



Center for Progressive Reform Editorial Memorandum:

Regulation Under Attack: The Overlooked Story of How Regulations Protect Lives

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On Monday, House Majority Leader Eric Cantor announced a key pillar of the Republican agenda for the fall: the “repeal of job-destroying regulations.” With almost weekly votes to kill key regulations, the anti-government effort is designed to generate more and more attention in the coming months. But the focus will not be on lives saved, asthma reduced, or communities protected from coal ash spills; rather, the “job-destroying” campaign is designed to distort the truth about regulations. The facts show regulation has produced substantial and important benefits for the public without sacrificing jobs at the same time.

As some Members of Congress and the U.S. Chamber of Commerce ramp up their campaign, the actual record of regulations should not be ignored: what they cost, whom they protect, and what benefits they produce for the economy and society. Working to create a smokescreen around why our government regulates polluters in the first place, the opponents of regulation have tried to take benefits out of the conversation, focusing instead entirely on wildly inflated cost estimates. The benefits of regulation should be brought back into the conversation: the lives saved, the schooldays attended, the hospitalizations avoided, and the cancers prevented by reasonable safeguards designed to protect the air we breathe, the water we drink, and the food we eat.

A new paper from the Center for Progressive Reform, [*Saving Lives, Preserving the Environment, Growing the Economy: The Truth about Regulation*](#), is the first report to assemble the available evidence concerning the benefits of regulation. The results fly in the face of the anti-regulatory rhetoric from industry and its champions in Congress:

- Regulatory benefits for significant regulations exceed regulatory costs by 7 to 1. The payoff for environmental regulations is even greater. EPA estimates the regulatory benefit of the Clean Air Act exceeds its costs by a ratio of 25 to 1. Similarly, a study of EPA rules issued during the Obama Administration found that their regulatory benefits exceeded costs by a ratio as high as 22 to 1. Even these estimates don’t capture the full advantages of regulations; some benefits, such as reducing toxic mercury pollution, are difficult to monetize, and aren’t even counted. The estimates of benefits from agencies have historically proven lower than reality.

- The high costs that we have paid for the failure to regulate provide additional evidence of the benefits of regulation. The total costs of the BP oil spill are between \$11-100 billion. The bill for the collapse of Wall Street is even larger. The economy lost 8.4 million jobs, the government spent billions in the Troubled Asset Relief Program (TARP), and pension funds were devastated.
- Additional evidence indicates that regulations serve their intended purposes without causing economic dislocation. There have been dozens of retrospective evaluations of regulations by EPA and OSHA, and these studies have found that the regulations being studied were still necessary, and they did not produce significant job losses or cause adverse economic impact on the regulated industries, including on small businesses.

The attack on regulations today is not new, but a historical perspective shows how unfounded it is. Industry always claims that new regulations would put them out of business, yet the real record should speak for itself: huge health, safety, and environmental benefits, coupled with decades of growing GDP. Indeed, one of our biggest economic struggles, the current one, came about only after under-regulation of financial markets

Despite rhetoric about “job-killing regulations,” the evidence shows that regulation is not a drag on employment because it stimulates the creation of as many new jobs as are lost, and job gains can offset job losses, leading to a net gain in employment. This evidence has not stopped industry from claiming that proposed regulations will lead to large job losses, but retrospective analysis hasn’t found any significant impacts.

EPA’s pending regulation to reduce pollution from industrial boilers and incinerators is a good example of misleading claims about jobs and the loss of substantial public benefits. An industry trade group grabbed headlines by claiming the rule would put more than 300,000 jobs at risk – but when other economists looked at the study they found rather basic flaws in its assumption and methodology, and the actual costs are projected to be a tiny fraction of the industry claims. Still, the trade group succeeded in taking attention away from the proposed standard’s enormous benefits. The proposed standards – even after they were significantly weakened in response to political pressure – are estimated to prevent between 2,600 and 6,600 deaths each year, as well as prevent 4,100 heart attacks and avert 42,000 asthma attacks. Rather than make the politically unpalatable argument that thousands of Americans will continue to die each year in order to save a few dollars for industry allies, regulatory opponents deploy rhetoric that casts crucial safeguards as nothing more than costly red tape. They ignore the benefits of the regulation hoping their constituents will, too.

A recent and particularly striking distortion that has become a mainstay of the anti-regulatory campaign is that regulations cost the U.S. economy \$1.75 trillion each year. The source of the statistic is a report prepared by contractors working for the Office of Advocacy of the U.S. Small Business Administration. But as CPR, the Environmental Policy Institute, and the Congressional Research Service have demonstrated, the report is badly flawed and simply not reliable.

The anti-regulators' most direct attack on enforcement of the nation's environmental, health and safety laws is a bill called the REINS Act, sponsored by Rep. Geoff Davis, a creative but unprecedented proposal that seeks to gum up the regulatory works by complicating and politicizing the regulatory process even more than it already is. The REINS Act would require both chambers of Congress to affirmatively approve any new regulation before enactment, even though the laws requiring the regulation are already on the books, and to do it on a timeline so short that even a functional Congress would be hard-pressed to comply. The proposal would amend dozens of landmark laws with a single swoop, subjecting regulations to a nakedly political review not contemplated by their authorizing legislation. That process would give special interests their best opportunity yet to weaken or scuttle regulations designed to enforce the nation's laws—leveraging their new post-*Citizens United* freedom to heap piles of cash into members' reelection coffers in order to obtain support for blocking regulations that are good for the public interest, but inconvenient for their bottom line. Every new health safeguard of consequence would likely be targeted by special interest lobbyists, with nothing but congressional inaction necessary to block the regulation.

The effort to erect new barriers to regulation is misguided, and the rhetoric blaming regulation for the nation's economic woes is absurd. A glance at recent regulatory failures – the BP oil spill, repeated outbreaks of various food contamination, toxic drywall, poisonous imported toys, Wall Street's global-economy-shattering misadventures, and more – demonstrate that the real problem with regulation is that it is too weak and, too often, feebly enforced. Instead of seeking to make regulations that enforce the nation's laws the scapegoat for the state of the economy, political leaders should focus on how best to improve regulatory safeguards, so as to protect Americans and the economy from a host of persistent hazards. The BP oil spill killed 11 people and is costing tens of billions of dollars. The financial crisis led to an economic downturn that left millions unemployed. Thousands die each year from heart attacks associated with air pollution – much of which we can stop, but haven't yet. These are not failures to be celebrated.

Please consider exploring the benefits of regulation, and the real life costs of curtailing protections of our health, safety, and environment.

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