The Capitalist Advisor

Prescience Backed by Science

Amid Rampant Regulation, Trump's Mere Respite

Richard M. Salsman, Ph.D., CFA
President & Chief Market Strategist

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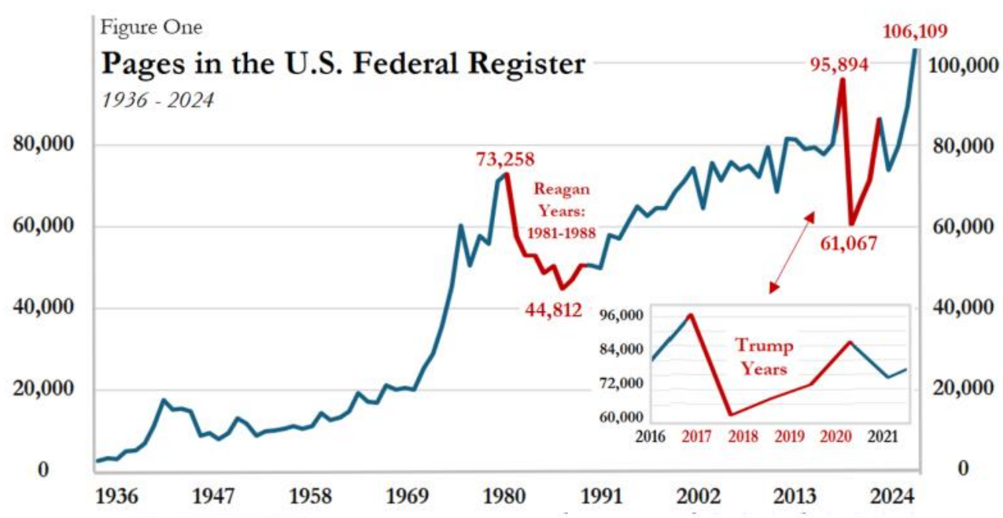
> **"One common metric used to assess the 'quantity of regulation' in the *U.S. Code of Federal Regulations* tracks the number of prescriptive words, such as 'shall' and 'must.' It shows that such restrictive verbiage has grown from 400,000 words in the 1970s to over 1.1 million today."[1] "Most 10-Ks devote a similar amount of space to discussing government [regulatory] agencies as to discussing competition."[2]**

In the nine decades since the U.S. regulatory state began in the 1930s by FDR's "New Deal" and a Democrat-dominated legislature, it has expanded beyond all reason and justice. More than ever it threatens American liberty and prosperity. The regulatory expansion mirrors that seen in America government broadly (in size, scope, spending, taxing, fiscal profligacy), especially at the federal level. One measure of the burden—the total size of the *Federal Register*—now shows an all-time high of 106,109 pages (Figure One).

Episodes of slower regulatory growth or "deregulation" since the 1930s have been rare (Reagan in the 1980s, Trump 1.0) and they haven't reversed the long-term proliferation of controls. The resulting long-term lowdown in U.S. economic growth, especially this century, is evident (Table One, page 3).[3]



Source: https://cei.org/studies/ten-thousand-commandments-2025/ (pp. 96-98)

Figure One makes clear that only under President Reagan (1981-88) and President Trump (2017-19) did regulation slow, but thereafter it quickened. Might Trump in 2025-29 provide another respite? It's possible, but also unlikely that the regulatory state will *shrink* for good anytime soon. For that to occur, whole departments and agencies would have to be eliminated,

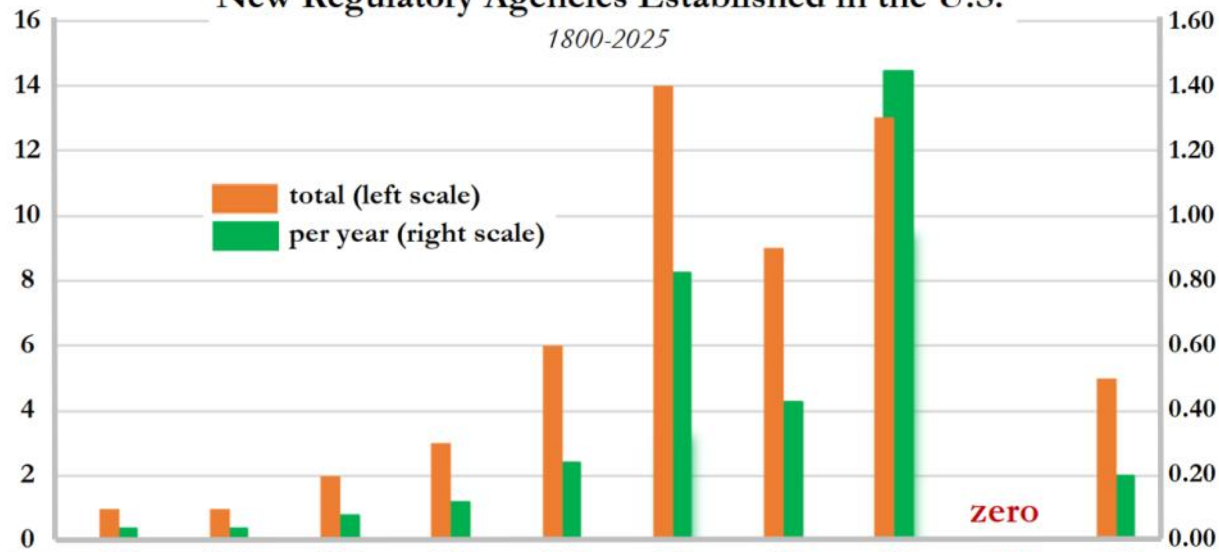
[1] Arzu Oz Oguz, "Up to Code: The Costs of Regulation and Regulatory Uncertainty," *Kenan Insight*, Kenan Institute of Private Enterprise, UNC Kenan-Flagler Business School, April 25, 2004.
[2] Daphne M. Armstrong, Stephen Glaeser, and Jeffrey L. Hoopes, "Measuring Firm Exposure to Government Agencies," *Journal of Accounting and Economics*, 2025, pp. 1 and 6.
[3] See also Bruce Yandle, "Stagnation by Regulation in America's Kudzu Economy," *The Independent Review*, Spring 2016, pp. 589-598.

