NATIONAL INSTITUTIONS AND THE EVOLUTION OF EMPLOYMENT REGULATION pdf

1: Evolution of Employment Protection Legislation in the USSR, CIS and Baltic States,

legislation can establish minimum conditions of employment (e.g. national minimum wage), and set limits on the action that an employer might take against employees (e.g. in relation to discipline and dismissal).

Thorstein Veblen â€” wrote his first and most influential book while he was at the University of Chicago , on The Theory of the Leisure Class The concept of conspicuous consumption was in direct contradiction to the neoclassical view that capitalism was efficient. In The Theory of Business Enterprise Veblen distinguished the motivations of industrial production for people to use things from business motivations that used, or misused, industrial infrastructure for profit, arguing that the former is often hindered because businesses pursue the latter. Output and technological advance are restricted by business practices and the creation of monopolies. Businesses protect their existing capital investments and employ excessive credit, leading to depressions and increasing military expenditure and war through business control of political power. These two books, focusing on criticism first of consumerism , and second of profiteering, did not advocate change. Thorstein Veblen wrote in an article entitled "Why is Economics Not an Evolutionary Science" [8] and he became the precursor of current evolutionary economics. Commons[edit] Main article: Commons â€” also came from mid-Western America. Underlying his ideas, consolidated in Institutional Economics was the concept that the economy is a web of relationships between people with diverging interests. There are monopolies, large corporations, labour disputes and fluctuating business cycles. They do however have an interest in resolving these disputes. Commons thought that government should be the mediator between the conflicting groups. Commons himself devoted much of his time to advisory and mediation work on government boards and industrial commissions. Wesley Mitchell Wesley Clair Mitchell â€” was an American economist known for his empirical work on business cycles and for guiding the National Bureau of Economic Research in its first decades. Laughlin and philosopher John Dewey. Clarence Edwin Ayres Clarence Ayres â€” was the principal thinker of what some have called the Texas school of institutional economics. Ayres developed on the ideas of Thorstein Veblen with a dichotomy of "technology" and "institutions" to separate the inventive from the inherited aspects of economic structures. He claimed that technology was always one step ahead of the socio-cultural institutions. It can be argued that Ayres was not an "institutionalist" in any normal sense of the term, since he identified institutions with sentiments and superstition and in consequence institutions only played a kind of residual role in this theory of development which core center was that of technology. Ayres was under strong influence of Hegel and institutions for Ayres had the same function as "Schein" with the connotation of deception, and illusion for Hegel. Berle â€” was one of the first authors to combine legal and economic analysis, and his work stands as a founding pillar of thought in modern corporate governance. Like Keynes, Berle was at the Paris Peace Conference, , but subsequently resigned from his diplomatic job dissatisfied with the Versailles Treaty terms. In his book with Gardiner C. Means , The Modern Corporation and Private Property , he detailed the evolution in the contemporary economy of big business, and argued that those who controlled big firms should be better held to account. Directors of companies are held to account to the shareholders of companies, or not, by the rules found in company law statutes. This might include rights to elect and fire the management, require for regular general meetings, accounting standards, and so on. In s America, the typical company laws e. Berle argued that the unaccountable directors of companies were therefore apt to funnel the fruits of enterprise profits into their own pockets, as well as manage in their own interests. The ability to do this was supported by the fact that the majority of shareholders in big public companies were single individuals, with scant means of communication, in short, divided and conquered. In , Berle and Means issued a revised edition of their work, in which the preface added a new dimension. It was not only the separation of controllers of companies from the owners as shareholders at stake. They posed the question of what the corporate structure was really meant to achieve. They are beneficiaries by position only. Justification for their inheritance Its force exists only in direct ratio to the number of individuals who hold such wealth. Although he wrote later, and was more developed than the earlier institutional economists, Galbraith was critical of orthodox economics throughout the late twentieth century. In The Affluent Society , Galbraith argues voters reaching a certain material wealth begin to vote against the common good. He uses the term " conventional wisdom " to refer to the orthodox ideas that underpin the resulting conservative consensus. Big businesses set their own terms in the marketplace, and use their combined resources for advertising programmes to support demand for their own products. As a result, individual preferences actually reflect the preferences of entrenched corporations, a "dependence effect", and the economy as a whole is geared to irrational goals. This hierarchy is self-serving, profits are no longer the prime motivator, and even managers are not in control. Because they are the new planners, corporations detest risk, requiring steady economic and stable markets. They recruit governments to serve their interests with fiscal and monetary policy. While the goals of an affluent society and complicit government serve the irrational technostructure, public space is simultaneously impoverished. Galbraith paints the picture of stepping from penthouse villas on to unpaved streets, from landscaped gardens to unkempt public parks. In Economics and the Public Purpose Galbraith advocates a "new socialism" social democracy as the solution, with nationalization of military production and public services such as health care , plus disciplined salary and price controls to reduce inequality and hamper inflation. New institutional economics[edit] With the new developments in the economic theory of organizations, information , property rights, [12] and transaction costs , [13] an attempt was made to integrate institutionalism into more recent developments in mainstream economics , under the title new institutional economics. Emphatically, traditional institutionalism is in many ways a response to the current economic orthodoxy; its reintroduction in the form of institutionalist political economy is thus an explicit challenge to neoclassical economics , since it is based on the fundamental premise that neoclassicists oppose: Institutionalism today[edit] The earlier approach was a central element in American economics in the interwar years after , but was marginalized relative to mainstream economics in the postwar period with the ascendence of neoclassical and Keynesian approaches. And as a consequence the elusive meaning of the concept of "institution" has resulted in a bewildering and never-ending dispute about which scholars are "institutionalists" or notâ€”and a similar confusion about what is supposed to be the core of the theory. In other words, institutional economics has become so popular because it means all things to all people, which in the end of the day is the meaning of nothing. Institutions were almost a kind of "anti-stuff"; their key concern was on technology and not on institutions.

