BLOG ROUND-UP

Wednesday, May 5, 2010

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ROUND-UP OF MAJOR BLOGS

ENERGY

UNC Decides to Move Beyond Coal; Plus Bonus Coal Ash News (*Huffington Post*)

What's Your Reaction:
Great news out of Chapel Hill, North Carolina: Today the University of North Carolina (UNC) announced that burning coal has no place in our clean energy future and is transitioning away from using pollution-rich coal power to power this nationally-ranked university.

I attended the press with UNC Chancellor Holden Thorp as he outlined how they were going to start testing alternative fuels and phasing in alternatives as fast as possible, and end coal use altogether no later than 2020.

I was also joined at the press conference by Stewart Boss, one of the student leaders of the Coal-Free UNC Campaign. It was Stewart and his fellow students who began a campaign a year ago to get UNC to walk the talk, and credit to Chancellor Thorp for hearing and responding to their concerns. A huge amount of the credit also goes to Tim Toben, the chair of the UNC taskforce that the Chancellor charged with making recommendations about coal's future role on campus.

"**Universities must be on the leading edge of the transition away from fossil fuels and toward clean energy**. Today UNC takes another major step in that direction," Thorp said during today's press conference. "The University of North Carolina has been a national leader in campus sustainability. Our systems for energy efficiency, cogeneration of electricity and steam, waste recycling, green building, mass transit and water conservation are models. Our commitment to end the use of coal will also be a model for other campuses."

UNC is now leading by example. College campuses cannot responsibly teach about the dangers of air pollution, the science of climate change and leadership in sustainability in classrooms powered by coal. We applaud UNC for agreeing to a firm deadline and we will continue to work with the University to end its coal use as soon as possible, i.e. well before 2020.

Best of all this shows the power and effectiveness of students who want clean energy. The Sierra Club's Coal-Free Campus Campaign is focusing on the last 60 U.S. college campuses that are still burning coal, including UNC and its coal-burning facility on Cameron Avenue. **UNC students led an intensive campaign, coming together on numerous occasions to rally and call for an end to coal and to use more clean energy on campus.**

Together with all these amazing students, we are urging these campuses to lead by example, cut their pollution, and end burning coal as soon as possible. Chancellor Thorp has responded by appointing 10 students, faculty and community members (including our own Molly Diggins, the state director of the Sierra Club) to a task force to make recommendations before year's end to reduce Carolina's carbon footprint.

This great news from UNC comes on the heels of last Friday's announcement from the Environmental Protection Agency, when the agency proposed strong new rules to limit hazardous air pollution from industrial boilers, which includes most campus coal plants.

The new EPA rules are designed to protect residents who live near and downwind from these coal plants. Specifically the rules will substantially reduce emissions of toxic air pollution, like mercury, arsenic and cadmium, which can cause cancer, reproductive disorders and other serious health problems.

These decisions are great moves for clean energy and cleaning up coal.

"**My hope is that today's announcement will serve as encouragement for the thousands of students who have been engaged in similar efforts on college campuses nationwide**," said Stewart Boss, coordinator for the Coal-Free UNC Campaign and co-chair for the UNC chapter of the Sierra Student Coalition.

"The fight to stop burning dirty coal is absolutely necessary to protect our communities, our country, and our planet. Our universities can and should be at the forefront of developing clean energy technologies and preparing students to be clean energy leaders. I urge other universities to follow UNC's lead in moving beyond coal."

Congratulations to UNC's students, staff and community. This is the kind of progress we need on our nation's college campuses, in our cities and nationwide in all of our communities. Together, we can build a clean energy economy in the U.S.

BONUS COAL NEWS: Today EPA announced it is "proposing the first-ever national rules to ensure the safe disposal and management of coal ash from coal-fired power plants."

