United States Regulatory System

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U.S. Constitutional Framework

• The Legislative Branch – Congress

• The Executive Branch – the President

• The Judicial Branch – federal courts
The Legislative Branch – the Congress
The Legislative Branch

• House of Representatives
  – 435 legislative districts
  – Allocated by population (larger states have more representatives)

• Senate
  – Two senators per state (100 total)
The Legislative Branch

• Congress enacts all legislation
• Congress controls the budget
• Congress creates and empowers regulatory agencies (sometimes called “administrative agencies”) to develop and enforce rules to carry out the purposes of the legislation
• Congressional Committees oversee the actions of the regulatory agencies and controls their budgets
The Executive Branch – the President
The Executive Branch – the President

- President appoints the leadership of the regulatory agencies
- President gives policy direction or advice to the agencies
- Executive Branch agency, the Office of Management and Budget, reviews regulations before they take effect
The Judicial Branch – federal courts
The Judicial Branch – federal

Geographic Boundaries
of United States Courts of Appeals and United States District Courts
Regulatory Agencies

• Two types – (1) Executive Branch agencies and (2) Independent agencies
• Two types of employees – (1) politically-appointed leadership and (2) career civil servants
• Executive Branch agencies – work directly for the President, leadership can be fired by the President
• Independent agencies – leadership cannot be fired by the President
Regulatory Agencies

- Created by Congress
- President appoints leadership
- US Senates confirms leadership
- President gives policy direction
- Congress gives policy direction
- Congress controls agency budget
- Federal courts can review agency decisions for substantive actions and procedural actions
U.S. Regulatory System
U.S. Regulation History

- Most regulation in United States is at the state and local levels, not at the federal level
- Federal regulation begins in 1930s
U.S. Regulation History

- 1880 First federal antitrust law
- 1930s Economic regulation
- 1970s Social regulation
- Late 1970s Deregulation begins
1930s Economic Regulation

- Congress creates or redesigns federal agency to regulate an industry
- Agency determines which companies are in the industry being regulated (entry)
- Agency determines what the companies will do (service and product)
- Agency determines price companies will charge for service and product
1930s Economic Regulation

- Four sectors (plus agriculture) were chosen for regulation
  - Finance (banking and securities)
  - Transportation (airlines, railroads, trucking)
  - Energy (gas, electric, pipelines)
  - Communication (radio, telephone)

The United States only regulated the service sector; it did not regulate the manufacturing sector except for telephone equipment
1970s Social Regulation

Created regulatory agencies in the following areas: product safety, environmental protection, energy conservation, worker health and safety, employment discrimination.