S. cement industry has fallen on hard times. American cement manufacturers have fallen prey to rising fuel costs (again, because failed leadership in both parties, in the White House and in Congress, has left us with a crippling dependence on foreign sources of non-renewable fuels).

Sensing a big opportunity, the cement industry is now moving like gangbusters into the hazardous waste business. One company--Southdown--has spent $100 million gearing up to burn hazardous waste while making cement. EPA is applauding. As the cement industry and the EPA prepare to spread toxic incinerator ash throughout the American environment--into the walls of our buildings, the highways we drive on, and the cement pipe we use to deliver our drinking water--we must ask, why would Americans willingly do this to themselves?

The answer is, it isn't Americans doing it. The cement industry is now 60% foreign-owned.[5] Foreign investors take the profits while Americans are left to wander, leaderless, among the toxic ash. It's a nightmare vision. Unfortunately, we are not dreaming.

--Peter Montague

[2] This partial list is from Phillips, cited above, chapter 5.


Descriptor terms: ronald reagan; foreign debt; foreign investment; hazardous waste; incineration; sc; nc; thermalkem; ash; liability; nukem; international waste trade; cement kilns; rcra; southdown cement; epa; regulation;