

Foreword

by Lawson Bader

Welcome to the New Year, and to a New Congress. Elections are over and the people's business is now at hand. I know; I've been there before.

Nearly 30 years ago, I entered the Senate Russell Office Building to start my first job in the nation's capital. I was awed by Washington, D.C.'s history, slightly overwhelmed, and eager to learn. As part of this learning process, I grew to appreciate the expertise and support of outside groups. My role was to listen and filter information through the lens of the Committee Chairman's priorities and principles. In the months ahead, your offices will be filled with powerful interest groups asking you to act in a certain way, and not in others. Some will be coy about their motives. Others will speak truthfully, but omit the "but on the other hand" when making their pitches.

So allow me to be transparent. The Competitive Enterprise Institute (CEI) has published this agenda as a practical guide, not a series of commandments. If you seek specific recommendations on how to revive the domestic U.S. economy and ensure America continues to be the land of opportunity, then please digest what we have authored. Keep it on your shelf as a ready-ref-

erence because I promise it will remain relevant throughout the life of the 114th Congress.

CEI uniquely works in the shadows. By that I don't mean we work in secret. Rather, it means that we focus on that dark, dry, challenging place where public policy and private markets interact. We have more than 30 years of institutional knowledge about the effects of economic regulation on innovation, entrepreneurship, and economic opportunity. The outcome of this interplay either constrains our nation's industriousness and our citizens' mobility and choices or sets them free. Drawing on that expertise, we offer this guide to help fill important gaps in the intellectual understanding of key regulatory concerns and to translate that into specific legislative action.

CEI does not represent any institution or private industry. We are not paid to generate papers nor contracted to work directly on specific regulatory concerns. We believe in unleashing the power of markets, but our idealism is tempered by a scholarly sense of what works and what does not. And we have libraries of knowledge about the impact of well-intentioned but poorly planned policies.

The Agenda focuses on eight topics—general regulatory reform, banking and finance, energy, environmental protection, employment and labor, consumer products, technology and telecommunications, and transportation. Each chapter outlines specific regulatory actions you can take, provides links to supporting documentation, and provides names of individual CEI policy experts who can advise further.

- ◆ **General regulation.** The most important step in reforming the regulatory state is understanding the proper role of the legislative and executive branches. No president has independent authority to issue regulations where there is no prior congressional approval. And no Congress should carelessly devolve regulatory oversight to the executive branch. Yet, both have occurred repeatedly during the past 30 years, and both parties are to blame. Thankfully, there are specific legislative actions that can help reestablish the checks and balances as intended by the Founders.
- ◆ **Banking and Finance.** Our modern economy relies on access to capital. A well-functioning financial system matches investors with enterprises for mutual benefit, rewards those who risk their own capital, and punishes those who abuse transparency requirements and violate property rights. Constricting that access means capital flees away from the areas where it can be most productive, thereby depriving entrepreneurs of the opportunities that a free economy offers and consumers of life-improving innovations. Unleashing new routes to capital is essential for America to maintain its innovative edge in our globalized world.
- ◆ **Energy.** As food is energy for human life, so energy is food for the life of the economy. Energy lights our homes and offices, heats and cools our dwelling spaces, fuels our industry, transports our goods, and powers our information networks. Affordable commercial energy is the key to modern civilization. However, there is perhaps no greater example of the law of unintended consequences than our modern energy policy—from the Environmental Protection Agency’s carbon pollution standards to carbon taxes to the Clean Air Act’s 1990 amendments—which threatens our economic future by making energy more expensive. Continued access to affordable energy must be a priority for Congress, to ensure economic growth.
- ◆ **Environmental Protection.** Few policy topics generate as much emotion as does concern over the environment.

But no other policy area is in as much need of reform.

Consider: The federal government already owns 30 percent of land in the United States, and has at its disposal legislative tools such as the Clean Air Act, Clean Water Act, and Endangered Species Act (ESA) to control and influence what remains outside its direct control. Current rules create perverse incentives for landowners to *not* preserve species on their property, lest the land lose most of its value due to restrictions on its use. It is long past time for Congress to address this regulatory excess and encourage genuine habitat protection.

- ◆ **Labor and Employment.** One of the American economy’s greatest strengths is the ability of individuals and businesses to adapt to market forces around them. This freedom to adapt drives innovation, which in turn drives increases in labor productivity and job creation. It is important that Congress understand the difference between increases in productivity and artificial increases through labor prices due to regulatory changes, and promote pro-growth policies that benefit all workers and the economy at large.
- ◆ **Consumer Protection.** American consumers have always supported greater choice in the marketplace—whether at the grocery store, pharmaceutical counter, or toy store. They also value information and transparency about the risks and rewards of those consumer choices. From genetically engineered foods to generic drugs to playgrounds, Congress may see a role for helping consumers manage risk. Yet, government does not provide the answer to every risk in society. Instead, policy makers should focus on empowering consumers to put the marketplace’s disciplinary role in consumer protection to good use.
- ◆ **Technology and Telecommunications.** It might be becoming cliché to point out, but technological progress outpaces nearly every regulatory hurdle thrown its way. We live in a global marketplace offering up an ever wider, ever changing array of choices in how we communicate, transact, and live with one another. With half the world now online, and the world’s population rivaling the number of mobile subscriptions, investment in technology and telecommunications presents the single greatest opportunity for global growth and increases in productivity. Yet, many regulations remain on the books dating from the time when most people did not have a phone in their home. By removing these barriers in a comprehensive manner, Congress can help unleash the

creative forces that will develop tens of millions of new high-skilled jobs worldwide, in sectors that did not exist only a few decades ago.

- ◆ **Transportation.** Mobility is an important feature in our lives and our economy that we often take for granted—because it is all around us. The movement of people and goods that drive our prosperity depend on adequate transportation infrastructure investment and management. Transportation now accounts for nearly 10 percent of U.S. gross domestic product, but its regulatory infrastructure is long outdated, stuck in a time period that no longer exists. Congress should promote transportation policies that encourage both competition in the provision of transportation services and the adoption of new, efficiency-enhancing technologies.

As you move forward during this Congress, please remember that in formulating public policy, the choice is not between

regulating and not regulating, but on finding the institutional framework most appropriate to advancing health, safety, efficiency, and long-term economic growth. For every supposed market failure cited to justify government intervention, there is a potential offsetting political and bureaucratic failure that can make things far worse.

Today, America's economic potential is being squeezed by overly burdensome regulatory policies covering the different areas outlined above. It is a welcome sign that Congress is coming to terms with the unsustainability of our nation's fiscal situation, but the hidden and growing burdens of regulations deserve more attention than they have received to date. Regulatory reform is critical. It is time for Congress to come out of the shadows and stop the regulatory Leviathan from smothering America's economic growth engine.