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# Wednesday's Readers' Page centerpiece: President Obama disingenuous to cite economic recovery as reason to dump anti-smog regulation

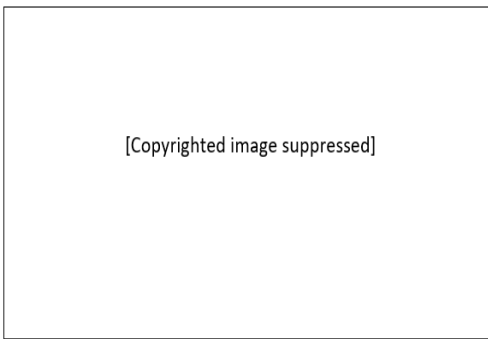
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By Readers' Page Follow

By David M. Driesen Syracuse University

Earlier this month, President Obama withdrew a draft Environmental Protection Agency rule tightening air quality standards for urban smog under the Clean Air Act, a rule that would have saved thousands of lives annually. His notice of withdrawal cited the need to reduce regulatory burdens as the economy recovers, echoing a favorite GOP theme. Government standards, however, are essential to both protecting public health and a sound economy.



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The decision exemplifies Obama's continued acquiescence in a Republican campaign to use the economic crisis to debilitate the government. To justify their push, Republicans are blaming the nation's financial woes on government debt and regulation.

That's nonsense. Large financial institutions' irresponsible behavior and years of deregulation caused the meltdown. Debt and "excessive" regulation had nothing to do with it, and tolerating unhealthy levels of pollution won't speed the recovery by one second.

Prior to the 1980s, the Glass-Steagall Act prevented the growth of too-big-to-fail institutions by separating commercial and investment banking. The Reagan administration gutted Glass-Steagall, and Congress subsequently repealed it altogether. The destruction of vigorous anti-trust implementation that also began during the Reagan administration led to government acquiescence in a wave of mergers that created the too-big-to-fail financial conglomerates that brought us the crash of 2008.

Deregulation also enabled these conglomerates to create the financial instruments that became tools of economic destruction. Glass-Steagall's repeal made possible the private securitization of mortgages at the heart of the crash. In order to encourage trading of derivatives — bets on the prices of underlying assets — Congress first preempted a long-standing state common law rule barring court enforcement of deals to trade derivatives in order to limit speculation, and then stripped the Commodity Futures Trading Commission of authority to regulate financial derivatives. That led to enormous growth in derivatives trading, which stoked the crisis.

The lesson is that we need government standards to safeguard the economy, just as we need them to safeguard the environment. But government bashers have mounted a campaign to create a different narrative — a diversion — blaming economic weakness not on deregulation and

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reckless financial institutions, but on government regulation.

By defending his withdrawal of the anti-smog standard as a measure to reduce economic burdens, Obama lends authority to this ongoing campaign to render government incapable of establishing adequate standards to protect the economy or the environment. Rampant speculation, diminished public health and destruction of natural resources, however, do not a strong economy make.

The anti-smog rule itself would have no short-term impact on our currently weak economy at all. It would establish a concrete goal for state programs to achieve healthful air quality — the first step in a long process culminating in the implementation of pollution control measures needed to achieve the standards many years hence. Only at the end of the process would companies spend money on environmental improvements.

Moreover, those compliance expenditures would boost the economy. Our economic weakness does not stem from excessive "burdens" on large corporations. Most have been quite profitable recently. Because of weak demand, many have been sitting on mountains of cash rather than hiring new workers, driving a vicious cycle of unemployment and weakening consumer demand for products and services. Environmental standards create demand for environmental services, as companies hire and pay workers and contractors to design clean production processes or install pollution controls. So, even if we remain mired in a Japanese-style, long-term economic anemia, we would not, once these standards are fully implemented, regret having tightened an anti-smog goal.

Deregulation and speculative excess created the financial crisis. Government standards protecting the environment help promote a sound economy. It's unfortunate that President Obama has decided to embrace the Republican narrative about regulatory burdens instead of explaining the true causes of our economic woes.

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