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The Rising Cost of Government Regulation

Murray L. Weidenbaum Washington University in St Louis

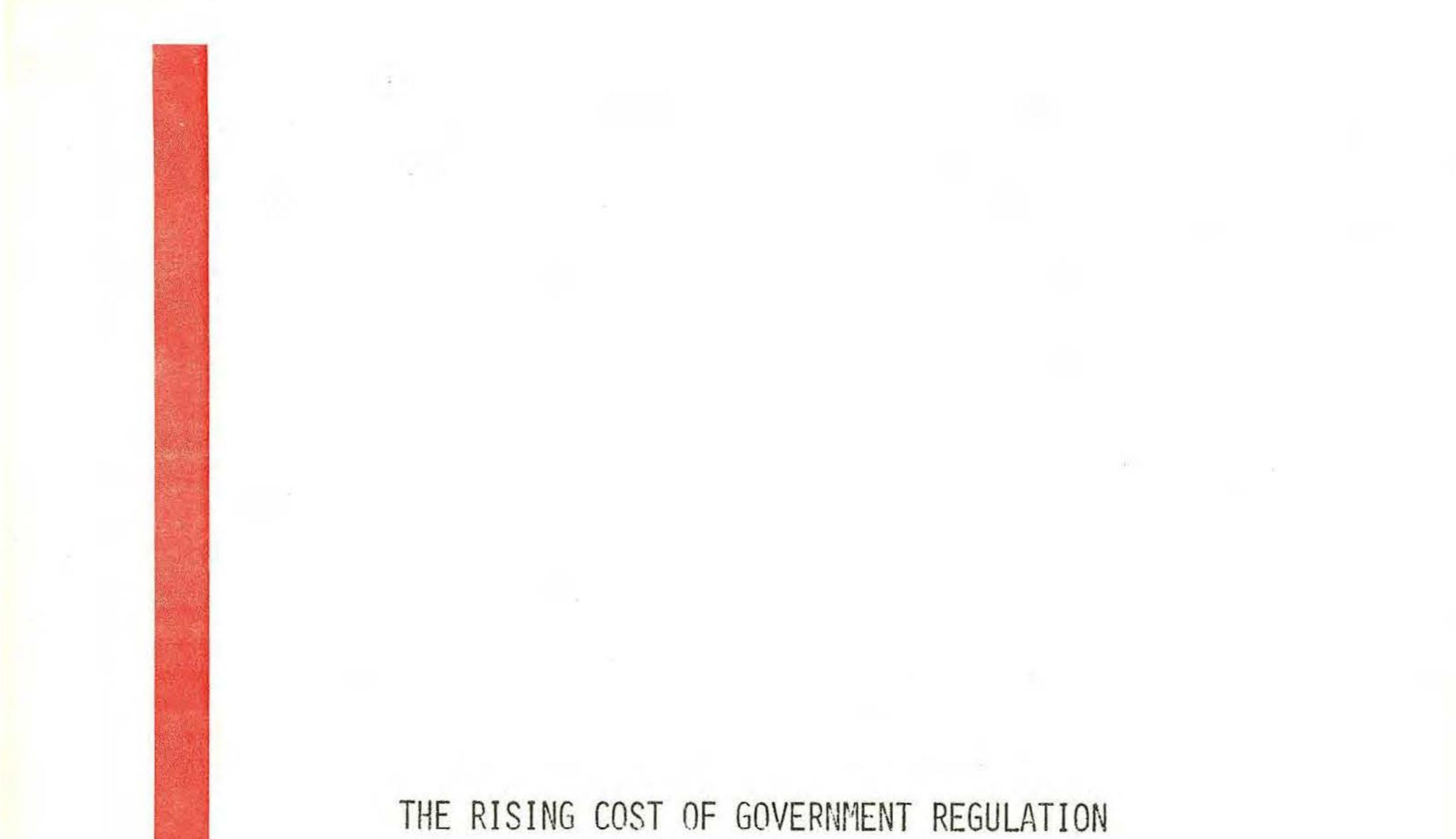
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THE RISING COST OF GOVERNMENT REGULATION

