

2024



# CEI ACHIEVEMENT REPORT

A SUMMARY OF 2024 ACCOMPLISHMENTS





## Don't Depower Crypto

Biden's electricity tax would harm conservation, innovation

By James Broughel, John Berlau, and Ari Patinkin



## EXPOSING CHINA'S UNFAIR ADVANTAGE IN ENVIRONMENTAL AGREEMENTS

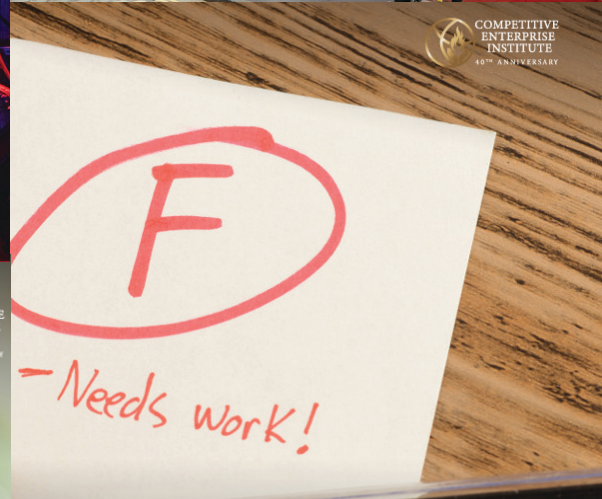


## Ten Thousand Commandments

Sizing up the Federal Government's New Rules and Regulations  
2024 Edition

By Clyde Wayne Crews Jr.

A PODCAST FROM THE COMPETITIVE ENTERPRISE INSTITUTE

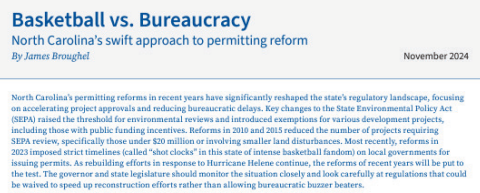


## FTC Flunks Interim Report

Pharmacy Benefit Managers study fails on many levels

By Jessica Melugin and Alex Reinauer

December 2024





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# LETTER FROM THE PRESIDENT



Nearly 40 years ago, Janet Jackson shot to the top of the charts. She had been in the music business for more than a decade, but only on her own for two years. Jackson had been politely, if not enthusiastically, received and it was time to make a mark.

The parallels to CEI might be a stretch too far. But, maybe there is something there. After finding her footing, Jackson's third album topped charts earning critical and commercial success. In 1986, the title song asked, "What Have You Done for Me Lately?"

While I dance with two left feet, I hear that question all the time. She may have aimed those lyrics at a spurned lover. We use them as inspiration to work smarter with better outcomes year after year.

I believe CEI's 2024 Achievement Report definitively answers Ms. Jackson's question.

We have been busy, but more importantly, during the past year CEI has been effective. Our objective is to remove as much power and regulatory decision making as possible from bureaucrats and politicians. I know that entrusting more authority with families, communities, and the myriad enterprises of a free and civil society is the path toward a healthier, safer, more prosperous and dynamic nation.

We've made headway in the regulatory agencies...

In the initial two months following the November election, at least a dozen major rules have been withdrawn. As you know, regulatory advocacy adheres to a specialized and arcane set of procedures. We can identify CEI's role to make several of those proposed final rules untenable given new political control of the agency.

We've made headway in court...

After half a dozen years, CEI's strategic litigation to create constitutional constraints for wealth tax proposals came to a close in June. Meanwhile, we advanced a proper understanding of the federal regulatory powers in light of the Commerce Clause in federal district court.

We set the conditions for a new Congress to dramatically downsize the effects of the Inflation Reduction Act, built stronger relationships on Capitol Hill by working closely with members of the leadership and advancing reform legislation, and saw CEI's proposals reflected in SEC rulemaking. We had a banner year for media attention.

It is obviously much rarer to see policy achievements when the political institutions of our government are controlled by people who always turn to government programs and prescriptive regulation. But it happens. As you review the evidence, I trust that you'll be looking at CEI's trajectory as a regulatory leader the way I do, with unbounded optimism and a clear-eyed assessment of the importance of bringing reason to an unaccountable regulatory state.

In liberty,

A handwritten signature in blue ink that reads "Kent Lassman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kent Lassman  
President and CEO



# CEI POLICY PROGRAMS

**REGULATORY PROCESS REFORM** CEI advocates for reform not only of individual regulations, but of the rulemaking process. Decades of accumulating regulatory burdens weigh heavily on America's workers, consumers, businesses, and families. Worse, the way agencies develop, promulgate, and enforce regulations lacks transparency, democratic accountability, and fidelity to a constitutional rule of law. Our regulatory process reform efforts are aimed at increasing agency transparency and accountability and ensuring that regulatory policy conforms to the Constitution and does more good than harm.

**DEREGULATION AND ECONOMIC FREEDOM** CEI's deregulatory work addresses many of the industries and activities where long-established, often paternalistic regulatory policies tend to stymie the creation and evolution of new products, services, technologies, business practices, and work arrangements. Key issue areas include banking and securities regulation, consumer finance, labor law and employment policy, consumer product regulation, and trade policy. These issue areas require our experts to have a firm understanding of existing regulation, regulation's monetary and social costs, and an appreciation of the ways in which technology and innovation present new challenges and prospects for reform.

**ENERGY AND ENVIRONMENT** CEI opposes environmental alarmism, onerous regulations based on junk science and fear-mongering, and efforts to restrict and ration energy. Our Energy and Environment team has become the most effective advocate of the free market approach to environmental policy in Washington. Our work shows that property rights, freedom of contract, and marketplace incentives provide better means to preserve the environment, internalize pollution costs, and conserve resources than do regulatory command and control policies.

**TECHNOLOGY AND INNOVATION** CEI's Technology and Innovation experts work to keep the regulatory state from encroaching upon frontier industries and ensure that 21st century technologies are not shackled by 20th century regulations. In industries characterized by rapid change and cutting-edge innovation, market discipline is better than government regulation at ensuring effective competition and consumer protection. Innovation tends to make the world safer, healthier, wealthier, and more consumer-friendly, while government regulation tends to short-circuit innovation while entrenching politically favored businesses and technologies.

**ADVANCING CAPITALISM** CEI's Advancing Capitalism initiative works to promote a better, more robust understanding of the values and virtues of capitalism, free markets, and economic liberty. It complements the work of CEI's policy experts, based on the premise that advancing free market public policies is easier when policymakers and the public understand how capitalism not only makes people wealthier and healthier, but also advances other important values, such as fairness and justice.

**LAW AND LITIGATION** As a vertically integrated public policy organization, CEI often engages in litigation as a major part of its advocacy program. CEI's Law and Litigation team initiates lawsuits on behalf of CEI or allied individuals and organizations, and it weighs in on cases with amicus briefs. In 2021, we launched a new project focused on reforming civil asset forfeiture laws. This latest initiative is aimed at securing federal and state legislation to fundamentally reform forfeiture practices around the country. The momentum for reform is building, but more remains to be done.



# EXECUTIVE SUMMARY

CEI is the leader on transformative change for the regulatory state. In 2024, we advanced several significant policy initiatives on a range of issues including financial policy, energy production and use, environmental protection, technology, labor policy, corporate governance, health care, and regulatory process reform.



This year, CEI celebrated its 40<sup>th</sup> anniversary. For four decades, CEI has countered bad thinking and bureaucratic ambition with the principles of economic freedom and practical policies to promote innovation, entrepreneurship, and economic opportunity. Increasingly, policymakers hear our messages and consider the effects of costly, unnecessary rules across all sectors of the economy.

The organization’s founder, Fred L. Smith, charted the course for CEI. He was a visionary who started and motivated a feisty team of deregulatory advocates and built an environment in which principled, driven, and entrepreneurial scholars could thrive. He served as president for nearly three decades and remained a member of the board until his passing on November 23. He remains an inspiration and animating force at the Competitive Enterprise Institute.

CEI has been a safeguard for Americans’ constitutional and economic freedoms against policies coming from the Biden administration and progressive regulatory state. We battled the administration’s “whole of government” approach, which yielded an enlarged governmental bureaucracy. In the past year, CEI policy experts educated members of Congress, state policymakers, and the public on how to seize opportunities for regulatory reform that will ensure a resilient economy in the long term.

CEI legal cases paved pathways for constitutional

limitations to governmental power. In June, CEI’s Supreme Court case, *Moore v. United States*, advanced the argument that realization of income with respect to tax liability is generally required. Though the Supreme Court upheld the tax provision that CEI challenged, four out of nine Justices agreed with CEI’s argument on the record, while several other Justices avoided opining on the question entirely. Eventually, an aligned opinion from one more Supreme Court Justice can protect against wealth tax proposals that some members of Congress, such as Sen. Elizabeth Warren (D-MA), are pushing.

In July, CEI won a challenge against the government’s ban on at-home distilling, attaining one of its greatest litigation successes in its 40-year history. The case, *Hobby Distillers Association v. Alcohol and Tobacco Tax and Trade Bureau*, furthers a constitutional view of the Commerce Clause to limit federal regulation. We will continue to defend the case now that the government has appealed the decision.

CEI hosted its eighth annual policy summit in Edinburgh, Scotland—the first summit abroad to mark CEI’s 40<sup>th</sup> anniversary—from May 30 to June 2. The event’s programming commemorated Adam Smith on his tercentennial and included visits to Smith landmarks and a closing dinner on the Royal Yacht Britannia. Participants enjoyed a convivial ambiance that encouraged the exchange of ideas, as well as high caliber content and notable keynote speakers, such as renowned entrepreneur Luke Johnson, former Federal Trade Commission Chairman Tim Muris, current FTC Commissioner Melissa Holyoak, and United Kingdom House of Lords Member Daniel Hannan.

