

Rein in the \$1 Trillion Regulatory State

From transportation to trade, from communications to banking and technology policy, policy makers of both parties have at times challenged the moral legitimacy, intellectual underpinnings, and economic rationality of federal regulatory intervention. Democrats helped spearhead transportation deregulation, and lawmakers from both parties rolled back unfunded mandates in the 1990s.

Regulations are frequently anti-competitive and anti-consumer, annually costing consumers hundreds of billions of dollars. Policy makers still largely do not know the full benefits and costs of the regulatory enterprise. Meanwhile, regulatory agencies grow in power and budget like feudal baronies.

Many reform ideas have been proposed. Cost-benefit analysis, however informative, is politically unpopular—and does not actually bring the largely unaccountable regulatory state under congressional control. Rather, greater congressional accountability and cost disclosure matter most in regulatory reform efforts. A congressional vote on major or controversial agency rules before they take effect—along with regulatory cost transparency

through such tools as improved annual cost and trend reporting—would help voters to hold Congress responsible for the regulatory state. Reining in excessive delegation of power to federal agency bureaucrats would help close the breach between lawmaking and accountability, while forcing Congress to internalize the need to demonstrate regulatory benefits. Among its reforms, Congress should:

- Establish a bipartisan Regulatory Reduction Commission to survey and purge existing rules.
- Develop a review and sunset schedule for new regulations and agencies.
- Explicitly approve major agency regulations.
- Publish an annual Regulatory Report Card to accompany the federal budget.
- Require that agencies report costs (Congress itself must assess relative benefits and compare agency effectiveness).
- Have agencies and the Office of Management and Budget rank rules' effectiveness, and recommend rules for elimination.

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