APGoPo Unit 6

THE INDEPENDENT REGULATORY AGENCIES

These agencies (also known as independent regulatory commissions) are created by Congress to regulate important parts of the economy, making rules for large industries and businesses that affect the interests of the public. Since regulatory agencies are watchdogs that by their very nature need to operate independently, they are not part of a department.

Small commissions govern the regulatory agencies:

- Five to ten members ***appointed by the president*** and ***confirmed by the Senate***
- Commissioners are somewhat more "independent" than are the cabinet secretaries because they cannot be removed by the president during their terms of office
- Commissioners serve rather long terms (5-14 years)
- Terms of the commissioners are staggered

These factors help to insulate regulatory commissions from political pressure. The commissions have quasi-legislative powers because they have the authority to make rules and regulations that have the force of law. The commissions also have quasi-judicial powers because they can settle disputes in their fields (such as the FCC fining Howard Stern for objectionable material that was broadcast on his radio program).

Some examples are:

- **Federal Communications Commission (FCC)**
    - Regulates all communications by telegraph, cable, telephone, radio, and television.

- **The Federal Trade Commission (FTC)**
    - Prevents businesses from engaging in unfair trade practices; stops the formation of monopolies in the business sector; protects consumer rights.

- **Federal Election Commission (FEC)**
    - Administers and enforces the Federal Election Campaign Act (FECA); discloses campaign finance information, enforces the provisions of the law such as the limits and prohibitions on contributions, and oversees the public funding of presidential elections.

- **The Securities and Exchange Commission (SEC)**
    - Regulates the nation's stock exchanges; requires full disclosure of the financial profiles of companies that wish to sell stocks to the public.

- **The Federal Reserve Board (The Fed)**
    - Establishes monetary policy >> refers to the money supply and interest rates.
        - Understand the difference between monetary policy (controlling the money supply) and fiscal policy (taxing and spending).
    - Sets bank interest rates; controls inflation; regulates the money supply; adjusts banks reserve requirements.

The regulatory agencies maintain a close relationship with the industries they regulate

- Agency employees are often recruited from the regulated industry
- Agency employees often are employed by the regulated industry once they leave the agency
- Agencies make decisions after consulting the regulated industry
- Agencies often rely on support from regulated industries in making budget requests before Congress
- An agency's relationship with a regulated industry may change when a new president takes office