NATIONAL INSTITUTIONS AND THE EVOLUTION OF EMPLOYMENT REGULATION pdf

2: National Regulations | Private Security Monitor | University of Denver

This research and policy article examines the academic research on internationalization and work and employment regulation at the national level, the response of established international institutions, and the rise of new regulatory initiatives at the international level.

Functions[edit] Special commissions have been established in many countries to ensure that laws and regulations concerning the protection of human rights are effectively applied. Commissions tend to be composed of members from diverse backgrounds, often with a particular interest, expertise or experience in the field of human rights. Human rights commissions are concerned primarily with the protection of those within the jurisdiction of the state against discrimination or mistreatment, and with the protection of civil liberties and other human rights. One of the most important functions vested in many human rights commissions is to receive and investigate complaints from individuals and occasionally, from groups alleging human rights abuses committed in violation of existing national law. While there are considerable differences in the procedures followed by various human rights commissions in the investigation and resolution of complaints, many rely on conciliation or arbitration. It is not unusual for a human rights commission to be granted authority to impose a legally binding outcome on parties to a complaint. If no special tribunal has been established, the commission may be able to transfer unresolved complaints to the normal courts for a final determination. NHRIs are usually able to deal with any human rights issue directly involving a public authority. In relation to non-state entities, some national human rights institutions have at least one of the following functions: The degree to which the recommendations or rulings produced by a human rights institution can be enforced varies based on the human rights climate surrounding the institution. The realization of human rights cannot be achieved solely through legislation and administrative arrangements; therefore, commissions are often entrusted with the important responsibility of improving community awareness of human rights. National governments wanted to establish institutions which reflected their own opinions and cultural identity more effectively. In this regard they enable states to set their own agendas that reflect their individuality. Regional human rights agreements also encouraged this development and establishment of human rights institutions as technical assistance was provided through international arrangements such as the Asia-Pacific Forum of National Human Rights Institutions. Ultimately they are a useful tool in assisting states to comply with international rights standards by providing a uniquely objective perspective and addressing and resolving issues at the domestic level. However some states are unwilling to give effect to these sanctions, and the United Nations is unable to conduct the widespread and analytical monitoring of countries. In order to be legitimate, effective and credible NHRIs must be independent and effective. This conceptual space gives NHRIs a positively distinctive role, acting as a different protection service for the people and different tools available to hold the state and other bodies accountable for human rights breaches. The workshop recommendations provide a basis for assessing the effectiveness and independence of a NHRI, identifying six key criteria for states seeking to establish such institutions or to become effective: Those that are given "A status" are allowed to participate in discussion on the United Nations Human Rights Council discussions and more broadly, its mechanisms. Aiming to be transparent, vigorous and thorough in its evaluations the Committee will provide advice on how best to earn "A status" and comply with the Paris Principles. Its goal is to develop and create effective and independent NHRIs around the world. They are more concerned with state administration processes and so receive and make complaints in regards to any systematic or administrative human rights breaches or concerns. The Coordinating Committee may also be asked by a government to assist in making a new NHRI or to develop on pre existing ones.

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3: Education Department releases gainful employment data for vocational programs

Evolution and Shortcomings of Capital Regulation Although they had long used bank capital ratios as a supervisory instrument, U.S. bank regulators did not impose explicit minimum capital requirements until the s.

