

*Too Little, Too Late:
The Bush Administration Discovers the Importance of Clean Air*
by Lisa Heinzerling

A very odd and very positive thing for the environment happened at the end of September: the Bush Administration's firmly anti-regulatory Office of Management and Budget (OMB) issued a report concluding that air pollution rules are the best regulatory bargain in the country, with benefits far exceeding costs.

Too bad OMB didn't discover this fact earlier – say, before it gutted one of the most important provisions in the Clean Air Act, creating the “new source review” program, which requires major sources of air pollution to install state-of-the-art pollution control technology when they are first built or when they undergo major upgrades. Well before OMB had its epiphany about the value of clean air, the evidence on the benefits of air pollution control was there for all to see. A peer-reviewed 1997 EPA report on the first 20 years of the Clean Air Act concluded that air pollution control had produced benefits that dwarfed its economic costs; indeed, according to EPA, the law had generated some \$22 *trillion* in net benefits in its first two decades alone.

Instead of accepting this happy fact and looking for ways to capitalize on the obvious gains from air pollution control, the Bush OMB has spent years trying to discredit EPA's 1997 study. OMB economists have taken pot shots at the work of EPA's scientists, questioned whether the values of clean air can be as high as they seem when many of the people helped by air pollution rules are elderly, and arbitrarily tried to lower the dollar value of life that EPA used in its 1997 study.

Worse, while OMB has been trying to make the benefits of air pollution control look as trivial as possible, it has also been gutting or delaying important programs for cleaning up the air. But when OMB *deregulates*, it doesn't bother to ask whether the costs of deregulating are worth the benefits. For example, OMB didn't even require a cost-benefit analysis for EPA's gutting of the New Source Review program, since it concluded – without any good evidence – that the air would get cleaner as a consequence of its wholesale destruction of this program.

Very different standards are applied when EPA tries to clean up the air. Two years ago, EPA proposed to regulate air pollution from “nonroad” engines, such as recreational vehicles, forklifts, and the like. EPA came to OMB with what should have been great news: not only would this rule prevent a humongous amount of harmful air pollution, it would also *save* consumers money because the more efficient engines that would be produced as a result of the rule would require less fuel – and therefore lower costs – to run them.

OMB sent the draft rule back to EPA, with the remarkable explanation that it just didn't see how regulation could produce a good result that the free market

hadn't. That's like the economist who refuses to bend over to pick up the \$20 bill in the street because if it were really a \$20 bill someone else would have already picked it up. A year and 600 pages of analysis later, EPA returned to OMB with the same good news: sure enough, this rule would save lives *and* money. Finally OMB relented and let the rule issue.

Even in its newfound appreciation of the value of clean air, OMB understates the value of air pollution programs. In tallying their benefits, for example, OMB arbitrarily excluded three important air pollution rules that will also undoubtedly produce very high benefits in relation to their costs.

OMB's skewed accounting is perhaps most evident in its treatment of water pollution control. According to OMB's report, it is possible that the Clean Water Act has produced *negative* net benefits in the past ten years, and that we would have been better off without it in the last decade. But OMB's numbers on the benefits of clean water are woefully incomplete, out of date, and biased against getting pollution out of our waterways. Not coincidentally, the Bush OMB has been quietly leading an attack on water pollution programs.

All of which leads to a question: what happens when OMB discovers years down the road, as it just has with respect to air pollution, that water pollution is bad, and worth controlling, after all? Will we praise OMB then for its newfound neutrality? Or will we wish it had seen the light all along?

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