

Federal Regulation Costs Too Much, Slows Business Investment and Discourages Innovation *A Smarter Approach Would Deliver Real Benefits, While Minimizing Harm to the Economy*

Not only are individual rules costly, but the total, cumulative burden on the economy likely is larger – much larger – than the sum of the estimated costs of individual rules. The current regulatory system does not evaluate the cumulative cost and therefore cannot properly balance total costs and benefits.

AMERICA NEEDS AN IMPROVED FEDERAL REGULATORY PROCESS

- **An Innovation Challenge:** Business works when companies can experiment and try new things. Agencies, however, often impose rigid one-size-fits-all requirements that cut off promising opportunities, or they impose overly prescriptive rules that prevent new solutions.
- **An Investment Challenge:** The regulatory process creates uncertainty that undermines investment, growth and job creation. If companies do not know what regulators will do, they understandably are reluctant to undertake costly investment. Likewise, agencies often take too long to give permission for regulated parties to act — in part because they are focused on broad rulemaking objectives.
- **A Compliance Challenge:** Regulating is easier than complying with regulations. Because rules can never be drafted to address every foreseeable circumstance, much less unforeseeable ones, their application will always be uncertain in many cases and will typically create unintended consequences. Some regulations are “technology forcing,” meaning that they can be met only by solutions that do not yet exist. Moreover, the volume and complexity of regulations can make for a bureaucratic nightmare, especially as different agencies with overlapping jurisdiction all regulate the same subject matter.

America Needs Regulatory Improvement

46,000 The number of new regulations published in the Federal Register since 2000.

6% Share of major regulations issued by independent regulatory agencies that received full cost-benefit analysis between 2002 and 2013.

48% Percentage of Americans who think there is “too much regulation,” up from 28 percent in 2002.

Business Roundtable Recommendations

- The government should objectively analyze the costs and benefits of proposed and final major rules from all agencies, including “independent” regulatory commissions;
- Agencies should publicly disclose information about planned regulatory actions on a monthly basis and engage stakeholders early in the regulatory process;
- Every major rule should include a plan for how the agency will evaluate its effectiveness after an adequate period of time; and
- Congress should consider other changes to the *Administrative Procedure Act*, particularly relating to the content of the rulemaking record and greater judicial scrutiny of that record.