(617) 412-8303 ▪ rmsalsman@intermarketforecasting.com
Hillsborough, North Carolina 27278

Figure Two

New Regulatory Agencies Established in the U.S.

1800-2025



from:	1800	1826	1852	1878	1904	1930	1948	1970	1980	2000
to:	1825	1851	1877	1903	1929	1947	1969	1979	1999	2025
years:	25	25	25	25	25	17	21	9	19	25
new:	1	1	2	3	6	14	9	13	0	5
per year:	0.04	0.04	0.08	0.12	0.24	0.82	0.43	1.44	0.00	0.20

Source: Appendix C, "U.S. Executive Departments and Major Federal Regulatory Agencies, 1800-2025."

as has occurred recently in Argentina.[4]

Five pillars. The five pillars of any nation's prosperity include the rule of law, sound money, low and uniform tax rates, free trade, and national defense.[5] A proper rule of law protects liberty and rights, is applied equally, and presumes that those charged with illegal wrongdoing are *innocent unless proven guilty* under objective procedures in a publicly transparent court of law. Criminal codes, commercial codes, and tort laws comprise a legitimate system of jurisprudence.[6]

Regulation, in contrast, violates rights by presuming *a priori* that people or firms *will* do harm, whether to others or themselves. Regulation not only *proscribes* (prohibits) certain acts but also *prescribes* (requires) other, which likewise make people and firms undertake what's *opposed* to their rational, utility-maximizing, profit-maximizing interests.

Regulation not only violates liberty[7] but erodes prosperity. It isn't necessary for personal or economic safety, quality, or efficiency. Beyond these harms come the tax-

[4] See "Argentina's New Libertarian President, Janvier Milei," *The Capitalist Advisor*, November 30, 2023; Michael Chapmen, "Argentina's Javier Milei Is Slashing Big Government – We Can Do the Same in America," Cato Institute, January 12, 2024; and "Javier Milei will Eliminate 24 Inefficient and Wasteful State Agencies and Merge More Than 15 Structures," *Le Derecha Diaro*, January 4, 2025.

[5] The pillars of *poverty* include illiberal and unequal law, arbitrary and debased money, punitive and discriminatory taxes, protectionism, and a self-sacrificial or imperialistic military policy.

[6] See Edward Glaeser and Andrei Shleifer, "The Rise of the Regulatory State," *Journal of Economic Literature* (June 2003): "Before 1900, significant commercial disputes in the U.S. were generally resolved through private litigation. Courts riled on corporate liability in industrial accidents, on anti-competitive practices, such as railroad rebates, on safety of foods and medicines, and even on the constitutionality of the income tax. In the three decades between 1887, when Congress passed the Interstate Commerce Act, and 1917, this situation radically changed. Over those thirty years, reformers eroded the 19th Century belief that private litigation was the sole appropriate response to social wrongs. During the Progressive Era, regulatory agencies at both the state and federal level took over the social control of competition, antitrust policy, railroad pricing, food and drug safety, and many other areas."

[7] John Tierney, "The Tyranny of the Administrative State," *Wall Street Journal*, June 9, 2017.

[8] Richard Posner, "Taxation by Regulation," *The Bell Journal of Economics and Management Science*, Spring 1971, pp. 22-50. Excerpt: "Students of the regulated industries often assume that regulation is designed either to approximate the results of competition or to protect the regulated firms from competition. But neither view explains adequately many important phenomena of regulation and regulated industries. Foremost among them is the prevalence of 'internal subsidies.' whereby unremunerative services are provided, sometimes indefinitely, out of the profits from other services. To understand this and other phenomena, we must assign another important purpose to regulation: we can call it 'taxation by regulation.'"

ing of producers to pay those who impede producers.[8] Another tax is inflation. Like "progressive" taxation and inflation, regulation takes property, albeit in a less transparent manner. Why? A fundamental, crucial aspect of the right to property, beyond holding title to it, is *using* it free of others' dictates. At root, the regulatory state—*aka*, the "deep state," or "administrative state"—is immoral, extra-legal, and unconstitutional.[9]

America's Founders—like James Madison—knew all this and thus created only three branches of government in the U.S. Constitution—*legislative*, *judicial*, *executive*—to *make*, *judge* and *execute* (enforce) laws. Each branch was equipped to check the powers of the other two, to preserve liberty, the rule of law, and limited government.[10] There was no regulatory state in the U.S. until Democrats adopted and implemented their fascistic-socialistic "New Deal" policies in the 1930s. What are now called "independent" regulatory agencies are independent of check and balances; they operate not by a separation but an *integration* of the three powers, the essence not of liberty but tyranny. The agencies make, judge, and execute their *own* laws (*aka*, "rules," "regulations").

Although Congressional "oversight" committees supposedly investigate and check regulatory agencies, they do little to restrain their growth. That's obvious from Figure One (page 1). In fact, Congress creates these agencies and funds them. As public figures, they prefer doing other things—getting on TV, getting re-elected, getting their names on bills and buildings, getting bribed—and thus they delegate to faceless, tenured bureaucrats the gory, boring details entailed in the vast array of controls that their sweeping legislative enactments necessitate.

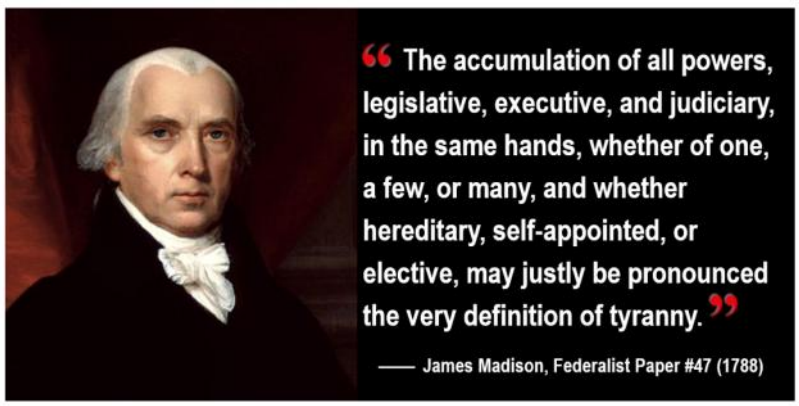
Table One

U.S. Economic Growth Since WWII

compounded annual growth rates, 1950-2025

Start	Finish	Real GDP	Industrial Production
1950	1975	3.68%	3.69%
1975	2000	3.43%	3.17%
2000	2025	2.12%	0.46%

