

Regulators Kill Jobs

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By Peter St Onge

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Commentary

An Auburn University [study](#) says every single regulator destroys fully 138 private sector jobs every year you keep him on the job.

With nearly 300,000 federal regulators, the shock is that we still have any jobs at all.

The Two Scariest Words in the English Language

A lot of the excitement around the Department of Government Efficiency—DOGE—focuses on the dollars saved. But more important is all the things the federal government destroys with those dollars.

Specifically, the millions of jobs destroyed by the two scariest words in the English language: federal regulators.

A few weeks ago I mentioned how DOGE under Elon and Vivek is taking aim at the regulatory mothership that strangles the American economy and fuels the totalitarian administrative state—you may remember it from Covid.

A mother ship that is oddly enough unconstitutional according to a pair of recent Supreme Court decisions—*Loper Bright Enterprises v Raimondo* and *West Virginia v EPA*.

I asserted this could unleash the economy like nothing we've seen in the past century.

And the reason is because it's hard to overstate just how destructive regulations are.

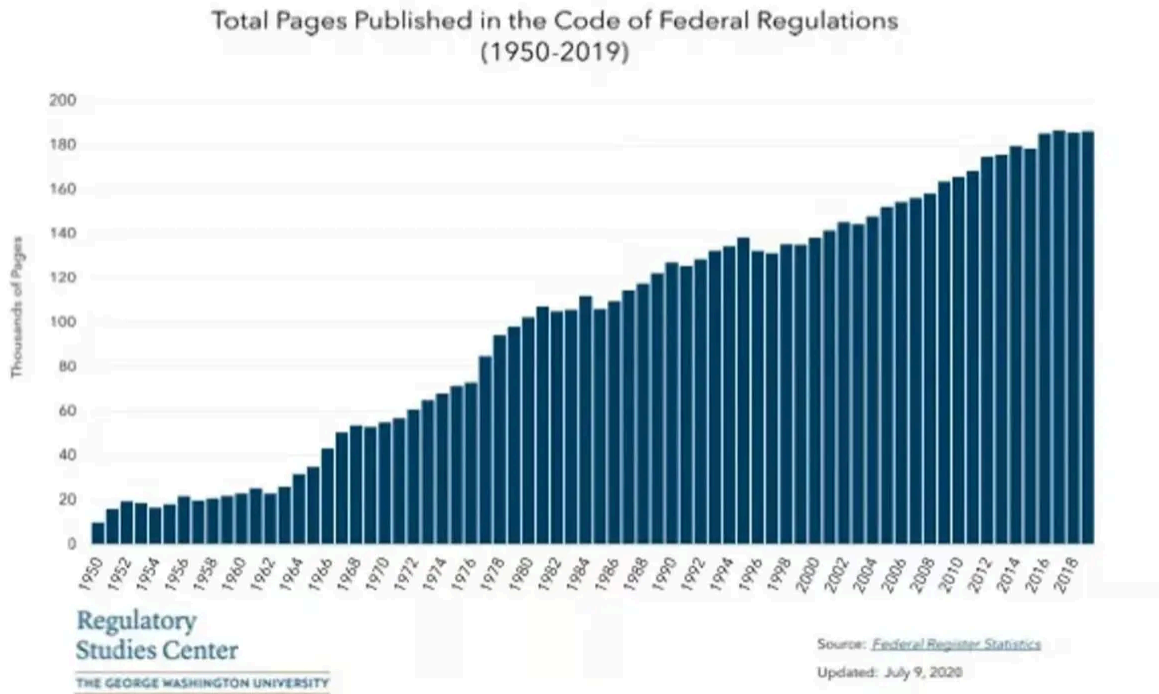
Every Regulator Destroys 138 Jobs

One [2017 study](#) by the Phoenix Center and Auburn University found that every single full-time regulator destroys 158 jobs.

GDP-adjusted to today, that translates to \$16.5 million of economic output. For a hundred-thousand dollar bureaucrat.

This lost output is made of jobs and businesses that were never started. Or were stunted by strangling regulations—which are generally bought by big corporations specifically to strangle small competitors.

Along with mom and pops chased into bankruptcy as collateral damage to new regulations—say, a diner forced to spend \$30,000 on a low-energy exhaust fan.



So it's not the bureaucrat's hundred thousand salary that matters. It's the 138 jobs he takes out. Every single year you keep him around.

In fact, you could fire him, keep paying him for life, and still put a hundred families in the middle class.

In recent videos I've mentioned research saying one dollar in taxes destroys 3 dollars in GDP. A regulator blows that out of the water—each dollar in regulator salary destroys 112 dollars in output.

