The Daily Dish

Trouble in River City

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Eakinomics: Trouble in River City

In his review of the Trump Administration's 2020 regulatory budget, AAF's Dan Bosch wrote "Only one rule in the regulatory agenda is expected to be large enough to lead to the savings expected in FY 2020 from DOT and EPA. Those agencies are jointly working on the Safer Affordable Fuel-Efficient (SAFE) Vehicles rule, which when proposed was estimated to save about $370 billion in net present value (using the 7 percent discount rate preferred under regulatory budget accounting)."

Eakinomics has noted the administration's remarkable success in controlling the growth of the burden of regulations. Evidently SAFE is the exception that proves the rule. While the final rule has not yet been issued, there is enough smoke in the *Washington Examiner*, *The Wall Street Journal*, and *The Atlantic* to conclude there is a raging fire in the rulemaking.

The *Washington Examiner* reports that instead of saving hundreds of billions of dollars, the SAFE rule will cost $34 billion. The original logic was that by relaxing the fuel efficiency, cars would be cheaper and safer – both big wins for the private sector. Unfortunately, it turns out that the cars are not likely to be safer (bad) and that additional fuel costs would outweigh the lower purchase price (worse).

The fuel efficiency rules are a unique animal in that the lead is taken by the National Highway Traffic Safety Administration, but the Environmental Protection Agency must jointly develop the rule. Much of the reporting on the SAFE rule has focused on the soap opera between the two agencies; the remainder has focused on the rift between California and the Trump Administration over California's Clean Air Act waiver that allows it to have its own standards.

Regardless of how the administration got here, the SAFE rulemaking is a threat to its regulatory success over the past three years.