With 70 participants, summit attendance grew by 43 percent from the year prior and surpassed the previous record of 59 guests in New Orleans in 2020. First-time attendees spiked 150 percent for a total of 40.

CEI’s second flagship event of the year, the Julian L. Simon Memorial Award Dinner, was held at the Washington National Cathedral on September 19. The gala was infused with awe-inspiring scenery and fire performances in line with the theme, *Prometheus: Rebel for Humanity*. The Greek titan stole fire from the gods and gave it to humanity, giving rise to the arts and sciences, knowledge, technology, empathy, and civil society. We take inspiration as we fight for deregulation and sensible policies to unbind creativity and kindle the



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human innovative spirit. Reflecting this commitment, we bestowed the night's awards to author and advocate for African prosperity Magatte Wade and Pulitzer Prize-winning journalist George F. Will, who gave powerful speeches that energized the CEI community.

In addition to these signature events, CEI hosted three Capitol Hill briefings, two Alfred E. Kahn discussions, five New York City luncheons, five additional regional events, three book forums, a first anniversary reception for CEI's Free the Economy podcast, four public webinars, and 32 coalition meetings. More than 400 new individuals were introduced to CEI through events this year.

We brought together scholars and policy influencers to discuss the most pressing deregulatory opportunities. Featured speakers included current and former government officials Rep. Harriet Hageman (R-WY), the Hon. Sam Brownback, the Hon. C. Christopher Cox, Sen. Cynthia Lummis (R-WY), Rep. Tom Emmer (R-MN), and SEC Commissioner Hester Peirce.

Allied groups across the country and abroad partnered with CEI to host half a dozen events. We expanded our relationship with the State Policy Network to offer grants to senior policy fellows from Always on Energy Research, Commonwealth Foundation, Libertas Institute, and Washington Policy Center to attend the Edinburgh Summit. Cohosted events with the Federalist Society, Pioneer Institute, and Legatum Institute addressed FTC reform, *Moore v. US*, and financial weaponization.

CEI's amicus support program bolstered constitutional rights. Our amicus briefs contributed to recent landmark Supreme Court decisions, such as in *Loper Bright Enterprises v. Raimondo*, which ended the controversial *Chevron* doctrine that gave regulatory agencies an unfair advantage in court, and *SEC v. Jarkesy*, which curtailed some unchecked powers wielded by regulatory agencies and their in-house administrative law courts.

CEI advocacy on Capitol Hill led to the advancement of several crucial bills that would expose agencies' "dark matter" regulatory tactics, offering more governmental transparency and fairer disclosure of regulations to the public. These bills include the Guidance Out of Darkness (GOOD) Act, the Regulations from the Executive in Need of Scrutiny (REINS) Act, and Separation of Powers Restoration Act (SOPRA), among others.

Our policy and litigation efforts continued to receive high-value, positive coverage. Between October

2023 and September 2024, CEI experts were quoted, published, interviewed, cited, or mentioned more than 11,600 times. Their work was featured in national outlets and publications such as C-SPAN, Fox Business, Fox News, NPR's Marketplace, *The Wall Street Journal*, the *Associated Press*, and *The Hill*. Television highlights include the experts' appearances on C-SPAN's Washington Journal, Fox Business's Mornings with Maria and Varney & Co., MSNBC's Morning Joe, FOX5 DC, and the BBC. Additionally, CEI experts conducted 226 radio and podcast interviews, appearing on shows such as The Lars Larson Show, Marketplace Public Radio, SiriusXM Patriot/David Webb Show, and on Metronews Radio Network.



Supreme Court Justice Neil Gorsuch cited two CEI regulatory experts in his recently released book, *Over Ruled*. The high-profile endorsement strengthens CEI's presence in national policy debates.

CEI experts wrote more than 170 commentaries, notably in *The Wall Street Journal*, Fox News online, *The Hill*, *Forbes*, as well as syndicated outlets like *Gannett*, *InsideSources*, and *The Center Square*. CEI experts also participated in a commentary series, producing five unique commentaries at the request of *The Washington Examiner* to discuss the state of the economy and what a future administration can do to strengthen the free market.

Through involvement at every stage of the policy making process, CEI shaped laws that encourage transparency and accountability. We countered harmful proposals by Congress and federal agencies, disseminated research directly to policymakers and Capitol Hill staff, and provided analysis in influential publications and through regular media appearances. We also launched critical initiatives to expose rogue agencies and pursued legal action against unconstitutional statutes and unlawful agency actions.



# SPECIAL PROJECT: MODERNIZING THE ENVIRONMENTAL PROTECTION AGENCY



For decades, the Environmental Protection Agency (EPA) has consistently ignored the will of Congress and sought to expand its authority beyond its mission to protect the environment. The costs of the agency's rules account for more than half of all regulatory costs across the entire federal government. The rules limit freedom and reshape industries and even entire portions of the economy. Most recently, the EPA has once again finalized a rule that would decimate the coal industry and shift electricity generation to unreliable sources such as wind and solar. Another finalized rule would function as a *de facto* electric vehicle mandate.

In response, the Competitive Enterprise Institute launched an ambitious initiative in 2024 to enact bold legislation that will return the EPA to its core environmental mission and renew a respect for the limits placed on it by Congress. Now completing the first phase of the project, CEI has developed a book, "Modernizing the EPA: A Legislative Blueprint for Congress," to be published in early 2025. The legislative blueprint covers major policy issues and reflects our commitment in 2025 and beyond to make necessary reforms to the Clean Air Act, Clean Water Act, and the many other environmental statutes administered by the EPA.

We also address the agency's flawed methodologies for estimating climate-related developments, which involve speculative, unreliable climate models and inflated emission scenarios. CEI has long exposed the

inflated results that serve as a foundation for agency rules. With the Blueprint, we will advance policy reforms for scientific integrity, such as changes to improve transparency and ensure that agency science is subject to challenge.

Following the release of the Blueprint in conjunction with the new Congress, CEI will launch promotional campaigns to disseminate the book's ideas and proposals among target audiences, including congressional members and their staff, thought leaders, and other policy influencers. We will host events, identify legislative champions, and work to turn the specific and concrete recommendations in the book into law. The ideas should also help to inform the incoming Trump administration on critical issues. Administrative solutions will be important steps in the interim until legislative changes are made.

A central focus in the book is the separation of powers. Congress has lawmaking power, not federal agencies that are the creation of Congress. In general, CEI will push Congress to reassert its lawmaking power and stop agencies from engaging in overly expansive rulemaking. A truly modernized EPA would respect this separation of powers and the rule of law, properly consider costs and tradeoffs, and no longer use the environment to control the economy and the way Americans live their lives.

**Read more about this project in the Energy and Environment section of this report.**



# REGULATORY PROCESS REFORM

CEI is dedicated to reforming the processes agencies use to develop and enforce new regulatory policies. As part of this effort, CEI publishes *Ten Thousand Commandments: An Annual Snapshot of the Federal Regulatory State*. The report captures the size, scope, and cost of federal regulations, and how they affect American consumers, businesses, and the US economy at large. Author and Fred L. Smith Fellow in Regulatory Studies Wayne Crews spotlights the large and under-appreciated “hidden tax” of America’s regulatory state. Findings are often cited on the House floor. In 2023, Rep. Harriet Hageman (R-WY) read a four-minute-long citation during a House Judiciary markup session. More recently, the Republican Study Committee’s Fiscal Year 2025 Budget Proposal referenced the report in its first citation.



CEI published *Ten Thousand Commandments 2024* on July 30. The current issue marks more than 30 years since the first report was published as part of the *Journal of Regulation and Social Costs* in 1993. Crews finds that US households pay \$15,788 annually in a hidden regulatory tax, which consumes 17 percent of income and 22 percent of household expenses. A typical American household spends more on embedded regulation than on food, clothing, education, or any other household expense except for housing.

Government’s regulatory onslaught imposed an estimated total cost of \$2.1 trillion last year, rivaling the \$2.3 trillion income tax cost. This total marks the first time that *Ten Thousand Commandments*’ annual estimate has surpassed \$2 trillion.

This immense burden does not even include the weight of regulatory dark matter—the tens of thousands of guidance documents, opinion letters, memoranda,

and other edicts that administrative agencies issue to businesses and consumers on a dizzying array of topics. Crews was among the first scholars to draw attention to regulatory dark matter—he even coined the term.

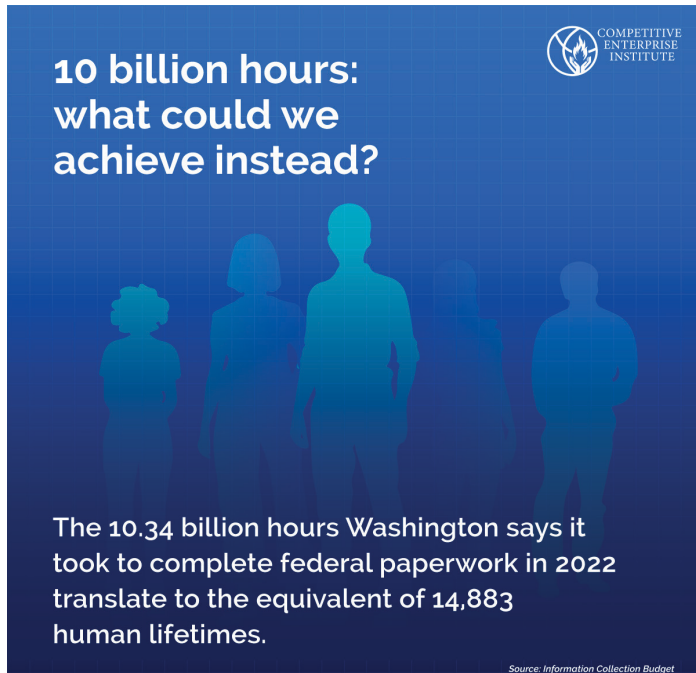


Major outlets, including the *Daily Caller*, *Washington Examiner*, *National Review*, and *The Daily Signal*, covered the report upon its release. On August 7, the House Budget Committee circulated a statement highlighting some of the most salient findings. In October, the House Committee on Oversight and Accountability cited the report in its analysis, “Death by a Thousand Regulations: The Biden-Harris Administration’s Campaign to Bury America in Red Tape.” Additionally, upon being named co-head of President-elect Donald Trump’s Department of Government Efficiency, Elon Musk reshared a graphic on X on November 13 citing *Ten Thousand Commandments* and highlighting the hidden regulatory burdens on Americans.

