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How Obama's Regulatory Siege Has Killed U.S. Growth

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Economists on the left routinely appear mystified by the ongoing slow growth in jobs, investment and business startups under President Obama. But a new report from America's largest manufacturers' group suggests a big reason for our current slowdown can be found in one word: regulation.

The study by the National Association of Manufacturers (NAM) shows new regulations over just the past year amount to a huge hidden tax on U.S. businesses that chokes off investment and expansion, and kills jobs.

How big is the hidden tax? In the last year, federal agencies and departments imposed rules that will cost U.S. businesses $81.6 billion over the next decade, while killing 155,700 jobs. Oh, and to boot, companies would have 411 million hours of added paperwork tacked on to the already-hefty regulatory paperwork burden they bear.

By the way, don't expect a sympathetic hearing from Hillary Clinton and other Democrats on this issue: They like regulations, which are how they control Americans' lives and behavior without even asking Congress for approval. This last point is key, since Congress — not the unelected bureaucracy — is the only branch of government under the Constitution that is supposed to make laws.

Of course, progressives don't care about all this, because many of the 155,700 who will lose jobs in coming years will be counted among the "deplorables" that Clinton says support Donald Trump.

The point is, because of excessive regulation, it's a tough time to make things in America, according to NAM.

"The litany of these new labor laws has made it more costly for firms to employ workers," the NAM study said. "Forcing companies to spend more money in compliance costs has little to do with a company's main purpose — producing goods and services. These rules result in lower productivity growth, and companies end up paying lower wages and reducing employment."

And here's the surprising kicker: All these nasty effects we discussed above come from *just seven new rules* that have been pushed on us by the bureaucracy. Those rules have the force of law, even though neither you nor your representative voted directly to impose them.

According to NAM, the deadly seven rules are: "the Fair Pay and Safe Workforces rule (also known as the 'blacklisting' provisions); the updated overtime rules; the new silica standards in the workplace; the new (Employment and Equal Opportunity Commission) rules requiring annual reporting of employment and wages, broken down by race, gender, and job category; the "Ambush Elections" rule; redefining what constitutes a 'joint employer;' and the requirement that companies publish reports of all injuries and illnesses."

Those rules seem innocent enough, until you consider their massive cost. And this is only the tip of the proverbial iceberg under Obama.

Remember, that $81.6 billion figure is *added* costs, not total costs, arising from just one year of Obama's presidency. Businesses already spend more than $140 billion a year just to comply with federal rules.

In a recent study, the Government Accountability Office found that the four administrations before Obama averaged about 1.6 major new rules per year. Under Obama, that's jumped to three. No wonder the economy's still crawling at a less than 2% growth rate, instead of the robust 3%-plus rate of earlier administrations.

Regulation of the U.S. economy — in particular, regulation in which costs far exceed the benefits — has become a major hindrance to our prosperity. According to the Cato Institute, the total economic cost of regulation is now about $2 trillion a year — more than 11% of GDP. How can our economy fly when it has so much dead weight?

Meanwhile, a study earlier this year by the Mercatus Center found that the regulatory boom in recent decades has cut GDP growth by roughly 0.8% per year. That might not sound like much, but Mercatus estimates that if regulation had been held to the 1980 level, the U.S. economy would have been $4 trillion larger by 2012 than it actually was. So, yes, regulation matters.

This is yet another reason why all of us need to pay close attention to what the presidential candidates, vice presidential candidates and their surrogates, have to say about the economy between now and the election. The next job the poison of excessive regulation kills might be yours.