BY

MURRAY L. WEIDENBAUM AND ROBERT DEFINA

January 31, 1977



CENTER FOR THE STUDY OF AMERICAN BUSINESS WASHINGTON UNIVERSITY ST. LOUIS, MISSOURI

THE RISING COST OF GOVERNMENT REGULATION

By Murray L. Weidenbaum and Robert DeFina

The direct cost of federal government regulation of business hit a high of \$2.9 billion in the fiscal year 1976. On the basis of appropriations already enacted, these costs are estimated to reach \$3.5 billion in the current fiscal year, a 21 percent increase. The budget for fiscal 1978 recently transmitted by the outgoing Ford Administration would bring the annual total federal regulatory cost to approximately \$3.8 billion next year, an 85 percent rise over the 1974 level.

As shown in Table 1, the budgets of the regulatory agencies continue

on a steadily upward growth trend. Any additions that will be proposed by the Carter Administration -- such as a new consumer advocacy agency or a strip mining control law -- would push these numbers higher still, if not offset by reductions in other areas.

The most expensive sectors of federal regulatory activity are not the traditional economic regulating commissions which typically focus on an individual industry. Rather, the largest budgets have been assigned to a broad category of social activities including environment, energy, and consumer safety and health; the major agencies in this latter group include the Environmental Protection Agency, the National Highway Traffic Safety Administration, the Food and Drug Administration, and the Animal and Plant Health Inspection Service. The jurisdiction of these agencies generally extends to the great bulk of the private sector, including manufacturing and service industries which are not generally thought of as "regulated."

Tables 2 through 6 contain detail on each of the major sectors of federal regulation.

<u>Note:</u> Mr. Weidenbaum is Director of the Center for the Study of American Business at Washington University, St. Louis. Mr. DeFina is a graduate student in the University's Department of Economics.

Expenditures on Federal Regulatory Activities (Fiscal Years, Dollars in Millions)

Area of Regulation	1974	1975	Annual Increase	1976	Annual Increase	1977	Annual Increase	1978	Annual Increase
Consumer Safety and Health	1,094	1,299	19%	1,419	9%	1,621	14	1,755	8%
Job Safety and Other Working Conditions	310	379	22	446	18	536	20	564	5
Environment and Energy	265	438	65	499	14	708	42	756	7
Financial Reporting, and Other Financial	36	45	25	53	18	62	17	62	0
Industry-Specific Regulation	325	355	9	486	37	591	22	627	6
Total	2,030	2,516	24	2,903	15	3,518	21	3,764	7

Percent Distribut

Consumer Safety and He Job Safety and Other Environment and Energy Financial Reporting an Industry-Specific Regu

Source for Tables 1-6: Computed from details in the Budget of the United States Government, Fiscal Year 1978, Washington, Government Printing Office, 1977.

Table 1

ion of Federal Regulatory	y Expenditures
Fiscal year 1978	
lealth	46%
Working Conditions	15
IY	20
nd Other Financial	2
ulation	17
	100

Increase 1974-78
60%
82
185
72
93
85

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Table 2

Expenditures on Federal Regulatory Activities, Consumer Safety and Health (Fiscal Years, Millions of Dollars)

Agency	1974	1975	1976	1977	1978
Department of Agriculture					
Animal and Plant Health Inspection Service	314	345	377	429	437
Packers and Stockyards Administration	4	5	5	6	6
Subtotal	318	350	382	435	443

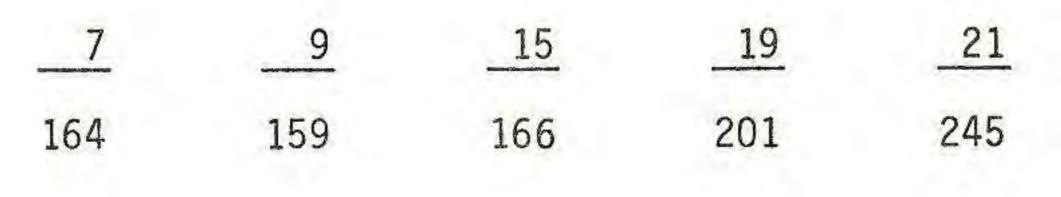
Department of Health, Education, and Welfare