CEI promoted legislation for a regulatory budget to end

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this federal abuse of rulemaking power. In April, the House Oversight Committee passed the CEI-backed Renewing Efficiency in Government by Budgeting Act. During the markup session, Reps. James Comer (R-KY) and Pat Fallon (R-TX) echoed language from CEI's letter of support for the bill. In May, the House Budget Committee advanced the Debt Per Taxpayer Information Act. CEI's comment in support of the bill was noted during the markup session and included in the record.



On July 23, Crews testified before the House Administration Committee on “Congress’s role in a post-*Chevron* world,” referring to the Supreme Court’s recent decision in *Loper Bright v. Raimondo* to overrule the *Chevron* doctrine that allowed agencies to interpret ambiguous laws. Crews warned that agencies will use dark matter guidance documents as a workaround to continue to impose regulatory measures in a post-*Chevron* environment. He called for Congress to end its delegation of powers to agencies as well as to keep its own impulses to overlegislate in check.

The regulatory studies team further pressed Congress to enact the Guidance Out of Darkness (GOOD) Act, which will expose and restrain dark matter regulations. CEI has been involved with the GOOD Act since before initial drafting, initially working with the Republican Study Committee to turn the idea into a bill. In late July, the bill passed the House and moved to the Senate.

CEI worked with Senate leaders to pass the Regulations from the Executive in Need of Scrutiny (REINS) Act and Separation of Powers Restoration Act (SOPRA), two reform bills that likewise passed the House with CEI’s involvement and would remove unjustified power from unelected bureaucrats. On September 18, Sen. Rand Paul (R-KY) and Rep. Kat Cammack (R-FL) introduced a stronger version of the REINS Act, including new provisions that reflect CEI recommendations to further empower Congress to check unaccountable government. Sen. Paul followed up REINS’s reintroduction with a post on X linking to a related *Forbes* article by Crews.

The regulatory studies team was featured in articles and editorials in the *Wall Street Journal*, *RealClearMarkets*, *Forbes*, and more. Crews’s work has been cited in at least 11 books in the past year. Crews, along with Senior Fellow James Broughel, has most recently been cited by Justice Neil Gorsuch in his book, *Over Ruled*.

### STATE-LEVEL REFORM

This year, Broughel assisted the Mississippi Secretary of State’s office with its 29x29 initiative, a long-term project aimed at comprehensively reviewing the state’s 29 licensing boards and commissions by 2029. Broughel delivered an inventory of regulatory requirements for the three boards under review this year. This inventory outlined every regulatory requirement, including statutory authority and detailed descriptions, in the boards’ regulations.



The analysis provided a practical resource for the Secretary of State’s team to evaluate regulations for potential streamlining or elimination. Our work was well-received, as evidenced by this feedback from their office: “Between us... we benefit more from your efforts than any other partner we have. It’s greatly appreciated.” The



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Mississippi Secretary of State has expressed interest in continuing this partnership in 2025.

State-level deregulatory action can serve as an example for the federal government to follow. In late November, Broughel authored an opinion piece in the *Wall Street Journal* highlighting Idaho as such an example. As he wrote, the federal government should learn from Idaho's success. The result would be a regulatory system that is leaner, more efficient and responsive to 21st-century needs. Idaho Governor Brad Little responded to Broughel's commentary:

*To achieve these kinds of results, you have to turn the concept of regulation on its head, as the opinion piece by James Broughel notes. Idaho is leading the nation in cutting red tape because we also have reinforced within the agencies a true desire to streamline the regulations they administer.*

## ENERGY AND ENVIRONMENT

For four decades, the Competitive Enterprise Institute has led the opposition to environmental alarmism, energy and environmental policies based on junk science and fearmongering, and efforts to restrict and ration energy. In 2024, the team at the Center for Energy and Environment further positioned CEI as a premier organization on the issues by addressing today's most pressing energy and environmental concerns.

In a major paper published in March, CEI showed how China receives preferential treatment in international climate treaties at America's expense. We also exposed harmful policies including Inflation Reduction Act subsidies, restrictive measures on home appliances, carbon tax proposals in Congress, and permitting laws that impede progress on American infrastructure, among other major topics. In addition to research, congressional outreach, and media presence in outlets such as Fox News, the *Wall Street Journal*, the *Daily Caller*, and more, CEI informed the public and allies through "The Surge," the center's biweekly publication featuring our latest analysis, as well as important work from allies.

CEI's Cooler Heads Coalition maintained cohesion among free-market allies. The coalition, an informal network of free market-oriented public policy organizations, serves primarily to share information, develop strategies, and coordinate activities related to energy and environmental policy advocacy. The monthly Cooler Heads Coalition meetings feature presentations by top legal and policy experts and staff from individual House

and Senate member offices. Throughout 2024, featured speakers often underscored the Biden administration's regulatory overreach, the abuse of spending to achieve a centrally planned energy agenda, and how environmental activists have grossly exaggerated the real risks associated with climate change.



The Center for Energy and Environment pressed ahead with the goal of advancing energy and environmental policy that removes harmful government intervention, respects individual freedom, and recognizes the importance of separation of powers, as outlined below:

### MODERNIZING THE EPA

As a major initiative this year, CEI launched an unprecedented effort to fundamentally change the outdated and overreaching Environmental Protection Agency (EPA), which consistently goes beyond its statutory authority, usurps the role of the states in

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environmental protection, and tramples on private property rights. To meet this goal, CEI is developing a legislative blueprint for Congress. The plan will be delivered as a book, currently produced in-house with select outside co-authors.



Led by Director Daren Bakst, co-editor and primary author of the blueprint, CEI's Energy and Environment team identified and gathered outside collaborators to detail the major problems at the EPA, propose specific solutions, and offer a re-imagining of the agency considering the role of the states. Collaborators made up multiple advisory task forces, covering different substantive areas such as air, water, and chemical policy.

As the writing stage nears completion, the team already has met with some congressional staff members to lay the foundation for legislative recommendations outlined in the blueprint. The ongoing project will include promotional campaigns and outreach to legislators upon release of the blueprint. We will drive the message that Congress must make substantive changes to the agency's underlying statutes that it administers. While it is true that the EPA itself is a problem, so too are the statutes.

### CONGRESSIONAL REVIEW ACT RESOLUTIONS

The Center for Energy and Environment fought heavy-handed environmental regulations, especially coming from the EPA. We submitted numerous comments and supported Congressional Review Act (CRA) resolutions of disapproval rejecting Biden administration rules, such as the EPA's *de facto* electric vehicle mandate. We sent a coalition letter to the House on a CRA resolution rejecting the electric vehicle rule. The House supported the resolution in a bipartisan fashion, 215-191.

We also led a major coalition effort opposing the EPA's

power plant rule, which would set emission reduction standards that are virtually impossible for power plants to attain. We sent a coalition letter with more than 40 organizations supporting a CRA resolution rejecting the rule. On Sept. 18, a House committee favorably reported the resolution out of committee.

### CALIFORNIA WAIVER

We also support sound stand-alone legislation, such as Sen. Mike Lee's (R-UT) bill that would amend the Clean Air Act to stop giving California special treatment to set its own new motor vehicle emission standards, which can in effect act as national standards given the interstate nature of the vehicle market. The EPA granted California a "waiver" from the national standards due to the state's idiosyncratic air challenges. However, the state's air quality has dramatically improved since the 1970's, making this justification moot. Further, this waiver was never intended to allow California to set standards to address greenhouse gases, as it does now. We were asked to review the bill. CEI's Daren Bakst's statement in favor of the bill was included in the senator's press materials.

### APPROPRIATIONS AND THE IRA

CEI stressed the importance of the appropriations process to fight against the Biden administration's harmful energy and environmental rules and the "green" subsidies in the Inflation Reduction Act (IRA). Earlier this year, the House passed an Interior and Environment spending bill that withholds funds for the implementation of many of the programs and rules that CEI has opposed.

In addition, like last year, CEI organized a major coalition effort on the anniversary of the IRA. On August 16, CEI sent a coalition letter of more than 50 organizations to Congress, one of the most widely supported letters in CEI history. The strong alliance sends a clear signal to legislators that they must make dismantling the subsidies a priority.

Additionally, the team organized a meeting with members of the House Budget Committee to discuss the IRA and the reconciliation process to achieve other objectives in 2025, as well as to set up a path to work together in the future. We also maintained opposition through op-eds and related pieces.



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### APPLIANCE EFFICIENCY STANDARDS

Decades ago, dishwashers took only an hour to produce a clean, dry load of dishes. Today, it takes more than two and a half hours, and the dishes are often neither clean nor dry. This change is largely the result of the Department of Energy's (DOE) increasingly stringent energy and water standards, which today increasingly apply to other appliances and home features like furnaces and light bulbs. CEI has advocated against home appliance efficiency standards for more than 30 years.



In 2024, Senior Fellow Ben Lieberman led major coalition efforts on letters and comments, regularly published op-eds, including in the *Wall Street Journal*, and discussed the issue on major outlets like Fox News. He also helped to gather support for legislation, including CRA resolutions of disapproval rejecting DOE rules. Additionally, CEI submitted numerous comments to the Department of Energy regarding appliances, with some comments having as many as 30 co-signers.