In 1984 the U.S. Supreme Court declared that it would no longer bother to review, question or overturn what Congress does, that it being an elected body, it has more legitimate (democratic) status than unelected judges, even when Congress delegates its power to "unelected bureaucrats." For decades this ruling precluded victims of regulation from suing or deterring lawless agencies.[11]



[9] For more, see works by Professor Philip Hamburger of Columbia Law School: *Is Administrative Law Unlawful?* (University of Chicago Press, 2015) and *The Administrative Threat* (2017). Excerpt from the jacket of the first book: "Is administrative law unlawful? This provocative question has become all the more significant with the expansion of the modern administrative state. Hamburger answers this question in the affirmative, offering a revisionist account of administrative law. Administrative power had Medieval roots but reemerged in the Progressive and New Deal Eras. Since then, Hamburger argues, administrative law has returned American government and society to precisely the sort of consolidated or absolute power that the US Constitution—and constitutions in general—were designed to prevent. He reveals administrative law to be not a benign, natural outgrowth of contemporary government but a pernicious—and profoundly unlawful—return to dangerous pre-constitutional absolutism."

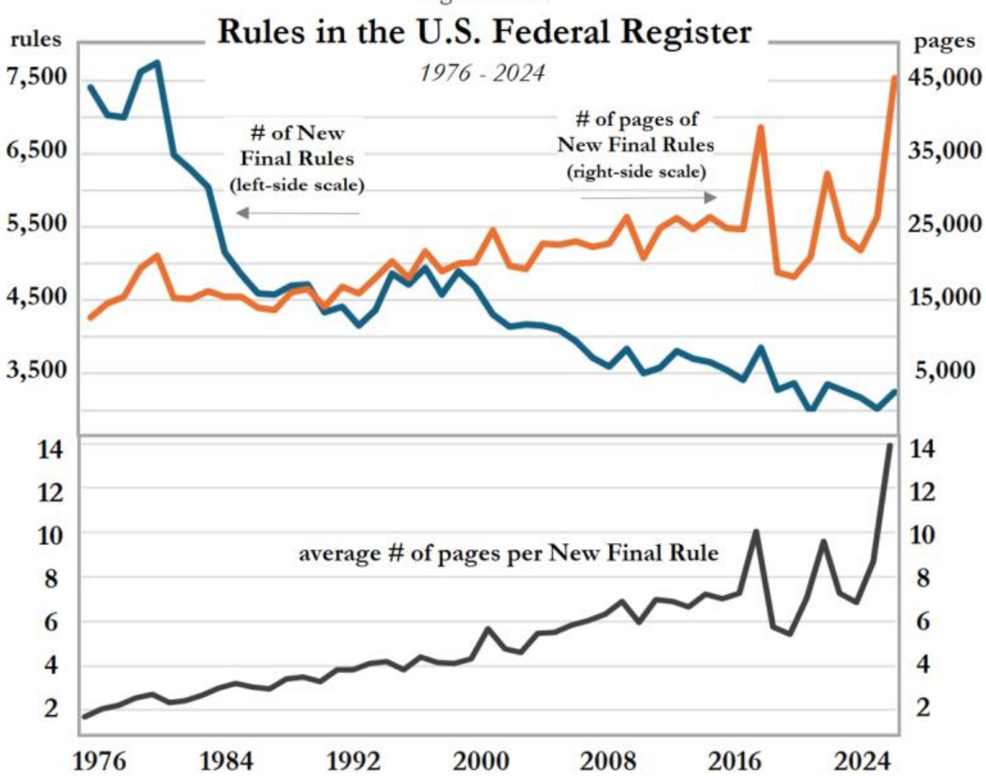
[10] Per James Madison, "the accumulation of all powers, legislative, executive, and judiciary, in the same hands, whether of one, a few, or many, and whether hereditary, self-appointed, or elective, may justly be pronounced the very definition of tyranny." (*Federalist Paper* #47, 1788). Also, "the [constitutional convention] set government's foundation on this basis: the legislative, executive, and judiciary departments should be separate and distinct, so that no person should exercise the powers of more than one of them at the same time." "A mere demarcation on parchment of the constitutional limits of the several departments, is not a sufficient guard against those encroachments which lead to a tyrannical concentration of all the powers of government in the same hands." (*Federalist Paper* #48, 1788).

[11] This was the "Chevron deference standard," from the case *Chevron U.S.A. v. Natural Resources Defense Council* (1984), which set forth a two-part legal test to be used by U.S. federal courts in deferring to a government agency's interpretation of a law or statute. The first part asks whether Congress in legislating had addressed directly the precise issue at question, and the second part was "whether the [regulatory] agency's answer is based on a permissible construction of the [Congressional] statute." In June 2024 the Supreme Court overturned its Chevron standard—in *Loper Bright Enterprises v. Raimondo*. Fishermen in New Jersey and Rhode Island objected to paying fees and making space on their boats for regulators. Now it's easier to sue regulators for their worst abuses but the ruling *doesn't* mandate deregulation or the dismantling of agencies. See Amy Howe, "Supreme Court Strikes Down Chevron, Curtailing Power of Federal Agencies," *SCOTUSBlog*, June 28, 2024.

Figure Two (page 2) makes clear that since the founding of the U.S. in 1790, the worst periods of growth in the number of new regulatory agencies was the 1930s and 1970s. Remarkably, no new agencies were created in the 1980s and 1990s, due to the Reagan supply-side revolution, which was continued under Clinton in 1993-1999. Appendix C (page 11) provides a chronological list of all cabinet departments and major regulatory agencies (source of Figure Two, page 2).

Figure Three plots the number of pages in the *Federal Register* devoted only to new final rules. It illustrates the trend of more pages over the past half century, with rare exceptions; the lower panel illustrates how, on average, each regulation has become *lengthier* page-wise, which implies that each is more complicated and likely more difficult and costly to obey. The U.S. regulatory state is becoming more invasive and arbitrary; it is, thereby, more intensively violating Americans' liberty and justice.