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Food and Drug Administra- tion	165	201	218	240	277
Department of Housing and Urban Development	4				
Office for Consumer Affairs and Regulatory Functions	1	2	**	2	5
Department of Justice					
Antitrust Division	14	18	21	27	29
Drug Enforcement Admin- istration*	98	132	146	176	184
Subtotal	112	150	167	203	213
Department of Transportation					
National Highway Traffic Safety Administration	157	150	151	182	224
Federal Railroad Admin-					

Federal Railroad Administration

Subtotal



-	4	-	

Table 2 (continued)

Agency	1974	1975	1976	1977	1978
Department of the Treasury					
Bureau of Alcohol, Tobacco, and Firearms	79	95	103	122	135
Customs Service*	228	299	334	358	383
Subtotal	307	394	437	480	518
<u>Consumer Product Safety</u> <u>Commission</u>	19	34	38	46	39
National Transportation Safety Board	8	9	11	14	15
Total	1,094	1,299	1,419	1,621	1,755

* Activities extend beyond business regulation (breakdown not available).** Less than \$1 million.

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Table 3

Expenditures on Federal Regulatory Activities, Job Safety and Other Working Conditions (Fiscal Years, Millions of Dollars)

Agency	1974	1975	1976	<u>1977</u>	1978	
Department of the Interior						
Mining Enforcement and Safety Administration	59	68	84	102	105	
Department of Labor						
Employment Standards Administration	56	72	84	99	106	
Labor-Management Services Administration	24	27	37	49	54	
Occupational Safety and Health Administration	69	90	109	129	132	
Subtotal	149	189	230	277	292	
Equal Employment Opportunity Commission	42	56	59	68	72	
National Labor Relations Board	55	61	67	82	88	
Occupational Safety and Health Review Commission	5	5	6	7	7	
Federal Metal and Nonmetallic Mine Safety Board of Review	*	*	*	gui ata	-	
Total	310	379	446	536	564	

* Less than \$1 million.



8

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Table 4

Expenditures on Federal Regulatory Activities, Environment and Energy (Fiscal Years, Millions of Dollars)

Agency	1974	1975	1976	1977	1978
Environmental Protection Agency	232	317	363	471	487
Federal Energy Administration	33	121	136	237	269
Total	265	438	499	708	756

Table 5

Expenditures on Federal Regulatory Activities, Financial Reporting, and Other Financial (Fiscal Years, Millions of Dollars)

Agency	1974	1975	1976	1977	1978
<u>Cost Accounting Standards</u> <u>Board</u>	1	1	1	2	2
Council on Wage and Price Stability	-	*	1	2	2
Securities and Exchange Commission	35	44	51	58	58
Total	36	45	53	62	62

* Less than \$1 million.

Table 6

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Expenditures on Federal Regulatory Activities, Industry-Specific Regulation (Fiscal Years, Millions of Dollars)

Agency	1974	1975	1976	1977	1978
Civil Aeronautics Board	89	81	91	99	93
<u>Commodity Futures Trad-</u> ing Commission	3*	3*	11	14	13
Federal Communications Commission	38	48	53	57	60
<u>Federal Maritime Com-</u> mission	6	7	8	9	9
Federal Power Commission	27	34	36	43	43
Federal Trade Commission	32	39	44	54	58
International Trade Commission	7	8	10	12	12
Interstate Commerce Commission	38	44	47	61	62
Nuclear Regulatory Commission	80	86	180	236	271
Renegotiation Board	5	5	6	6	6
Total	325	355	486	591	627

* Expenditures for Commodity Exchange Authority.