In January 2023, much of the concern about appliances focused on gas stoves. CEI has helped to expand this concern to a wide range of appliances. We have developed close relationships with the House Energy and Commerce Committee and work closely with Committee staff on various ideas. In May, the House passed the Hands off Our Home Appliances Act (H.R. 6192) that would more broadly address DOE's appliance efficiency standards, as opposed to addressing one appliance at a time.

### CARBON TAXES AND THE PROVE IT ACT

CEI has led the fight against the PROVE IT Act, a bill that would result in carbon taxes by creating the complex

carbon dioxide measuring scheme required to impose both carbon taxes on imports and domestic carbon taxes. In January, CEI organized a coalition letter to the Senate opposing carbon tariffs and the PROVE IT Act. In June, upon hearing that a House version of the bill would be introduced, CEI likewise organized a coalition letter to the House. Both letters had endorsements from more than 40 organizations.

The energy and environment team also created a PROVE IT Act landing page that features important background and educational material, quotes from experts in other organizations, and CEI analysis. Media outlets, such as *Politico's* E&E News and *The Hill*, highlighted our work. CEI and coalition efforts helped to discourage senators from becoming sponsors of the legislation, according to Senate committee staffers. While the bill was introduced in the House, it did not garner nearly as many sponsors as we had expected. Media reports indicate that some legislators were concerned with being connected to the bill due to this conservative opposition.

### PERMITTING REFORM

CEI was the first think tank to identify permitting reform as a national policy priority. Since 2017, CEI has shown how a broken permitting process tramples property rights and hinders prosperity. Last year, we published a first-of-its-kind comparative analysis of permitting reform in major economies, such as the European Union, Japan, and others, to assess successes and failures and how we can apply lessons learned to America. We also published an important principles paper to detail what sound permitting reform should look like. Currently, CEI scholars analyze state-by-state comparisons of permitting laws to identify reform needs within each state. We aim to streamline permitting procedures to facilitate small business development and infrastructure projects that are too often stalled within a complex, inefficient system.

### ELECTRICITY AND THE GRID

CEI expanded on its work on the grid and electricity in general as one of the major new areas of focus this year. Research Fellow Paige Lambermont wrote and presented extensively on these issues, covering everything from grid reliability to nuclear energy. In July, CEI published a study by Lambermont detailing nine principles for electrical grid reliability. It has received the attention of

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allies, including state think tanks who are interested in finding ways to codify the principles into state law.

Lambermont also extensively reported on nuclear energy issues. Her analysis contributed to significant progress and positive narrative changes around nuclear power. Some federal and state legislation have already passed that should remove barriers to nuclear power.

### ELECTRIC VEHICLES

CEI continues to counter the EPA's tailpipe emissions standards announced in April 2023. The EPA's clear

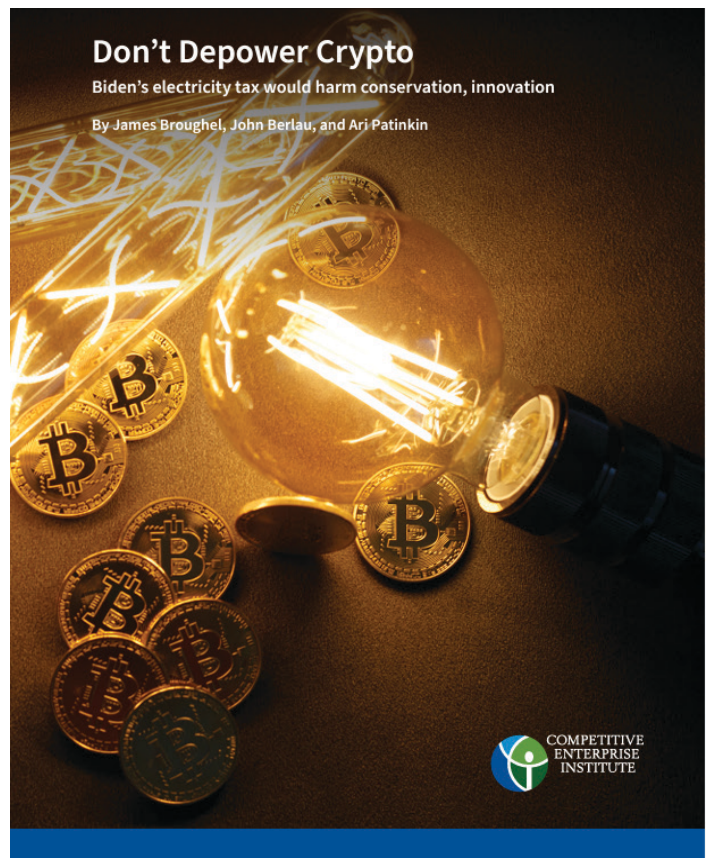
objective is to accelerate the adoption of electric vehicles. The regulations will lead to higher prices and fewer consumer choices for the sake of an extreme climate agenda. Through op-eds, media outreach, and official comments, CEI argued against these measures, highlighting the problems with electric vehicles and defending the personal choice of Americans to buy the cars they want to drive. CEI scholars have published various pieces and garnered media attention on this subject as well as on the harmful state of electric vehicle policies.

## BANKING AND FINANCE

CEI has long championed financial inclusion, advocating for access to capital for Main Street entrepreneurs, wealth-building opportunities for middle-class investors, and more choices for consumers.

Under today's enlarged bureaucracy, financial regulation is fragmented across agencies, and new players are regularly involved. For example, the Energy Information Administration (EIA) recently entered the debate on cryptocurrency by surveying miners' energy use. Senior Fellows John Berlau and James Broughel exposed the EIA's "emergency survey" as a power grab in an article in *Daily Economy* and subsequent media appearances. Shortly afterwards, the EIA backed off, withdrawing its emergency data collection request and agreeing to destroy the data it had collected.

Similarly, the finance team remained focused on exposing how overreach by the Securities and Exchange Commission (SEC) in the cryptocurrency sector is harming overall innovation. In 2024, pressure from CEI and other critics helped to turn the tide on cryptocurrency regulation. CEI realized a longtime policy goal in January when the SEC finally approved Bitcoin exchange-traded funds (ETFs) after the US Court of Appeals for the D.C. Circuit unanimously ruled that blocking approval was "arbitrary and capricious." Several ETFs subsequently listed on US stock exchanges. This development gave both individual and institutional investors more options, benefits that CEI has pointed out since 2019 in arguing for approval of crypto ETFs.



In July, the SEC followed suit with more positive action in approving ETFs tracking the cryptocurrency Ethereum. Earlier in the year, the House and Senate cast strong bipartisan—but not veto-proof—votes for a Congressional Review Act resolution overturning the SEC's Staff Accounting Bulletin 121, which makes it



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difficult for financial institutions to provide custodial services for crypto.

In further reversal of fortunes to both progressives and national conservatives, CEI may have also turned the political tide against the RECOUP (Recovering Executive Compensation Obtained from Unaccountable Practices) Act. In December 2023, John Berlau penned an op-ed for *The Hill* noting recent allegations of harassment and discrimination at the Federal Deposit Insurance Corporation and making the point that the bill's provisions giving the FDIC broad powers to remove bank executives could be subject to abuse by the alleged miscreants. In February, 35 signatories—representing a broad spectrum of center-right groups—signed onto a letter urging rejection of the RECOUP Act because it would almost certainly lead to further weaponization of banking regulation. *Politico's* “Morning Money” column, quoting CEI's Berlau, reported in March that the bill's chances of passing were vastly diminished.

CEI continued to challenge abuse of power by the Consumer Financial Protection Bureau (CFPB). Through analyses and commentaries, we brought attention to the CFPB's lawsuit against Chicago real estate firm Townstone Financial for discrimination, simply because its principal pointed out high crime in Chicago neighborhoods in a podcast. In November, Townstone obtained a favorable settlement with the CFPB, ensuring

dismissal of its CEO Barry Sturner from the regulator's initial complaint, and admitting to no liability from the CFPB's original allegations that its officials discouraged minorities from seeking credit through remarks on its radio show.

Additionally, the Supreme Court's ruling in *Loper Bright v. Raimondo*, undoing the *Chevron* deference to agency interpretations of the law, may provide hope for the reversal of rules that exceed congressional authority. The Commodity Futures Trading Commission's (CFTC) rule banning prediction markets is one of the first regulatory overreaches affected by the landmark decision. In our comments on the rule and an article for *National Review*, we observed that, in the wake of *Loper Bright*, the CFTC may have made a “bad bet” in assuming that courts would defer to the agency its stretching of a law that gives it no explicit authority to ban election betting. Biden-appointed Judge Jia Cobb echoed our argument in her ruling for the D.C. Circuit Court of Appeals, determining that the CFTC lacked authority to promulgate the rule. The CFTC is appealing the ruling.

CEI banking and finance scholars were cited on arguments on these and other issues such as rent control, credit card interest rate caps, and antitrust issues in the financial sector in prominent publications including *National Review*, NPR, and the *New York Times*.

## TRANSPORTATION

Automobility, air travel, and freight rail are increasingly threatened with further regulation that will reduce the ability to transport goods and people. CEI opposes these attacks by arguing for greater freedom in mobility and opposing perverse transportation industry regulations.

CEI must fight the battle on two fronts as economic nationalists and labor unions have found a common cause in pushing for rail reregulation. This year, we continued to lead coalition efforts against the Railway Safety Act and against rail reregulation on issues like common carriage. CEI's coalition has so far been successful in delaying any progress of the Railway Safety Act in the Senate, though we monitor the threat of passage during the lame duck session. Our arguments

were bolstered by the National Transportation Safety Board's report on the East Palestine accident, which recommended different solutions to those found in the Act.

We also filed comments and made other statements to federal agencies like the Surface Transportation Board on other rail regulation matters, such as the ongoing dispute between Amtrak and commercial railroads about restoring service to certain Gulf Coast cities.

