



OIRA Administrator Sunstein Calls Crain & Crain Report "Deeply Flawed"

In his oral testimony in [a hearing](#) before the Senate Committee on Homeland Security and Governmental Affairs on June 23, Cass Sunstein called out a "deeply flawed" report that many have been using to criticize the costs of the regulatory system.

[The report](#) in question was commissioned by the Small Business Administration's Office of Advocacy from economists Nicole and Mark Crain. It pins the annual cost of regulations at \$1.75 trillion, a figure which many on Capitol Hill have repeated as they argue that federal agencies should halt or delay the rules that protect our health, workplaces, and environment.

Unfortunately, that number is simply not accurate. The study has been [widely discredited](#) by the Congressional Research Service, the Economic Policy Institute, and the Center for Progressive Reform. Even the Crains themselves have said that the number was "not meant to be a decision-making tool for lawmakers or federal regulatory agencies."

With Sunstein's opening remarks, the Obama administration became the latest voice to join the chorus decrying the report. He said the report is "deeply flawed and should not be relied on" and referred to the \$1.75 trillion figure as "an urban legend." In defending the Obama administration's regulatory record, Sunstein noted that the benefits of final rules (including things like lives saved and illnesses prevented) far outweigh the costs of regulation. He pointed out that this has been the case under both Republican and Democratic administrations.

Austan Goolsbee, the Chairman of the Council of Economic Advisers, provided a bit more detail in a post [on the White House blog](#). He wrote:

"Some people are throwing around scary numbers about the costs regulations are imposing on the US economy. One group is even claiming that the regulations currently on the books cost the U.S. economy \$1.75 trillion in 2008. The Council of Economic Advisers has looked at those claims and the \$1.75 trillion figure is utterly erroneous. In fact, their own data (which come from the World Bank) show that countries with smarter regulations have higher standards of living, and the United States has one of the best regulatory systems in the world. And beyond that, their number completely ignores the benefits of regulation."

The Chamber of Commerce and their allies in Congress certainly can have their opinions about regulations – but it's high time they stopped trying to make up their own facts. We can all hope that Sunstein's comments will make a difference in changing the debate.

([Jessica Randall](#) 06/23/11)