Tarullo Share A little over three years ago, Lehman Brothers ignited the dry tinder of a badly overleveraged financial system that was too dependent on continuous, significant increases in housing prices and too opaque for supervisors, investors, analysts, and often participants themselves to understand. As one would expect of a truly systemic crisis, there were many contributing factors--the prevailing statutory framework for financial regulation, supervisory practices, and the risk-management practices of financial actors. And, as one would thus expect, the reform agenda has itself also been multi-dimensional. For all the regulatory changes that are in place, in process, or under consideration, however, I believe that capital regulation remains the single most important element of prudential financial regulation. Let me immediately elaborate upon that statement in two ways. First, capital regulation itself must be multi-dimensional and rigorous in each of its components. Second, while strong capital regulation is necessary for a sound financial system, it is not, on its own, sufficient. In my remarks this afternoon, I will concentrate on the first of these points and discuss how capital regulation reform is evolving in the wake of the crisis. Evolution and Shortcomings of Capital Regulation Although they had long used bank capital ratios as a supervisory instrument, U. The proximate reason for this change was regulatory concern over the decline in capital ratios of the largest banks--a concern reinforced by Congress, as it saw some of those large banks facing enormous losses on their loans to foreign sovereigns. Within a few years this U. At the same time, regulators came to regard capital requirements as a supple prudential tool. Capital requirements promised to provide a buffer against bank losses from any activities in which the bank or its affiliates might engage, a consideration of equal or greater relevance in countries with universal banking models. Some support also developed for the proposition that minimum capital levels could, by maintaining a material equity value for the bank, serve as a disincentive for excessive risk-taking by management and shareholders. In the ensuing quarter century, banking regulators around the world focused considerable attention toward elaborating capital requirements to reflect more precisely the particular risks faced by a financial institution. Capital requirements had, to a considerable extent, become the dominant prudential regulatory tool. The financial crisis showed that this concentrated, almost all-consuming regulatory focus on refining bank capital requirements in Basel II had come at the expense of attention to other risks in the financial system. In particular, banking regulators failed to appreciate fully the implications of the growth--in size, leverage, and maturity transformation levels--of the shadow banking system for the balance sheets of commercial banks and for overall financial stability. The crisis showed that liquidity problems can be an independent source of severe stress, perhaps even for firms that might otherwise have remained solvent. But it was also evident that the specifics of pre-crisis capital regulation fell far short of what this prudential instrument can achieve. Declines in asset values--particularly of non-traded assets--were often not reflected in capital calculations for some time. In addition, minimum capital levels had simply been set too low, in general and with respect to particular assets. One of the most obvious examples was the capital requirement for asset-backed securities in the trading books of banks. The requirement was based on returns over a day holding period, used a one-year observation period that had been characterized by unusually low price volatility, and did not adequately account for the credit risks inherent in these traded instruments. Furthermore, at least some of the instruments that qualified as "Tier 1 capital" for regulatory purposes were not reliable buffers against losses, at least not on a going concern basis. It is instructive that during the height of the crisis, counterparties and other market actors looked almost exclusively to the amount of tangible common equity held by financial institutions in evaluating the creditworthiness and overall stability of those institutions. They essentially ignored the Tier 1 and total risk-based capital ratios in regulatory requirements. In the fall of , there was widespread doubt in markets that the common equity of some of our largest institutions was sufficient to withstand the losses that those firms appeared to be facing. This doubt made investors and counterparties increasingly reluctant to deal with those firms, contributing to the severe liquidity strains that characterized financial markets at the time. Finally, the crisis validated the concerns expressed by some academics and by policy staff at the Bank for International Settlements that the effectiveness of capital regulation was limited by its exclusively microprudential focus. Capital requirements had been set with reference solely to the balance sheet of a specific firm. This microprudential focus did not take into account the potential impact of a shock to the value of widely-held assets--whether exogenous, caused by the distress sales of such assets by a large firm suffering particularly severe problems, or, as in the financial crisis, a lethal interaction