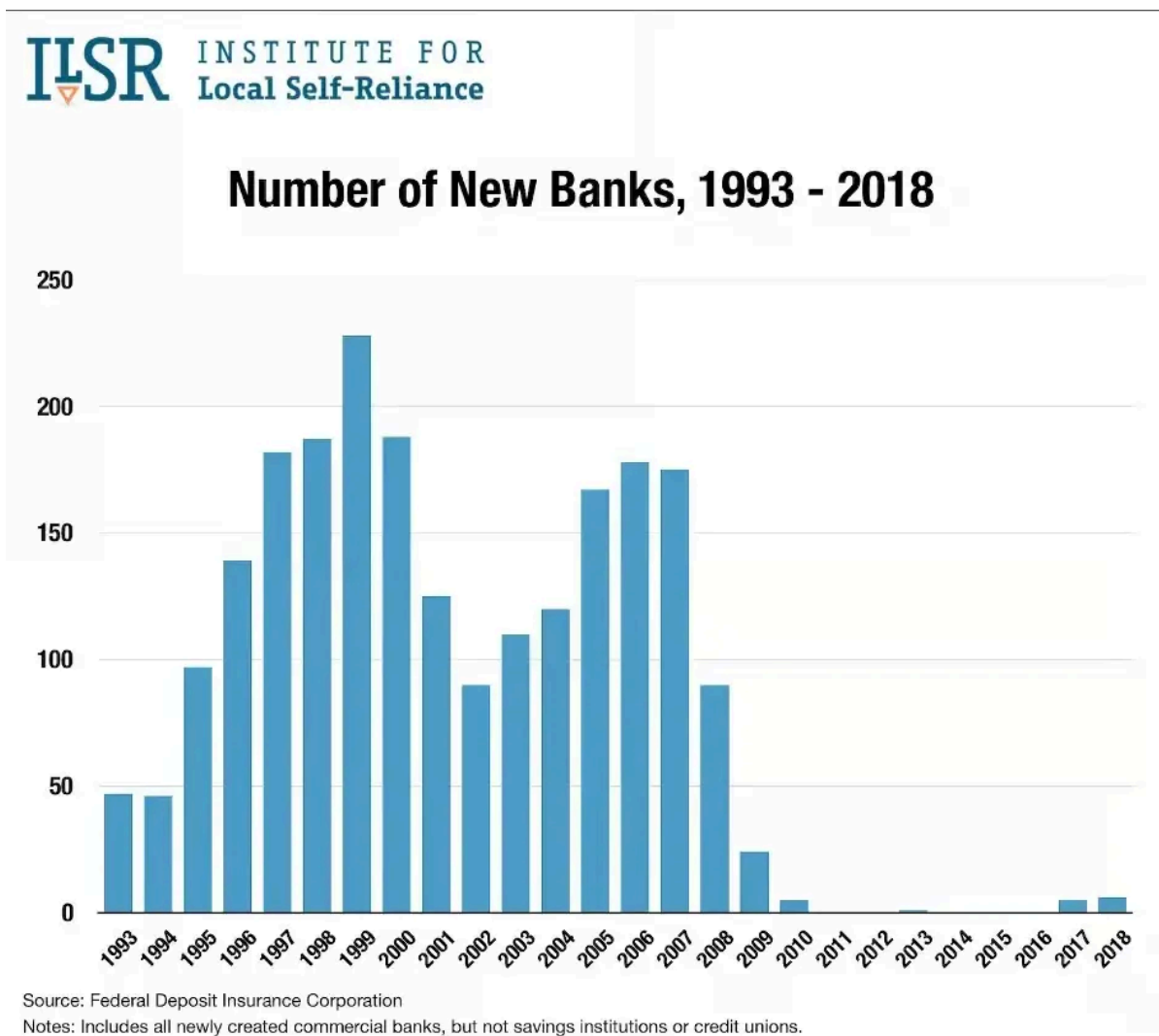
Given there's roughly 288,000 full-time federal employees involved in regulatory activities, that implies an annual cost of regulation of around \$5 trillion. One-fifth of our entire economy.

This means DOGE slashing tens of thousands of regulations could spark Morning in America even if we keep every last one of them on the payroll.

The Top 3 Regulatory Offenders

The worst 3 regulatory offenders are the EPA, which prey especially on small businesses least able to afford their never-ending mandates.