CEI has identified legislative threats to air transportation as well. Attacks on credit card reward programs strike directly at airline business models and could cause a 20-percent drop in airline revenue streams, thereby

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leading to fewer flights, more crowded planes, and higher prices. We countered the Credit Card Competition Act. The proposed bill would dramatically expand the role of the federal government to overregulate the market for credit cards. Vice President for Strategy and Senior Fellow Iain Murray headlined a video for CEI's "Not a Policy Paper, Just a Thought" series. CEI released subsequent articles by Murray on its OpenMarket blog. Our analysis made regular reference to the difficulties airlines will face should rewards programs be curtailed by regulation.



## TRADE

CEI defends free trade as a cornerstone of economic freedom and human progress. In May, we released CEI's Adam Smith essay collection, which showed how trade makes people not only wealthier, but also better by leading them to practice empathy, tolerance, and peaceful persuasion.



Additionally, we showed how a simplified mutual recognition agreement with a small country like Switzerland could be a model for simplified trade agreements with the United Kingdom, European Union, and other larger partners. We made this argument in a CEI paper, in *National Review*, in an event hosted by the American Swiss Foundation, and at Grover Norquist's Wednesday meeting.

We held an online panel discussion on the topic of the Nippon Steel-US Steel merger, arguing against the Biden administration's protectionist stance that threatened the deal. Protectionism harms US manufacturing, while foreign investment can modernize failing businesses and help America's diplomatic interests. The event was attended by Hill staff, agency employees, industry representatives, and media. We also produced several commentaries and earned several media appearances on the subject.

CEI's *I, Pencil* video from a decade ago, which has a similar message of cooperation and progress, continues to draw notice. This summer, Mark Levin played the video in full on his Fox News show, followed by extended praise and discussion of free trade ideas.



# LABOR REGULATIONS

CEI promotes free market principles for workers and collective bargaining. We defend the rights of individual workers to make their own decisions about how and when they work, free of coercion or obstruction. CEI has been at the forefront of this fight during the Biden administration, who firmly allied itself with the labor movement, placing union supporters in key positions at the Labor Department and relevant agencies like the National Labor Relations Board (NLRB).

This year, the Labor Department issued a rule under the Fair Labor Standards Act (FLSA) intended to crack down on alleged worker misclassification that threatens freelance work and the growing gig economy model. At the same time, the department rescinded a Trump-era rulemaking that addressed misclassification issue by clarifying when workers were freelancers.

Meanwhile, the NLRB altered the rules for union representation petitions in its 2023 *Cemex* decision, allowing the Board to eliminate workplace elections and officially recognize unions if an unfair practice complaint is made against management. The NLRB has labeled even the mildest comments by management regarding union bids as unfair practices that interfere with worker rights. In contrast, the NLRB tolerates union misbehavior. For example, the NLRB excused a union activist's sexist comments despite severe language against a female co-worker in *Amazon.com Services LLC v. Gerald Bryson*.

We highlighted these abuses and the absurdities of these policies through op-eds, blog posts, congressional testimony, media interviews, networking with free market coalitions, and official comments on rulemakings throughout the year.

CEI has been a force against the NLRB's efforts to revive the Obama-era joint employer standard. The Board reinstated the rule in October 2023, outlining the relationship between contractors and businesses under the National Labor Relations Act (NLRA). The rule increases companies' liability for workplace violations at other companies from cases of "direct control" to cases of vaguely defined "indirect control."

Throughout several years leading up to the rule's enactment, CEI organized other free market groups and trade associations to oppose the NLRB's joint-

employer plans and submitted official comments to the agency. We followed up the rule's announcement with a critique, explaining that the NLRB is implementing a vast expansion of corporate legal liability, while granting itself an all-purpose justification for any case it wishes to pursue.

The Fifth Circuit Court of Appeals vacated the rule in March, finding that the NLRB's legal rationale for the rule "exceeds the bounds of the common law and is thus contrary to law." The NLRB initially appealed but withdrew the appeal in July, following the Supreme Court's ruling that month overturning the *Chevron* doctrine.



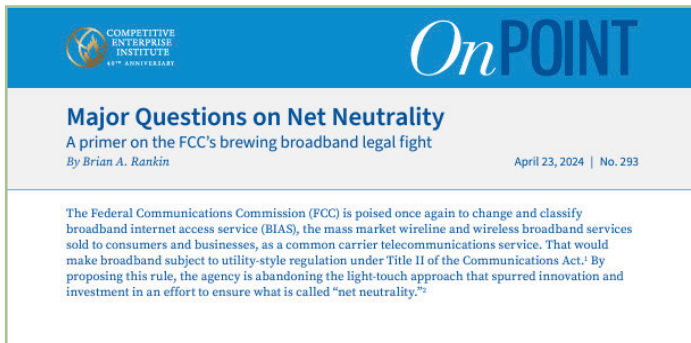
The ruling weakened the NLRB's chance of reinstating the joint employer rule on appeal. The NLRB has indicated that it may yet pursue other avenues of appeal. CEI will monitor the agency's actions.

We further succeeded against the pro-labor administration by blunting some progressive appointments. Marty Walsh's successor as labor secretary, Julie Su, has been in office since March 2023, but only as acting secretary. She lacks Senate support for a full confirmation vote due to moderates' opposition. CEI analysis brought attention to her record as a radical advocate for unions and for California's AB5 law.

The Biden administration has additionally attempted to fast-track renominations of the existing pro-union NLRB majority, a move that could ensure Democratic control of the board through 2026. Progress has been stymied thanks to a free-market coalition, including CEI, that has brought this matter to the attention of Congress.

# TECHNOLOGY AND TELECOMMUNICATIONS

Telecommunications regulation and internet freedom are core parts of CEI’s policy agenda. Our experts have led the charge to streamline and rationalize Federal Communications Commission (FCC) and Federal Trade Commission (FTC) rules governing communications services and to lower barriers to market entry in all areas of the media and the telecommunications sector. Our research has shown how FCC regulation of public utilities—such as broadcast television, radio, and the telephone system—has stifled innovation and threatened consumer choice.



In 2015, the Obama administration FCC promulgated its Open Internet or net neutrality order, a set of rules forbidding internet service providers from blocking, throttling, or prioritizing paid digital content—practices the Commission said would lead to sharply higher prices and slower network speeds. With CEI’s support, the Trump administration repealed the order in 2017. As our research and advocacy predicted, internet speeds have since risen more than 85 percent, while prices have remained stable—a must for expanding internet access to all Americans.

In April of this year, the FCC’s progressive majority reinstated net neutrality rules. CEI released a study by Adjunct Fellow Brian Rankin explaining that the revived rule likely violates the major questions doctrine. The doctrine holds that Congress must give clear congressional authorization to agencies before they can make rules with vast economic and political significance. After an appeals court halted the net neutrality regulations in August, Rankin authored pieces for the *Wall Street Journal* and the *National Review*.

CEI is also a leading voice against repealing liability protections for internet companies under Section 230 of the Communications Decency Act. Section 230, colloquially referred to as the First Amendment of the Internet, is a valuable tool protecting companies’ property rights and rights to free speech and association. Progressives and some conservatives have argued that the federal government should regulate online speech to promote content objectivity, much like the Fairness Doctrine that once governed television and radio content. Conservative supporters of regulating online speech argue that progressive-leaning tech companies are de-platforming conservatives and keeping their views out of the mainstream. This argument has little credibility in light of Republican political victories for the White House and majorities in both houses of Congress in November of 2024.

CEI was first out of the gate to oppose regulating these platforms as common carriers, along the lines of the old Ma Bell telephone monopoly. Common carrier status would require social media sites to replace their own content moderation policies with a standardized federal policy. Director of the Center for Technology and Innovation Jessica Melugin argued for free speech rights in a long-format piece featured as part of a debate on the Kids Online Safety Act in *The Dispatch*. She wrote in the *Wall Street Journal* and the *National Review* about the dangers of repealing Section 230 and made many media appearances on the issue.



CEI’s technology team also addressed the dangers of regulating artificial intelligence (AI). Creating overly restrictive regulations in response to hypothetical, worst-case scenarios would stifle innovation and place American companies at a competitive disadvantage to foreign adversaries like China. While it is important to monitor long-term risks, Congress should focus on



concrete, immediate risks in areas like data security and election interference, recognizing that many fraudulent practices are already covered by existing law. Senior Fellow James Broughel testified before several state legislatures and wrote extensively on the issue, beginning with a study published in late 2023, *Rules for*

*Robots*, in defense of AI's promise if kept free from over-regulation. Jessica Melugin wrote op-eds, exposed the issue in an edition of CEI's "Not a Policy Paper, Just a Thought" video series, and appeared on cable news to oppose the idea of premature regulation of AI.

# ANTITRUST AND COMPETITION POLICY

Antitrust regulation generally harms consumers and, ironically, tends to concentrate power in fewer hands while encouraging rent seeking. CEI continued to make a principled case that the best way to handle large and powerful corporations is by promoting competition and choice in the market, which offer better protections to consumers against abuses of power than unelected bureaucrats in Washington.

Launched in early 2023, CEI's Eye on FTC platform is the liberty movement's hub for resources against harmful Federal Trade Commission regulations and antitrust actions. It earned media mentions in Bloomberg and other news outlets and is used as a resource for everyone from practicing attorneys to sitting FTC commissioners. Throughout 2024, Eye on FTC helped to amplify CEI experts' regulatory comments, papers, and media appearances, as well as our allies' activity. In June, CEI released an interactive timeline illustrating the past three years at the Federal Trade Commission. The timeline includes the work of allied organizations and an embedded video.

Recent Eye on FTC highlights also include a CEI study, published in May, by former Federal Trade Commission Chair Timothy J. Muris and former Director of the FTC Bureau of Consumer Protection Howard Beales. The authors examine previous periods of transformation at the agency—a failed era beginning in 1970 and a successful reformation starting in 1981—leading to the current administration's progressive reincarnation. The paper was recently admitted into the Congressional record and was the subject of an event co-hosted by the Federalist Society.

