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## "An Environmental Renaissance", Clean Air Marketplace

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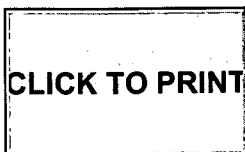
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## "An Environmental Renaissance"

Remarks of

Senator Max Baucus

to the  
Clean Air Marketplace 1993

September 9, 1993

Two days ago the fall session of Congress began, and the Environment and Public Works Committee has a lot to do. Next Tuesday we will hold our first major hearing on the implementation of the Clean Air Act Amendments of 1990. At the hearing I hope to hear a lot more about the subject you are discussing at this Conference -- that is, new environmental technologies.

I believe that on environmental issues, this year will be among the most productive in more than two decades. That is because there is a basic change in government philosophy and in public attitudes toward environmental protection. We are leaving an era of reaction, backlash and fear; and entering one of hope and progress.

We seem to be resolving a bitter and destructive argument that has hindered environmental progress for decades. That, of course, is the contention by some that environmental protection will destroy jobs and end economic growth; and the argument by others that a vigorous economy and technological advances will destroy the environment.

### From Conservationism To Common Ground

Before we discuss the future, it may be helpful to talk a little bit about the past, and about the historic processes that brought us all here today.

As a mass movement, modern environmentalism dates from the first Earth Day celebration in 1970. In those days, now familiar environmental issues were very new to government and industry. People were sick -- really sick -- and tired of burning rivers, dirty air, and toxic dumps. They asked Congress to respond, and Congress did respond. The Clean Water Act, the Clean Air Act, and the Safe Drinking Water Act all date from that era.

In those and following years, however, too many environmentalists viewed industry not as a partner to work with, but as an enemy to conquer. Too many members of the business community took the same view of environmentalists. Bitter divisions between the Executive Branch and Congress, and between industry and environmental groups, made advances impossible. Legal and political battles, not scientific analysis and cooperation, dominated the environmental landscape. The result, of course, was that for a full decade, from the early 1980s to the early 1990s, environmental progress halted, and at times was reversed.

This year we can clear the air, so to speak. That means, as I like to say, that we are on the verge of a Renaissance -- a rebirth of environmental progress. At the core of this Renaissance, as at the core of the Renaissance in Europe hundreds of years ago, is better understanding. It is the understanding that we must preserve our natural resources to sustain ourselves both economically and physically.

Industrial and environmental groups have found common ground in the goal of sustainable development -- a growing economy, secure jobs, a healthy and clean environment. The challenge is no longer whether, but how to reach the goal.

### Taking Stock

Last winter, when I became Chairman of the Committee, I looked over the agenda for the 103rd Congress and I saw a lot to do: the Clean Water Act, implementation of the Clean Air Act Amendments of 1990, the Endangered Species Act, the Environmental Justice Act.

But I decided that rather than try to rush through it all, the Committee should step back and look at the big canvas. So we held a long series of what I called "Taking Stock" hearings. I brought in scientific experts, environmental groups, legal scholars, economists and ordinary citizens to discuss where our country and our world stand on environmental issues. I listened to testimony on many different environmental topics and considered many different approaches to our environmental goals.

I emerged from those hearings more confident than ever that we have the makings of a consensus on the right way to approach environmental protection; a way to keep our country environmentally clean and economically healthy; a way to achieve sustainable development.

I am optimistic about the future because, as Russell Train reminded me, my generation is more environmentally conscious than his. And our children, he noted, are even more driven to achieve environmental preservation than we are.

### Corporations Are Changing Their Ways

I am also optimistic because American businesses are catching on. Companies now listen to advice from inside and from outside. They are changing their ways and adopting environmentally safer practices -- not just for P-R, but because it makes good business sense.

- ▶ Dow Chemical, for example, used ideas submitted by its own employees to reduce waste in five of its plants. That saved the company \$10.5 million through recycling and increased efficiency.
- ▶ Xerox changed its packaging. They eliminated 10,000 tons of waste and save up to \$15 million dollars per year.
- ▶ A T&T saves at least \$25 million dollars a year in supply costs by eliminating ozone-depleting substances.

