

# THE MORAL LIBERAL

## Regulations & Taxes—Democrats Then & Now

Chris Edwards

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In recent decades, the Democratic Party has moved far to the left on economic policy. [I have discussed](#) the leftward shift on tax policy, which was illustrated once again by President Obama's generally awful proposals in his new budget (see [here](#), [here](#), and [here](#)).

What about regulations? Consider [the following statement by President Jimmy Carter](#) on his signing a landmark railroad deregulation bill in 1980. Have you ever heard President Obama express such views or push for similar sorts of legislation?

Today I take great pleasure in signing the Staggers Rail Act of 1980. This legislation builds on the railroad deregulation proposal I sent to Congress in March 1979. It is vital to the railroad industry and to all Americans who depend upon rail services.

By stripping away needless and costly regulation in favor of marketplace forces wherever possible, this act will help assure a strong and healthy future for our Nation's railroads and the men and women who work for them. It will benefit shippers throughout the country by encouraging railroads to improve their equipment and better tailor their service to shipper needs. America's consumers will benefit, for rather than face the prospect of continuing deterioration of rail freight service, consumers can be assured of improved railroads delivering their goods with dispatch ...

This act is the capstone of my efforts over the past 4 years to get the Federal Government off the backs of private industry by removing needless, burdensome regulation which benefits no one and harms us all. We have deregulated the airlines, a step that restored competitive forces to the airline industry and allowed new, innovative services. We have freed the trucking industry from archaic and inflationary regulations, an action that will allow the startup of new companies, encourage price competition, and improve service. We have deregulated financial institutions, permitting banks to pay interest on checking accounts and higher interest to small savers and eliminating many restrictions on savings institutions loans.

Where regulations cannot be eliminated, we have established a program to reform the way they are produced and reviewed. By Executive order, we have mandated regulators to carefully and publicly analyze the costs of major proposals. We have required that interested members of the public be given more opportunity to participate in the regulatory process. We have established a sunset review program for major new regulations and cut Federal paperwork by 15 percent. We created a Regulatory Council, which is eliminating inconsistent regulations and encouraging innovative regulatory techniques saving hundreds of millions of dollars while still meeting important statutory goals. And Congress recently passed the Regulatory Flexibility Act, which converts into law my administrative program requiring Federal agencies to work to eliminate

unnecessary regulatory burdens on small business. I am hopeful for congressional action on my broad regulatory reform proposal now pending, to help complete congressional action on my regulatory reform proposals.

Today these efforts continue with deregulation of the railroad industry and mark the past 4 years as a time in which the Congress and the executive branch stepped forward together in the most significant and successful deregulation program in our Nation's history. We have secured the most fundamental restructuring of the relationship between industry and government since the time of the New Deal.

In recent decades the problems of the railroad industry have become severe. Its 1979 rate of return on net investment was 2.7 percent, as compared to over 10 percent for comparable industries. We have seen a number of major railroad bankruptcies and the continuing expenditure of billions of Federal dollars to keep railroads running. Service and equipment have deteriorated. A key reason for this state of affairs has been overregulation by the Federal Government. At the heart of this legislation is freeing the railroad industry and its customers from such excessive control.

*Chris Edwards is the director of tax policy studies at Cato and editor of [www.DownsizingGovernment.org](http://www.DownsizingGovernment.org).*