Included in the Agency's plan are two options: one includes strong, federally enforceable safeguards to protect the public from toxic coal ash, and the other treats toxic coal ash (which contains potentially dangerous levels of arsenic, lead, and other heavy metals) less stringent than household garbage. Both the science and past failures of the patchwork of state-based regulations call for the stronger, federal protections. There will be a 90-day public comment period during which Sierra Club will be working hard to call on EPA to adopt the most protective safeguards.

We're still digging into this announcement to figure out all the details of the rules, and we'll update this post or post a new column once we know more. You can at least learn a little more on the official EPA rule website.

HAZARDOUS WASTE

Coal Ash Regulation Proposals Announced by EPA (*Huffington Post*)

First Posted: 05- 4-10 02:06 PM Updated: 05- 4-10 02:26 PM
After months of deliberation, US Environmental Protection Agency administrator Lisa Jackson announced today the first-ever national rule to regulate toxic coal ash.

Coal ash, which is a byproduct of the burning of coal in power plants, can pose serious threats to public health and the environment if it is improperly managed. Until now, there has been no nationwide standard for the regulation of the material.

Jackson outlined two different proposals to regulate coal ash described under the Resource Conservation and Recovery Act. Under the first proposal, coal ash would be regulated as a "special waste," meaning the wet storage of the material at impoundments would be entirely phased out in favor of landfills. Under the second, more lenient proposal, impoundments would be required to use a composite liner for coal ash storage, which would prevent toxic materials from leaking into the groundwater.

"There is still material going into unlined impoundments," said a senior EPA official. "The EPA's analyses have shown that those unlined impoundments provide an opportunity for the leaking of metals to occur into groundwater and are a source of potential health risks. This would be the first time it would be regulated as it's disposed."

Jackson assured coal and construction company representatives that the new regulations would still allow for environmentally-safe forms of recycling coal ash. She said she hopes the proposals will begin a national dialogue about coal ash regulation and disposal.

"These proposals reflect varying approaches to enforcement and oversight, and there will be debate about which will be most effective," she said. "However, both proposals reflect a major step forward at the national level in reducing the risk of improper coal ash disposal. They would both require that, for the first time, new landfills install protective engineering controls such as liners and groundwater monitoring to protect groundwater and human health."

The proposals will be subject to 90 days of public comment before a final rule is submitted to the White House Office of Information and Regulatory Affairs. A senior EPA official said the rules could take anywhere from six months to two years to take effect.

WATER

EPA Grants Millions for Green Wastewater Projects (*Treehugger*)

by Daniel Kessler, San Francisco, California on 04. 4.09
Business & Politics
Wonder where your stimulus dollars are going? The Environmental Protection Agency has awarded $430 million of them to the State of New York for wastewater infrastructure projects. The grant is part of the $4 billion dollars that will be awarded to fund green wastewater infrastructure projects across the country funded under the stimulus bill passed in February.

The state will provide money to municipal and county governments and wastewater utilities for projects to protect lakes, ponds and streams. The EPA says that at least 20 percent, or at least $86 million, of the funds will go to to "green" projects, or “those that involve green infrastructure, improve energy or water efficiency, or that have other environmentally innovative aspects,” according to an EPA press release.

The money will be given to the New York State Department of Environmental Conservation and spent by the New York State Environmental Facilities Corporation. The EPA made similar announcements about other grants in West Virginia, Kentucky and North Carolina.

EPA Under the Microscope
The environmental community is closely watching the EPA these days. A new finding on its intentions to regulate global warming is coming soon and on Thursday the U.S. Supreme Court ruled that the EPA may do a cost/benefit analysis when considering whether protecting water life is worth the cost of retrofitting older power plants, a decision the Washington Post described as a “defeat for environmentalists who had challenged the government's position.”

Says the Post:

> The court ruled 6 to 3 that such cost-benefit decisions are allowed under the Clean Water Act as the agency moved to require more than 500 older power plants to upgrade the ways they draw water to cool machinery. Water-intake systems kill 3.4 billion fish and shellfish each year, the EPA estimated.