### Government Must Do The Same

Government can learn some lessons from companies like these. We who write laws must be just as thoughtful and innovative as they are. We must take some new directions. In the spirit of re-inventing government, we must look for ways to re-invent environmental laws. The traditional "command and control" approach to environmental law is no longer as effective as it once was in solving our environmental problems.

This does not mean lowering environmental standards. Nor does it mean sacrificing our economy for the sake of preservation. The taking stock hearings brought home to me the importance of three things. They are:

- (1) developing new, cutting edge environmental technology;
- (2) creating market-based incentives in our environmental laws and programs,  
and
- (3) finding multi-media solutions tailored to particular facilities.

### New Technology

Green technology can make environmental controls more efficient and more effective, and it is critical to our economy. A recent study found that the air pollution control

industry can create 40,000 American jobs a year by the year 2000. This job growth is fueled by a 44 percent increase in world-wide demand for environmental goods and services.

Green technology, however, will not develop automatically. We must avoid a naive faith that demand for these products will arise on its own. Instead, we must create it by using tough regulatory standards. The California Air Resources Board, for example, requires that by 1998, two percent of cars produced for sale in California have zero emissions. That makes some people mad. But it gets results. Major auto companies and small firms are now developing electric cars for the California market. And over 100,000 miles, an electric car is 200 times cleaner than the least-polluting conventional vehicle.

I want to see that kind of advance nationwide, in all industries. The Environment Committee has given us a start by reporting an "enviro-tech" bill I introduced earlier this year. I believe this legislation will get us started, by setting an overall strategy for federal environmental technology research and development, and fostering private development of technology.

Other countries are well ahead of us in understanding the importance of green technology, both for environmental and economic reasons. For example, I recently visited Japan and spoke with Mr. Okamoto, the Vice Minister for International Affairs at Japan's Ministry of International Trade and Industry.

I expected a tough discussion of US-Japan trade conflicts, the bilateral deficit, the Clinton Administration's trade negotiating framework and so on. But in fact what interested Mr. Okamoto most was not trade. It was my enviro-tech bill. He knew more about that bill than virtually anyone I've met in the United States, and he told me that it is precisely the sort of thing the U.S. needs to do not only to protect the environment, but to improve our international economic position as well.

#### Using The Market

The second step is to use market forces to promote environmental protection. At times, this will happen automatically. At times, we can create markets, as California has done for the electric car. And at other times, we will have to eliminate market incentives that push companies to pollute.

- ▶ First, we have to insist that a product's price reflect its full social cost. We cannot let companies use "pollution subsidies" to cut costs and underprice environmentally responsible competitors.
- ▶ Second, we have to look for ways to create markets to reduce emissions. We

have already begun to do so with the 1990 Clean Air Act Amendments, which created the allowance trading program for sulfur dioxide. I am looking forward to hearing more in the days ahead about California's RECLAIM program.

On the whole, this new market for acid rain allowances is working well. There were some problems in the way initial allowances were achieved, but those are growing pains. They should not overshadow the overall success of the first auction last March. We must learn from these mistakes to ensure the future success of other markets.

### Multi-Media Solutions

The third new step is to use what some call "multi-media solutions." This means considering the total emissions of all pollutants into all media rather than focusing only on single sources of emissions into one medium. This way, we can find the cheapest way for a facility to reduce its pollution overall.

This approach makes economic and environmental sense. Strict divisions by medium are unnatural. They ignore the inter-relationship between the elements that comprise the environment. When we write laws, we must understand their effects on one another. As Bill Ruckelshaus told the EPW Committee this summer:

"... the Administrator of EPA must follow rules of nine major statutes, none of which were designed to work with one another. There is no integrating principle built at all into this statutory armory. Each is written to stand alone, as if the world were made entirely of air or water or some other target of concern. No word in all this law directs EPA to simply find the combination of policies across all programs that will garner the maximum benefit to the environment for every dollar of cost expended."

I read with great interest a recent account in the Wall Street Journal of a joint study by EPA and Amoco regarding its Yorktown refinery in Virginia. EPA regulations required the refinery to install a pollution-prevention system at a cost of \$41 million. The study, however, showed that the refinery could achieve greater overall pollution reductions for \$11 million, without using the required prevention system.

How did they discover this? I know the more interesting question may be "Who told the boss?" But we can learn more from the answer to the first question.

