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DISCUSSION PAPERS

DP 088

Restoring Natural Resources: Legal Background and Economic Analysis

This paper reviews the legislative and legal history behind the resource damage restoration regulations under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Oil Pollution Act (OPA). The damage restoration debate is whether the objective is to restore a natural resource's lost services or whether to restore the exact chemical, biological and physical characteristics. This paper reviews the debate over these approaches to restoration and the economic implications of adopting one approach over another. This paper supports a services approach and suggests modifications to the current interpretation of restoration requirements.

October 1997

DP 086

Opposition to OCS Development, Historical Context and Economic Considerations

This paper reviews the history of offshore leasing, focusing on the long conflict between the federal government and the states over control of the leasing process. The paper then examines economic aspects of leasing and relates these to the controversy surrounding leasing. The conclusions of the analysis suggest that consideration should be given to sharing a portion of federal offshore revenues with affected coastal communities. This sharing has the potential to reduce opposition to offshore leasing and allow the nation to realize more of the net benefits from tapping offshore oil and natural gas resources.

November 1996

DP 084R

Analysis of the Costs and Benefits of Regulations: Review of Historical Experience

Recent legislative proposals to reform the regulatory process have included the use of benefit cost analysis to decide whether or not a regulation should be implemented. The purpose of this paper is to assess the current practices of benefit cost analysis, primarily through examination of the series of Regulatory Impact Analyses (RIAs) mandated by Presidential Executive Orders. While the record is mixed, it shows that in many, but perhaps not all, cases it is possible to develop a reasonable estimate of the benefits and costs of proposed regulations and to decide among regulatory alternatives on the basis of these analyses.

December 1996

DP 081

Are We Running Out of Oil?

Since the dawn of the petroleum industry in the mid-19th century, there have been recurrent waves of concern that exhaustion of the world's petroleum resource base was imminent. This study examines carefully both the historical record and the most prominent recent geological assessments. The analysis shows that the obvious concern—that of imminent exhaustion of world oil resources—is actually the most easily dismissed. Nature continues to be quite generous in providing oil resources for development. However, there is a danger that attempts by government to address the non-problem of resource exhaustion will distract from or even aggravate the challenge of removing institutional barriers to supply development.

December 1995

DP 077

Alternative Wetland Mitigation Programs

The Corps of Engineers and EPA have issued Memoranda of Agreement and guidance that restrict the petroleum industry's ability to explore for and produce oil and natural gas in wetlands. In particular, federal agency rules require wetland mitigation banks—that could be used to compensate for possible wetland losses—to be fully functional before industry can use them. However, state and local governments often allow for concurrent and in lieu fee banking arrangements; these allow for payments to a group or agency that will undertake wetland restoration or preservation in lieu of managing such activities directly. This study examines those programs, their relationship to the federal permitting process, how they assure mitigation is successful, and how they achieve no overall net loss of wetlands.

February 1995

DP 076

Federal Subsidies for Alternative Fuels and Alternative-Fuel Vehicles

Identifies and attempts to evaluate the economic value of the many federal programs that subsidize alternative fuels such as ethanol, methanol, compressed natural gas, liquefied natural gas, propane, and electric cars. The subsidies take many forms: research and development; preferential tax treatment; direct government purchases; exemptions from environmental requirements; and quality mandates; and can be directed at the fuel itself or at vehicles that use the fuel or the fuel distribution infrastructure.

September 1994

DP 074

Current Status of Watershed Management in the United States

To understand the current status of watershed programs, this paper reviews watershed approaches of individual watershed programs and institutions. Each case study also discusses, in a general manner, the impact on petroleum industry activity within the watershed. Background information is also provided on the CWA, the nonpoint source pollution problem in the United States, and the current emphasis on watershed management approaches.

November 1993

RESEARCH STUDIES

RS 094

How Unilateral Economic Sanctions Affect the U.S. Economy: An Inter-Industry Analysis

The National Association of Manufacturers (1997) estimates that a total of 61 U.S. laws and executive actions targeting 35 countries and billions of dollars of goods and services have been unilaterally enacted over the 1993-1996 period. Hufbauer et al. (1997) have estimated that U.S. unilateral sanctions in force in 1995 reduced exports by \$15 billion to \$19 billion in that year, putting at risk 200,000 to 250,000 high-wage export supported jobs. This report provides sector and industry specific breakdowns of such aggregate impacts. Also, the initial impact in a given industry is traced to supporting industries, e.g., to input suppliers, and transport and marketing industries. Thus, while the direct burden of sanctions may fall on a narrow set of industries, the analysis reveals the extent to which the impacts spill over into other sectors of the economy, an area to date that has not received adequate attention. It follows that foregone exports are too narrow a measure of the costs of unilateral economic sanctions. The report also notes that capital goods, energy, chemicals, and agricultural products have been disproportionately impacted by U.S. unilateral sanctions.

