

## **Working Draft of case documents**

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### **Recycle – or not? Evidence from New York City**

Dateline: 30 June, 2003

New York City suspended residential recycling of glass and plastics on 1 July 2002. Mayor Michael Bloomberg, in presenting this proposal to the City Council, said that “The recycling program is not, with the exception of paper, saving the ecology of the world very much. And it is very expensive.” The Mayor did not eliminate recycling entirely. Curbside recycling for paper continued on a weekly basis. Curbside recycling for glass and plastics was suspended until 1 April 2004. Sanitation Department officials forecast that this suspension will result in annual savings of \$51 million.

This suspension has not been popular with environmentalists. “To stop recycling would be to turn the clock backward,” said Suzanne Shepard of the New York chapter of the Sierra Club. “Recycling and waste reduction are the cornerstones to reducing this city’s waste stream.” City Council member Michael McMahon, head of the council committee on sanitation and solid waste, said the city has never fully committed to its decade-old recycling program. He fears that if the city suspends the program, it would disappear forever. “I’m very discouraged that in this tough budgetary time, they use that as an excuse to kill the program,” said McMahon, a Staten Island Democrat whose borough was home to the city’s recently closed landfill.

You’re an assistant to the Mayor, and he turns to you on questions of waste policy. He’d like to revisit this suspension, but wants to do so on solid economic grounds. Provide him with a list of the costs and benefits of reinstating the recycling program. Also create your recommendation to him based on your evaluation of these costs and benefits.

#### **Background:**

While recycling has been around New York City in one form or another for decades, a landmark 1989 mandatory recycling law, initiated by the New York City Council, triggered an increased emphasis on this solid waste strategy during the 1990s. When the recycling law was enacted, then City Council chief Peter Vallone called it “one of the most significant pieces of legislation in the history of the city.”

The 1989 statute required the Department of Sanitation to meet annual recycling tonnage requirements that were designed to boost recycling over the next five years. And in the summer of 1989, the department launched what would soon become the first citywide curbside collection of recyclables in New York history. From less than one percent in the late 1980s, recycling in New York City climbed to roughly 20 percent of the city’s total residential waste stream by mid-2002. And the 1989 statute (and follow-up state court orders) required the Sanitation Department to achieve further incremental increases in citywide recycling collections.

In February 2002, the Bloomberg administration proposed to "suspend" the recycling of metals, plastic and glass. With the city facing a serious budget shortfall, he forecast substantial savings due in large part to the reduced number of waste collection trucks that would be needed under the proposed cutbacks.

Putting a value on recycling has never been easy in New York City. Since the passage of Local Law 19, the 1989 ordinance that ordered the Department of Sanitation to set up a city-wide recycling program, recycling advocates and department of sanitation officials have butted heads over how to turn coins and bottles into cash. From the Sanitation Department perspective, recycling has put a consistent drain on both manpower and equipment. From the recycler's perspective, Sanitation's Soviet-like penchant for one-size-fits-all solutions has made it difficult to tailor the city's recycling in a way that would make it more economically productive. "It almost seems that whenever there was a decision that needed to be made, they made the wrong decision," says Marjorie Clarke, co-chair of the New York City Waste Prevention Coalition. "You begin to wonder: This can't totally be happenstance."

A Marist College poll in 2001 - before the gutting of the recycling program - found most New Yorkers scoring below 50 percent on a pop quiz about whether 12 common household items could be recycled. (Only 3 out of 918 respondents got all 12 answers right.)

### **Information on Costs and Benefits.**

Information on costs and benefits of recycling will be drawn from the following two documents.

*The Case Against Reinstating Recycling:* "Forced Recycling is a Waste", Angela Logomasini, 19 March 2002. (<http://cei.org/print/12116>)

*Data summarizing costs and benefits.* "[Final Report: Analysis of New York City Department of Sanitation Curbside Recycling and Refuse Costs](#)" Prepared for Natural Resources Defense Council, May 2008.

(For a successful case, I don't provide the analysis of these reports. Instead, I provide the cost information – perhaps in a series of tables – and then ask the students to do the analysis for themselves.)

### **Your charge.**

The Mayor has turned to you as his trusted aide. He's depending upon you to provide him with a clear and unbiased summary of costs and benefits to the city, and to the citizens of the city, of the expanded recycling program. As an economics maven, he's also asked you to state clearly the next best alternative to recycling. And he wants this all within an hour!

New York City Recycling Case  
P. Conway  
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**Teaching notes:**

Externalities are among the important concepts covered in introductory economics courses. As such, I like to reinforce and deepen the students' understanding of this concept through discussion and analysis of a real-world example. I use a case to do so.

**Prior to the class period:**

I will distribute the case a week prior to its use. With it I will distribute a "reading guide" that asks the students to read carefully and to write down both the dollar costs and the opportunity cost of the New York City recycling program. I will also ask them to write down the benefits of that program. This will not be collected and graded, but will be used by the students as they discuss in class.

**During the class period.**

I can place this case discussion either at the beginning of my discussion of externalities or after the exposition of the theoretical concept: the class organization will differ slightly, but it will be useful either way. I will plan to spend 30 minutes on the topic.

The initial 5 minutes will be devoted to identifying the major economic issues raised and ensuring that everyone understands the salient facts. I could begin, for example, with the question: Why did Mayor Blumenthal establish a moratorium on recycling? The students can then use their notes to provide a list of the nominal costs of recycling, and can establish that trash collection is the opportunity cost of recycling. We can also distinguish paper from other materials, since the moratorium is a partial one. Finally, we'll review the distinction between private cost and social cost, private benefit and social benefit, and we'll find examples in the case of each.

The next 10 minutes will be small-group work: each group of five students will prepare an argument either for lifting the moratorium or for keeping it in place – I'll assign the topic to groups randomly.

In the next 10 minutes we'll have a meeting of the Mayor's council – representatives of each side will argue the case before a group of five students serving as the Mayor. The arguments must be economic in nature. We'll vote as a group on the appropriate direction forward.

In the final 5 minutes we'll summarize what we've learned about the social costs and benefits of recycling.

*Resources used in creating this case:*

- (1) **Recycling Hangs Tough**, by Eric A. Goldstein, Gotham Gazette, April 2003
- (2) **Trash talk: New York mayor's proposed recycling halt angers environmental groups**, by Larry McShane, AP, 23 April 2002.
- (3) **Recycling Revived**, by Sam Williams, Gotham Gazette, 14 January 2004.
- (4) **Sorting Refuse Would Be a Snap if Only They Could Sort the Rules**, by Andy Newman, New York Times, 4 March 2004,

**NYC RECYCLING LAW: LOCAL LAW 19 (1989)**

Chapter 3 of Local Law 19, originally enacted in 1989, is also known as the New York City Recycling Law. The law establishes the “policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy.” Subchapter 2 describes the Citywide Recycling Program and Subchapter 5 addresses the City Purchase of Recycled Products.

**SUSPENSION OF DESIGNATED RECYCLABLES: LOCAL LAW 11 (2002)**

Due to budgetary constraints resulting from the September 11, 2001 tragedy, the Mayor of New York and the NYC Council agreed to temporarily suspend the recycling of designated materials through March 2004. Local Law 11 of 2002 amends the Administrative Code of the City of New York to temporarily suspend the recycling of glass, plastic, and beverage cartons starting July 1, 2002.