Figure Three



Source: https://cei.org/studies/ten-thousand-commandments-2025/ (pp. 99-100)

How have U.S. presidential administrations differed on regulation growth since 1981? Figure Four (page 6) makes clear that Biden was the worst (350 new final rules in just four years), followed by Obama (500 new rules in eight years). Trump's first administration initially oversaw a slower growth rate in rules, but growth then skyrocketed in his last year (2020) due to Covid dictates and lockdowns. The best (or least worst) was President Reagan (1981-1989), who oversaw only 150 new rules in eight years, compared to 350 under eight years of Clinton (1993-2000) and Bush (2001-2009).

Two further measures of the size of the U.S. regulatory state include the number of personnel working at agencies and agency outlays used to pay personnel, create and enforce rules, and sue miscreants. Figure Five (page 7) shows enormous growth in both since 1960. In real terms budget outlays to fund U.S. regulatory activities have increased almost *twice as fast* (a compounded annual growth rate of 5.36%) as growth in GDP output (compounded annual rate of 3.03%). Of course, growth in the former depresses growth in the latter.

Thus taxpayers pay directly for some regulatory costs, but the private sector indirectly bears the brunt of them. Only recently has there been any attempt at a cost-benefit analysis of regulations, but typically it's murky and certainly nothing equivalent to the more precise, incentive-driven profit-and-loss system that undergirds the accountability, productivity, and prosperity of the private sector.[12]

Regulatory costs are notoriously difficult to estimate, quantify, and limit, but attempts have been made in recent decades. Quantification of the "benefits" of regulation (we doubt there are any) are even more intangible

[12] In the private sector assets are privately-owned, so there's a direct self-interest in making sure they're developed and deployed profitability; if not, losses deprive entities of resources, induce a change in plans, and in some cases (bankruptcy) cease the enterprise. No such incentives, checks, or balances ensure optimal performance by government regulator agencies. There is a bias toward conservativism, safetyism and obstructionism. For more, see Ludwig von Mises, *Bureaucracy* (1944).

Most people are unaware of the fundamental difference between government and profit-seeking private enterprise. What they call deficiencies and faults of the management of administrative agencies are necessary properties. A [political] bureau is not a profit-seeking enterprise; it cannot make use of any economic calculation; it must solve problems which are unknown to business management. It cannot improve its management by reshaping it according to the pattern of private business. It is a mistake to judge the efficiency of a government department by comparing it with the working of an enterprise subject to the interplay of market factors… Business management is management directed by the profit motive. The objective is to make a profit. As success or failure to attain this end can be ascertained by accounting not only for the whole business concern but also for any of its parts, it is feasible to decentralize both management and accountability without jeopardizing the unity of operations and the attainment of their goal. Responsibility can be divided. There is no need to limit the discretion of subordinates by any rules or regulations other than that underlying all business activities, namely, to render their operations profitable. The objectives of *public* management (administration) cannot be measured in money terms and cannot be checked by accountancy methods… as there is no connection between revenue and expenditure. Public services entail spending money only; the insignificant income derived from special sources is accidental. The revenue derived from customs and taxes is not 'produced' by an administrative apparatus … In public administration there is no market price for achievements…public offices operate according to principles entirely different from those applied under the profit motive… the result of public administrative affairs has no cash value on the market. We do not say successful administration of public affairs has no value, but that it has no price on the market, that its value cannot be realized in a market transaction and consequently cannot be expressed in terms of money.

Ludwig von Mises, *Bureaucracy* (1944)

and elusive. The Competitive Enterprise Institute (CEI), the only public policy think tank that specializes in the task (and issues annual reports). It's the source of data in Figure One (page 1) and Figure Three (page 4).

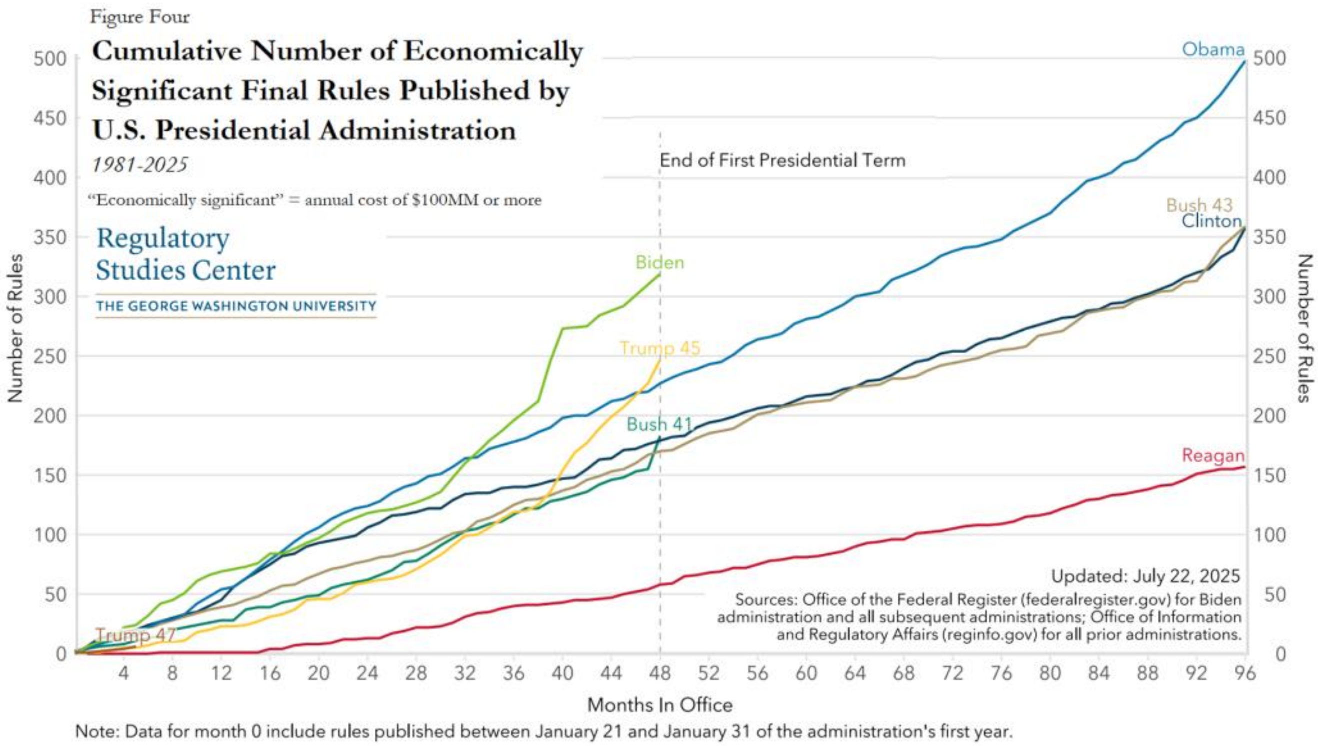
In Figure Six (page 8) we plot CEI's estimates of private sector regulatory compliance costs since 1992. The total cost is now $2.2 trillion, or 30% of total federal tax revenue. The share was higher than that in 2009 (45%) following the cascade of new financial regulations issued after the 2008 financial crisis and 'Great Recession," which was caused by U.S. mortgage agencies Fannie Mae and Freddie Mac. Since 1992, the only period of *no growth* in regulatory compliance costs was during the first Trump term, but there's been no decline in costs. The total cost today is roughly double what it was in 2007.

