



Killing the Regulatory Parasite

By Richard W. Rahn

FAILING TO STOP THE RULE-MAKERS WILL RUIN THE ECONOMY

The successful parasite does not kill its host. But the federal regulatory parasite is in the process of killing the golden goose upon which it feeds. Several studies from highly reputable institutions have been released in the last number of days, all with similar alarming conclusions — namely, the number and costs of federal regulations are growing much faster than the economy, and they are having a significant negative impact on economic growth and job creation.

From the new annual report, Ten Thousand Commandments 2016, prepared by Clyde Wayne Crews of the Competitive Enterprise Institute, we learn that the costs of federal regulations — nearly \$1.9 trillion — is now greater than the Internal Revenue Service collects from both personal income and corporate taxes. "Federal regulation is a hidden tax that amounts to nearly \$15,000 per U.S. household each year."

"Over the last 58 years government spending to write and enforce regulation has increased by more than 20-fold (after adjusting for inflation), and the number of bureaucrats has increased by a factor of five," according to a study released on May 21 by Susan Dudley, director of the George Washington University Regulatory Studies Department, and Melinda Warren, director of the Weidenbaum Center Forum at Washington University in St.

Louis. There are now over a "quarter million full-time regulators" grinding out some 80,000 regulations per year.

A study by the Mercatus Center of George Mason University released in April found that the economic drag from the regulations has been reducing economic growth by an average of 0.8 percent per year. This factor alone accounts for almost half of the growth deficit that the U.S. economy has been experiencing for the last eight years. In practical terms, it means millions of new jobs have not been created, and wages for existing jobs have stagnated because of the ever-increasing costs of new regulations.

When Moses came down from the mount, he brought with him 10 rules covering most things that people really needed to know and could remember. There are now literally millions of federal rules that we are all supposed to have knowledge of and comply with — clearly an impossible task for any mere mortal. The result is we have lost our individual liberty because, if the feds decide to target you, they can always find some rules you have broken. The IRS is Exhibit A, with more than 70,000 pages of rules that no one can possibly know. There are even rules about taking your own money out of your own bank account, which is what the Justice Department just convicted former House Speaker Dennis Hastert for violating.

Some of the rules and regulations are beneficial, but the public has no way of knowing which are and which are not beneficial — because most government departments refuse to do serious cost-benefit analyses of the rules they promulgate. President Reagan was serious about trying to contain the regulatory monster, so he assigned former Director of the Office of the Management and Budget Jim Miller to take on the task, which Mr. Miller did in a vigorous and competent way. But over the years after Reagan, Mr. Miller and others left, the efforts slowly waned until the Obama era, when barely even lip service is paid to cost-benefit analysis.

As a result of lawsuits, there have been a few victories against excessive regulation. Last week, the Supreme Court slapped down an Equal Employment Opportunity Commission ruling 8-0, following another loss for the

commission before the high court, which was struck down 9-0 last year. One of things these court rulings tell us is that the bureaucrats have too much time on their hands — dreaming up flaky rules that are clearly unconstitutional.

Congress has failed to reduce the budgets and failed in its oversight responsibilities, which are some of the reasons there is so much anger toward Washington. How many rules are enough? If the government hires people to write regulations for a particular area of concern, and they go to their boss and say that no more regulations are needed, they might be fired. So, of course, they go on writing regulations forever, needed or not.

- *Lesson 1:* Regulatory agencies should be prohibited from hiring full-time rule writers. When needed, the task should be contracted out on a one-time basis for each rule.
- *Lesson 2:* Regulatory agencies should not do their own cost-benefit analysis. All cost-benefit analysis should be done by the Office of Management and Budget in its Office of Regulatory Affairs.
- *Lesson 3:* Private parties should be given clear authority to challenge any rule that adversely affects them, and they should have their court, legal and experts' costs covered if they win in court.
- *Lesson 4:* All rules and regulations should have clear sunset provisions, not exceeding 25 years, and this should apply to all existing rules and regulations.

Too much economic damage is being done by the regulatory parasite, and it is only going to get worse until it totally destroys the economy if nothing is done.

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