Let government govern

6:25 PM, Feb. 25, 2011

Americans have a love-hate relationship with our government. We often hear the cry "there oughtta be a law." We also hear the plea that "government should leave me alone." These sentiments are understandable, true, and inconsistent.

We can reconcile the inconsistency by first realizing that we created government to provide us with certain goods. At the same time, too much government is simply too much. Still, we must balance freedom from government and need for it.

Government is not, nor can it be, neutral in our lives. In fact, we look to government to protect our property, honor our contracts, and compensate us when we are injured by wrongdoers. These rules have the effect and intent of creating markets. United States has thrived on the belief that markets are a very desirable form of social ordering. As citizens, we demand extensive freedoms to buy the items we most desire. We also demand the liberty to express ourselves and follow our life plans wherever they may take us. We look to government to preserve those rights and liberties.

We make other demands on government as well. Where markets are broken, we ask that the government fix them. As a result of government correcting failed markets, our rivers are cleaner, our skies are clearer, and our products are safer. Government regulation has improved our lives. Government, though, like markets, experiences failures of its own. The BP oil spill and the current financial crisis are, by government’s own admission, examples of regulatory failure as much as they are examples of market failure. In the case of BP, lax environmental regulations made deepwater drilling unsafe and threatening to the Gulf. In the case of the housing bubble, lax regulations enabled financial institutions to market instruments so opaque that Federal Reserve Chair Alan Greenspan said that it would take a doctorate in math to understand them.

The oil spill and the financial crises are notorious examples of government failure. The reason for these failures is the same - government failed because politics intruded to either weaken or repeal laws designed to guard against both disasters. There were reasonable laws on the books to prevent both catastrophes until that old devil politics reared its ugly head and
effectively removed the ability of regulators to regulate and to protect the Gulf and to protect credit markets.

The House of Representatives is currently considering H.R. 10, a bill entitled REINS. If passed, the direct effect of REINS would be to allow a greater intrusion of politics into government operations. Imagine, for example, a proposed EPA regulation which requires a 50 percent reduction in carbon emissions. Under REINS, the 112th Congress may find this proposal undesirable and invalidate it. The 113th Congress, however, may find that the proposal is not strong enough and demand a 60 percent reduction. The Congress after that may find that a 30 percent reduction appropriate. The science behind carbon emissions would not have changed; the only thing that would have changed is the political complexion of Congress. Such uncertainty makes it both difficult to run a business and difficult to invest. Businesses, no differently from the rest of us, rest more comfortably when they know what the rules are and can plan accordingly. REINS will upset that comfort.

As citizens, we established our government to help us. Government regulation has had its successes and its failures. In light of those failures, however, the appropriate response is most often to reform the regulation rather than deregulate completely. Indeed, partial and full deregulation led to the crises mentioned above. As citizens, and as President Obama noted in his Wall Street Journal editorial and in his ensuing Executive Order, we have a right to demand that government operate efficiently and effectively. Outworn or ineffective regulations must be removed from the shelves of government agencies. Modern administrative agencies were established in late 19th century to fix a variety of problems through their exercise of politically neutral expertise.

REINS intends to reverse that approach and let daily politics fix what ails us. REINS does not look to effective and efficient reform, it looks to the political winds for its direction. It is intended to operate in ways that upset the balance of power among the branches of government at the cost of increased inefficiencies and ineffective government. As citizens, we are much better served if we simply let government govern and we are better served without passage of REINS.

Joseph P. Tomain is Dean Emeritus and the Wilbert & Helen Ziegler Professor of Law at the University of Cincinnati College of Law.