between these two factors. The limits of the microprudential approach were particularly evident with respect to very large, interconnected firms. There would be very substantial negative externalities associated with the disorderly failure of any such firm, distinct from the costs incurred by the firm and its stakeholders. The failure of one large firm, especially in a period of stress, significantly increases the chances that other financial firms will fail, for two reasons. First, direct counterparty impacts can lead to a classic domino effect. Second, because losses in a tail event are much more likely to be correlated for firms deeply engaged in trading, structured products, and other capital market instruments, all such firms are vulnerable to accelerating losses as troubled firms sell their assets into a declining market. Reform of Capital Regulation in the Post-Crisis Period It is obvious that the post-crisis regulatory system will not be as dependent on capital requirements as the pre-crisis regime. Dodd-Frank itself is testimony to this fact, as are a number of changes already made by the bank regulatory agencies. There is now increased emphasis on market discipline, liquidity regulation, activities restrictions, and more effective supervision, in addition to capital requirements. Reforms for money market funds and the triparty repo market, as well as more general attention to wholesale funding models for financial intermediation, are still needed. But the crisis reinforces the point that robust capital requirements should continue to be a central component of the financial regulatory system. In response to the shortcomings of the pre-crisis capital regulatory regime, there have been three complementary threads of reform. First is improvement of the traditional, individual-firm approach to capital regulation. This strand mostly originates in the work of the Basel Committee. Basel III upgraded the quality and increased the quantity of minimum capital requirements, created a capital conservation buffer, and introduced an international leverage ratio requirement. Second is the introduction of a macroprudential component of capital regulation. Although Basel III does contain a few features responsive to macroprudential concerns, it remains principally microprudential. Third is establishment of regular stress testing and capital planning. These complementary supervisory tools serve two related functions. First, they make capital regulation more forward-looking by subtracting losses in asset values and earnings estimated to be sustained in an adverse macroeconomic scenario, in order to determine whether firms would have enough capital to remain viable financial intermediaries. Second, they contribute to the macroprudential dimension of capital regulation by examining simultaneously the risks of all large financial institutions in the face of the adverse scenario. The development and implementation of these three threads of capital reform are at different stages, so it may be useful to review where each stands. As to the first--improving the traditional, individual-firm approach to capital regulation--Basel 2. In addition, the so-called "Collins amendment" in Dodd-Frank requires that banking organizations maintain capital at levels no lower than those set by "generally applicable" requirements, which include a standardized approach to risk-weighting. In practice, the Collins amendment provides a safeguard against declines in minimum capital requirements in a capital regime based on internal modeling. The Basel Committee completed work on Basel 2. Implementation of these two frameworks into national legislation or regulations is underway in the jurisdictions represented on the committee. The complication here, and with part of Basel III implementation, lies in the use of agency credit ratings. Dodd-Frank requires the removal of agency credit ratings from all regulations throughout the government. Thus, the banking agencies have had to develop substitutes for agency ratings in each of the quite different contexts in which they are used within the capital standards. This has not been the easiest of tasks, but I believe we are now close to convergence on the approaches we will take in fashioning these substitutes. We should soon be able to draft a proposed regulation for the rest of Basel 2. Work on the Basel III rule has had to compete for staff time with all the other rulemakings currently underway at the banking agencies, but I would expect a proposed regulation in the first quarter of The second issue pertains to the six-year transition period for Basel III, which by its terms phases in the requirements for both the improved quality and increased quantity of capital in somewhat backloaded stages beginning in January Questions have arisen as to supervisory expectations for capital levels during this rather lengthy period. Specifically, there has been some uncertainty as to whether supervisors intend to "pull forward" the various transition points outlined in Basel III. While the Federal Reserve intends to ensure that firms are on a steady path to full Basel III compliance, we do not intend to require firms to raise external capital or to reduce their risk-weighted assets in order to meet any new requirement earlier than at the time specified in the Basel III transition schedule. The GHOS said that banks should "maintain prudent earnings retention policies" so as to meet both