

**OCTOBER 12, 2011 -- FREE STATE FOUNDATION SPEECH
As Prepared for Delivery by Congressman Marsha Blackburn (TN-7)**

Introduction:

Thank you for that introduction, Debi. Thank you also to Randy May for the invitation to speak today.

Please give a round of applause to congratulate the Free State Foundation on their five-year anniversary.

Randy, your organization has made a positive impact in the fight for conservative, free-market policies. We need your continued support and active outreach on Capitol Hill now more than ever.

I was asked to speak about the general regulatory environment in Washington. But I would also like to specifically weigh in on why we must apply some conservative, de-regulatory principles to the tech arena.

General Regulation of our Economy:

We've seen regulatory explosion under this administration. In the first 6 months of this fiscal year, the federal government has completed an astounding 1,827 rulemaking proceedings.

Every new rule, mandate, and regulatory edict, whether good or bad, is one more obstacle that small business owners, entrepreneurs, and job creators have to swallow. So before government moves forward with any new rule, we must ask ourselves some very simple questions:

- What does this new rule cost?
- Will this new rule create or destroy jobs?
- Will this new rule cost businesses money?
- Is this rule a regulatory tank, designed to kill an ant-sized problem?

Conservatives understand government's default position is to act first and think later.

This Administration believes the government knows what's best for us. But that's a costly and dangerously arrogant assumption.

The total cost of federal regulations has increased to \$1.75 trillion, nearly twice the amount the IRS collects in income taxes. Costs per employee for firms with fewer than 20 employees are now over \$10,500.

It's dangerous because the future success of our free-market economy has an inverse relationship to the size of government. History teaches us the bigger the government – the smaller the private sector. That holds especially true for our dynamic and competitive tech industry.

We all care about the future of this innovative industry. So before we drive a regulatory tank into a thriving American industry, I think we should take a deep breath.

Specific Regulation of Tech Industry:

Most people don't realize that the FCC's reach extends to 1/6th of our economy.

Most people don't know that in the last 50 years the FCC's rules – measured in pages – have grown 800 percent.

The FCC's sister agency – the FTC – now has its fingers deep into the privacy debate, data security, and control over advertising practices, to name a few things.

But just like in all sectors, excessive regulation kills—regardless who your regulator is.

What drives the tech industry? constant change, rapid innovation, creative destruction, and revolutionary products. An example: government, home of the dysfunctional “U.S. Postal Service,” fundamentally misunderstands this industry.

The fact of the matter is – we don't know where this industry is going. We don't know how technologies will converge. We don't know what competition will look like. And we don't know what products consumers will want in the future.

The government knows so little, reacts so slowly, and works so poorly. The government should stop pretending that it has all the answers and knows how best to regulate.

The famous economist F. A. Hayek, author of the Road to Serfdom, once said, “the curious task of economics is to demonstrate to men how little they really know about what they imagine they can design.”

Obama’s bureaucrats argue that their rules will help protect, preserve and sustain the technology sector. But nothing could be further from the truth.

The technology sector moves 500 times faster than the detached delusions that dominate the executive agencies.

The Left’s Rallying Cry for Regulation in Tech Issues:

Sadly, Obama’s bureaucrats are willing to justify all regulations under the banner of the “public interest.”

Their political ends justify whatever regulatory means. In fact – to justify their purpose – they invent new problems and regulatory responses to everything from the incandescent light bulbs, lead in 4-wheelers, privacy settings on mobile devices, marketing of athletic toning shoes, to advertising of children’s cereals.

The FCC’s so-called “net neutrality” decision was a hyper-reactive example of what happens when government creates a problem and then invents a solution to fix it. What is it really? – it’s a freedom-destroying, Internet Iron Curtain.

In response to a question I asked at a recent hearing, FCC Commissioner McDowell said the so-called “net neutrality rules” were “outcome driven.”

It’s time the government stops pursuing social outcomes. It’s time they stop the arrogance. It’s time they take a breath and embrace a little regulatory humility and statutory obedience.

Conservative Solutions:

So how do we respond to this?

First, the government’s default position must be “Do No Harm.” We must oppose any government “solutions” that hinder innovation and job creation. In addition, we must ensure that bureaucrats don’t regulate beyond their authority.

Moreover, we need to put jobs at the forefront of the regulatory debate. The country wants us to focus on innovation and job creation, but activist bureaucrats have bolted a restrictor plate to our economic engine and they’re flagging private sector job growth to the pits.

Just a simple 5% reduction in the regulatory budget is estimated to result in about \$75 billion in expanded private sector GDP each year, with an increase in employment by 1.2 million jobs annually. On average, eliminating the job of a single regulator grows the American economy by \$6.2 million and nearly 100 private sector jobs annually.

Second, government needs to respect private industry. A conservative vision to tech issues assumes the imperfection of mankind and a preference for markets – not politics – to drive outcomes. I would suggest that if politicians and regulators were ineffective at engineering society before the digital age, they might not be the best at keeping pace in this new era of US-based technological progress.

Job creators are rapid responders. They make decisions.

On the other hand, down at 1600 Pennsylvania Avenue, the popular opinion is “let’s committee this to death. How long can we committee this thing?”

Take for example, the FCC’s so-called “net neutrality” rules. Their notice of proposed rulemaking, comment period, OMB sign-off, publication in the Federal Register, and enforcement began 2 days before Christmas and will finish 4 days before Thanksgiving.

You know—I used to think these dates and deadlines were completely arbitrary, but I guess the FCC operates on some sort of “Turkey Time.” It’s as if the FCC thinks their net neutrality rules were a Christmas gift to the American people, and we should be thanking them for all these new “protections” come Thanksgiving.

The tech industry is infinitely more responsive and better equipped to meet consumer needs, wants, demands, interests, and desires than the federal government.

Further, we need a new way of doing business that flips the government's regulatory presumption on its head. New rules should compliment market regulation only when true harms and market failures are identified.

Third, we need to streamline government rules and regulations to better reflect the competitive and dynamic characteristics that define the tech industry.

That means Congress must take the lead in getting the regulatory agencies away from duplicative regulation. Congress must insist on the repeal of outdated and unnecessary rules.

We need to address legacy regulations and examine ways to make the FCC more relevant to today's competitive realities – leveling the playing field for everyone so they can operate and compete under a similar set of rules.

Government should neither pick winners and losers on the front end nor practice selective and excessive enforcement of the back end.

Conclusion:

Thankfully, the Free State Foundation has led the conservative battle cry for de-regulation.

In the end, you don't change your playbook when you're winning in the fourth quarter. America's playbook for economic prosperity is very straightforward: let the American people and American job creators do what they do best – get government out of the way and allow them to create and innovate. Let's embrace what has always made America great – our ability to solve problems, revolutionize industries, and meet the needs of consumers. Those should be the principles that govern any new regulation.

We're fighting for those principles in Congress. We must. And we'll look forward to doing it with the Free State Foundation.