In late December 2023, CEI published a study by Joseph Sullivan, former special advisor and staff economist at

the White House Council of Economic Advisors, on the global implications of increased antitrust enforcement in the United States. *Forbes* and *Politico* cited the paper. In August, we hosted a luncheon, featuring Sullivan, to discuss the topic as presented in the study, including the FTC's interest to regulate artificial intelligence and its effect on American competitiveness with China.



CEI also hosted other events focused on FTC activity. We hosted an Alfred E. Kahn Dinner in San Francisco discussing how the FTC is affecting venture capitalist investment in the start-up economy. In June, Director Jessica Melugin moderated a conversation at the CEI Summit in Edinburgh featuring current Commissioner Melissa Holyoak and former FTC Chair Muris. In July, CEI hosted a webinar on the FTC's growing focus on grocery markets, covering topics like the Kroger-Albertsons merger, the FTC's study on supply chains, and the revival of the Robinson-Patman Act.

We also countered the "big is bad" philosophy that threatens private enterprise. This view has pushed Congress and federal agencies to use antitrust policy to prevent mergers and acquisitions. The approach overlooks consumers and leaves unclear what qualifies

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as “too big.” CEI makes the case for small and big business in America because companies of all sizes are vital for a thriving economy and consumer benefit. In November, we unveiled a short video and new website on the merits of both small and big business in a high-functioning economy. The film features former Gillette CEO James M. Kilts and small business owner Jill Erber, whose contrasting business paths demonstrate how big and small businesses meet differing consumer expectations.

We saw progress in efforts to retract FTC overreach. In August, a federal district court struck down the FTC’s illegal rule banning employee noncompete agreements as an “unfair method of competition.” The court ruled that Section 6(g) of the FTC Act delegates procedural rulemaking authority to the agency, not substantive authority, just as CEI argued in its comments to the rule submitted last year.

Our work on antitrust policy was featured in a wide range of national news outlets, including the *Wall Street Journal*, *National Review*, *Forbes*, *Regulation Magazine*, and *Issues & Insights*. CEI scholars’ analysis was quoted in publications like the *New York Times*, *Associated Press*,

*CNBC*, *Politico*, *Forbes*, *Christian Science Monitor*, *US News & World Report*, *Los Angeles Times*, *Boston Globe*, *Seattle Times*, *Daily Caller*, *Hollywood Reporter*, *The Dispatch*, and *Washington Examiner*.



Melugin was a frequent guest on national media networks and programs like Fox Business and the Lars Larson Show. Research Fellow Alex Reinauer frequently joined podcasts and local radio programs to discuss “right to repair” issues and the FTC’s challenge to the Kroger/Albertsons merger.

## HEALTH CARE POLICY

Health care is the most heavily regulated sector of the economy. Many government regulations are unneeded and counterproductive, resulting in decreased consumer welfare. These rules interfere with consumer choice, market competition, and the innovation necessary for improvements in health.

CEI Senior Fellow Dr. Joel M. Zinberg focuses on the proper role for government in our nation’s health care system and economy and on defining the practical and legal limits on government actions in the health care arena. His work in the past year highlighted administrative overreach in issuing counterproductive regulations that exceed agencies’ statutory authority and rules that skirt procedural safeguards.

In a major paper published in June, he championed Good Guidance Practices (GGPs)—such as notice and public comment, centralized review, and searchable

databases—that attempt to subject significant agency guidance to public and stakeholder scrutiny, improve final guidance documents with stakeholder input, and inform interested parties of relevant guidance. The study provided an in-depth look at the Department of Health and Human Services’s GGP regulations promulgated in 2020 and revoked by the Biden administration. HHS is the largest civilian department in the federal government and includes the nation’s most important health-related regulators. Reinstating GGPs at the agency and across the government, either by legislation or regulations, is a key goal.

In Zinberg’s 2023 study, *A Free Market Solution for Drug Distribution*, he documented that Pharmacy Benefits Managers (PBMs) are a pro-competitive solution that grew out of the free market to reduce costs for health insurance plan sponsors and their patient-subscribers and to enable increased consumption of beneficial



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medications. This July, he followed up his study with a piece in the *Wall Street Journal* refuting the Federal Trade Commission's PBM report, which claimed, without providing any evidence, that PBMs are anticompetitive middlemen that "may be profiting by inflating drug costs and squeezing Main Street pharmacies."

He also published several op-eds and blog posts analyzing the effects of the Supreme Court's decisions in *Loper Bright Enterprises v. Raimondo* and *Corner Post v. Board of Governors of the Federal Reserve System*. *Loper Bright* overruled the *Chevron* doctrine which had facilitated the expansion of the administrative state by instructing courts to defer to "reasonable" federal agency interpretations of ambiguous statutes. Courts, not agencies, will now determine what statutes to authorize, which should restrain expansive, harmful agency interpretations. *Corner Post* removed arbitrary statutes of limitations, making it easier for injured parties to challenge erroneous agency actions and statutory interpretations.



The repeal of *Chevron* will aid ongoing litigation efforts to overturn the Food and Drug Administration's rule regarding laboratory developed tests (LDTs). The rule,

finalized in April, affirms that LDTs are in vitro diagnostic products regulated as medical devices under the Federal Food, Drug, and Cosmetic Act. As Dr. Zinberg made clear in papers and a podcast, the statute does not give the FDA this authority. The rule will hamper innovation in the development of diagnostic tests and make the nation less prepared during future emergencies.



In May, Dr. Zinberg led a panel discussion at CEI's policy summit in Edinburgh, Scotland, a city that has been a center for medical teaching and innovation for hundreds of years. In October, CEI published an adaptation of Dr. Zinberg's summit presentation. The study explores Adam Smith's economic principles as foundational for progress in medicine. The Scottish philosopher recognized the importance of the freedom to innovate, unrestricted by government interference and controls, as the soundest foundation for human flourishing. Dr. Zinberg shows how, as Smith predicted, improvements in health have indeed come from innovation, resulting from individuals acting "from their regard to their own interest" to benefit all.

Dr. Zinberg continued to highlight the irrational and

arbitrary health regulations that began during the COVID-19 pandemic and continue to this day. He also evaluated the uses and risks in telehealth from before, during, and after the pandemic. In his latest study, he provides lawmakers with the information they need as they debate whether to permanently or temporarily extend flexibilities for telehealth services that Congress enacted during the pandemic.

In his various analyses, he also discussed the deleterious impact of price controls on innovation, particularly those contained in the Inflation Reduction Act.

Dr. Zinberg authored numerous op-eds and made frequent media appearances, including on *Fox News* and C-SPAN's *Washington Journal*, to discuss his recent papers and a variety of other issues involving health care, law, and public policy. He was cited or published in *The Wall Street Journal*, *National Review*, the *New York Post*, the *Washington Times*, *Daily Caller*, *Politico*, and *Inside Health Policy*. Additionally, he participated in several Federalist Society Regulatory Transparency Project Explainer podcast shows.

## DEFENDING CAPITALISM

The team of experts at CEI's Center for Advancing Capitalism (CAC) promotes a healthier, more robust understanding of the values and virtues of capitalism, free markets, and economic liberty. CAC's studies, articles, public appearances, and podcasts debunk the myth that capitalism is exploitative and leaving a less healthy, less fair, and less productive world to future generations. The CAC complements CEI's core policy centers. Selling free market policies is easier when policymakers and the public understand how capitalism not only makes people wealthier, but also advances other important values and concerns, such as fairness and justice. It is the programmatic extension of CEI's highest honor, the Julian L. Simon Award.

CEI advocacy has helped shift both the public's and lawmakers' perception on politicized investing and financial regulation during the past year. Whereas news media coverage previously depicted corporate and government ESG goals as inevitable, today the issue is controversial and subject to rollback under a new administration. Republicans in Congress have recently advanced several anti-ESG bills and dedicated significant oversight attention to questioning policymakers like Former Securities and Exchange Commission (SEC) Chairman Gary Gensler about the agency's overreaching actions.

One such action, the SEC's climate disclosure rule, is one of the most egregious examples of overly restrictive rules under the Biden administration's whole-of-government approach to regulation. The rule effectively requires

firms to prioritize politically motivated stakeholder groups ahead of the legal owners of corporations: their shareholders. In January, CEI released a short study by Research Fellow Stone Washington detailing the expensive and legally thorny aspects of the climate disclosure rule. The SEC finalized the rule on March 6. It subsequently halted the regulation in April amid a whirlwind of lawsuits, which were consolidated before the Eighth Circuit Court of Appeals. In June, CEI released our most in-depth analysis on the issue, revealing the drastic burdens that await public companies should the SEC succeed with the rule. More recently, in a study released in early December, Washington compared climate disclosure mandates in California, the SEC, and the European Union.

