Written by Raven Clabough on September 11, 2012

Obama Administration Adds 11,000 Pages of Regulations

As the real unemployment rate hovers around 19 percent, with more Americans dropping out of the labor force and others being forced to take low-paying, part-time jobs, job creation continues to move at a painfully slow pace. And while a number of lawmakers have proposed a variety of approaches to stimulate job growth, most seem to ignore the fact that a major inhibiter to job growth is the abundance of federal regulations, which have increased dramatically under this administration. According to CNS News, the Code of Federal Regulations has increased by 11,327 pages in just the last three years.

CNS News reports that the 11,000-page expansion is "a 7.4 percent increase from January 1, 2009 to December 31, 2011." The increase in 2009 was 3.4 percent, or 5,359 pages, which CNS writes was "the most over the last decade." That is, until now.

And the increase in the number of pages of regulations under President Obama is massive when compared to President George W. Bush's first three years in office, when the publication grew by 4.4 percent.

Over the last 10 years, the federal government has imposed 38,000 new rules, bringing the total number of pages of rules to 169,301 at the end of 2011. In 1975, the annual report to Congress on federal regulations by the Office of Management and Budget was 71,244 pages.

These figures were released September 10 at the U.S. Chamber of Commerce in Washington, D.C. where the business federation held its annual Labor Day briefing on the current state of the economy, and pondered various obstacles to job creation.

Based on these numbers, the federation determined that the labor market is being burdened by regulations, making job creation significantly more difficult.

A recent report issued by the Department of Labor underscores just how much poor job growth is impacting the economy. According to that report, the number of Americans counted as "not in the civilian labor force" in the month of August reached a record high figure of 88,921,000. Between the month of July and August, 368,000 Americans dropped out of the labor force and did not look for a job. In August, there were 119,000 fewer Americans employed then there were in the month of July.

Given the fact that jobs are scarce, it is not too difficult to understand why Americans are dropping out of the labor force. In the month of August, just 96,000 new jobs were added, significantly less than the projected (but anemic) figure of 125,000 new jobs and still less than the meager 139,000 that the economy has averaged in 2012.

Federal regulations are a significant factor impacting the rate of job growth. Randy Johnson of the U.S. Chamber of Commerce cites a Congressional Research Service analysis of a 2008 study that estimated the annual cost of compliance for all federal regulations at $1.7 trillion that year.

CNS News explains:

> Seventy percent of the regulations were economic, accounting for $1.236 trillion of the annual cost. The other regulations were, in order of cost, environment regulations ($281 billion), tax compliance ($160 billion) and occupational safety and health and homeland security ($75 billion).

To put those figures into perspective, economists at the Chamber of Commerce determined based on that study that if every U.S. household paid an equal share of the federal regulatory burden, each household would be responsible for $15,586 in 2008.

"I think these kinds of figures, if you put yourself in the place of a business person you'll find them fairly mindboggling," Johnson said.

Peter Schiff, economic expert and CEO of Euro Pacific Capital, testified before the House Sub-Committee on Government Reform and Stimulus Oversight on September 13, 2011 to address the negative impact of regulations on job growth.

He said, "Regulations have substantially increased the costs and risks associated with job creation. Employers are subjected to all sorts of onerous regulations, taxes, and legal liability."

Referencing his own experiences with regulations in running his company, Schiff went on to provide examples of how regulations have prohibited him from creating more jobs:

> In my own business, securities regulations have prohibited me from hiring brokers for more than three years. I was even fined fifteen thousand dollars expressly for hiring too many brokers in 2008. In the process I incurred more than $500,000 in legal bills to mitigate a more severe regulatory outcome as a result of hiring too many workers. I have also been prohibited from opening up additional offices. I had a major expansion plan that would have resulted in my creating hundreds of additional jobs. Regulations have forced me to put those jobs on hold.
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> In addition, the added cost of security regulations have forced me to create an offshore brokerage firm to handle foreign accounts that are now too expensive to handle from the United States. Revenue and jobs that would have been created in the U.S. are now being created abroad instead. In addition, I am moving several asset management jobs from Newport Beach, California, to Singapore.

The consequences of the unfriendly atmosphere toward business created by the regulatory burden is that companies such as Schiff's move their capital to foreign countries, which helps create jobs and stimulate tax revenues abroad instead of in the United States.

According to the Phoenix Center for Advanced Legal and Economic Public Policy Studies, every regulator means 100 fewer jobs in the productive sector of the economy.

Based on 50 years of data and modern econometric methods, the Phoenix Center estimates, "Even a small 5 percent reduction in the regulatory budget (about $2.8 billion) 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."

It also determined that the elimination of a single regulator would grow the economy by $6.2 million and approximately 100 private sector jobs a year. By contrast, the addition of a million dollars in the regulatory budget costs the economy 420 private sector jobs.

The Phoenix Center has determined that without repealing or removing these regulations, job creation will continue to move at a sluggish pace.

Steve Forbes of *Forbes* magazine made similar assertions earlier this year while appearing in Durham, North Carolina.

"Short term, these excessive regulations are going to be very harmful," Forbes said. "Taxes, regulations, binge spending by the government," and the uncertainty of the unhidden burdens found within the new healthcare law are creating a "fog of uncertainty."

"What it means in the real world is people aren't hiring," he concluded.

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