Appendixes A & B (pages 9 and 10) provide more detail on the costs of private sector compliance categorized by type of regulation (economic, environmental, tax, and labor) and by economic sector (manufacturing, trade, services and health care). The most onerous compliance burdens are due to economic and environmental regulations, which fall most heavily on smaller companies in manufacturing and services. As mentioned, Appendix C (page 11) provides a chronological list of U.S. executive cabinet agencies (now 18, up from 11 in 1965) and major regulatory agencies (now 51, up from 33 in 1965). Notice that only *three* major agencies have been eliminated since 1800. Ronald Reagan was right when he said that "no government ever voluntarily reduces itself in size. Government programs, once launched, never disappear. *A government bureau is the nearest thing to eternal life we'll ever see on this earth*."

Causes. A fundamental cause of regulatory proliferation and perpetuation in the U.S.—beyond the usual anti-capitalist sentiment which began in the populist-socialist "progressive" era of the 1890s and intensified in the fascist 1930s under FDR, in the 1960s under LBJ and in the 1970s under Nixon—is the now widespread myth of "market failure" and "externalities" associated with the moronic microeconomic model of "pure and perfect competition."[13] Other contributory factors: 1) no objective measures exist to establish the costs and benefits of regulation; 2) nothing ensures that costs and benefits are properly assigned to the responsible parties; 3) nothing ensures that benefits exceed costs to any material extent; and 4) regulators are neither rewarded when benefits exceed costs nor penalized when costs exceed benefits.

As political economist Ludwig von Mises explained more than eight decades ago in his book *Bureaucracy* (1944), public sector managers and regulators have

[13] The modern version of the "perfect competition" model originated in Frank Knight's *Risk, Uncertainty, and Profit* (1921). Knight was considered the father of the so-called "free market" Chicago School of economics, but for a century his model has been used to justify all manner of trust-busting, regulation, and taxation of markets, making them *less* free.



nothing akin to the private sector's profit-and-loss system to guide them. Public sector CBA (cost-benefit analysis) may seem a reasonably close facsimile, but it isn't. When the latest formed U.S. agency, "DOGE" (Department of Government Efficiency), tried to find and cut "waste, fraud, and abuse," it failed to recognize that this oft-cited trio is a *feature*, not a bug, of the regulatory state. The only proper, viable, and sustainable solution is to *end* it, not mend it. DOGE has failed like the Grace Commission failed in the 1980s. The grim result?

> In virtually every high-income country in the world today, regulatory action on the part of national governments is vast, heterogeneous, and expanding… Given such a large footprint spanning economic and social goals, economists have long lamented the lack of a rational assessment of such a broad spectrum of interventions. These interventions are often designed and implemented without the possibility for citizens to vote on these rules or for even elected representatives to fully deliberate on their details… Much of the extant progress in measurement has occurred on the front of private costs of compliance. Private benefits, social costs, and social benefits remain much less systematically organized and more arduous to quantitatively assess, mostly due to the difficulty of standardizing partial and general equilibrium counterfactuals…. Currently, independent agencies are not required to perform cost-benefit analyses (CBA) on new rules, and of the rules for which CBA is performed, few have a truly complete quantitative analysis of both costs and benefits.[14]

Long ago, in his 1996 book, *Regulation and Macroeconomic Performance*, Brian Goff said it "grew out of a recognition that I could find no aggregate measure of the amount of regulation beyond crude proxies such as the number of pages in the *Federal Register*. As I began to address this specific issue, I became much more aware of two things: the enormity of regulation in the U.S. economy and the relative absence of economic research into the macroeconomic consequences of those regulations…. My own ignorance of regulation's actual expanse and its aggregate consequences startled me and heightened my interest in expanding empirical research into regulation as a macroeconomic influence… Remarkable to me was the virtual *exclusion* of regulation as a macroeconomic topic, in spite of its massive scale and far-reaching tentacles."