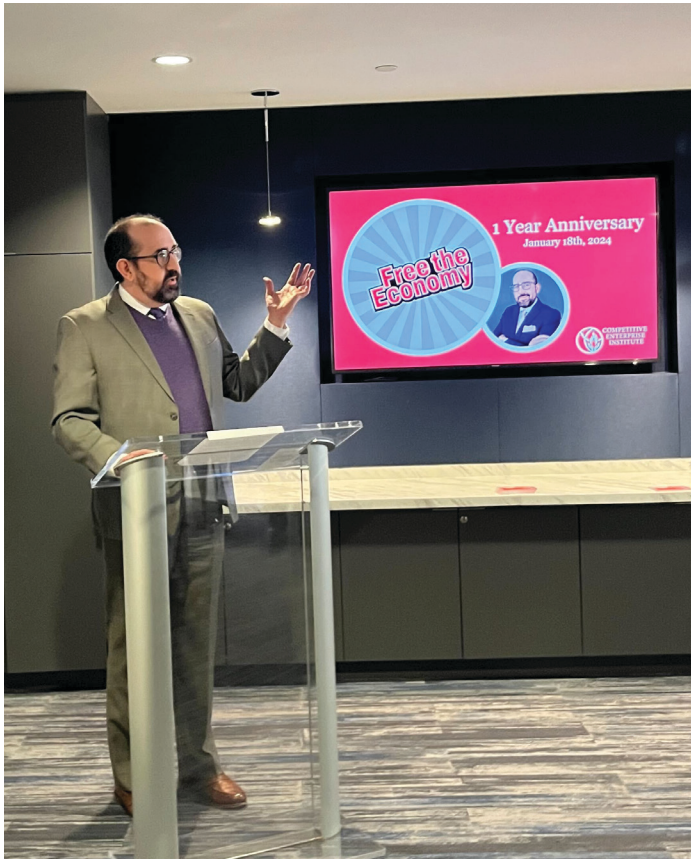
We submitted official comments against other non-statutory agency proposals. In January, we submitted a comment letter to the SEC urging the agency to reject the New York Stock Exchange's proposed rule to enable the listing of a new form of corporation called a "natural asset company." The step would have superseded congressional and state legislative authority to create a new corporate form out of thin air. However, the NYSE withdrew its own proposed rule without explanation just a day before the SEC's public comment period closed. The CAC team remains vigilant of other proposals that may incorporate elements of the natural asset company rule.

CEI submitted a comment in February to the Commodity Futures Trading Commission regarding the Commission's



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proposed guidance for listing voluntary carbon credit derivative contracts. We pointed out that the Commission is not statutorily authorized to set guidelines for the trade of carbon credits through direct contract markets. In late September, the CFTC chose to finalize its proposed guidance. CEI responded with further critical analysis of the policy implications.



CAC scholars also made the case for administrative law court reform. In an extensive study, published in December 2023, Washington and Senior Economist Ryan Young exposed that many federal regulatory agencies have administrative law courts as their very own in-house court systems, allowing them to both make the rules and then appoint and pay the judges that adjudicate those rules affecting private parties. In current research, Washington already finds alarming proof that nearly every administrative law court renders a large majority of its decisions in favor of the agency and against private parties. He presented an early draft of these findings at the Intercollegiate Studies Institute's second annual Summit on American Politics and Government in November.

On July 31, we hosted a briefing on Capitol Hill to

educate congressional staff on the need to counter the weaponization of financial regulation by governmental bodies like the Department of the Treasury and the Federal Deposit Insurance Corporation. Panelists included Senior Fellow Richard Morrison and Vice President for Strategy and Senior Fellow Iain Murray, as well as Cato Institute's Nick Anthony and Satoshi Action Fund's Eric Peterson. Following the briefing, the State Financial Officers Foundation invited Morrison to address state policymakers at their annual meeting in September. Morrison participated as a panelist.

In other events, Morrison was a panelist at Florida International University's Environment Forum for the second year in a row. This year's gathering focused on climate tech and coastal resilience. He will participate in the 2025 Forum as well. Additionally, he attended the Breakthrough Institute's 2024 San Francisco Dialogue: The Death of Environmentalism. He also participated in FreedomFest in Las Vegas in July, State Policy Network's annual meeting in Phoenix, Arizona in August, and Liberty University's CEO Summit in September.



As host of the weekly Free the Economy podcast, Morrison continued discussions with prominent liberty movement figures about the morality and wealth-producing opportunities of a free economy. Guests this year included Nick Morgan, president of the Investor Choice Advocates Network, Gonzalo Schwarz, president of the Archbridge Institute, Eric Boehm, reporter at *Reason* magazine, and Patrick Carroll, managing editor at the Foundation for Economic Education. Conversations provided valuable insights on topics such as artificial intelligence, the burdens of financial regulation, job losses, economic resiliency, banking, civil liberties, due process, and the future of cryptocurrency. In May, the podcast team achieved Free the Economy's first dual episode—an interview between Morrison and TechFreedom's Tech Policy podcast host Corbin Barthold

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that was released as an episode of both shows.

CEI reached new listeners and strengthened its core audience through its second podcast, *How the World Works*. The show marked its first anniversary in August. Every month, host and Writer-in-Residence Kevin D. Williamson engages in conversation with guests including authors, scholars, entrepreneurs, and everyday American workers about work, specifically, the jobs he and his guests have had, why work matters, the role of work in our economy, and policy ideas for helping workers and employers get the most out of the work they do. Work involves more than hours put in and paychecks cashed; it is an integral part of our communities and how we learn to serve one another.



Together, the podcasts drew more than 87,200 combined downloads in fiscal year 2024.

Earlier this month, CEI hosted a summit meeting, together with the Legatum Institute of London, on the weaponization of the financial system. The summit brought together 40-50 interested parties, including policy groups, regulators, and industry managers, to discuss issues surrounding debanking, “Operation Choke Point 2.0,” ESG regulations, and related matters. We explored legislative and regulatory solutions to these issues. Prominent guests included Ambassador Sam Brownback, whose group National Committee for Religious Freedom was debanked, and SEC Commissioner Hester Peirce. The event concluded with a briefing on Capitol Hill, featuring speeches by Sen. Cynthia Lummis (R-WY) and Rep. Tom Emmer (R-MN).

In the past year, the center has received media attention from the *National Review*, *Discourse* magazine, *Washington Examiner*, and *Daily Caller*, among others. Highlights include an NPR American Public Radio interview and guest appearances on the “Mike Ferguson in the Morning” radio show, American Radio Journal’s Lowman Henry Show, the Lars Larson Show, and the Alan Nathan Show.

## LAW AND LITIGATION

As a vertically integrated public policy organization, CEI’s legal program is part of each policy initiative within the four policy centers. The cases that we initiate, or those that we contribute to with amicus briefs, aim to preserve the constitutional and statutory limits on regulatory agencies’ actions and promote accountability and transparency. CEI’s Center for Law and Litigation pursued several tactical goals in 2024, including the following:

### DEFEAT CONGRESS’S ATTEMPT TO EVADE THE CONSTITUTION’S RESTRICTION ON DIRECT TAXES

In 2019, CEI brought a constitutional challenge to the Mandatory Repatriation Tax of the 2017 Tax Cuts and Jobs Act. CEI, with pro bono counsel from

BakerHostetler, is co-counsel and represents a couple from Washington state who own shares in an Indian company that makes equipment for small-scale farmers. The couple had never sold any shares or received any dividends prior to receiving a retroactive tax bill from the IRS, who deemed the increase in the value of their shares as income.

The case reached the Supreme Court, who heard arguments in *Moore v. United States* on December 5, 2023. The case garnered the attention of major media outlets and had more than 1,200 media citations in just the first 30 hours following the arguments.

In June, the Supreme Court upheld the tax provision that CEI challenged. Though the decision lets the government

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levy income taxes on foreign shareholders who have never received income, the Court confined its opinion to an extremely narrow scope. It did not address the constitutionality of other species of taxation of unrealized income—such as a national wealth tax—leaving room for future legal challenges.



Notably, four out of nine Justices stated on record that realization of income with respect to tax liability is generally required, favoring CEI's argument, while several other Justices avoided opining on this question entirely. This development is a huge advancement, given that—as we litigated the case—the constitutional requirement of realization for income tax liability was viewed by many so-called experts as a false or eccentric legal theory. A future challenge may eventually protect against wealth tax proposals in Congress.

### REMOVE AT-HOME DISTILLING BAN

This year, CEI attained one of its greatest litigation successes in its 40-year history. In *Hobby Distillers Association v. Alcohol and Tobacco Tax and Trade Bureau*, CEI represents the Hobby Distillers Association and its members in a lawsuit seeking to end the federal ban on at-home distilling to allow citizens to pursue this hobby without fear of legal consequences. On July 10, a federal district court in Texas decided that the federal ban on at-home distillation of beverage spirits is indeed unconstitutional. This decision is a victory for personal freedoms; it emphasizes the limits of the commerce power and the tax power with respect to federal regulation. We will continue to defend the case now that the government has appealed this decision to a higher court.

### DEFEND CEI'S WORK IN BRINGING CONSUMER CHOICE TO APPLIANCES

In October 2020, the Department of Energy (DOE)

partially deregulated dishwashers. This was the direct result of a petition that CEI had filed two years earlier, which demonstrated that its stringent efficiency standards had drastically impaired dishwasher performance. That petition also served as a blueprint for the DOE's deregulation of washers and driers.

When several environmental groups and California sued to block this deregulation, CEI intervened to defend it. But those cases were put on hold when the DOE sought to reconsider the deregulation.

The Biden administration started the process of undoing that reform on the President's first day in office. In March 2022, we convinced twelve states to challenge the revocation of this reform in the Fifth Circuit. We assisted their arguments with amicus briefs. On January 8, 2024, the Fifth Circuit Court of Appeals ruled against the administration's attempt to prohibit faster dishwashers.

The Fifth Circuit decision recognized that "No part of that text [of the Energy Policy and Conservation Act] indicates Congress gave DOE power to regulate water use for energy-using appliances (like dishwashers and washing machines)." Despite this opinion, on February 29, the DOE issued new water efficiency rules for residential clothes washers; on April 24, the DOE then issued new water efficiency rules for clothes washers.

On June 13, representing two individuals, CEI filed a lawsuit against the Department of Energy seeking an order to enforce the Fifth Circuit ruling and prohibit such water efficiency regulations. The district court decided the case in favor of the government, but the court provided so little reasoning for its decision that CEI attorneys decided to request that the court reconsider its decision. CEI will file its motion for reconsideration shortly.

### END THE EPA'S ATTEMPT TO FORCE A TRANSITION TO ELECTRIC VEHICLES

CEI represents the Domestic Energy Producers Alliance (who in turn represent most American oil and gas producers) and several individuals in challenging the Environmental Protection Agency's authority to establish fleet-wide average auto emissions in the D.C. Circuit. A dozen states and other industry members have joined CEI in this challenge.

