

Waste Economics – Issues for Research

Brad Wolbert - DNR

Overview of Waste Management Costs

- Financial costs – the amount of money we pay for collection, management, and disposal of waste
- External costs – the broader costs borne by society at large for emissions and disamenities associated with waste management
- Net social costs – the total costs, net of offsetting benefits (e.g., energy recovery)

Problems

- External costs usually unaccounted for:
 - greenhouse gas emissions
 - conventional air pollutants
 - loss of material resources
 - traffic, noise, aesthetics
- Prices of waste management options, like landfilling, don't reflect net social costs
- Should society be investing in more recycling, incineration, landfilling?

Valuation

- Past studies indicate the external costs of managing waste materials may be significant
- Problem is *valuation*: how much are these externalities worth in dollars?

see Eshet et al., 2005, “A Critical Review of Economic Valuation Studies of Externalities from Incineration and Landfilling,” *Waste Management Research* 23: 487-504.

Using Incentive-Based Pricing to Account for Social Costs

- Correcting for market's failure to account for externalities
- Generic examples: taxes, user fees, subsidies
- Specific examples: advance disposal fees, deposits, marginal trash charges, producer responsibility, fines for illegal disposal
- These need to be evaluated for Wisconsin