the new minimum equity standard and the conservation buffer "as soon as reasonably possible. In practical terms, we will monitor their progress through the annual capital planning exercise, about which I shall have more to say a bit later in these remarks. We will be comfortable with proposed capital distributions only when we are convinced they are consistent with a bank holding company readily and without difficulty meeting the new capital requirements as they come into effect. Turning now to the second thread of capital regulation reform, the introduction of a capital requirement keyed to the systemic importance of financial firms, I am sure you are all aware that last Friday the Basel Committee released its framework for calibrating capital surcharges for banks of global systemic importance. Both the Dodd-Frank provision and the Basel framework are informed by the fact that the failure of a systemically important firm would have substantially greater negative consequences on the financial system than the failure of other firms, even quite sizeable ones. Yet obviously such a firm has no incentive to take account of these negative externalities. An ancillary rationale is that additional capital requirements could help offset any funding advantage derived from the perceived status of such institutions as too-big-to-fail. Moreover, the metrics for determining G-SIB status are heavily weighted toward the kind of interconnectedness features that pose macroprudential risks. The framework includes a range of surcharges in the 1. For illustrative purposes, the Basel Committee used data to generate a list of banks that were of global systemic importance and, based on the criteria developed from that data, a hypothetical set of "buckets" associated with the different surcharge rates. The list of banks to be covered and the surcharge buckets into which they will be placed when the surcharge begins to take effect in will be based upon data collected in This is as it should be, since the inclusion and ordering of the firms should be based upon the characteristics of the banks as they have evolved closer to the effective date. Some banks have changed their profiles materially in the past couple of years, and the prospect of capital surcharges may be an incentive for others to do so as well. In this regard, I should also note that the bucket allocation of each G-SIB will be recomputed in each year after The use of more up-to-date data means that banks will not know for some time exactly which buckets they will occupy when the surcharge first phases in. However, the potential uncertainty associated with this approach should be substantially reduced by the plan to publish an updated list of the covered financial institutions each November, along with an indication of the bucket to which each firm would have been allocated based on data from the preceding year. The Basel Committee will release by the latter part of additional information relevant to the surcharges that will be applied beginning in the thresholds for each surcharge "bucket" and the denominator reflecting the universe of global banking institutions against which each G-SIB will be measured. To further advance the goals of transparency and predictability, we will continue to work within the Basel Committee to ensure that the indicators used to determine the systemic-risk ranking of a firm are clear and based upon publicly available information sources. If additional information is needed by firms to allow for effective capital planning, the Basel Committee should be prepared to develop and release additional guidance. No decision has yet been made as to whether the more stringent capital requirement to be applied to firms other than those on the eventual list of G-SIBs will be in the form of a surcharge. However, analysis of the systemic footprints of other U. The third thread of reform in capital regulation is the establishment of regular stress testing and capital planning. Unlike the first two threads, there is no international framework that parallels our domestic changes, though stress testing is receiving increased attention in a number of other jurisdictions. These reforms build on the stress test we performed at the height of the financial crisis in early , which used an adverse macroeconomic scenario and estimates of firm revenues and potential losses on a portfolio-specific basis to calculate the amount of capital that each firm would need to remain a viable financial intermediary even were the adverse scenario to materialize. The test was thus both forward-looking and horizontal, meaning that the 19 largest U. Dodd-Frank creates two kinds of stress testing requirements. The Board must both publish a summary of results of the supervisory stress tests and issue regulations requiring firms to publish a summary of the company-run stress tests. Those who participated in the exercise, both at the banks and at regulatory agencies, know that the resource demands associated with it were considerable. Yet the value of that effort was also considerable, a fact that doubtless informed the Congressional decision to make the practice mandatory. The exercise itself forces supervisors to focus on the nature and extent of potential sources of loss for the largest bank holding companies as a group. The disclosure of stress test results allows investors and other counterparties to better understand the profiles of each institution.