Ironically, the EPA, after being given new authority under the Clean Air Act by the Supreme Court in a decision that went against them in Mass. V. EPA, in 1997, now has the legal power to regulate greenhouse gasses. EPA Administrator Lisa Jackson has said she prefers legislative action, however.

May 5, 2010

Gulf Oil Cleanup: Largely Untested ‘Dispersant’ Chemicals Are ‘Promising’ But Create Environmental Trade-Offs (*Huffington Post*)

JASON DEAREN and RAY HENRY | 05/ 5/10 03:30 AM

ROBERT, La. — A massive oil leak in the Gulf of Mexico has become the testing ground for a new technique where a potent mix of chemicals is shot deep undersea in an effort to stop oil from reaching the surface, and scientists are hurriedly weighing the ecological risks and benefits.

Crews battling the spill already have dropped more than 156,000 gallons of the concoction – a mix of chemicals collectively known as "dispersant" – to try to break up the oozing oil, allowing it to decompose more quickly or evaporate before washing ashore.

The technique has been undergone two tests in recent days that the U.S. Coast Guard is calling promising, and there are plans to apply even more of the chemicals. But the effect of this largely untested treatment is still being studied by numerous federal agencies, and needs approval from a number of them before it can be rolled out in a larger way.

"Those analyses are going on, but right now there's no consensus," said Charlie Henry, the scientific support coordinator for the National Oceanic and Atmospheric Administration. "And we're just really getting started. You can imagine it's something we've never thought about."

Chemical dispersants carry complex environmental trade-offs: helping to keep oil from reaching sensitive wetlands while exposing other sea life to toxic substances. The concoction works like dish soap to separate oil and water, but the exact chemical composition is protected as a trade secret.

The use of chemicals to break up the oil is just one of many techniques being used to try to prevent as much of the slick as possible from reaching land and contaminating sea life in the Gulf of Mexico since an oil rig exploded April 20 and collapsed, killing 11 workers and posing a hazard to a fragile ecosystem.

The undersea well has been spewing 200,000 gallons a day since the explosion aboard the drilling rig Deepwater Horizon. BP PLC, the operator of the rig, has been unable to shut off the well, but crews have reported progress with using chemicals to reduce the amount of oil that reaches the surface.

During a test over the weekend, the dispersant was shot into the well at a rate of 9 gallons per minute, according authorities. About 3,000 gallons total were dispensed during the experiment.

More than 230,000 gallons of dispersant is available, and more is being manufactured by Nalco Company of Naperville, Ill., for use in the Gulf. Neither Nalco, BP, rig owner Transocean Ltd or the Coast Guard have specified how much of the chemical brew will be needed to handle this spill.

One of the chief agent's being used, called Corexit 9500, is identified as a "moderate" human health hazard that can cause eye, skin or respiratory irritation with prolonged exposure, according to safety data documents.

According to the company, Corexit contains no known carcinogens or substances on the federal government's list of toxic chemicals.

Even some of the most ardent environmentalists, while concerned about the potential effects, aren't suggesting that the chemical concoction shouldn't be used in this case.

"It's basically a giant experiment," said Richard Charter, a senior policy adviser with Defenders of Wildlife. "I'm not saying we shoudn't do it; we have no good options."

Coast Guard Rear Adm. Mary Landry, the federal on-scene coordinator, called the tests so far "very promising, very promising." Sonar and camera images from the first test last week appeared to show a reduction in oil on the surface, although federal officials said they want more information from planes that will examine the leak site from the air.

If deep water spraying is approved, Landry said crews would scale back their use of dispersant on the ocean surface, except to treat pockets of oil that escaped the well before the undersea injections started.

Corexit is included on the U.S. Environmental Protection Agency's official list of products that can be used to fight spills in an emergency. To qualify for the list, manufacturers must complete specific tests to demonstrate a chemical's effectiveness, ingredients and aquatic toxicity. Charles Pajor, a Nalco spokesman, declined to provide the ingredients for Corexit, saying that was proprietary. The company's website describes the agent has "low toxicity" and is "biodegradable."

