



Trump promises more deregulation as experts grapple with costs and benefits

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President Donald Trump applauded his administration's efforts in rolling back government regulation Friday and promised that there is more to come, though economists disagree on whether that is good news for American workers.

"We've lifted one terrible regulation after another at a record clip, from the energy sector to the auto sector," Trump said before signing executive orders at the Treasury Department. "And we have many more to go, and that's going to be happening over the next, I would say, four to five weeks."

While Trump has struggled to make progress on some of his campaign promises in his first 100 days in office, he has succeeded with the help of a Republican Congress in undoing many of President Barack Obama's final regulatory actions.

The American Action Forum (AAF) is keeping a running tally of the potential savings resulting from executive orders and Congressional Review Act (CRA) legislation repealing or delaying regulations.

According to AAF, the dozens of measures Trump has signed so far have saved \$66.9 billion in regulatory costs, plus 56 million hours of paperwork. New research released by the organization Thursday indicates that the actions may also save taxpayers a significant chunk of change in federal appropriations.

Sam Batkins, AAF director of regulatory policy, estimates that the regulations the Trump administration has halted so far could result in more than \$86 billion in savings for taxpayers, although the exact figures depend on a number of factors yet to be determined.

The main factor in that potential savings is the repeal of the Department of Education's Accountability and State Plans rule. Batkins noted the CRA vote did not explicitly reverse all of the funding it appropriated to state and local education agencies, but it is unlikely that all \$86 billion in taxpayer dollars will be rescinded.

The Accountability and State Plans regulation would have imposed restrictions on states' ability to calculate school determinations, improve low-performing schools and increase assessment participation rates to comply with the Every Student Succeeds Act, according to the National Governors Association.

Batkins' analysis highlighted a couple of other regulations delayed or repealed under Trump that would provide noteworthy savings for taxpayers.

Under the Fair Pay and Safe Workplaces rule, potential federal contractors would have been required to report any labor law violations or alleged violations in the previous three years. Companies argued this would essentially blacklist some from receiving government contracts.

Batkins estimated the regulation would have imposed \$400 million in annual costs on businesses and required 2.1 million hours in paperwork. There were also about \$25 million in government costs that will now be saved.

The administration has blocked other workplace safety rules as well. One would have limited workers' exposure to silica dust, which has been linked to lung cancer, but businesses maintained the cost of compliance was unreasonably high.

President Trump has ordered the EPA to rescind or revise the Waters of the United States rule, which he has called "one of the worst examples of federal regulation." The rule would have clarified the waterways that the EPA could regulate under the Clean Water Act, but it had been blocked by legal challenges. Batkins estimated it would have cost the Army Corps of Engineers \$16 million in administrative costs.

Some experts say all of these regulatory changes will jumpstart job creation and economic growth. Others warn that they put worker safety, health, and the future of the planet at risk.

"Trump's aggressive anti-regulation actions come at great cost to both individuals relying on these protections and the economy writ large," said Rebecca Buckwalter-Poza, a fellow at the Center for American Progress.

She pointed to EPA estimates that the Clean Power Plan would have generated \$25 to \$45 billion in net benefits per year and prevented thousands of premature deaths. She also argued that costs of regulations are often overestimated and companies will innovate to reduce the expense of compliance.

"Anyone who says regulations stifle economic growth is, to put it mildly, wrong," she said. "Regulations promote economic growth. They often create jobs, foster corporate innovation, and improve productivity."

The Economic Policy Institute (EPI) has compiled a fact sheet on the Trump administration's deregulation efforts that it says "reveals a policy agenda that favors corporate profits ahead of worker protections and public health."

Celine McNicholas, labor counsel at EPI and co-author of the fact sheet, argued that regulations raising the bar for treatment of government labor have a positive ripple effect.

"The federal government is a huge consumer of services and to the extent that they set fundamental labor and employment standards...that has a significant effect on the way companies will do business," she said.

McNicholas also suggested the focus on costs for businesses is misplaced because deregulation passes costs on to workers and their families.

"Nothing's free," she said. "There's a cost. It's just about where is the cost being absorbed."

For example, complying with the silica rule may be pricey for employers, but eliminating the rule means higher health care costs for workers who suffer illness or cancer because of exposure. One analysis projected the rule would have a net benefit of \$7.7 billion per year and save 600 lives annually.

Trump has also delayed implementation of the fiduciary rule, which would have required financial professionals to act in their clients' best interests. According to EPI, conflicted advice costs retirement savers \$17 billion a year.

While Batkins acknowledged regulations can have economic benefits, he argued that some rules fail to address the issue they were designed for. He cited evidence that the fiduciary rule did not make saving more affordable, and he said increasing transparency when financial advisers recommend investments for which they receive a commission could resolve the problem instead.

In compliance with the Regulatory Right-to-Know Act, the Office of Management and Budget (OMB) produces an annual report estimating the total benefits and costs of federal rules and paperwork. [A draft of the 2016 report](#) submitted to Congress in December concluded that in fiscal year 2015 regulations produced aggregate benefits of between \$269 and \$872 billion while costing between \$74 and \$110 billion.

"The report acknowledges that it is limited in scope," Batkins said.

He noted that OMB only conducted full cost and benefit estimates for a few dozen major rules, not all of the 36,000 regulations published in the last decade. The report only looks at effects over one year, and quantifying the value of benefits like improved homeland security or protection of privacy can be imprecise.

"What a lot of people are more concerned about is we have eight or 20 years of the aggregate impact...and what is the cumulative effect of these particular measures," he said.

While most of the rules Trump has targeted so far had been tied up in court or otherwise delayed when Obama left office, McNicholas emphasized that this should not be seen as an indication that the administration will not try to reverse many more regulations that have already been implemented.

"He's acting in the space that the Congressional Review Act allowed him to act," she said.

Under the CRA, Congress has 60 legislative days to disapprove of a rule, so the window of time to undo Obama's regulatory actions with a simple majority vote and Trump's signature is closing.

Eliminating regulations that are in full force is a slower, more complicated process. Trump has already ordered reviews of some rules that he promised voters he would repeal. One executive order signed Friday brings him a step closer to unraveling Dodd-Frank financial regulations.

According to Batkins, just because a rule has not been implemented, that does not mean businesses have not begun adapting to it.

"When a regulation is finalized...sometimes entities start complying with them well before the ink is dry on the final rule," he said, observing that businesses were already taking steps to adhere to the fiduciary rule and the Clean Power Plan.

Batkins said the Trump administration is expected to issue a report in the next couple of months that will lay out some of its priorities for regulation and deregulation.

The Commerce Department has sought input from businesses about regulatory changes needed to strengthen the manufacturing sector. Nearly half of the responses complained about EPA regulations, according to the Washington Post.

Republicans maintain that excessive government regulation is stifling business investment and innovation. Home Depot co-founder Bernie Marcus told Sinclair earlier this week that “onerous” Obama administration regulations are killing small businesses.

However, left-leaning economists see danger in leaving it up to businesses to protect their workers and the environment.

“I think the notion that the market’s going to regulate itself, you can look at the most recent financial collapse to see why that’s a fiction,” McNicholas said.

According to Buckwalter-Poza, many regulations are drafted specifically because corporations refuse to address problems unless forced to do so.

“From food safety to air pollution, corporations put profits first,” she said.

Others fear Trump will not go far enough in dismantling the government’s regulatory power. Dan Mitchell, a senior fellow at the libertarian Cato Institute, said the dozens of rules the administration has undone so far barely put a dent in the regulatory burden on the private sector.

“Is it a start? Yes...but for those of us who want less red tape, we’re not quite ready to break out the champagne,” he said.