November 1998

RS 082

Superfund Liability and Taxes: Petroleum Industry Shares in Their Historical Context

Summarizes historic and current information about petroleum industry superfund cleanup liability and taxes. It estimates the amount of Superfund taxes paid from 1982 through the early 1990s and then calculates the

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petroleum industry's share of Superfund taxes. This paper documents the large disparity that exists between the share of superfund taxes paid by the petroleum industry and the share of contamination that can be attributed to the petroleum industry; the results show that the petroleum industry's share of general superfund taxes far exceeds its share of cleanup costs.

July 1996

RS 076

Paying for Automobile Insurance at the Pump: A Critical Review

Proponents of pay-at-the-pump (PAP) auto insurance advocate replacing the current system of driver-purchased motor vehicle insurance with a new one where a major portion of the cost of insurance would be paid for by new taxes at the gasoline pump. Some groups and states have given some consideration to a form of PAP insurance. This paper examines efficiency and equity effects of such proposals. It finds the PAP proposals are (a) based on false assumptions of accident causes; (b) not needed to solve the uninsured motorist problem; (c) incorrectly link promises of large savings to paying for insurance at the pump; and, (d) both inequitable and inefficient.

December 1994

RS 075

Improving Cost-Effectiveness Estimation: A Reassessment of Control Options to Reduce Ozone Precursor Emissions

Regulators and industry use cost-effectiveness techniques as a decision tool to rank the desirability of emission control strategies. This paper examines the conceptual basis for cost-effectiveness estimates for the control of stationary mobile source emissions focusing on volatile organic compounds that are precursors of ozone. The paper also provides an independent set of cost-effectiveness estimates for enhanced inspection/maintenance programs, vehicle scrappage, the low emission vehicle standard and reformulated gasoline.

August 1994

RS 074

Air Emissions Banking and Trading: Analysis and Implications for Wetland Mitigation Banking

Examines the history of the air emissions banking and trading policy initiated by EPA in the early 1970s, and identifies the factors that hindered its success. The lessons learned from the air emissions program are applied to wetland mitigation banking. It is hoped that wetlands banking and trading mechanisms will increase the ability to proceed with economic activity and still preserve wetlands. Potential solutions for avoiding the problems encountered in the air emissions trading program are also discussed.

February 1994

RS 073

Electric Vehicles, Their Technical and Economic Status

Air quality concerns, particularly in urban areas not meeting the ozone air quality standard, have led legislators and regulators to seek new measures to reduce vehicle emissions. Replacing traditional gasoline-powered internal combustion engine vehicles with electric vehicles is one measure being considered, and in some cases mandated, by various governments. This paper presents the current technical and economic status of electric vehicles, including the potential market, life-cycle costs, emissions, and other possible benefits compared to internal combustion engine vehicles.

January 1994

RS 067

The Cost Effectiveness of Vehicle Inspection and Maintenance Programs

Several states began automobile inspection and maintenance (I/M) programs during the 1970s as part of their effort to reduce carbon monoxide and ozone precursor emissions. The Clean Air Act Amendments of 1990 further increased the scope of I/M programs. This paper offers an evaluation of inspection and maintenance from the perspective of cost-effectiveness: program costs divided by program effectiveness. Effectiveness is measured in tons of pollutants removed: volatile organic compounds (VOC), carbon monoxide (CO) and nitrogen oxides (NO_x). Where possible, individual program components are

evaluated with respect to cost-effectiveness that should be included in assessments of I/M: a formal decision tree model of the I/M process; cost-effectiveness estimates of current and enhanced I/M programs; and, alternatives for making I/M more cost effective.

December 1993

RS 064

U.S. Petroleum Supply: History, Prospects, and Policy Implications

September 1992

RS 056

Economics of Alternative Fuel Use: Compressed Natural Gas as a Vehicle Fuel

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Analysis of Factors Influencing the Consumption of Premium Motor Gasolines

July 1990

RS 051

The Use of Economic Incentive Mechanisms in Environmental Management

June 1990

RS 032

An Empirical Analysis of the Determinants of Petroleum Drilling

December 1983

OTHER PUBLICATIONS

The Economics of Energy Security

Prepared by Douglas R. Bohi and Michael A. Toman Thisan. This book examines energy security as a basis for designing energy policy. Energy security refers to the loss of economic welfare that may occur as a result of change in price or availability of energy.

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