4: National human rights institution - Wikipedia

Downloadable! This paper presents and discusses new data on employment protection legislation (EPL) in the successor states of the former USSR - the CIS and Baltic states - over 25 years from to

In the first months since the new Congress convened, the House has held dozens of hearings designed to elicit criticisms of regulations, introduced legislation that would dramatically alter the regulatory process by requiring congressional approval of all major regulations, and passed a spending bill that would slash the funding levels of regulatory agencies and restrict their ability to enact rules covering areas such as greenhouse gas emissions. In support of each of these steps, opponents of regulation argue that agency rules are damaging to the economy in general and job generation in particular. Regulations are frequently discussed only in the context of their threat to job creation, while their role in protecting lives, public health, and the environment is ignored. This report reviews whether the evidence backs the perspective of regulatory opponents. The first section looks broadly at the effects of regulations, whether they play a useful role in the economy, and whether their overall benefits outweigh their overall costs. The second section assesses the theory and evidence for the assertion that regulations undermine jobs and the economy. The last section examines the kinds of studies that are discussed when regulations are being formulated; these studies, often cited in debates and therefore of great importance, tend to be prospective estimates of the effects of proposed regulations. These three sections are previewed in this executive summary: The broad role of regulation. A perspective that considers only the potential damages of regulations to the economy and employment is far from complete, and can lead to a distorted view of their implications. Indeed, many regulations have the explicit intention and effect of aiding the economy and strengthening particular industries, thereby securing jobs. Three recent events should have made clear the dangers of the narrow view that regulation causes economic harm. Eight million jobs were lost in the Great Recession, and the labor and housing markets remain painfully weak. Even Alan Greenspan, chairman of the Federal Reserve Board from to and a leading proponent of market self-regulation, has admitted that this approach failed during the crisis. And, as noted in the body of this paper, the director of the Securities and Exchange Commission and a former leading Republican member of Congress testified in In a speech before the American Economic Association on how the bubble should have been prevented or controlled, current Fed Chairman Ben Bernanke emphasized the importance of stricter and more strongly enforced mortgage regulation. A second recent event reinforcing the importance of sound regulation to the economy and employment is the BP Deepwater Horizon oil spill of The third example of how sound regulation can aid the economy is the passage of the Food Safety Modernization Act in December This confidence had been shaken by a series of high-profile incidents of tainted food and by the 48 million cases of food-borne illnesses in the United States each year. Of course, regulations may have significant compliance costs, but costs may be warranted if the rules will produce even larger economic and social benefits. To assess this balance, the Office of Management and Budget each year prepares a cost-benefit report on regulation. On average, the value of the benefits was about seven times the cost. An earlier OMB report examined all social regulations in effect as of and likewise found that the benefits far exceeded the costs. In March the Environmental Protection Agency released a congressionally mandated report on the costs and benefits of the Clean Air Act Amendments of In alone, an estimated , lives were saved by the Clean Air Act Amendments of Over the past several decades the benefits of regulations have consistently and significantly exceeded their costs. Assessing possible economic downsides of regulations. Opponents of regulation often advance the theory that the primary effect of regulations is to harm the economy and employment. They argue, for instance, that regulations raise costs for firms, thereby raising the costs of products, thereby leading to a reduction in sales and employment. But a one-dimensional theory is insufficient to capture how regulations affect markets and the economy. Regulations can be designed to explicitly benefit the economy and particular industries, and they can lead to investments that create jobs, improve worker health and thus productivity, and spur important technological innovations, among other positive effects. The multidimensional effects of regulations on employment are reflected in the mixed impacts found in the studies of economic regulation. This section first reviews studies of economy-wide effects of regulations. The most common general studies are of environmental regulations, and these have consistently failed to find significant negative employment effects. Moreover, studies suggesting that regulations have broad negative effects on the economy offer little persuasive evidence. A second type of study examined in this report looks at the effects of particular regulations on particular industries. A surprising number of such studies actually show that regulations have a small positive net effect on employment; these include studies of environmental regulations on industries generating significant pollution. Some well-executed studies have found that certain regulations led to job losses in particular areas, but most studies of various industries suggest that regulations had either a close to neutral or small positive effect on employment levels. A third kind of study examined here reviews trade and regulations. Here, as well, the evidence is not consistent with the simple theory that regulations raise costs for firms in this country, undercut their competitiveness with firms in other countries, and lead to the transfer of jobs to countries with less stringent regulations. The possibility of a regulation undercutting the competitiveness of U. This report also examines the most direct government data on the extent of job loss from regulations. Over this period, only a tiny fraction of such job layoffs about 0. Reviewing studies cited during regulatory debates. Studies of the reliability of government cost estimates of proposed or final regulations show that these estimates are often exaggerated. One notable study published in by researchers from Resources for the Future examined 21 federal regulations for which prospective ex ante and retrospective ex post cost estimates were available. They found that government cost estimates of 13 regulations were significantly overstated when compared with the actual costs, while the cost estimates for only three regulations were significantly understated. An update of this analysis in by one of the researchers confirmed this general conclusion: Cost predictions used