



By Robert N. Stavins

Rahm's Doctrine Revisited, Revised

In a January 2009 article in the *New York Times Magazine*, David Leonhardt introduced a frequently employed political strategy into popular discourse by quoting the new president's chief of staff, Rahm Emanuel: "You never want a serious crisis to go to waste."

Stated less sympathetically, the doctrine calls for exploiting the existence of a crisis as an opportunity (excuse) to pursue policies you want, whether or not they are the best responses to the specific crisis. The crisis in this case was the worst recession since the Great Depression, and the opportunities on the new president's mind were ambitious policies for health care, climate change, and tax reform.

At about the same time, Elizabeth Kolbert profiled green jobs activist Van Jones in a *New Yorker* article, "Greening the Ghetto: Can a Remedy Serve for Both Global Warming and Poverty." Kolbert included the following:

"When I presented Jones's arguments to Robert Stavins, a professor of business and government at Harvard who studies the economics of environmental regulation, he offered the following analogy: 'Let's say I want to have a dinner party. It's important that I cook dinner, and I'd also like to take a shower before the guests arrive. You might think,

Well, it would be really efficient for me to cook dinner in the shower. But it turns out that if I try that I'm not going to get very clean and it's not going to be a very good dinner. And that is an illustration of the fact that it is not always best to try to address two challenges with what in the policy world we call a single policy instrument.'"

Two activities — each with a sensible purpose — can be very effective if done separately, but sometimes combining them means that one does a poor job with one, the other, or both. Whether trying to kill two birds with one stone makes sense depends upon the proximity of the birds, the weapon being used, and the accuracy of the hunter. In the real world of important policy challenges — such as environmental degradation and economic recession — these are questions that need to be examined case by case.

In this case, it was (and is) important to separate the two issues: environmental degradation, which in economic terms calls for pricing the externality, and the economic downturn, which calls for increasing and maintaining aggregate demand in the economy. Environmental regulations address the first issue, while broad-based fiscal and/or monetary policies address the second.

Addressing the worst economic recession in generations called for the most effective economic stimulus package that could be devised, not a stimulus package that was diminished in effectiveness through excessive bells and whistles meant to address a myriad of other (possibly legitimate) social concerns. And, likewise, getting serious about global climate change would require the enactment and implementation of meaningful, dedicated climate policies.

So, there is a strong counterargu-

ment to Rahm's Doctrine, namely, that the financial crisis was (is) so serious that the administration should not distract itself with other matters.

Of course, it is not only Democrats who employ Rahm's Doctrine. On the contrary, Republicans have recently embraced it with breathtaking enthusiasm by exploiting national concerns about the sluggish economy and stubbornly high levels of unemployment in order to pursue their anti-regulatory agenda and focused attack on the Environmental Protection Agency.

The blanket characterization of environmental regulations as "job killers" is simply inconsistent with decades of economic research. In the short term, new environmental regulations can have either positive or negative effects on employment in particular sectors, but in the long term, their employment impacts are trivial when compared with those of the overall set of factors that affect national employment levels. Attacking

EPA "to save jobs" is a shameful attempt to exploit economic fears in pursuit of an ideological agenda (whether or not that agenda has social merit).

So, as is so often the case, I disagree with the economic arguments put forward by both sides in the political world. Talking about "job-killing environmental regulations" is dishonest, and no more than another cynical application of Rahm's Doctrine. But the same must be said about the "greening of the stimulus," and the ongoing, bloated claims about "clean energy jobs." As usual, those of us in the moderate middle are left to echo Mercutio's censure: "A plague o' both your houses!"

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Democrats and Republicans take advantage of crises to push their agendas