Most of the pollution being regulated at the facility was toxic benzene vapor. EPA's Air Pollution Office, therefore, had an important part to play if an innovative solution was to be found. Amoco and EPA jointly studied the plant's overall emissions of gases, fluids, and solid waste. They found that emissions of vapors from dirty water were 20 times less than predicted. On the other hand, releases at the loading docks where fuel is pumped into barges were extremely high.

But benzene vapors coming from inside the refinery were regulated under the Clean Air Act and benzene vapors escaping at the loading docks were not. Amoco had to build a \$41 million dollar water-treatment facility to clean up the dirty water. After a bill like that, they decided not to make any changes in the loading docks. The benzene vapors there, a much worse problem than the vapors at the water emission point, went untouched.

Obviously, this is not a story of successful pollution control. It is an example of a rigid law that forces companies and environmental control officials to concentrate on a minor problem and ignore the top priority. We have to change the law. And we have to find the other laws that have similarly perverse results, and change them. With this example in mind, the Senate Environment Committee will study the use of multi-media approaches in the near future.

Most cases won't be as simple as this. Just as in the Acid Rain Allowances Trading Program, there will be a learning curve as we find the best ways to reduce total pollution. We may find it best to reorganize EPA to deal with particular sectors of the industrial base, or into geographical teams that help particular plants lower overall emissions. But it is clear that we have to make changes if we don't want to repeat the Yorktown experience all over the country.

### Common Ground

The Yorktown refinery project is not a happy story. And it did not have a happy ending, whether you're an ordinary North Carolina citizen who wants pollution reduced; or the guy who ended up short \$30 million; or the worker at the loading dock who's still breathing in benzene vapors.

But it is a story with a moral. It shows that if the laws are well designed, industry and government can cooperate. Despite the distrust that originally existed between Amoco and the EPA, the two sides collaborated and came up with the right answers. Only the law stood in their way.

A related problem is that environmental teams as well as laws are too specialized. Like the wise men in the Indian folk tale, they often look only at the trunk, or the side, or the foot or the tusk -- and they miss the whole elephant. Multi-media examination of a facility goes against today's emphasis on hyper-specialized training. But in the end, as happened in the Yorktown project, we may find a multi-media approach more efficient and much more effective.

Add to multi-media approaches better technology and market based incentives to prevent pollution, while continuing to keep the regulatory requirements high, and I



think we are out of the Dark Ages and on our way to a Renaissance in environmental law.

### Conclusion

As always, I am inspired by my western roots. One of my favorite authors is Montana native Norman Maclean, who wrote the now-famous novel A River Runs Through It.

Toward the end of his life, MacLean wrote an account of the Mann Gulch Fire of 1949 on the Upper Missouri. The book, Young Men and Fire, tells the story of the 13 young firefighters -- called "Smokejumpers" because they used planes and parachutes to reach the fires as fast as possible -- who jumped into the gulch and died when the fire caught them on a steep hillside.

The book recounts a tragic episode in Montana history. But it also tells an inspiring story of young people who worked together for the common good; of the lessons we can learn from terrible experiences; and of how important it is always to try and find new and better ways to solve our problems.

Toward the end of the book, MacLean writes about how the "Smokejumpers" reacted to the fire:

"The Mann Gulch tragedy immediately became a flaming symbol to the Smokejumpers and to firefighters generally, especially those in the Northwest. . . It was some of these who said to me not long after the fire, 'God damn it, no man of mine is ever going to die that way.' Small cracks were soon filled in, especially with technical improvements. . . the training of the crews was also improved in many particulars. . . [and] in the nearly 40 years since the Mann Gulch tragedy, no Smokejumper has died on a fire line."

That is a lesson for people in all walks of life, but it is particularly important for those of us in the environmental field. We have had a lot of disasters, a lot of failures, and some tragic individual incidents. But we can learn from them all just as we learned from the Yorktown refinery. We can use new technologies; new economic tools; and new overall approaches to our problems. And by doing so we will prevent future failures.

Which brings me back to the subject of this meeting. Innovative new technologies for cleaning our polluted air are on display here at this Conference. Take a look at them. In technical brilliance and in the new approaches their inventors bring to environmental protection, they are an inspiration. They tell me very clearly that we can make an environmental Renaissance a reality.