

[Book Review]

Pollution, Prices and Public Policy

By Allen V. Kneese and Charles L. Schultze

(Washington D. C.: The Brookings Institution, 1975. Pp. x, 125.)

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“Pollution, Prices and Public Policy,” by the economists Allen V. Kneese and Charles L. Schultze, is a well conceived and well presented book which evaluates current pollution control strategies and offers effective alternatives.

The problems of air and water pollution are primarily dealt with in connection with the authors' conviction that current U. S. federal pollution control program are not cost effective. They maintain that there are alternatives which will produce better results without having to sacrifice economic growth or present living standards. Kneese and Schultze begin by examining the causes of pollution in order that the whole problem may be understood. A good basic explanation is given in Chapter Two in which the different kinds of pollution, and their effects upon the environment are discussed in a mildly technical yet comprehensible manner. The authors then examine the costs involved in industry, in which various factors come into play and therefore must be considered. This then influences pollution control measures, making them different, complex, uneconomical and ineffective in every case. (The major reason for the ineffectiveness of federal legislation is that the pollution problem, as embodied in a large number of pollution sources, is too diversified, varied and technical to be managed by a centralized bureaucratic technique.) In response to these difficulties, different techniques of pollution control and solutions are offered for various particular cases.

The ensuing chapters deal with the problems of federal legislation

and enforcement, the politics this involves, as well as cost factors and alternative strategies. The authors claim that present national pollution control programs are too rigid and static in their approach to controlling pollution. Many present pollution control measures are wasteful due to burdensome regulations and subsidies for ineffective programs. There is a tendency to rely too heavily on detailed centralized regulation, court enforcement and federal subsidies for the construction of waste treatment plants. The authors stress that future policies must not rely too heavily on the decisions of a central regulatory bureaucracy. Instead, the authors offer incentive-oriented alternatives, such as effluent and emission charges, so that unit of industry, the main polluters, will find more profitable ways to reduce pollution. Ultimately and ideally speaking, the cost of cleaning the environment will become a financial burden accepted by the industry itself. In other words, the authors set out to show that the "market or pricing system" approach is both a more efficient and effective alternative to the centralized bureaucratic approach in controlling environmental pollution. (This, however, implies the possibility that the portion of increased cost from effluent charges might be transferred to the consumer so that firms may maintain their full-cost principle.) The establishment of a federally sponsored set of regional authorities is also proposed, to be charged with developing overall plans for air and water pollution control. Finally, the issues of air and water pollution control are treated as examples of other complex social problems and existing policies that have no easy legislative solutions. They examine the failure of Congress and offer some positive suggestions for improving existing congressional performance.

Although the authors do not deal with other equally hazardous forms of pollution—such as the matter of nuclear waste disposal—this is an excellent book that not only presents an important matter but also offers constructive alternatives. Throughout the book, fairness, good judgement and a realistic appraisal of the problem at hand is displayed. Realism is expressed in the authors' criticism of present policies as well as in offering workable solutions upon public policy, society, and naturally, the

environment.

The book is neither lengthy nor does it dwell unnecessarily on detailed trivialities. The authors succeed in expressing their viewpoints regarding needed changes in public policy concerning pollution control. Their major thesis proves to be a persuasive one.