Recycling as Economic Revitalization Strategy
Preliminary Resource Paper
Chicago Recycling Coalition
www.chicagorecycling.org

Issue: Chicago needs to take advantage of the valuable economic revitalization strategies that recycling presents.

History and Background
While the history of recycling in Chicago over the past 20 years raises images of strained budgets, the longer history of scrap recycling in the city since the 1880s reveals opportunities for profit by treating recyclables as commodities to sell rather than wastes to be removed. The Chicago Recycling Coalition (CRC) recommends that future recycling policies and contracts by the city follow these four guidelines.

Chicago Recycling Coalition Policy Proposals
Use recycling initiatives to create jobs within the city's borders. Chicago retains many middle-class residents by mandating that police and fire department employees live in the city. Since recycling is a public service, there are ways to use that service to encourage local development to begin to reverse Chicago's population loss over the last decade. One is to provide either incentives or requirements to vendors bidding for the paper, metals, glass and plastics collected by the city to use those commodities in local materials recovery facilities (MRFs), plants and mills.

Leverage existing local industries and encourage new ones. Chicago has hosted scrap businesses for more than a century, and today plastics, paper and metals are sorted or processed in several facilities across the city. While the number of manufacturers in Chicago declined in recent years, the city is home to businesses that either sort and ship materials (as Huron Paper Stock of 2545 W. Fulton Street does) or processes scrap materials into new products (as plastics processor Midwest Recycling of 5851 W. Dickens does). Finkl Steel uses ferrous scrap, and its move to Stony Island could provide the south side with badly-needed industrial jobs if it receives a higher volume of scrap to process. The local presence of large scrap metal traders such as Simms Metal might be leveraged to produce large public-private endeavors as New York City has done with its Brooklyn MRF opened in 2004 and a Visy paper facility on Staten Island.

Examine comparable public-private endeavors in other cities. Cities such as Houston, Long Beach and Pittsburgh host companies that process, trade and ship recyclables in volume; Chicago has a long history of this industrial activity—and the Waste-to-Profit Network (WTP) project spearheaded by the Department of Environment attempted to facilitate waste exchanges—yet did not capitalize on the collected materials.

Studies by New York City's Bureau of Waste Prevention, Reuse & Recycling (within the Department of Sanitation) may inform us. New York City transitioned from paying Waste Management $40 million annually to haul away all recyclables, to generating revenue from a contract with Hugo Neu/Simms that treated the materials as commodities rather than wastes. Within two years, New York City was generating $4-7 million annually from their agreement. Why must Chicago continue to fail on the economics of recycling while watching other cities succeed?

Take a long-term view of the markets. While the prices of secondary commodities are volatile (and crashed in late 2008 with every other commodity), they have established long-term growth and have crept up in value in the short-term. The city should not view the nadir of scrap prices in December 2008 as representative of the future any more than investors should view the stock market as static. Scrap metal prices are sufficiently high now that theft has returned as a serious problem in the Midwest. Chicago's volume of recyclables generated is much larger than that of most cities; volume (as New York City found) gives the city the ability to receive extremely favorable prices and contracts, minimizing our risk and maximizing our return. With well-designed ceilings and floors, both the city and the vendor could be protected during market swings. And in very good years the city could save surplus earnings to be used for lean years. At a time when the city faces budget shortfalls, population losses and widespread unemployment, capitalizing on these assets is a sound economic strategy for the future.