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Op-Ed Contributors

A Dark Cloud Over Disclosure

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Washington

HOW would you like to have lawfully sold your Tyco stock months before the corporate scandal hit the front pages? That's precisely what the Calvert Group did when a disturbing trend in Tyco's annual toxic emission disclosures led to questions about how well Tyco was managing the rest of its operations.

Now, President Bush and the Environmental Protection Agency want to weaken the largely successful Toxics Release Inventory program, which requires companies to tell the public how they dispose of or release nearly 650 chemicals that may harm human health and the environment. The disclosure program makes data available for anyone — journalists, policymakers, investors or parents — to learn exactly which chemicals are being released from corporate smokestacks and discharge pipes.

Congress developed this critical program in 1986, in response to the catastrophic deaths of thousands of people after a spill of toxic chemicals at a Union Carbide plant in Bhopal, India. It has worked well since its inception, but the Environmental Protection Agency is now proposing three detrimental changes that could go into effect within the next year.

The first would relax the current annual reporting requirement and let companies make reports every other year instead; the second would allow polluters to release 10 times more toxic chemicals — up to 5,000 pounds annually — without disclosing the volume released or where the pollutants went; and the third would permit companies to conceal releases of up to 500 pounds annually of particularly dangerous toxic materials, like PCB's, lead and mercury, which can accumulate in people's bodies. All three changes effectively increase the amount of pollution that companies can emit without telling anyone.

Investors should be particularly concerned about the effects of the agency's proposal. Sound investment requires sound information. We have long honored the disinfectant power of sunshine in our securities laws, dating back to the reforms after the stock market crash of 1929, as well as the reforms that followed the more recent governance scandals. The Toxics Release Inventory provides an additional mechanism by which investors can tell the difference between well and poorly managed companies before the consequences show up in portfolios.

A bipartisan group of 12 state attorneys general have joined in opposition to the agency's proposal, arguing that it would impede governments, first responders and citizens from protecting people from the harm caused by toxic chemicals. After Hurricanes Katrina and Rita, first responders used Toxics Release Inventory data to identify factories and industrial sites where toxic chemical releases would have been possible. A Texas community used such data to inform the public when companies were polluting the rich shrimp and oyster breeding grounds in the Gulf of Mexico.

Many companies intend to continue annual reporting, regardless of the E.P.A.'s proposed rule change. For example, Edwin L. Mongan III, DuPont's director of energy and environment, says that his company will probably continue to collect and release information about toxic materials annually, noting, "It's just a good business practice to track your hazardous materials." According to Mr. Mongan, DuPont uses this information internally and is "committed to being transparent about its environmental performance."

The E.P.A.'s weakening of the Toxics Release Inventory program does not require Congressional approval, only notification. This is just one more example of the Bush Administration's efforts to quietly undermine our nation's environmental protections. Washington should be working to expand corporate disclosure and accountability, rather than moving to allow polluters to conceal their toxic releases.

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