by government agencies tend to be too high. These findings are further reinforced by similar results of an earlier Economic Policy Institute study of the regulation of pollution, as well as findings of an Office of Technology Assessment study of rules established by the Occupational Safety and Health Administration. In both cases OTA explained that the lower-than-expected costs were partly due to unexpected gains from innovations and new technologies. In fact, the role of unanticipated technological advancements in lowering compliance costs is a strong and consistent finding in studies of government regulations. The track record of opponents of regulation in calculating cost estimates has been particularly poor. Among the examples described in this report are industry estimates for the costs of regulations related to acid rain, air bags, benzene, catalytic converters, and automobile air conditioners; all were substantially overstated. The report also discusses industry studies that make inaccurate negative claims about the effects of specific regulations on employment levels, such as a recent U. Chamber of Commerce study of state employment regulations that relied on a fundamentally flawed statistical model. In a speech to the Chamber of Commerce in February , President Obama described the biased track record of the predictions used by opponents of regulation. He mentioned three examplesâ€”the creation of the Food and Drug Administration, the establishment of seat belt regulations, and the enactment of child labor lawsâ€”in which opponents inaccurately forecast doom in the wake of regulatory steps. Not every industry or government prediction, of course, is necessarily off the mark. Nonetheless, in discussions of proposed regulations, it is important to bear in mind the tendency for their estimated costs to be exaggerated. This concern, however, should not lead to unjustified efforts to weaken government regulators and regulations. Careful review of the available evidence indicates that regulations do not tend to significantly impede job creation. To the contrary, the evidence shows that an emphasis on deregulation can contribute to enormous economic dislocation. Moreover, regulations have generally and consistently struck a reasonable balance, with their benefits to health, safety, and well-being far exceeding their costs. The broad role of regulation Well-crafted regulations serve many purposes. They protect people from harmful products, ensure prudent use of natural resources, and safeguard the environment. They can prevent national and regional economic disasters, and can strengthen particular industries. They also play a critical role in structuring the economy and paving the way for innovation and competitive markets. This section of the report first examines the ways in which regulations can aid the economy and employment, and then investigates the general benefits and costs of regulations. Sound regulation, economic prosperity, and employment Well-designed and strongly enforced regulations are often necessary for the economy to operate effectively, a proposition supported by the history of regulation, including three recent examples. First, the absence of strong regulation was a primary cause of the financial crisis that has produced such severe economic pain. Second, the British Petroleum Deepwater Horizon oil spill, which led to widespread environmental and economic damage in and around the Gulf of Mexico, occurred in the context of stunningly lax regulatory oversight. Regulatory failures and the financial collapse. Financial collapse in the absence of adequate federal regulation is a recurring pattern in economic history. Nobel Prizeâ€”winning economist Joseph Stiglitz recently made this point in a review of the role of regulations in responding to market failures. Markets are at the center of every successful economy. But unfettered markets often do not serve society well. Over the past two hundred years, economic theory and historical experience have shown that financial markets often fail to perform their essential functions of managing risk and allocating capital well, with disastrous social and economic consequences. This approach had opened up gaps in oversight of critical areas with trillions of dollars at risk, such as the shadow banking system and over-the-counter derivatives markets. In congressional testimony, Alan Greenspan, chairman of the Federal Reserve Board from August to January and an avid supporter of self-regulation, admitted that self-regulation failed to prevent the financial collapse: If it fails, as occurred this year, market stability is undermined. In a speech to the American Economic Association in that assessed some of the policy lessons from the financial crisis, Federal Reserve Board Chairman Ben Bernanke concluded: All efforts should be made to strengthen our regulatory system to prevent a recurrence of the crisis, and to cushion the effects if another crisis occurs. The collapse of the financial system triggered a worldwide downturn that threatened to turn into a worldwide economic collapse. In the United States, eight million jobs were lost, millions of families lost their homes, trillions of dollars of wealth disappeared, and trillions of dollars of economic production failed to occur. As is typically the case in the wake of a financial collapse, the recovery has been slow, and the unemployment situation remains painful. Regulation and the British Petroleum Deepwater Horizon oil spill. The initial oil rig explosion on April 20, , killed 11 people and injured 17, and the Macondo well was not capped until July Nearly five million barrels of oil spilled into the Gulf of Mexico, producing serious environmental and economic damage that continues to unfold. The oil spill occurred in a regulatory context that was lax to the extreme. On April 20, , that question was answered. It was responsible for safety enforcement as well as for revenue collection and energy development from issuing leases. Its focus became the latter at the expense of the former. MMS lacked both the resources and technical expertise to monitor the offshore oil industry, especially as offshore activity grew rapidly and more sophisticated technologies were put into place. The National Environmental Policy Act, which requires that federal agencies prepare environmental impact statements for all major federal actions that could have a significant effect on the environment such as permitting the construction of an offshore oil rig , expressly treats the Gulf of Mexico less rigorously than other offshore areas. Much of it was generic material prepared by a contractor that was not at all adapted to the oil spill scenarios of the gulf. High-profile episodes of tainted spinach, peanut butter, eggs, and cookie dough focused attention on food safety and spurred efforts to strengthen government regulation. These episodes, moreover, were not isolated incidents. In , the Centers for Disease Control and Prevention estimated that 48 million Americans suffer from foodborne illnesses each year, which result in , hospitalizations and three thousand deaths.