Environmental tests on Corexit indicate it can store in the tissue of organisms, or bioaccumulate, and that more than half of the agent in tests wound up storing in sediment, with less absorbing into the water and a smaller amount evaporating into the air. Even so, Corexit is classified as having a "low" potential environmental hazard.

Such chemicals have been used for decades to break up oil slicks, including the 11 million gallons dumped in the Exxon Valdez spill in 1989, but federal officials say they have not been used at such a great depth, and do not understand the short or long term effects on life on the sea floor or in the water column.

When used on the surface, dispersants remove oil from where birds, turtles and other sea creatures could eat it or breathe in the poisonous fumes. Marine scientists say it also keeps the oil balls suspended in the water, where it is eventually consumed by bacteria, which can pass toxins up the food chain.

"They're talking about using dispersants in the deep water where the oil is coming out that would prevent it from hitting shore, but would actually put it into the water column and possibly force it to the bottom of the ocean," said Cynthia Sarthou, executive director of the New Orleans-based Gulf Restoration Network.

"The environmental impact of that is totally unknown. It could end up killing everything at the bottom of the ocean."

Associated Press Writer John Flesher contributed to this report from New Orleans.

More spillover

Pundits speak: Oil spill makes climate bill less likely (*Grist*)

by Jonathan Hiskes
4 May 2010 2:38 PM
Satellite image: GeoEyeThe political fallout from the BP oil leak is proving just as difficult to measure as the ecological and economic damage. But three political bloggers who've been paying attention to the fight for clean-energy legislation say the odds of a bill passing the Senate are lower than ever.
Bradford Plumer asks "Could The Oil Spill Make An Energy Bill Less Likely?" and essentially answers with a "yes." In the old order of things, offshore drilling was the giveaway to Senate Republicans that would get enough of them to support a comprehensive climate/energy bill. Plumer explains:

True, new drilling might upset the liberal Dems, the thinking went, but surely they'd yield if that was the price that needed to be paid for a cap on carbon emissions and clean-energy investments.

Not going to work anymore. Democratic Sens. Robert Menendez (N.J.), Frank Lautenberg (N.J.), and Bill Nelson (Fla.) say any bill that includes new offshore drilling is dead on arrival. A bill without their support isn't going anywhere.

Ezra Klein notes that losing the offshore drilling "carrot" for Republicans is probably a fatal blow for a bill this year:

So that deal just got harder, and the list of excuses lawmakers could make to sink the bill got longer.

And this comes on the heels of last week's spat between Lindsey Graham and Harry Reid over whether the Senate could do both immigration and climate change. So I'd say chances for an energy bill are looking pretty grim, **unless the president decides to incorporate the spill into a broader campaign to reduce our fossil fuel dependence**. [Emphasis mine.]

We're still looking for that campaign, Mr. President.

Matt Yglesias points out that Obama isn't the one holding things up:

I think in some ways the larger issue here is the continued loyalty to Big Oil of Gulf Coast politicians like Mary Landrieu who's trying to leverage this disaster into bolstering support for more drilling. The point of the Obama administration going soft on drilling in the first place was that the iron math of the Senate makes it impossible to do anything without the support of the Landrieus ("Landrieux"?) of the world. And if the politicians'

whose states are going to be devastated by this are responding by hewing even more tightly to the Big Oil line, then the situation is just hopeless.

More glum talk from Yglesias:

And the prospects will look *much* worse in 2011 when there will be many, many, many more Republicans in Congress. Everyone knows all this on some level, but I think many full-time environmentalists are a bit hesitant to discuss in public how bad the outlook for policy change really is.

How's this for a WTF moment: A catastrophic fossil-fuel disaster seems to be *protecting* Big Oil from comprehensive energy reforms. There's got to be a way to change this situation.

Jonathan Hiskes is a Grist staff writer. He reports, tweets, eats, asks questions, self-promotes, looks out windows, and wonders if it could be like this.

