



A Regulatory Plague from Austin

By Richard W. Rahn

LIBERAL CITIES ARE ALWAYS ON THE SCOUT FOR NEW RULES TO IMPOSE

All plagues, whether they are biological or destructive policy ideas, begin at some specific place and time. The city of Austin, Texas, is now the place of origin of what could be a very costly experiment.

Unneeded and ill-considered regulation is annoying, costly and damaging, and it fuels corruption. Those in the political class love to regulate. They love the power regulation gives them over their fellow citizens. They love the fact that the threat to regulate causes the potentially affected to make campaign donations, or provide speaking fees or gifts to avoid having the regulation imposed. They love the fact that promising to maintain or “enhance” a regulation causes the beneficiaries (often big business) to keep the payoff money flowing to them. Those who have jobs in regulatory agencies have many incentives to keep the number of regulations ever-growing as a way of obtaining more job security, status and power. In sum, much of the regulatory apparatus is fundamentally corrupt and destructive.

At some point, the regulatory burden becomes so costly that the affected industry begins to die. Major transportation regulation in the United States began with the regulation of railroads about 120 years ago. As new forms of transportation came along — trucks, buses and airplanes — both economic and safety regulation was quickly extended to the new technologies of the time. Railroads reached their peak in the early 20th century. Then as new, competitive forms of transportation developed and owing to

a series of bad policies at the federal, state and local levels, they entered what appeared to be a death spiral by the 1960s. (Note: The U.S. now has less than one-third the number of railroad track miles than in 1915.) Passenger rail traffic was disappearing as a result of competition from automobiles and the rising airlines, and from costly government regulation, taxation and union work rules. Freight rail was suffering from the advent of long-haul trucking, and again from unions and government regulation. Rather than deregulate the rail industry, the government increasingly regulated trucks, buses and airlines to bring “competitive balance.” The regulators froze the existing competitive landscape in place — fearing that one company or transportation mode would gain an advantage. At one point, the government was regulating not only airline fares and routes, but even the size of sandwiches that could be served on board.

Finally, the cost and absurdity of this regulation became apparent to all but the most diehard, and a chorus of demand for deregulation erupted. It was during the Carter administration (1977-81) that Congress passed a series of laws to deregulate trucking, aviation and railroads, and finally buses in 1982. Transportation deregulation even went so far as to abolish the 109-year-old Interstate Commerce Commission in 1995 (which regulated railroads and trucking) and the 45-year-old Civil Aeronautics Board in 1985 (which regulated airlines). Economic deregulation of the transportation industry was largely accomplished, and safety regulation was given to other government agencies.

The city of Austin has now decided to try to extort the charter bus industry by demanding that the buses get an expensive permit for “safety reasons” to collect or drop off passengers in Austin. The so-called safety regulations included a demand that a bus could not have more than five different newspapers aboard. The association representing the charter bus industry is now suing the city.

Charter buses are already subject to extensive federal safety regulations. There are about 3,500

charter bus companies operating approximately 33,000 motor coaches in the United States. Charter buses take our children on field trips, many of us to conventions and special events of all sorts, provide the means for many domestic and foreign tourists to see America, and evacuate large numbers of people from danger zones in times of emergencies. They are a key component of the American transportation network, and without them our choices would be more limited and costly.

The political class in Austin, by charging a “permit fee,” is engaged in a rather naked attempt to tax interstate buses (which they cannot legally do as a tax). It would obviously kill the charter bus industry if every city and town in America could tax every interstate bus that went through its jurisdiction. The politicians who run Austin appear to care little as to what benefits their own citizens, versus their own pockets. Austin, through excessive regulatory requirements, has already driven Uber and Lyft from the city, making the citizens dependent on more expensive taxis with worse service — and I expect the taxicab companies are generous donors to the controlling politicians’ campaigns. Austin has the reputation of being the most liberal city in Texas. Have you noticed that despite the rhetoric of compassion, where the liberals have been in political control for some time, the citizens often end up having fewer goods and services available to them and at higher prices?

The reason you should care about what seems to be a minor civil case in Austin is that it could result in a plague of costly local permitting of interstate transportation services. Ill-thought-out or corruptly motivated regulations are both job and economic growth killers. But the “progressives” who run Austin probably don’t really care.

Richard W. Rahn is on the board of the American Council for Capital Formation and is chairman of Improbable Success Productions

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