

On June 26, 2013, the U.S. Congress Joint Economic Committee held a hearing on “[Reducing Unnecessary and Costly Red Tape through Smarter Regulations](#).” The bipartisan Committee is evenly divided among members of the U.S. House of Representatives and the U.S. Senate, with an equal number of Republicans and Democrats. The witnesses included Professor Susan Dudley, Director of the [George Washington University Regulatory Studies Center](#); Dr. Michael Greenstone, Director of the Brookings Institution Hamilton Project and 3M Professor of Economics at the Massachusetts Institute of Technology; Dr. Jerry Ellig, Senior Research Fellow at the [Mercatus Center](#) at George Mason University; and Dr. Robert Kieval, Executive Vice President and Chief Technology Officer of CVRx, Inc.

The most striking aspect of the hearing was the degree to which Members and witnesses agreed that federal regulations need to be more cost-effective and better targeted at achieving their intended goals. Committee [Chairman Representative Kevin Brady \(R-TX\)](#) opened the hearing by noting, “There are too many [regulatory] loopholes, no uniform requirement across all agencies, a lack of standards with which to conduct the analysis, no check and balance against agency bias, no comparison of past analysis to real life impacts, and little recognition on the total burden on the economy of regulations. We must do better.” [Vice-Chair Senator Amy Klobuchar \(D-MN\)](#) stated, “Americans expect and deserve a common sense approach to regulation; one that protects consumers and the public interest without stifling innovation and economic growth.”

Witnesses recommended institutional changes to encourage more rigorous ex ante and ex post analysis of regulations’ effects.

Professor Dudley [recommended](#) amending statutes that prohibit consideration of important tradeoffs, and also encouraged institutional changes providing for more effective checks and balances and engaging the wisdom of the crowds. Recommended institutional changes include providing for judicial review of regulatory impact analysis, more Congressional accountability by voting on regulations and establishing a [Congressional regulatory office](#), greater public involvement, and better incentives for examination of existing regulations.

[Dr. Greenstone](#) focused on mechanisms to institutionalize retrospective review of regulations on the books through the establishment of a Congressional regulatory office that would be charged with conducting independent regulatory impact evaluations. Additionally, Dr. Greenstone recommended issuing a new rulemaking when the results from the retrospective analysis differ from the expected benefits and costs.



[Dr. Ellig](#) highlighted that the average score on the [Mercatus Center's Regulatory Report Card](#) is 50 percent out of 100, a failing grade on the quality of agencies' regulatory impact analysis. The Report Card measures the extent to which agencies consider the analysis moving forward, and on the extent to which they are following the impact analysis criteria listed in Executive Orders. Dr. Ellig recommended a legislative requirement that all agencies conduct regulatory impact analysis for economically significant regulations, along with judicial review to ensure that the analysis meets a certain standard.

[Dr. Kieval](#) spoke from a business perspective about the regulatory burden of ambiguous, overly burdensome approval thresholds on the medical device industry and stressed the need for sensible regulatory reform.

Chairman Brady joked that his philosophy was like Papa John's, "Better analysis, better regulation." The panelists agreed, recognizing that the problem with overly burdensome and ineffective regulation is not political, but rather institutional. For more details on the hearing please visit www.jec.senate.gov.

