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PRINT

JUNE 2, 2014 5:56 PM

# EPA's New Carbon Emission Rules Would Be Added To 1,040,940 Existing Federal Regulatory Restrictions

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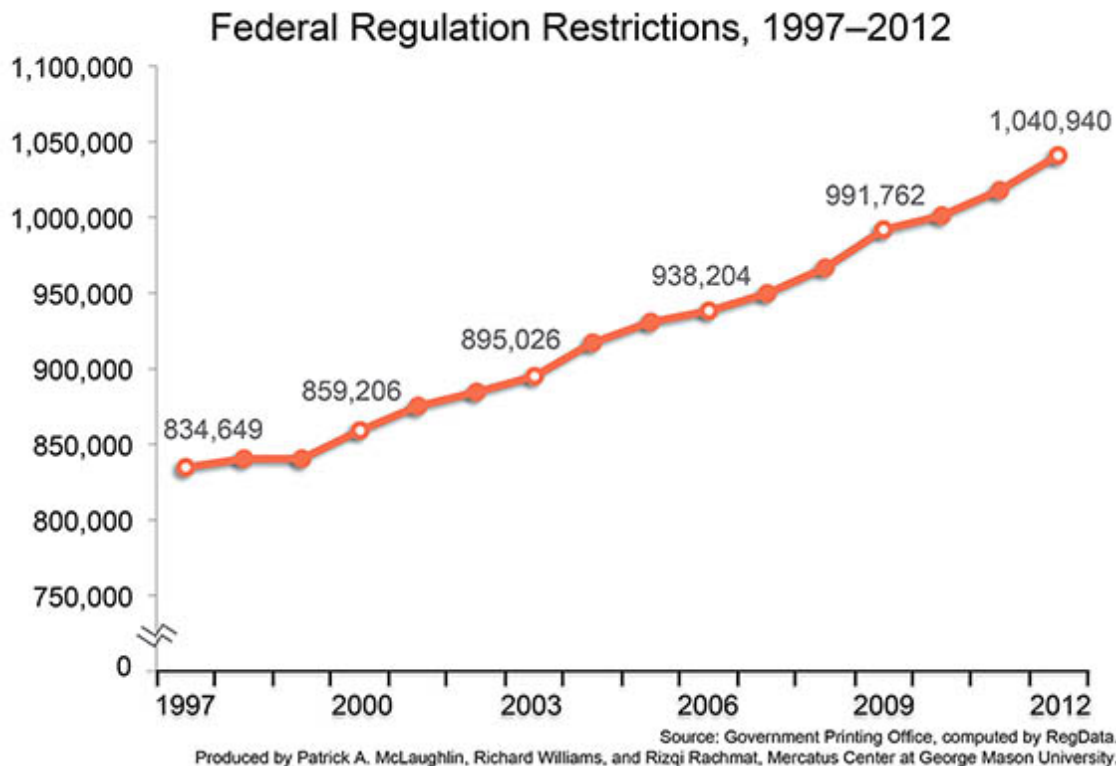
“In its most basic definition,” my colleagues Richard Williams and Patrick McLaughlin write, “a regulation is a law that “seeks to change behavior in order to produce desired outcomes,” and it does this by requiring or forbidding certain actions.” That describes very well the definition of the newly released draft rules by the EPA to regulate carbon emissions from fossil-fuel-powered plants in the country. The *Wall Street Journal* explains:

The proposed rule mandates that power plants cut U.S. carbon-dioxide emissions 30% by 2030 from levels seen in 2005, an aggressive target that marks the first attempt at limiting such pollution . . . .

Under the plan, each state will have a different reduction standard, and the national average will be 25% by 2020 and 30% by 2030, according to the EPA. This is EPA's preferred option, but it is also seeking comment on another, weaker option. Under that plan, the national average reduction in carbon emissions would be up to 24% in 2025, based on the same base year of 2005. Between now and June of next year, EPA will take comment on what plan it should finalize, including potentially other more ambitious proposals not included in this draft.

Once the rule is in place, the agency is asking states to submit implementation plans by June 2016, but the EPA is also giving states the option to extend that by one year.

Whatever one thinks about the proposed rule (I think it is terrible), one thing is sure: It will add to the tremendous regulatory burden that already exists in the U.S. McLaughlin and Williams have documented how bad things are and have made the case for why we need regulatory reforms in two charts published last week. However, this one is particularly striking:



It shows “the growth of federal regulations from 1997 to 2012, as measured by counting the number of restricting words, such as ‘shall,’ ‘must,’ or ‘required,’ that are printed in the Code of Federal Regulations each year.”

As you can see, over 15 years, the total number of restrictions in federal regulations has grown from about 835,000 in 1997 to over 1,040,940 in 2010. The new EPA rules would add to this astronomic number. Moreover, if the rules end up being too costly or ineffective, we can be almost sure that they will remain on the books because the American regulatory system doesn’t have a systematic and functioning way to review existing regulations – which explains the incredible accumulation of them over the past 15 years.

Why should we care? Because while some regulations, if well-targeted and well-implemented, are necessary, many regulations are none of those things, and they end up imposing a great cost on the economy. As they note, “A recent study found that the accumulation of federal regulations slowed economic growth by an average of two percent per year between 1949 and 2005. . . . Over time, these accumulated restrictions can either directly foreclose paths to innovation or entrepreneurship or add up to the point where their cumulative cost makes certain actions prohibitively expensive.”

According to the *Journal*, the new rules could end up costing between \$8 billion and \$50 billion annually.

What should we do? McLaughlin and William suggest the following:

Given the consequences of regulatory accumulation and the repeated failures of agency- and president-led attempts at reform, congressional action may be required

to address this problem. A successful regulatory reform act will include most or all of the following characteristics:

1. The process should entail independent assessment of whether regulations are nonfunctional.
2. The process should ensure there is no special treatment of any group or stakeholder.
3. The process should use a standard method of assessment that is difficult to subvert.
4. Whatever the procedure for assessment, assessments of specific regulations or regulatory programs should focus on whether and how they lead to the outcomes desired.
5. Regulatory agencies should be recognized as another important stakeholder, with incentives to keep and increase regulation.
6. Congressional action—such as a joint resolution of disapproval—should be required in order to stop the recommendations, as opposed to a vote to enact or not enact.
7. The review process should repeat indefinitely.

The whole thing is [here](#).