Press Release

Independent Agency Rules Would Further Distort Markets

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Despite the Trump Administration’s focus on cost savings and deregulation, poorly designed regulation continues, particularly by independent agencies. In a new analysis, AAF’s Director of Regulatory Policy Dan Bosch examines two recent regulations from two independent agencies, the Surface Transportation Board (STB) and the Federal Energy Regulatory Commission (FERC). While there is some evidence that regulatory action may be warranted in both cases, the regulatory efforts as currently structured could limit innovation in the respective industries, demonstrating the importance of regulatory design, Bosch contends.

His points:

- Two examples of these poorly designed regulations, from the STB and FERC, show how that even when there is some evidence that regulatory action may be warranted, design matters;
- STB’s attempt to increase the number of shippers that can challenge freight railroad rates would be unfairly advantageous to shippers and make railroads less able to make the investments necessary to improve technology implementation; and
- FERC’s effort to deal with state-subsidized electricity production resources would double down on government intervention in the market and ultimately lead to a reversion to a cost-of-service model that disincentivizes innovation.

Read the analysis.