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## Obama's decision on smog rule offers hints on environmental strategy

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By Juliet Eilperin and Peter Wallsten

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President Obama's controversial decision last week to suspend new anti-smog standards offered hints — but not the full road map — of how the White House will navigate politically explosive battles with congressional Republicans over which industry regulations to sacrifice and which ones to fight for this fall.

The Friday decision, which angered many environmental activists and won praise from business groups, represented the most high-profile case in a debate that carries deep implications for Obama's reelection campaign as he tries to spur job creation, woo business donors and fire up his voting base. It came as the president prepares for a major address Thursday night to lay out a new employment strategy.

Most notable in the smog decision was that Obama made it himself — undercutting his own Environmental Protection Agency leadership and siding with industry officials who warned that stricter ozone standards risked further damage to a fragile economy.

And yet, as the administration signals that it will stand by other rules opposed by industry groups, advocates on both sides are left wondering what broader strategy may be guiding the White House as it reviews existing and proposed regulations.

"I do not have a sense of the administration's philosophy here or where or how they determine to draw a line between economic impacts versus



outside organizational pressures," said R. Bruce Josten, the top lobbyist for the U.S. Chamber of Commerce, which represents the nation's businesses.

The Chamber heaped praise on the White House for its ozone decision. But Josten, who said he is in frequent contact with White House Chief of Staff William Daley and other top officials, said the administration "still has a heavy hand" with hundreds of regulations in the pipeline, from those affecting the environment to labor and capital markets.

Activists on the left, too, are curious. “Does Obama have an environmental bottom line?” asked Bill Snape, senior counsel for the Center for Biological Diversity, in an e-mail. “I cannot discern it.”

### **Shift in warfare**

The ozone decision signaled a new phase in Washington warfare. For their first two years, Obama and his team pushed through ambitious legislative initiatives such as the economic stimulus, the health-care overhaul and a rewrite of the financial regulatory system.

Now, newly empowered congressional Republicans are driving an agenda of smaller government, deficit reduction and regulatory rollbacks that GOP lawmakers say will help spur job growth.

And Obama, his presidency on the line amid fading hopes of a near-term economic recovery, is eager to show that he, too, recognizes the need to curb government overreach. At the same time, he needs to reassure anxious advocates on the left, many of whom have complained since last month’s debt-ceiling deal that the president has become too easily cowed by Republican arguments.