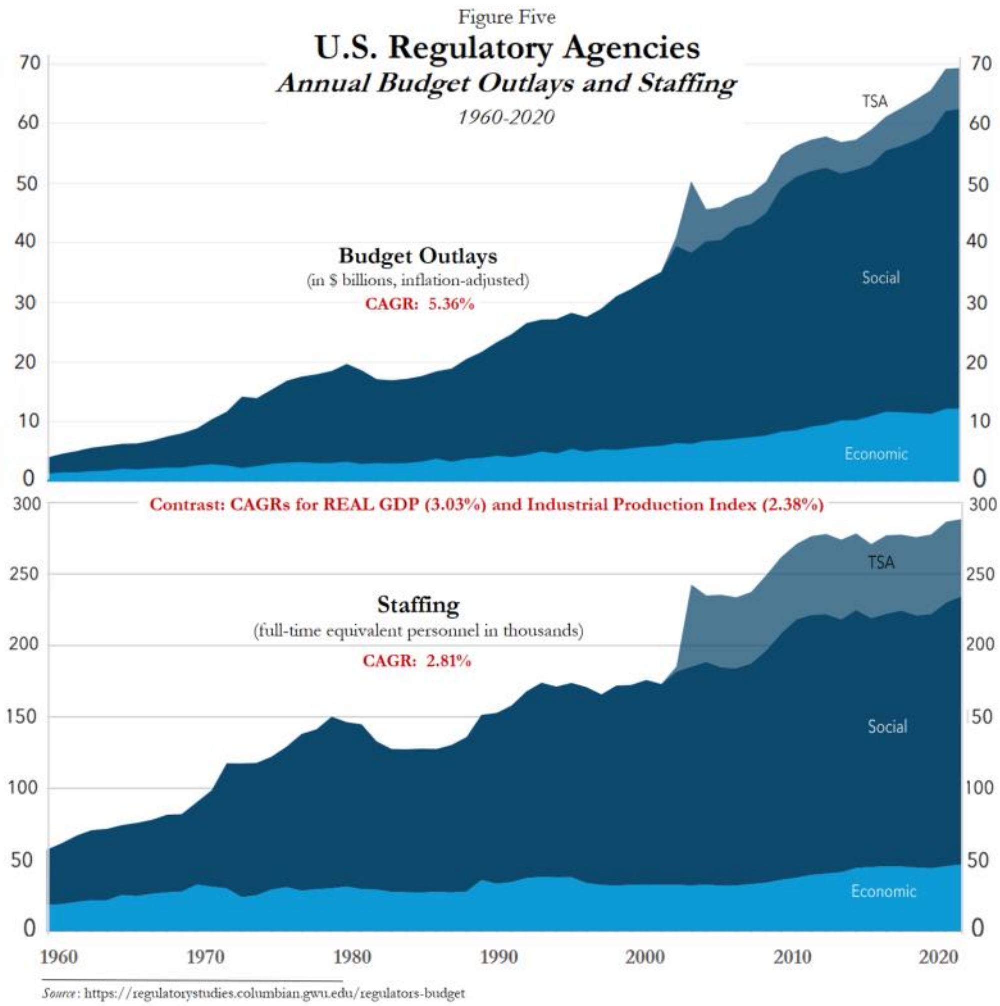
So this is an old problem, still unsolved—but that doesn't stop the control freaks from proliferating their agencies and edicts.[15] Here are two more recent inter-

[14] See Matilde Bombardini, Francesco Trebbi, and Miao Ben Zhang, "Measuring the Costs and Benefits of Regulation," *Annual Review of Economics* (2025), pp. 345-365.

[15] George Stigler, "The Theory of Economic Regulation," *Bell Journal of Economic and Management Science* (1971); Gary Lawson, "The Rise and Rise of the Administrative State," *Harvard Law Review*, April 1994, pp. 1231-1254; Chris Demuth, "The Regulatory State," *National Affairs*, Summer 2012; Susan Dudley, "Milestones in the Evolution of the Administrative State," *Daedalus*, Summer 2021, pp. 33-48; Neil Gorsuch, *Over Ruled: The Human Toll of Too Much Law* (2024).

pretations, from business professors, of how bad things have become:

> Perennially controversial, extraordinarily complex and ingrained with challenging trade-offs, the U.S. regulatory system's aggregate costs and benefits are difficult to measure. One common metric used to assess the 'quantity of regulation' in the U.S. Code of Federal Regulations tracks the number of prescriptive words, such as 'shall' and 'must.' It shows that such restrictive verbiage has grown from 400,000 words in the 1970s to over 1.1 million today. This expansion in regulatory scope is not unique to the U.S. As governments try to keep up with broadening economies and address new areas, such as climate change, data protection and artificial intelligence, the regulatory pace is increasing globally. A great deal of governmental oversight in the U.S. is exercised by federal agencies through 'regulatory guidance'—what some observers call regulatory 'dark matter'—rather than formal rulemaking. This complicates an already confusing landscape, creating a less predictable and potentially more burdensome regulatory environment for businesses.[16]



> We use textual analysis of mandatory accounting filings to develop firm-level, time-varying measures of exposure to individual government agencies including the Securities Exchange Commission (SEC) and Internal Revenue Service (IRS). The measures vary predictably across industries and with agency-specific events such as the Sarbanes Oxley Act at the SEC and budget cuts at the IRS. The measures positively relate to undisclosed agency investigations and financial statement downloads. Firms' total exposure across government agencies negatively relates to their profitability, consistent with exposure to government agencies imposing net costs… Most 10-Ks devote a similar amount of space to discussing government agencies as to discussing competition.[17]

We've seen (in Figures One, Three, and Six) that the U.S. regulatory juggernaut was slowed a bit in the first three years of President Trump's first administration (2017-20) but then returned to its cancerous growth rate amid the Covid tyranny of 2020-21 before metastasizing under Biden. In Trump's current term, only a half year old so far, it seems that his DOGE initiative and the attempt to pare back (but not yet abolish) the Department of Education might provide another positive respite. But we'd guess that this too shall pass, that Trump's arbitrary and multiple tariff schemes, his price controls on pharmaceuticals, his micromanagement of

[16] Arzu Oz Oguz, "Up to Code: The Costs of Regulation and Regulatory Uncertainty," *Kenan Insight*, Kenan Institute of Private Enterprise, UNC Kenan-Flagler Business School, April 25, 2004.
[17] Daphne M. Armstrong, Stephen Glaeser, and Jeffrey L. Hoopes, "Measuring Firm Exposure to Government Agencies," *Journal of Accounting and Economics*, 2025, pp. 1 and 6.

incoming foreign investment, and his many other interventionist plans will continue to *add* to the regulatory burden.

Remember, Trump campaigned (thrice) on the correct premise that the "deep state" is invasive, abusive, and detrimental to American liberty and prosperity. The "swamp" has proved stubborn and resilient in part because he's *precisely right* about its nefarious character. That's an ominous realization. But there's no conspiracy here. Most voters demand regulation as much as economists and business folks do. There are precious few true capitalists remaining in the influential academic-policy-commercial world today.

