

*Incentives for industrial waste control.*—Not the least of fiscal policy issues relating to pollution abatement has been the question of providing incentives for industrial establishments. More than a quarter century has elapsed since the National Resources Planning Board, in response to a request from President Roosevelt for recommendations on national policy for pollution abatement, suggested that consideration be given to providing grants to municipalities and loans to industry as a means for accelerating stream cleanup.

Grants-in-aid to municipalities became an established policy in 1956. However, little sentiment has been crystallized for providing construction loans or any other form of subsidy to industry. The prevailing view has been that the private sector of the economy must recognize the burden of preventing pollution as an element of its production costs.

At various times proposals have been suggested in the Congress to offer industries the privilege of accelerated depreciation on capital investments made for pollution abatement. The Treasury Department has not favored this special-classification proposal. Industries have had mixed feelings regarding the virtues of this type of rapid writeoff of corporation taxes. Large corporations, for example, have pointed out that they find it of dubious benefit as to whether they pay required taxes sooner or later. They point out rapid tax amortization is hardly an incentive; it does nothing more than provide some flexibility with respect to payments.

Several States (such as Massachusetts, Vermont, New Hampshire, Maine, Oregon, Idaho, Wisconsin, North Carolina, and New York) do offer a subsidy to industry in the form of property-tax exemptions for land and equipment devoted to air or water pollution abatement purposes. The resulting tax benefits appear to be minimal. It is questionable whether this incentive can be credited with having much of an impact on the decision of an industry to undertake a pollution abatement program.

An incentive proposal receiving increased attention is the imposition of a sliding scale of charges related to the quality and quantity characteristics of industrial effluents contributed to streams. The smaller the amount of polluting material contributed the lower would be the charge imposed. Advocates for the adoption of this policy see this as a means for furnishing every polluter with an immediate and well-defined incentive to minimize his liability and the automatic result would be cleaner streams.

Not so clear, however, is what would happen to the condition of streams where contributors of pollution might find it more convenient to pay the charges rather than take measures to reduce the pollution. And not yet illuminated is the matter of who could collect the charges (the State in which the water is located or the Federal Government?) and for what purpose it is intended that the acquired revenues be used. At the 1965 White House Conference on Natural Beauty, one speaker envisioned possibilities of the Federal Government collecting such a tax to sustain a revolving fund of several billion dollars, which would be available for beautification purposes.

The virtues associated with employment of "effluent charges" as an industrial waste control incentive seem to have originated from a misinterpretation of practices in the Ruhr Valley of Germany. Here