NATIONAL INSTITUTIONS AND THE EVOLUTION OF EMPLOYMENT REGULATION pdf

5: Institutional economics - Wikipedia

Employment relations in post war Britain in the 20th century developed in two distinct directions, one is the formal practice embodied in the official institutions, and the second is the informal system, created through the behaviour of trade unions and employersâ€Ÿ associations, managerâ€Ÿs shop stewards and.

A Brief History of U. But the path from then to now has been influenced by a variety of different factors and an ever-changing regulatory framework. The changing nature of that framework is best characterized by the swinging of a pendulum, oscillating between the two opposing poles of greater and lesser regulation. Forces, such as the desire for greater financial stability, more economic freedom, or fear of the concentration of too much power in too few hands, are what keep the pendulum swinging back and forth. Early Attempts at Regulation in Antebellum America From the establishment of the First Bank of the United States in to the National Banking Act of banking regulation in America was as an experimental mix of federal and state legislation. The regulation was motivated on the one hand by the need for increased centralized control to maintain stability in finance and, by extension, the overall economy. While on the other hand; it was motivated by the fear of too much control being concentrated in too few hands. Despite bringing a relative degree of financial and economic stability, the First Bank of the United States was opposed for being unconstitutional, with many fearing that it relegated undue powers to the federal government, and consequently its charter was not renewed in With the government turning to state banks to finance the War of and the significant over-expansion of credit that followed, it became increasingly apparent that financial order needed to be reinstated. In , the Second Bank of the United States would receive a charter, but it too would later succumb to political fears over the amount of control it gave the federal government and was dissolved in Not only at the federal level, but also at the level of state banking, obtaining an official legislative charter was highly political. Far from being granted on the basis of proven competence in financial matters, successful acquisition of a charter depended more on political affiliations, and bribing the legislature was commonplace. By the time of the dissolution of the Second Bank, there was a growing sense of a need to escape the politically corrupt nature of legislative chartering. In this environment of free banking, anyone could operate a bank on the condition, among others, that all notes issued were back by proper security. While this condition served to reinforce the credibility of note issuance it did not guarantee immediate redemption in specie gold or silver , which would serve to be a crucial point. The era of free banking suffered from financial instability with several banking crises occurring, and it made for a disorderly currency characterized by thousands of different bank notes circulating at varying discount rates. It is this instability and disorder that would renew the call for more regulation and central oversight in the s. Increasing Regulation from the Civil War to the New Deal The free banking era, characterized as it was by a complete lack of federal control and regulation, would come to an end with the National Banking Act of and its later revisions in and , which aimed to replace the old state banks with nationally chartered ones. The Office of the Comptroller of the Currency OCC was created to issue these new bank charters as well oversee that national banks maintained the requirement to back all note issuance with holdings of U. While the new national banking system helped return the country to a more uniform and secure currency that it had not experienced since the years of the First and Second Banks, it was ultimately at the expense of an elastic currency that could expand and contract according to commercial and industrial needs. The growing complexity of the U. The Depression would lead to even more banking regulation instituted by President Franklin D. Roosevelt as part of the provisions under the New Deal. The Banking Act of served to strengthen and give the Federal Reserve more centralized power. The heavily regulated commercial banks had been losing increasing market share to less-regulated and innovative financial institutions. For this reason, a wave of deregulation occurred throughout the last two decades of the twentieth century. Restrictions on the opening of bank branches in different states that had been in place since the McFadden Act of were removed under the Riegle-Neal Interstate Banking and Branching Efficiency Act of

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Finally, the Gramm-Leach-Bliley Act of repealed significant aspects of the Glass-Steagall Act as well as the Bank Holding Act of , both of which had served to sever investment banking and insurance services from commercial banking. From onwards, a bank could now offer commercial banking, securities, and insurance services under one roof. All of this deregulation helped to accelerate a trend towards increasing the complexity of banking organizations as they moved to greater consolidation and conglomeration. Financial institution mergers increased with the total number of banking organizations consolidating to under in from a previous peak of nearly 15, in the early s. While banks have gotten bigger, the conglomeration of different financial services under one organization has also served to increase the complexity of those services. Banks began offering new financial products like derivatives and began packaging traditional financial assets like mortgages together through a process of securitization. At the same time that these new financial innovations were being praised for their ability to diversify risk, the sub-prime mortgage crisis of that transformed into a global financial crisis and the need for the bailout of U. It may take some time to see how these new regulations affect the nature of banking within the U. The Bottom Line In antebellum America, numerous attempts at increased centralized control and regulation of the banking system were tried, but fears of concentrated power and political corruption served to undermine such attempts. Nevertheless, as the banking system grew, the need for ever-increasing regulation and centralized control, led to the creation of a nationalized banking system during the Civil War, the creation of the Federal Reserve in , and the New Deal reforms under Roosevelt. While the increased regulation led to a period of financial stability, commercial banks began losing business to more innovative financial institutions, necessitating a call for deregulation. Once again, the deregulated banking system evolved to exhibit even greater complexities and precipitated the most severe economic crisis since the Great Depression. Dodd-Frank was the response but if history is any guide, the story is far from over, or perhaps, the pendulum will continue to swing. Trading Center Want to learn how to invest? Get a free 10 week email series that will teach you how to start investing. Delivered twice a week, straight to your inbox.

6: A Brief History of U.S. Banking Regulation | Investopedia

Regulation, employment, and the economy: a theoretical perspective Recent advocates of deregulation articulate the following theory on the deleterious effects of regulation on employment. First, they argue that it is costly for firms to comply with regulations.

7: The Fed - The Evolution of Capital Regulation

The gainful employment regulation only applies to nondegree programs at public institutions but includes degree programs at for-profit colleges. The rules were heavily contested by the for-profit sector even as consumer advocates warned they did not go far enough.

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