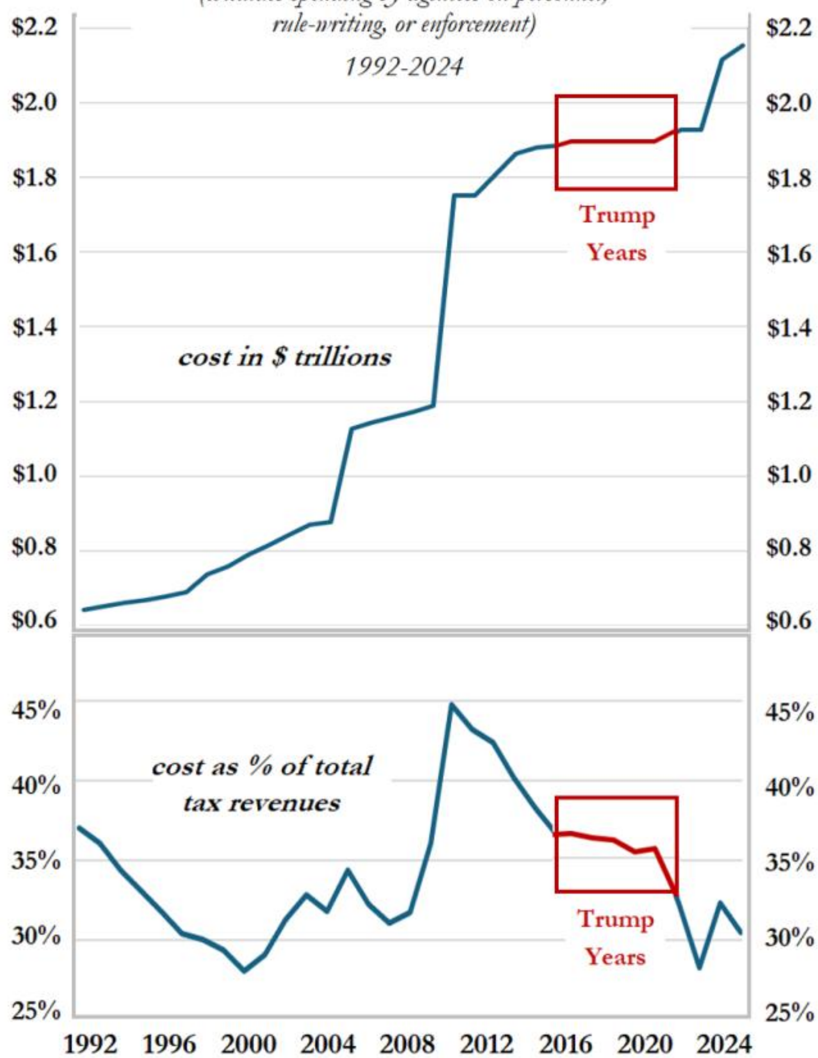
Absent the spread of a more consistently libertarian-capitalist philosophy and adoption of a related policy agenda, the U.S. "deep state" will deepen further. The swamp will get swampier still. Like the *unaffordable*, *untouchable* public spending ("entitlement") schemes that portend America's fiscal-monetary ruin, growth in regulation is seemingly unstoppable. Government controls and controllers are out of control. Only the *growth* rate of regulation remains in question.

Figure Six

Private Sector Compliance Costs Due to U.S. Federal Regulations

(excludes spending by agencies on personnel, rule-writing, or enforcement)

1992-2024



Source: "Ten Thousand Commandments," annual reports on U.S. regulation, 1993-2025, Competitive Enterprise Institute, www.cei.org.

APPENDIX A

U.S. Regulation Costs by Major Type and Economic Sector (2022)

Source: "The Cost of Federal Regulation to the U.S. Economy, Manufacturing, and Small Business," National Association of Manufacturers, October 2023.

https://www.nam.org/wp-content/uploads/2023/11/NAM-3731-Crains-Study-R3-V2-FIN.pdf

Table 1. Distribution of Regulatory Compliance Costs by Firm Size in 2022

(In 2023 Dollars and Rounded to the Nearest 100)

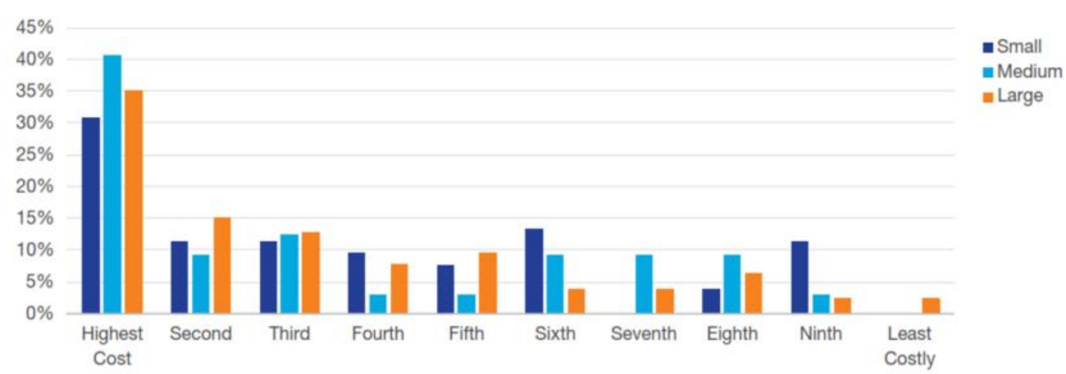
Type of Regulation	Cost per Employee for All Business Types			
	All Firms	< 50 Employees	50 – 99 Employees	100 or More Employees
All Federal Regulations	$12,800	$14,700	$13,800	$12,200
Economic	$7,700	$5,600	$8,300	$8,500
Environmental	$2,800	$6,000	$2,300	$1,800
Tax Compliance	$1,300	$1,900	$2,200	$1,000
OSHHS (labor/safety)	$900	$1,200	$1,000	$800

Notes to Table 1: Economic regulations are rules that govern decision-making in market transactions. These include markets for final goods and services, markets for physical and human resources, credit markets, and markets for the transport and delivery of products and factors of production. Environmental regulations would primarily be those regarding environmental protections. OSHHS stands for occupational safety and health and homeland security, and the costs expressed here are for the regulations in that space. Due to rounding, individual regulations in each column may not equal the total displayed.