Separately, in February 2022, CEI filed suit against the EPA's attempt to issue its own version of Corporate



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Average Fuel Economy (CAFE) standards for new vehicles, after years of acting jointly with the Department of Transportation. Unlike those earlier standards, the new EPA rule is aimed at eventually pushing the auto industry to produce only electric vehicles. The Clean Air Act contains no clear authorization for such a major industry transformation.

The Supreme Court has ruled that, under the “major questions doctrine,” agencies cannot impose such far-reaching changes unless Congress has clearly authorized them. CEI’s case was consolidated with other challenges filed by several state and industry groups. Our opening brief was filed November 3, 2022. After the EPA’s response in February, we filed our reply brief on April 18, 2023. Oral argument was held in the D.C. Circuit on September 14. In August 2024, we responded to the government’s brief with an explanation of the effects of the Supreme Court cases in *Ohio v. EPA* and *Loper Bright Enterprises v. Raimondo*.



### STOP HARMFUL AGENCY PROPOSALS THROUGH REGULATORY COMMENTS

In March, CEI submitted a comment to the Department of Labor opposing its proposed rulemaking entitled National Apprenticeship System Enhancements because the proposed rule would have generated paperwork and red tape for the agency’s own sake and for no particular purpose. The rule was without any authority in the National Apprenticeship Act. It contained vague requirements of diversity, equity, inclusion, and accessibility and improperly issued commands to state agencies. In November, the Office of Information and Regulatory Affairs withdrew the proposal. **The withdrawal highlights the importance of regulatory comments.** The Department of Labor estimated that its proposal would have imposed a total annual burden of

nearly \$45 million and would have affected more than 3 million people in the workforce in the first year alone.



### CONTINUE AMICUS SUPPORT FOR CONSTITUTIONAL RIGHTS

CEI has submitted several successful amicus briefs to the US Supreme Court. One recent amicus brief focused on *Tyler v. Hennepin County*, in which the Supreme Court unanimously ruled in 2023 that states cannot take the equity in people’s homes without just compensation.

CEI also filed an amicus brief in *Loper Bright Enterprises v. Raimondo*, asking the Supreme Court to overturn *Chevron* deference to administrative agencies. CEI had previously asked the Court to consider *Loper Bright*. In late June, the Supreme Court overruled itself on the longstanding and controversial doctrine that gave regulatory agencies an unfair advantage in court. CEI legal and policy experts praise the ruling as a huge step toward restoring fairness for citizens in legal disputes with executive branch agencies.

Similarly, CEI filed an amicus brief in *SEC v. Jarkesy*, which explored the nature of the right to a jury trial in such agency proceedings. CEI legal and policy experts praise the Supreme Court’s late June ruling, which established that a hedge fund manager accused of securities fraud is entitled to a jury trial because the Securities and Exchange Commission was seeking civil penalties. The decision curtails some unchecked powers wielded by regulatory agencies and their in-house administrative law courts.

We also filed amicus briefs in *NRA v. Vullo*—after which, as CEI advocated, the Supreme Court allowed the NRA’s claim to go forward. The NRA’s claim was that New York was unconstitutionally harming the organization’s First Amendment rights by coercing their business associates



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to stop associating with them.

CEI has requested that the Supreme Court hear *Diamond Alternative Energy v. EPA*, which pertains to the lawfulness of the Clean Air Act waiver for California. The state's government is attempting to prohibit the sale of all gas-powered vehicles, and it asked the EPA for a waiver from federal law to allow it to do so. Although the EPA granted the waiver, it failed to properly consider the relevant statutory requirements for doing so.

Additionally, we have provided support with amicus briefs to multiple cases that describe how the Federal Communication Commission's "Universal Service Fee"

(USF) violates the nondelegation doctrine. Indeed, CEI President Kent Lassman made this argument many years ago when he testified before Congress in 1999. The nondelegation doctrine limits the scope of how much decision authority Congress can assign to other bodies. In one of those cases, *Consumer Research v. FCC*, the entire Fifth Circuit ruled on July 24 that the USF violated the nondelegation doctrine. We are happy that the Fifth Court followed our amicus brief. This matter was recently granted cert by the Supreme Court and will be considered next term.



CEI supporters and staff convene in Edinburgh Scotland for CEI's annual policy summit.



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## PRODUCING RESEARCH AND ANALYSIS

Each year CEI scholars publish dozens of exhaustive peer-reviewed studies making the case for policy reforms. Our research and analysis are cited thousands of times annually in major media outlets, relied upon by scholars and advocates, and used by members of Congress, executive branch officials, and other federal and state policymakers as the basis for reform actions and proposals. CEI policy analysts produce timely commentaries for major news organizations, appear on television, radio programs and podcasts, promote reform ideas through digital and online forums, and engage with other experts who cover economic policy areas.

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With research, analysis, and policy proposals in hand, we craft advocacy campaigns to change minds and transform public policy. CEI experts meet regularly with members of Congress and state legislators, legislative staff, agency leaders, and administration officials. We leverage research and expertise to build strategic coalitions and to pursue policy reforms. And we actively participate in the regulatory process by testifying at congressional and agency hearings and meetings, and by filing comments on proposed rules, guidance documents, and other agency proposals.

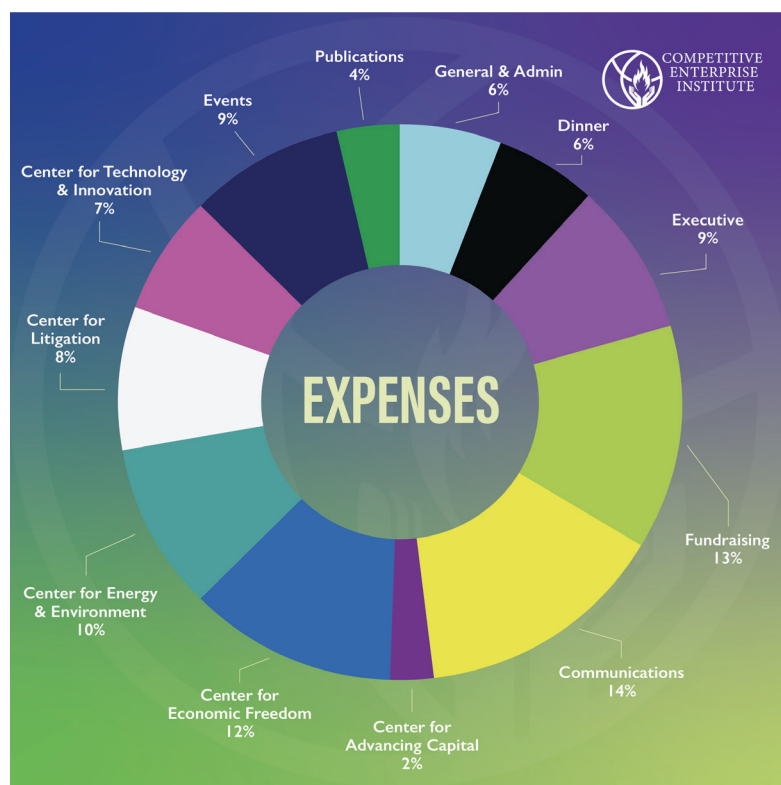
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CEI initiates lawsuits and files amicus briefs that challenge the constitutionality of dubious statutes and the legality of onerous regulations. We have won precedent-setting rulings from the U.S. Supreme Court and lower federal courts. But no matter the venue, CEI's cases advance regulatory reform, increased government transparency and accountability, and a stronger commitment to the rule of law.



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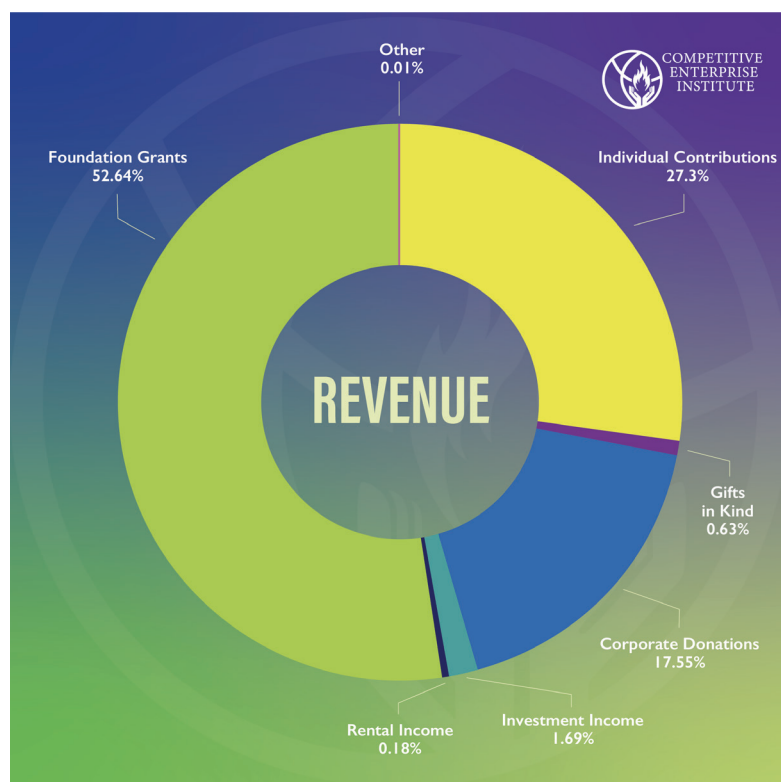


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CEI raised \$9.2 million in contributions from individuals, charitable foundations, and corporations during the 2024 fiscal year. Additional non-contribution revenue brought total income to \$9.4 million.

Expenses for the year totaled \$9.2 million, with 76 percent going to programmatic expenses office policy areas, communications and events.



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1310 L Street NW, 7th Floor  
Washington, DC 20005  
Phone: 202-331-1010