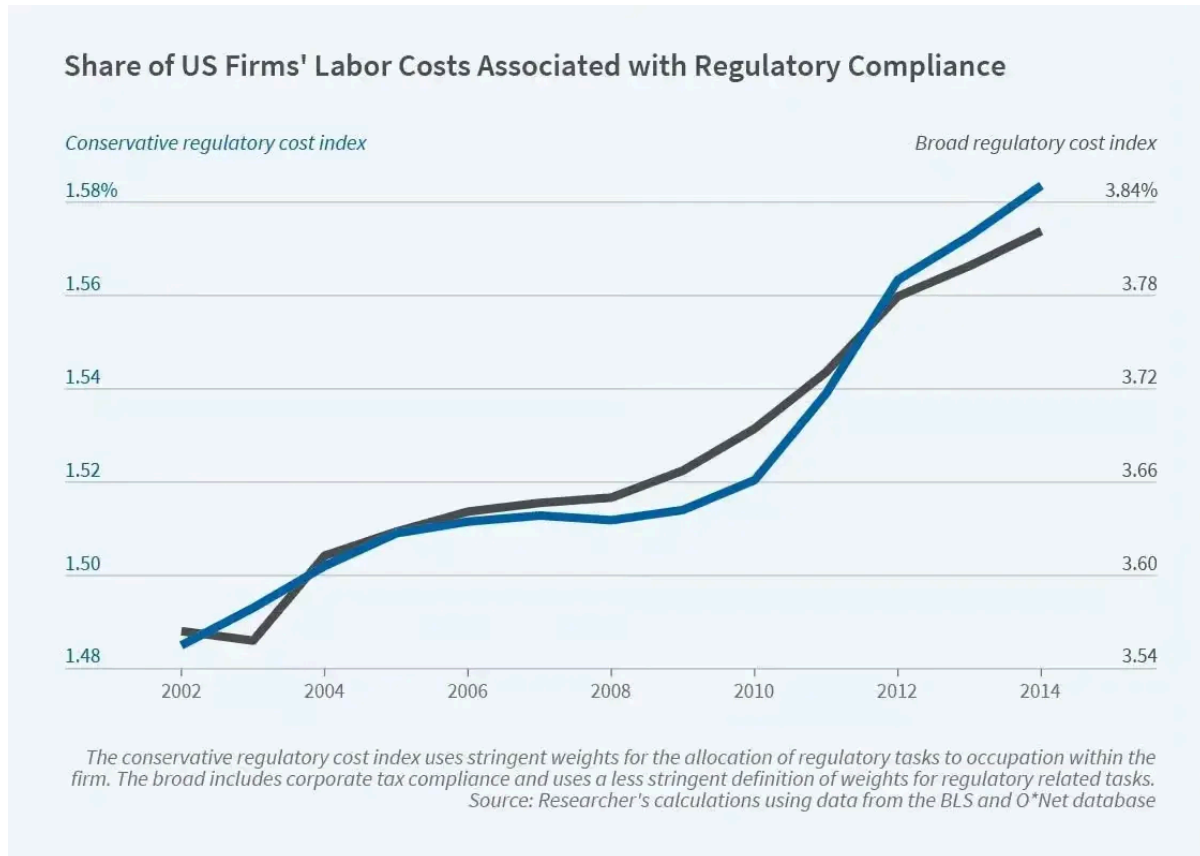
Second is securities mandates—namely Dodd-Frank and Sarbanes-Oxley—that have all but closed public markets to start-ups and shelter banks and insurers from competition.



And labor regulations—namely FLRA, NLRB, an alphabet soup including Obamacare mandates and occupational licensing. There are

brutal for small businesses that might take a gamble on marginal workers but are locked in.

And they raise the cost of hiring to the point that companies downsize or move to China to survive.



Of course, these are just the start. The regulatory code has grown like a monster for a hundred years in literally every domain you can imagine, from braiding hair to collecting rainwater on your property to giving health advice—which is illegal unless you're a doctor.

And, my personal favorite, the regulatory mandate to literally add poison—ethanol—to any alcohol that's not taxed, including mouthwash. In case you thought the federal government would never poison you on purpose.

What's Next

Deregulation is central to Trumponomics—low inflation and fast growth.

Because the best way to do both is to reduce the federal burden—the spending, sure, but above all the forest of regulations strangling our economy. Even if DOGE doesn't manage to save a penny, gutting the regulatory state will pay us back 138-fold.

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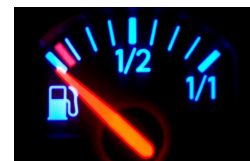
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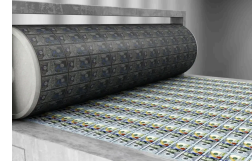
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