Chart 1. Regulatory Compliance Costs per Employee Per Year, 2022 (in 2023 Dollars)

Chart 13. Survey Respondents: Environment and Energy Regulations—Ranking by Firm Size

(Highest Cost = Most Costly; Second = Second Most Costly)



APPENDIX B

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https://www.nam.org/wp-content/uploads/2023/11/NAM-3731-Crains-Study-R3-V2-FIN.pdf

Table 9. Allocation of Business Regulatory Costs to Sectors

(Percentages)

Type of Regulation	Sectoral Allocations					Sources and Summary of Methods
	Manufacturing	Trade	Services	Health Care	Other	
Economic	12%	14%	52%	7%	13%	Bureau of Economic Analysis (value-added share of private GDP); U.S. Census Bureau (employment share of private workforce)
Environmental	54%	0.0%	0.3%	1%	45%	Crain and Crain, 2014 (compliance costs by sector)
Tax Compliance	3%	12%	59%	7%	19%	IRS (the number of returns and type of form by industry category)
OSHHS (labor/safety)	10%	16%	49%	14%	11%	Census (employment share of private workforce); BEA (value-added share of private GDP)

Table 11. Average Sectoral Regulatory Costs, 2022

(In 2023 Dollars)

Type of Regulation	Total Costs (Billions of Dollars)	Cost per Firm (Dollars)*	Cost per Employee (Dollars)**	Cost as a Share of Payroll (Percentage)
Manufacturing				
Total	**$349**	**$1,458,000**	**$29,100**	**40%**
Economic	**$125**	**$523,000**	**$10,400**	**14%**
Environmental	**$206**	**$861,000**	**$17,200**	**24%**
Tax Compliance	**$6**	**$24,000**	**$500**	**1%**
OSHHS (labor/safety)	**$12**	**$49,000**	**$1,000**	**1%**
Trade				
Total	$186	$203,000	$8,500	17%
Economic	$144	$157,000	$6,600	135%
Environmental	$-	$-	$-	0%
Tax Compliance	$22	$25,000	$1,000	2%
OSHHS (labor/safety)	$19	$21,000	$900	2%
Services				
Total	$704	$208,000	$10,900	15%
Economic	$536	$159,000	$8,300	12%
Environmental	$1	$300	$18	0%
Tax Compliance	$107	$32,000	$1,600	2%
OSHHS	$60	$18,000	$900	1%
Health Care				
Total	$124	$184,000	$5,800	9%
Economic	$91	$136,000	$4,300	7%
Environmental	$3	$4,000	$100	0%
Tax Compliance	$12	$18,000	$600	1%
OSHHS (labor/safety)	$17	$26,000	$800	1%
Other				
Total	$356	$355,000	$24,900	34%
Economic	$137	$137,000	$9,600	13%
Environmental	$172	$171,000	$12,000	17%
Tax Compliance	$33	$33,000	$2,300	3%
OSHHS (labor/safety)	$14	$14,000	$1,000	1%
U.S. Totals (All U.S. Businesses)				
Total	$1,718	$277,000	$12,800	19%
Economic	$1,033	$167,000	$7,700	12%
Environmental	$382	$62,000	$2,800	4%
Tax Compliance	$181	$29,000	$1,300	2%
OSHHS (labor/safety)	$122	$20,000	$900	1%

APPENDIX C
U.S. Executive Departments and Major Federal Regulatory Agencies

ranked by year established, 1789-2025

#	Executive (Cabinet) Departments	Since
1	State	1789
2	War * (see 1947)	1789
3	Treasury	1789
4	Interior	1849
5	Agriculture	1862
6	Justice	1870
7	Commerce & Labor * (see 1913)	1903
8	Commerce	1913
9	Labor	1913
10	Defense	1947
11	Health, Education & Welfare * (see 1979)	1953
12	Housing & Urban Development	1965
13	Transportation	1967
14	Education	1979
15	Energy	1979
16	Health & Human Services	1979
17	Veterans Affairs	1983
18	Homeland Security	2002

* subsequently replaced with similar department

#	Acronym	Regulatory Agencies	Since	Ended
1	ACE	Army Corp of Engineers	1802	
2	BIA	Bureau of Indian Affairs	1824	
3	IRS	Internal Revenue Service (Treasury)	1862	
4	OCC	Office of the Comptroller of the Currency	1863	
5	ICC	Interstate Commerce Commission	1887	1996
6	NIH	National Institutes of Health (HHS)	1887	
7	BLS	Bureau of Labor Statistics	1888	
8	FDA	Food & Drug Administration	1906	
9	FBI	Federal Bureau of Investigation	1908	
10	FRS	Federal Reserve System	1913	
11	FTC	Federal Trade Commission	1914	
12	USITC	U.S. [Tariff] International Trade Commission	1916	
13	AD/DOJ	Antitrust Division (Department of Justice)	1919	
14	BOP	Bureau of Prisons	1930	
15	FCC	Federal Communication Commission	1934	
16	FDIC	Federal Deposit Insurance Corporation	1934	
17	FHA	Federal Housing Administration	1934	
18	SEC	Securities & Exchange Commission	1934	
19	NLRB	National Labor Relations Board	1935	
20	SSA	Social Security Administration	1935	
21	CAB	Civil Aeronautics Board	1940	1985
22	AEC	Atomic Energy Commission	1946	
23	BLM	Bureau of Land Management	1946	
24	CDC	Centers for Disease Control & Prevention	1946	
25	CEA	Council of Economic Advisors	1946	
26	CIA	Central Intelligence Agency	1947	
27	NSC	National Security Council	1947	
28	NSA	National Security Agency	1952	
29	FAA	Federal Aviation Administration	1958	
30	NASA	National Aeronautics & Space Agency	1958	
31	FRC	Federal Maritime Commission	1961	
32	USAID	U.S. Agency for International Development	1961	2025
33	USTR	U.S. Trade Representative	1963	
34	CMS	Centers for Medicare and Medicaid Services	1965	
35	EEOC	Equal Employment Opportunity Commission	1965	
36	NTSA	National Transportation Safety Administration	1967	
37	EPA	Environmental Protection Agency	1970	
38	NHTSA	National Highway Traffic Safety Administration	1970	
39	OSHA	Occupational Safety & Health Administration	1971	
40	ATF	Alcohol, Tobacco and Firearms	1972	
41	CPSC	Consumer Product Safety Commission	1972	
42	DEA	Drug Enforcement Agency	1973	
43	CFTC	Commodity Futures Trading Commission	1974	
44	FEC	Federal Election Commission	1974	
45	PBGC	Pension Benefit Guarantee Corp	1974	
46	ETA	Employment & Training Administration (Labor)	1975	
47	NRC	National Regulatory Commission	1975	
48	FERC	Federal Energy Regulation Commission	1977	
49	FEMA	Federal Emergency Management Agency	1979	
50	TSA	Transportation Security Adminstration	2001	
51	PCAOB	Public Company Accounting Oversight Board	2002	
52	ODNI	Office of Director of National Intelligence	2005	
53	CFPB	Consumer Financial Protection Board	2011	
54	DOGE	Department of Government Efficiency	2025	

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