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Can Darrell Issa meet Barack Obama's standard?

By: Rep. Elijah Cummings
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As part of a broad effort to promote economic growth, I support a comprehensive review of federal regulations to make them more effective, while protecting the health and safety of the American people.

This review should include several basic elements — examining both costs and benefits; developing conclusions based on solid data, and seeking input from a wide variety of sources.

President Barack Obama took a good first step when he issued an executive order on Jan. 18 requiring agencies to examine the costs and benefits of regulations to the overall economy, small businesses and U.S. workers and families. My hope is that the House Oversight Committee can contribute constructively to this process.

Unfortunately, the approach taken to date by Chairman Darrell Issa (R-Calif.) falls short of this standard. He sent letters to approximately 170 select industry groups and other entities, and we now have their responses. Though they include some worthwhile proposals, we need to take three key steps for this effort to be effective.

First, we need to expand the scope of the inquiry.

To date, the committee has requested information only about the costs of regulation and not the benefits. This is a fundamental point: We cannot do a legitimate cost-benefit analysis by collecting information about the costs alone.

The committee also sought input primarily from industry groups seeking to repeal regulations. No letters were sent, for example, to the Council of Institutional Investors, which supported financial protections in the Dodd-Frank Wall Street Reform bill. Or to American Businesses for Clean Energy, which represents more than 60,000 small and large U.S. companies that believe reducing pollution is a “wise investment for long-term economic growth.”

Second, we need to base our conclusions on facts instead of rhetoric.

There have been many statements recently attributing job losses to over-regulation. But the country faced this economic crisis primarily because the financial industry was inadequately regulated for decades. There was deficient regulation of derivatives, credit rating agencies and mortgage companies. The economy lost more than eight million jobs as a result.

Former Federal Reserve Chairman Alan Greenspan testified before our committee that his theory of allowing corporations to regulate themselves was a mistake. That's why passing the Wall Street Reform bill last year was so critical.

Rather than waiting for responses to his letters, however, Issa joined other Republicans on Jan. 5 to introduce legislation to repeal the entire Wall Street Reform bill — creating an unfortunate impression that the objective behind his letters to industry was predetermined.

Third, we need to separate genuine reform proposals from self-serving advocacy.

Many corporations that submitted responses have had skyrocketing profits over the past few years. From 2009 to 2010, ConocoPhillips' profits soared from $4.4 billion to $11.4 billion, Boeing's profits increased from $1.3 billion to $3.3 billion, American Express' profits increased from $2.1 billion to $4 billion and Chevron's profits increased from $10.5 billion to an astonishing $19 billion.

Yet many answers included proposals that have little to do with creating jobs. Companies proposed eliminating provisions in the Wall Street Reform bill that require chief executive officers to disclose their compensation; give shareholders greater input on executive pay and golden parachutes; allow the return of bonuses when corporate earnings are inflated; encourage whistleblowers to report abuses to the Securities and Exchange Commission, and require oil companies to disclose payments to foreign governments.

In addition to taking these three common-sense steps, our committee should focus on broader proposals to promote economic growth.

For example, on Jan. 26, the presidents of the U.S. Chamber of Commerce, Thomas Donohue, and the AFL-CIO, Richard Trumka, issued a rare joint statement. They applauded the president's State of the Union proposal to create jobs by investing in our nation's infrastructure.

"Whether it is building roads, bridges, high-speed broadband, energy systems and schools," Donohue and Trumka wrote, "these projects not only create jobs and demand for businesses, they are an investment in building the modern infrastructure our country needs to compete in a global economy."

These are the kinds of bipartisan efforts our committee — and Congress —should support. Working together, we can help create jobs and keep the economy moving in the right direction while protecting the health, safety, and welfare of all Americans.

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