

# In a federal mandate for waste, envelope lobby reveals Washington

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Five years ago, a new quirky-sounding consumer-rights group set up shop in a sleepy corner of Capitol Hill. "Consumers for Paper Options is a group of individuals and organizations who believe paper-based communications are critically important for millions of Americans," the group explained in a press release, "especially those who are not yet part of the online community."

This week, Consumers for Paper Options scored a big win, according to the Wall Street Journal (<http://www.wsj.com/articles/print-is-dead-not-in-mutual-fund-reports-1472064595>). Securities and Exchange Commission chairman Mary Jo White has abandoned her plan to loosen rules about the need to mail paper documents to investors in mutual funds.

Mutual funds were lobbying for more freedom when it came to mailing prospectuses — those exhaustive, bulky, trash-can-bound explanations of the contents of your fund. In short, the funds wanted to be free to make electronic delivery the default, while allowing investors to insist on paper delivery. This is an obvious common-sense reform which would save whole forests of trees.

Consumers for Paper Options fought back. The group warned that changing the default from paper to electronic delivery would "Confuse potentially millions of investors who suddenly stop seeing important printed fund

performance material from investment firms."

"Ask Congress to stop the SEC from impeding access to paper-based investment materials," the group's website blared.

Consumers for Paper Options seems to have won for now, the SEC's reported pullback suggests.

If you're not familiar with how Washington works, you might be baffled that such a group exists. But if you understand how the sausage is made, you've probably guessed what Consumers for Paper Options really is: a front group for the companies and unions that profit from the federally required mailing of unread and unwanted materials. They defend tree-killers.

Consumers for Paper Options is based out of 8 E Street Southeast on Capitol Hill, and its executive director is John Runyan. The paper trail is pretty easy to follow. That's the address of Runyan Public Affairs, a lobbying shop. Of note among Runyan's three clients are timber giant Rayonier, Inc., and the Envelope Manufacturers Association.

Runyan set up his own lobbying shop in 2009 after leaving the employ of International Paper.

The envelope and paper lobby don't get all the credit, though. The AFL-CIO — specifically the National Association of Letter Carriers — lobbied to keep the paper prospectuses flying.

Of course it was lawmakers from Maine, historically a timber capital of the U.S., who carried the ball for the paper lobby — excuse me, for the Consumers for Paper Options. Republican Senator Susan Collins worried about "confusion and potential financial discord among the Americans who

receive these financial disclosures," the Wall Street Journal reported (<http://www.wsj.com/articles/print-is-dead-not-in-mutual-fund-reports-1472064595>).

This is almost laughable: A D.C. lobbyist forming a sham "consumer" protection to fight for federal rules requiring more paper and envelopes be wasted, while getting paid by the envelope lobby.

But the envelope CEOs and the paper lobbyists aren't the only ones who care about keeping this junkmail flowing. Those paper mills that exist in the U.S. are deeply threatened by digitization. Among the shrinking list of things that go on paper these days are things the government forces people to put on paper. Allow mutual funds to mail fewer prospectuses, and those paper mills will lose a significant amount of work.

The employees at these mills will see their hours reduced, if they're not simply laid off. The added costs of mailing me unwanted paper nibbles away the value of my retirement account, but is a tiny uptick in my 401(k) really worth laying off paper mill worker in East Millinocket, Maine?

This argument is emotionally compelling, and it may even be convincing until you remember the essence of it: that the government should require waste — literal waste, gratuitous destruction of assets — in order to preserve the jobs of the people who create an unwanted product.

Here's the thing about the federal rule requiring the mailing of the prospectus: It's absurd and wasteful, and it differs only in degree from most subsidies whose defenders use the same "save the jobs" rhetoric.

Export-Import Bank board-member-turned lobbyist Dan Renberg told me during a debate that while on Ex-Im's board: "I always tried to think of some employee somewhere in this country, maybe works on a line at the

Deere Works in Waterloo, Iowa, and I thought maybe that guy is able to buy a better baseball glove for his 8-year-old son," because Ex-Im is subsidizing Deere's exports.

But Ex-Im loan guarantees push capital away from where the market would have allocated it and towards the politically favored buyers (such as Air China). Insofar as the government is worse at picking good investments than the market is, that's waste.

The federal ethanol mandate supports many jobs in the corn and ethanol industry. It's also extremely wasteful. Any regulation that requires tons of paperwork creates paperwork jobs, which are deadweight loss as far as the economy is concerned, but food on the table as far as some regulators and compliance officers are concerned.

In the paper story, we see that it's absurd for the government to mandate waste in order to make jobs for people to create and ship waste. This should make us reflect on other mandates, regulations and subsidies.

We should be thankful to Consumers for Paper Options for revealing so clearly the true nature of Washington.

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