Ineffective 'Minus 5' Regulations
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Poorly written federal regulations do more harm than good. They erode the right to own and use private property and are an inefficient use of public and private resources. Economic growth is impeded if regulations add more costs than benefits. Such rules fail from lack of design.

There is no standard process for grading regulations, but one can be assigned. On a scale of 1 to 10, with a score of "10" being transparent and effective and a "1" barely providing a net benefit, counter-productive rules score a "minus 5."   This paper describes how economic and scientific factors influence whether a regulation will work as intended – or scores that minus five.

Most people learn to respect each other's property without needing a law. Laws and regulations have been established to moderate the damage to everyone from the bad actions of a few individuals (like robbers and murderers) and protect the right to own and use private property. Regrettably, these punitive laws have become the 'tool of choice' for any issue that policymakers dislike. Short run political gains create heavy long run burdens on economic growth.
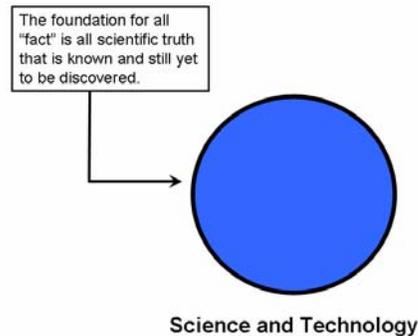
Laws, regulations, research, education and incentives broadly define public policies that influence resource use in the production of food and fiber. Public policies can only be effective when they address real gaps between the behavior of individuals and science, as we now know it.

Science and Technology Facts. Farmers and ranchers must respect the laws of nature to be successful. They work daily with biological, chemical and physical *facts* such as:

- Crops and livestock cannot grow without water and nutrients.
- Wildlife carries disease and, unless separated from farm property, will infect and prey on farm crops and animals.
- People need wholesome, healthy food to live.

In a perfect world, everyone would understand these natural laws. The shaded circle on the right represents all of science (known and yet-to-be discovered).

Which *Facts* are We Using?

The foundation for all "fact" is all scientific truth that is known and still yet to be discovered.
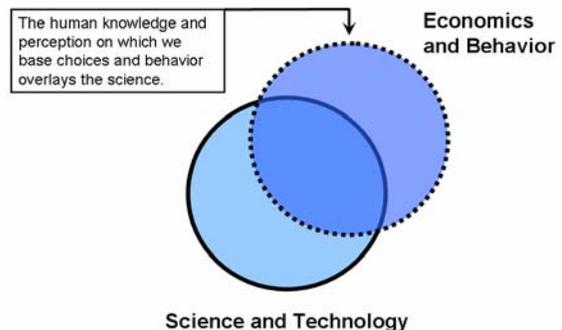
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Cultural, Economic and Behavioral Facts. We do not operate on perfect information though. We have access to very detailed information that we may not fully understand. Other times having only a few scientific facts, and too much fear of the unknown, adds more confusion than not having any of the facts.

Choices are made based on limited information.

When the economics and human behavior (dashed circle on right) are added to the science there is some overlap. The overlap represents the choices people make when they have solid scientific facts.

Behavior without a basis in science lies outside the science circle. Science that has yet to be discovered lies outside the dashed circle.

Which *Facts* are We Using?

The human knowledge and perception on which we base choices and behavior overlays the science.

Economics and Behavior

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Laws, Regulations, and Policies. Our laws, regulations, and policies provide the framework to assist morally challenged people in avoiding choices that impinge on the rights of others.

Over the years, the regulatory framework has been expanding. The result has been the generation of many costly, ineffective rules.

The diagram on the right shows how the collection of all the possible laws, policies and programs interact with all the science facts and behaviors.

It is possible to have laws based on science that have little to do with behavior. It is also possible to have laws that reflect human behavior, but not science.

Relative Truth. These three circles represent all the scientific knowledge, all of human behavior (rational or not), and all the laws and regulation designed to help everyone respect private property rights.

