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Bad Air Days

By PAUL KRUGMAN

On Earth Day George W. Bush staged a photo op in the wilderness and touted his "clean skies" initiative. Democrats jeered and called him a tool of polluting interests.

Is there anything good to say about the Bush administration's air-quality plans? The answer is yes. But — you knew there would be a but — the good stuff is tentative and inadequate, while the bad stuff is being instituted with alacrity and determination.

The current system for controlling air pollution badly needs an overhaul. Back in the 1970's the Clean Air Act set strict rules, but only for "new" sources of pollution. Existing power plants, factories and so on were grandfathered. The idea was that over time, old, dirty facilities would close down.

The result was predictable. Polluters kept those old facilities operating, precisely because they were exempted from the new rules. Indeed, corporations poured money into existing power plants and factories, expanding their capacity, rather than build new ones.

The Clinton administration tried to crack down on this practice, suing companies that it said were creating new pollution sources under the guise of maintaining old ones. Not surprisingly, polluters hated "new source review," and they contributed millions to Mr. Bush's campaign.

There ought to be a better way, and there is. It's called "cap and trade." Under cap and trade, existing pollution sources receive permits to emit specified amounts of pollutants — but they can sell those permits to others. This creates an incentive to reduce pollution from old facilities in order to free permits for sale. Cap and trade has already been instituted for some pollutants, notably sulfur dioxide from power plants, with great success. And by gradually reducing the number of permits, the government can use cap and trade to achieve long-term reductions in pollution.

Sure enough, the substantive part of the Bush administration's air pollution plan is a cap-and-trade system for sulfur dioxide, nitrogen oxides and mercury. So what is there to complain about? Alas, lots.

First, the plan conspicuously fails to include carbon dioxide, the main cause of global warming. Aside from violating one of Mr. Bush's campaign pledges, this omission casts a long shadow over future policy. Environmental experts tell me that it would be much cheaper to reduce carbon dioxide emissions as part of an integrated, multi-pollutant strategy than to add on carbon dioxide controls later, after key investment decisions have already been made. So by doing nothing about global warming, this administration compromises the policies of future administrations too.

Second, the Bush plan still allows twice as much pollution as experts at the Environmental Protection Agency privately think appropriate. The cost of an additional 50 percent reduction in

pollution, according to internal E.P.A. documents, would be pretty small. But the administration apparently prefers not to ask industry to bear even those small costs.

Finally, and most important, so far the administration's "clean skies" initiative is pie in the sky: no legislation has been introduced, and there doesn't seem to be any urgency. Meanwhile, the administration is moving rapidly to scuttle new source review, saving its financial backers billions in cleanup costs at the expense of the environment (especially in the downwind states of the Northeast). And by scuttling new source review, the administration may well be undermining political support for its own anti-pollution initiative. As long as they were under the gun, polluting companies favored a new, less cumbersome system of pollution control. Now they, and their powerful Congressional allies, would just as soon leave things as they are.

There is evident demoralization at the E.P.A., where the hazardous-waste ombudsman recently joined a parade of officials resigning in protest. Staff members feel that they have no backing from their political superiors. Eric Schaeffer, who recently resigned as the chief of civil enforcement, put it this way: "The E.P.A. is in the back seat, or maybe even riding the bumper, and the energy industry is having a field day."

So what's actually on offer is a modest new pollution initiative, maybe, eventually, if and when the administration gets around to it. Don't you know there's a war on? And meanwhile the big polluters get what they paid for in campaign contributions: a multibillion-dollar free pass.