

What Price Regulation?

CHARLES J. DELP

Fungicide Development Manager, E. I. du Pont de Nemours & Co., Wilmington, DE



We live in an age of escalating governmental regulation, legislated out of a desire to protect us from harm and assure our right to health and safety. But these benefits come at a price. For me, the price is already too high and so are some of the objectives. We are caught in a frantic quest for a life totally free of risks. Our fears are leading us into regulatory imprisonment.

Agriculture and its supporting institutions have been impacted with an unprecedented expanse of environmental, health, and

safety regulations. Since you and I must pay the price, it's time we take a look at what it costs and what we are actually getting for that price.

Reasonable regulations are absolutely necessary in this world where others have such an impact on our health and safety. I'm sure you can quickly identify someone (or some institution) whose threatening actions must be regulated. Often, when I'm confronted by such actions, my reaction is "there ought to be a law." It's a natural response to call on our government to solve our problems.

No one wants to get hurt by a product that contains hidden dangers, and we need all the help we can get to reduce errors, ignorance, or even selfish intentions that could cause harm. When undesirable effects are immediate, obvious, and traceable, government regulation, if needed, can be relatively straightforward. On the other hand, when possible hazards are obscure, delayed, or created by complex interactions, regulation may become unreasonably complicated.

I favor those occasions when we can regulate without involving government machinery. For instance, the safety regulations at Du Pont evolved from a long history of concern by employees and management to make the company as safe as feasible by cooperatively searching for effective ways to avoid hazards. As a consequence, my colleagues and I are 18 times safer in our chemical and biological laboratories and our manufacturing plants than we are away from work. Plant pathologists, through APS, are considering ways to regulate themselves by means of a professional certification program, to protect laymen from unqualified practitioners. Unfortunately, our options for self-regulation are being taken away as the fears and mistrust of the general population demand increased governmental controls.

The price of regulation, according to economic analysts, is not absorbed by those who are regulated. Instead, it is passed rapidly on to you and me . . . consumers and taxpaying citizens. The price comes to the public as tax increases, additional product cost, absence of some desirable products, increased numbers of nonproductive workers, unemployment, etc. The benefits from regulatory laws are frequently ambiguous and accompanied by such undesirable trade-offs as steps toward a government that decides what risks, however small, we may or may not take.

Among the direct costs identified by business reporters is the establishment of self-perpetuating government bureaus that may be accountable to no one and serve as judge and jury. There are now at least 90 federal agencies that issue regulations. The *Federal Register*, which records these regulations, expanded from 10,000 pages in 1953 to 77,000 pages in 1979. The costs of compliance to all governmental regulations have been estimated at \$100 billion annually—\$500 for every man, woman, and child in the United States.

There has been a loud cry to abandon rational cost/benefit considerations to get "no risk" at any price. This philosophy, which demands that the best technology be brought to play for maximum risk reduction regardless of cost, disregards rational economics. A reduction of 80 to 95% is frequently all that is needed, but the requirement to eliminate all risk is disproportionately expensive and can lead to economic suicide.

The costs of compliance are obviously high, but overpowering problems also come from the adversary attitudes, delays, and inflexibility of regulatory agencies. My colleagues, who work daily with various agencies, tell me that the regulated often seem to be treated as guilty offenders subjected to answering endless, sometimes irrelevant questions. Stacks of data and piles of forms sit on agency desks awaiting review to provide the inevitable next round of questions. There is some evidence of change, some listening to the opinions of the regulated, but seldom a close working relationship toward a common goal. Registrations of new agricultural chemicals are frequently so difficult and time-consuming that untold numbers of effective and needed products are not pursued because they serve too small a market to justify the expense and delays.

News stories confirm that many who perceive their world as hostile are inclined to demand laws to quickly eliminate hazards and risks with little consideration of the cost involved (including possible food shortages in the future). In contrast, those who see their world as basically harmonious tend to cooperate in limiting hazards to a reasonable level. During recent years, there appears to be a persuasive portion of the population in the United States that is uncertain, fearful, and untrusting of the land we live on, air we breathe, water we drink, food we eat, energy we use, neighbors we live with, officials who govern us, etc., etc. Many observers see that these people have been effective in mobilizing government to attempt to regulate away their fears. Actually, we are living longer, safer (except for wars), healthier lives, and we do have more understanding of our environment and are more resourceful than any previous civilization. There is good reason to avoid the panic, the rush to eradicate risks with overregulation—the price is just too high.

While attending a symposium in socialist East Germany recently, I witnessed a society protected by governmental regulations, right down to border fences and guards. We are not yet into that kind of oppressive government control, but we seem willing to turn over increasing portions of our freedoms to agencies designed to take risks out of our lives and to make our decisions for us. I prefer taking some risks and, in turn, having the benefits that go with them.

I believe our government is still responsive to the voice of the people. But before the regulatory machinery will change its accelerating course, we must become one popular voice of those who are willing to take some risks and who have faith in freedom. The alternative is to race toward a fully regulated society ostensibly protected from risks . . . and that's risky.