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Toward a 21st-Century Regulatory System

If the FDA deems saccharin safe enough for coffee, then the EPA should not treat it as hazardous waste.

By **BARACK OBAMA**

For two centuries, America's free market has not only been the source of dazzling ideas and path-breaking products, it has also been the greatest force for prosperity the world has ever known. That vibrant entrepreneurialism is the key to our continued global leadership and the success of our people.

But throughout our history, one of the reasons the free market has worked is that we have sought the proper balance. We have preserved freedom of commerce while applying those rules and regulations necessary to protect the public against threats to our health and safety and to safeguard people and businesses from abuse.

From child labor laws to the Clean Air Act to our most recent strictures against hidden fees and penalties by credit card companies, we have, from time to time, embraced common sense rules of the road that strengthen our country without unduly interfering with the pursuit of progress and the growth of our economy.

Sometimes, those rules have gotten out of balance, placing unreasonable burdens on business—burdens that have stifled innovation and have had a chilling effect on growth and jobs. At other times, we have failed to meet our basic responsibility to protect the public interest, leading to disastrous consequences. Such was the case in the run-up to the financial crisis from which we are still recovering. There, a lack of proper oversight and transparency nearly led to the collapse of the financial markets and a full-scale Depression.

Over the past two years, the goal of my administration has been to strike the right balance. And today, I am signing an executive order that makes clear that this is the operating principle of our government.

This order requires that federal agencies ensure that regulations protect our safety, health and environment while promoting economic growth. And it orders a government-wide review of the rules already on the books to remove outdated regulations that stifle job creation and make our economy less competitive. It's a review that will help bring order to regulations that have become a patchwork of overlapping rules, the result of tinkering by administrations and legislators of both parties and the influence of special interests in Washington over decades.

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Where necessary, we won't shy away from addressing obvious gaps: new safety rules for infant formula; procedures to stop preventable infections in hospitals; efforts to target chronic violators of workplace safety laws. But we are also making it our mission to root out regulations that conflict, that are not worth the cost, or that are just plain dumb.

For instance, the FDA has long considered saccharin, the artificial sweetener, safe for people to consume. Yet for years, the EPA made companies treat saccharin like other dangerous chemicals. Well, if it goes in your coffee, it is not hazardous waste. The EPA wisely eliminated this rule last month.

But creating a 21st-century regulatory system is about more than which rules to add and which rules to subtract. As the executive order I am signing makes clear, we are seeking more affordable, less intrusive means to achieve the same ends—giving careful consideration to benefits and costs. This means writing rules with more input from experts, businesses and ordinary citizens. It means using disclosure as a tool

to inform consumers of their choices, rather than restricting those choices. And it means making sure the government does more of its work online, just like companies are doing.

We're also getting rid of absurd and unnecessary paperwork requirements that waste time and money. We're looking at the system as a whole to make sure we avoid excessive, inconsistent and redundant regulation. And finally, today I am directing federal agencies to do more to account for—and reduce—the burdens regulations may place on small businesses. Small firms drive growth and create most new jobs in this country. We need to make sure nothing stands in their way.

One important example of this overall approach is the fuel-economy standards for cars and trucks. When I took office, the country faced years of litigation and confusion because of conflicting rules set by Congress, federal regulators and states.

The EPA and the Department of Transportation worked with auto makers, labor unions, states like California, and environmental advocates this past spring to turn a tangle of rules into one aggressive new standard. It was a victory for car companies that wanted regulatory certainty; for consumers who will pay less at the pump; for our security, as we save 1.8 billion barrels of oil; and for the environment as we reduce pollution. Another example: Tomorrow the FDA will lay out a new effort to improve the process for approving medical devices, to keep patients safer while getting innovative and life-saving products to market faster.

Despite a lot of heated rhetoric, our efforts over the past two years to modernize our regulations have led to smarter—and in some cases tougher—rules to protect our health, safety and environment. Yet according to current estimates of their economic impact, the benefits of these regulations exceed their costs by billions of dollars.

This is the lesson of our history: Our economy is not a zero-sum game. Regulations do have costs; often, as a country, we have to make tough decisions about whether those costs are necessary. But what is clear is that we can strike the right balance. We can make our economy stronger and more competitive, while meeting our fundamental responsibilities to one another.

Mr. Obama is president of the United States.