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## Issues in Economic Policy

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### Evaluation of the Superfund Policy

Jonathan Kenyon  
And  
Cassandra Perron

Department of Economics  
Fairfield University  
Fairfield, CT 06824

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**An Evaluation of the Superfund Policy**

Jonathan Kenyon, [03\\_jkenyon@campus.fairfield.edu](mailto:03_jkenyon@campus.fairfield.edu)

Cassandra Perron, [04\\_cperron@campus.fairfield.edu](mailto:04_cperron@campus.fairfield.edu)

Fairfield University, Fairfield, CT 06824

In 1980 the Comprehensive Environmental Response, Compensation and Liability Act, otherwise known as Superfund, was created to combat hazardous waste sites. In order to ease citizen concern, the cleanup plans of Superfund were designed to focus not only on environmental contamination, but also on public health. Studies conducted by the Office of Emergency Remedial Response have shown that pollution has detrimental effects on health, such as cancer. Though beneficial, these cleanups do not come at an insignificant cost. Furthermore, the cleanup sites are not reviewed under the benefit-cost analysis. One major concern with the Superfund program is that the costs to cleanup some of the sites may outweigh the benefits of the cleanup. By reviewing a cost-benefit analysis already conducted, we have been led to believe that the benefits of these cleanups are not economically vindicated.

Since the nineteenth century, hazardous waste sites have been accumulating across the nation. These sites have been contaminated by hazardous materials resulting from economic activities such as mining, petroleum refining, manufacturing, and waste disposal to name a few. In many cases, the firms responsible have not taken the steps necessary to cleanup the sites. As a result, Congress enacted the Comprehensive Environmental Response, Compensation, and Liability Act, otherwise known as Superfund, in 1980 to locate, investigate, and clean up these contaminated sites across the country. In 1986 more stringent guidelines were set forth under the Superfund Amendment and Reauthorization Act to further target health and environmental risks posed by the hazardous sites (<http://www.epa.gov/superfund/>). Although it may seem extremely advantageous, there is one quandary with Superfund – its excessive cost. The plans for cleanup, administered by the Environmental Protection Agency (EPA), are costly, and furthermore, the plans do not undergo any form of cost-benefit analysis. Without any form of a benefit-cost analysis, the costs of cleanup may potentially outweigh the benefits. By reviewing an analysis conducted by James T. Hamilton and W. Kip Viscusi and a study by Brian H. Hurd, we are able to get a closer look at the benefits and the costs of Superfund cleanup sites. By evaluating the Superfund sites, we can inevitably determine how cost effective the Superfund's plans actually are.

The primary purpose of the Superfund program is to de-contaminate sites that pose risks to the environment, but it is not as straightforward as it may seem. According to the EPA's official Superfund website, the process begins with the identification of

hazardous sites. After sites are recognized, they must be put through the Hazardous Ranking System, which ultimately determines what sites must be placed on the National Priorities List. The NPL consists of hazardous sites that are deemed most threatening to the environment and or human health. The sites on the NPL are the ones that are eligible for federal funds; in other words, the government funds the cleanup of these sites. Currently there are approximately 1300 sites on the National Priorities List. After evaluating the degree of contamination for each site on the NPL, the EPA then contemplates possible approaches for cleanup (<http://www.epa.gov/superfund/>). To help finance these cleanup plans, federal taxes have been created. These taxes create reserves for the EPA that are used to finance cleanups that pose immediate risks (emergency cleanups), and long-term cleanups that have “no responsible parties” (Portney and Probst 106).

In addition to identifying the sites that are most hazardous to the environment, the EPA must also attempt to determine the firms responsible for contamination. This is not an easy task, and according to the article “Cleaning Up Superfund,” many of the sites have more than one firm that can be held accountable for pollution (109). Regardless, this duty is vital in determining a way for costs to be allocated.

The enactment of Superfund has resulted in many beneficial results. One of the most obvious results is an unpolluted environment, which produces a plethora of effects, most importantly, the preservation of human health. Cancer is one of the most detrimental repercussions of a contaminated environment, and due to the Superfund program, many cancer cases have been avoided.