Areas 'A' and 'B' form a zone of 'relative truth.' This is where effective policies naturally exist.

The Area 'A' represents the laws that provide a greater benefit relative to cost. Not all the laws and policies in Area A will be equally effective.

Examples of effective policies are our national animal health programs, regulations on feedstuffs, and also those that lower the cost of doing business. These rules provide benefits that are greater than their costs.

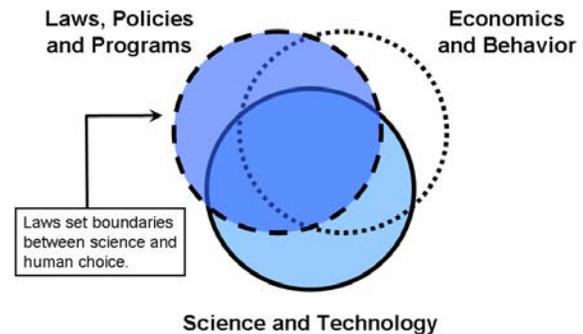Area 'B' represents behavioral choices that respect the rights of others without the need for a law.

Minus-Five Regulations. There are plenty of current laws and policies that fall outside of Regions A and B. Because such rules are not based on the best available information, any change they might affect will cost more to implement than any benefit that is gained.

Laws and policies that do not capture the desired behavior, that do not originate in sound science, and those that miss both the behavior and scientific facts are candidates for scoring a *minus-five*.
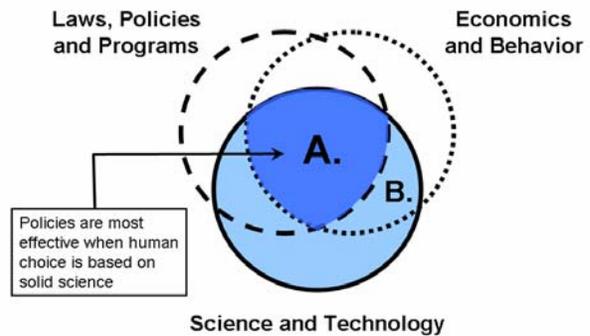
A rule that falls outside Region A such as Point C, is based on good science, but fails to affect the desired behavior. A great example of this is the very detailed labels distributed with prescription and non-prescription medication. There is so much technical information contained on the labels that no one reads them.

A minus-five rule that falls at Point D is not based on science and interferes with achieving the desired outcome. Examples of such rules are those used to
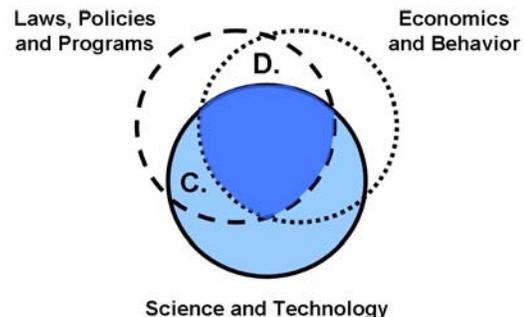

Which *Facts* are We Using?

Laws, Policies and Programs

Economics and Behavior

Laws set boundaries between science and human choice.

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Which *Facts* are We Using?

Laws, Policies and Programs

Economics and Behavior

Policies are most effective when human choice is based on solid science

A.

B.

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Which *Facts* are We Using?

Laws, Policies and Programs

Economics and Behavior

D.

C.

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create the federally mandated Water Quality Inventory Report. Some states collect very good data on impaired water bodies. Other states do not. When all the data is mixed together, even the good data is confounded. In recent years efforts have been made to improve the underlying science.

These are minus-five rules because they create more costs than benefits.

Conclusion. Policy design, and the degree they reflect economic and scientific factors, determines whether a rule works as intended – or whether it scores a minus five. Regulations will fail from poor design when they do not reflect the best information available. Only laws and regulations that effectively integrate science and human behavior, have a possibility of providing a net benefit.