May 5, 2010
Online Producer and blogger at Campaign for America's Future.
By Terrance Heath
Posted: May 4, 2010 11:58 AM

Conservative & Corporate Failure in the Deepwater Disaster (Huffington Post)

The only things more astounding than conservatives' record of failure, are their denials of "personal responsibility" for the ensuing disasters, and their attempts to blame somebody — anybody — else. Their response to the growing ecological disaster in the Gulf of Mexico is taken straight from Bart Simpson. "I didn't do it, no one saw me do it, there's no way you can prove anything!"

Despite their latest attempt at dodging accountability, the Deep Horizon disaster is just the latest collision of corporate failure and conservative failure — and its roots go back to the previous administration and its conservative ideology.

The attempt to label the Deep Horizon disaster "Obama's Katrina" is underway at the same time that conservatives are telling us that the proper response is to the oil spill in the Gulf is *more drilling*. The best example is ex-governor Sarah Palin's Facebook post about the oil spill.

5,000 barrels of oil are already leaking into the Gulf of Mexico every day. The massive and growing oil slick is reaching the shores of Louisiana and it's scheduled to touch Alabama this weekend. And now the coast guard confirms that a "mobile inland drilling unit" near Morgan City, Louisiana overturned today.

This all says one thing to the former Governor of Alaska: accidents happen, but we must continue to drill.

Alaskans understand the tragedy of an oil spill, and we've taken steps to do all we can to prevent another Exxon tragedy, but we are still pro-development. We still believe in responsible development, which includes drilling to extract energy sources, because we know that there is an inherent link between energy and security, energy and prosperity, and energy and freedom. Production of our own resources means security for America and opportunities for American workers. We need oil, and if we don't drill for it here, we have to purchase it from countries that not only do not like America and can use energy purchases as a weapon against us, but also **do not have the oversight that America has**.

In the coming days, there will be hearings to discover the cause of the explosion and the subsequent leak. Actions will be taken to increase oversight to prevent future accidents. **Government can and must play an appropriate role here. If a company was lax in its prevention practices, it must be held accountable. It is inexcusable for any oil company to not invest in preventative measures.** They must be held accountable or the public will forever distrust the industry.

"No human endeavor is ever without risk," Palin's ghostwriter adds later, comparing dangerous and pointless off-shore domestic drilling to the moon landing.

For what it's worth, Democrats are hardly immune here. Just six months ago, Louisiana Senator Mary Landrieu downplayed safety concerns about offshore drilling. At a congressional hearing, moments after BP's Vice President of Exploration David Raney declared the company's practices in the Gulf "both safe and protective of the environment," Landrieu sat in front of an image of a burning Australian oil rig and said, **"This rig would not be allowed to operate in the United States of America."**

At another hearing last month, Landrieu called the risks of offshore drilling "quite minimal." And even as the oil threatens her Louisiana's coastline and the industries that depend on it, a statement released by Landrieu's office says, "she also firmly believes that this accident should not be used as an excuse to abandon plans to make America more energy secure." In other words, more drilling.

But assurances that our regulations are sufficient to prevent another such catastrophe are undermined by the reality of years of conservative misrule and agency capture.

ProPublica noted that the agency charged with overseeing oil rigs was quite literally lying down on the job when it could have acted to prevent just the kind of ecological disaster we're witnessing in the Gulf.

As The Wall Street Journal reported this morning, the oil rig lacked a device — known as an acoustic control — that would've served as a safeguard of last resort. While the effectiveness of the $500,000 device is debated, the Journal points out that it is used by other oil-producing nations, including Brazil and Norway. **Regulators in the U.S. were also considering requiring**

it a few years ago, but after industry objections decided that the devices were expensive and needed more study.

So which regulator oversees rigs and made that decision? It was the Department of Interior's Minerals Management Service, an agency that has had a spotty record over the past few years.

In 2008, we pointed out that MMS was in quite a bit of trouble for ethical violations by its officials. The scandal involved sex, drugs and (quite literally) sleeping with the very industry it was regulating.

