

Trump is proposing to gut CO<sub>2</sub> standards for cars, freezing 2020 CAFE fuel-efficiency standards in place for years to come. Without the freeze, the standards would automatically ramp up. He also wants to eliminate California's ability to set its own standards, which many other states have opted to adopt. Here are seven key questions about Trump's proposed rollback and some answers.

### **Do the car companies really want this?**

**A: *Not so much.*** It's not that they love being regulated. But the big downside for the car companies is regulatory uncertainty. Putting out a new car model costs \$1-6 billion and takes 2½ to 3 years. Trump's rollback is going to be tied up in court for at least a year, maybe two, even assuming it's ultimately upheld. In the meantime, manufacturers won't be able to plan for post-2020 models. The manufacturers don't need this headache.

### **What about the economics? Will the rollback benefit society?**

**A: *Not likely.*** Here, the best evidence is the [analysis](#) of the costs and benefits of eliminating the Obama rule by researchers at Resources for the Future, which specializes in environmental economics. They concluded that there was unlikely to be a net benefit to society. The [Institute for Policy Integrity](#), an economics-oriented center at NYU, agrees. According to the [NY Times](#), even Andrew Wheeler, the former coal lobbyist who now heads EPA, considers the evidence for a rollback very weak. He is said to have resisted the rollback on the grounds that the Trump Administration would probably lose in court and weaken its credibility on other issues.

### **What about preempting California's greenhouse gas standards? Can Trump really do that?**

**A: *No, the law seems to be against him on this one.*** California currently has the power to establish its own greenhouse gas standards for vehicles. Ann Carlson has explained in an [earlier post](#) why Trump's proposed rollback is legally dubious at best. There's also a very thorough [legal analysis](#) from the Institute for Policy Integrity coming to the same conclusion. If California's authority is upheld, car companies will be faced with the unpalatable need to satisfy two different regulatory standards, which they hate.

## **And what about Trump's effort to get rid of California's electric car mandate? Can he do that?**

**A. *If anything, this is legally weaker than the rest of his proposal.*** California first began this effort in order to reduce air pollution long before the state even began to address vehicle emissions of greenhouse gases. So California's effort to promote electric cars historically had nothing to do with fuel efficiency or even reductions in greenhouse gases. Even today, it's important in part because it will reduce urban air pollution.

## **Will the proposals spark further negotiations?**

**A; *Maybe, but probably not.*** The car industry is hoping that there will be serious negotiations between California and the Trump Administration now that the proposals are official. I suppose that's possible, but there are two problems. One problem is California politics. Democrats control California, and they're not going to be willing to give up much ground to get a deal. The bigger problem is Trump. For someone who was supposed to be a deal maker, Trump seems more interested in pleasing his base than negotiating compromises.

## **Does California have fallback options if Trump's proposal is upheld?**

**A: *Yes, though mostly things we should do anyway.*** States like California which care about climate change have several options. They can use subsidies or other incentives to encourage the use of electric vehicles or other low-emission technologies. (In California, the funding could come from cap-and-trade revenue.) They can work harder to reduce the number of miles people drive. And they can tighten standards for conventional air pollutants for cars to make up for the increased air pollution that comes from burning more gas. They can start enforcing current rules against idling cars and trucks.

## **What's the takeaway here?**

**A: *Trump seems to be overplaying his hand.*** The odds of defeating his proposals in court seem good, especially since Clean Air Act regulations go to the DC Circuit for review, which is considerably less conservative than some of the other circuits. Team Trump seems to be counting on having Kavanaugh on the Supreme Court by the time the litigation gets there. But the Court may not agree to hear the case, or one or two conservatives may not buy Trump's tenuous legal arguments. When you consider that

even EPA's Wheeler thinks this is a weak case for the government, the litigation risks have to be large.