(Sourcewatch notes that Landrieu is one of the highest recipients of oil industry money — receiving $574,005 from oil companies from 2005 - 2008 emdash; and voted in favor of big oil companies 67% of the time on oil-related legislation from 2005 - 2007. I don't have the time or space to address it in this blog post, but I wonder how this all adds up for BP. Sure, the company will spend much more than the $500,00 it objected to paying the safety device that might have prevented all of this, but does the company's profits between now and then add up to even more than they'll likely pay for the clean-up? If someone's done the math on that, I'd be interested in seeing it.)

In fact, a good bit of those industry objections came from none other than BP.

In a letter sent last year to the Department of the Interior, BP objected to what it called "extensive, prescriptive regulations" proposed in new rules to toughen safety standards. "We believe industry's current safety and environmental statistics demonstrate that the voluntary programs continue to be very successful."

That was one in a series of clashes between the industry and federal regulators that began during the Clinton administration. **In 2000, the federal agency that oversaw oil rig safety issued a safety alert that called added layers of backup "an essential component of a deepwater drilling system." The agency said operators were expected to have multiple layers of protection to prevent a spill.**

But according to aides to Sen. Bill Nelson, a Florida Democrat who has followed offshore drilling issues for years, **the industry aggressively lobbied against an additional layer of protection known as an "acoustic system," saying it was too costly. In a March 2003 report, the agency reversed course, and said that layer of protection was no longer needed.**

"There was a big debate under the Bush administration whether or not to require additional oil drilling safeguards but **[federal regulators] decided not to require any additional mandatory safeguards, believing the industry would be motivated to do it themselves,**" Carl Pope, Chairman of the Sierra Club told ABC News.

Yet, if BP is an example of industry being motivated to require additional safety standards, it hardly inspires hope.

In March 2005, a massive explosion ripped through a tower at BP's refinery in Texas City, Texas, killing 15 workers and injuring 170 others. Investigators later determined that **the company had ignored its own protocols on operating the tower, which was filled with gasoline, and that a warning system had been disabled**.

The company pleaded guilty to federal felony charges and was fined more than $50 million by the U.S. Environmental Protection Agency.

Almost a year after the refinery explosion, technicians discovered that some 4,800 barrels of oil had spread into the Alaskan snow through a tiny hole in the company's pipeline in Prudhoe Bay. **BP had been warned to check the pipeline in 2002, but hadn't, according to a report in Fortune. When it did inspect it, four years later, it found that a six-mile length of pipeline was corroded.** The company temporarily shut down its operations in Prudhoe Bay, causing one of the largest disruptions in U.S. oil supply in recent history.

BP faced $12 million in fines for a misdemeanor violation of the federal Water Pollution Control Act. A congressional committee determined that **BP had ignored opportunities to prevent the spill and that "draconian" cost-saving measures had led to shortcuts in its operation**.

Other problems followed. There were more spills in Alaska. And BP was charged with manipulating the market price of propane. In that case, it settled with the U.S. Department of Justice and agreed to pay more than $300 million in fines.

Well, Sarah Palin was right about one thing: Alaskans understand oil spills, precisely because they've faced to many of them due to the unwillingness of an oil company follow safety requirements, and the unwillingness of a conservative-led government to hold industry accountable. According to the the New York Times, during the George W. Bush administration, MMS witheld offshore drilling data, thus hindering risk assessment of drilling in Alaska.

As the New York Times reported back in September 2008 — the tail end of the George W. Bush administration — those "industry objections" to additional layers of protection may well have been in the form of "pillow talk" between an agency in bed with the industry it was supposed to monitor. The times reported that a **"a dysfunctional organization that has been riddled with conflicts of interest, unprofessional behavior and a free-for-all atmosphere for much of the Bush administration's watch,"** where officials not only accepted gifts from energy companies, but "frequently consumed alcohol at industry functions, had used cocaine and marijuana, and had sexual relationships with oil and gas company representatives."

No fewer than three reports to the Bush administration (posted here, here and here) detail the kind of behavior demonstrated by Gregory W. Smith one high ranking official the Bush administration refused to prosecute.

The other high-ranking official the Justice Department has declined to prosecute is Gregory W. Smith, the former program director of the royalty-in-kind program. Mr. Smith worked in Colorado and reported to Ms. Denett. He retired in 2007.

The report said that Mr. Smith improperly used his position with the royalty program to get an outside consulting job helping a technical services firm seek deals with oil and gas companies with which he was also conducting official business.

The report accused Mr. Smith of improperly accepting gifts from the oil and gas industry, of engaging in sex with two subordinates and of using cocaine that he purchased from his secretary or her boyfriend several times a year between 2002 and 2005. He sometimes asked for the drugs and received them in his office during work hours, the report said.

The report also said that Mr. Smith lied to investigators about these and other incidents, and that he urged the two women subordinates to mislead the investigators as well.

In discussions with investigators, the report said, Mr. Smith acknowledged buying cocaine from his secretary and having a sexual encounter with her at her home, but he denied discussing drugs at work. He also denied telling anyone to lie, saying that he only told people that “no one has a right to know what I do on my personal time.”

If thisall bears a striking resemblance to the SEC pornography scandal, which also took place on the George W. Bush administration's watch, it's no coincidence. It's the *same story* of an government agency driven by an ideology that doesn't even believe the agency should exist in the first place, let alone believe in the agency's mission. It's the story of what happened to key government agencies during the Bush era, which were remade by filling the ranks of permanent employees with appointees whose strongest credentials were their conservative beliefs, and others "burrowed in" to permanent federal positions as the Bush administration wound down.

The real MMS scandal actually isn't the sex or the drugs, any more than the real SEC scandal the pornography. It's the *willful lack of oversight* driven by a conservative ideology that believes not merely that "government doesn't work," but truly believes that it *shouldn't* work, and once in power sets to work making sure that it *can't* work. The end result is setting the government up for what's called "regulatory capture."

Of particular concern is the possibility of regulatory capture, which takes place when a regulator begins acting for the benefit of its subjects rather than in accordance with its stated mandate of minimizing systemic risk. While any agency can theoretically be captured by concentrated and powerful individuals, a breach of the “mothership” would carry far more severe repercussions than the loss of one or two “destroyers.” Of course, only the mothership can accomplish certain tasks; in the economic context, it would exist to take on challenges of a scope that smaller bodies simply cannot handle.

...Two archetypal scenarios for regulatory capture exist. The first is an underpowered, understaffed regulator working to control a wealthy, concentrated industry. In these situations, the sheer imbalance in resources means that the regulated parties can reward or punish the agency, but not vice versa. Predictably, rational bureaucrats will choose to cater their policies to the benefit of the subjects instead of suffering their wrath — recall, a regulatory job well done rarely carries any significant benefits to its engineers. The Department of Interior’s Minerals Management Service is a perfect example of a body that appears to have fallen prey to this

pattern. Even a person of upstanding moral character can understand the difficulty of resisting the repeated entreaties of Exxon and the like for the sake of sticking to an unadulterated scheme of allocating oil and gas exploration rights. Someone sitting at the MMS desk may well wonder if anyone would ever notice a shift away from the prescribed approach towards one that favors the companies they deal with on a day-to-day basis. These incentives to cooperate exist even though the relationship between the regulator and the regulated parties is facially adversarial, with MMS holding rights that producers want but cannot get.

Except that I don't see MMS as "falling victim" to "regulatory capture" but regulatory surrender, driven by an ideology that — at its most extreme — seeks to render the government unable to act in times of natural, ecological or financial disaster. That's the "catastrophic success" of conservative failure. It makes corporate failure inevitable and perhaps even irreparable.

In the Gulf oil spill disaster, we see once again what happens when the two collide.

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