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## Press Release

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### PHOENIX CENTER UPDATES ECONOMIC STUDY SHOWING DIRECT RELATIONSHIP BETWEEN GOVERNMENT SPENDING ON REGULATORY ACTIVITY AND ECONOMIC GROWTH AND JOB RECOVERY

*Updated Analysis Finds That One Regulator Costs the U.S. Economy the Equivalent of 135 Private Sector Jobs Each Year*

WASHINGTON, D.C. – In 2011, the Phoenix Center released a paper entitled *Regulatory Expenditures, Economic Growth and Jobs: An Empirical Study* that empirically demonstrated how responsible cuts to the federal regulatory budget would produce significant GDP growth and private sector job creation. In so doing, our study provided empirical evidence to support what most Americans already intuitively know: reducing the size of the regulatory state is a promising means for cutting spending and growing the economy.

Today, in a new POLICY PERSPECTIVE entitled *What is the “Cost per Regulator” on GDP and Private Sector Job Creation? An Update on Prior Research*, the Phoenix Center has released an update to that paper, applying the statistical model to an expanded set of data. Again, the Center’s results are significant. Among other findings, the Phoenix Center’s updated empirical analysis reveals:

- A ten percent (10%) reduction in the regulatory budget—or about \$5.6 billion—will produce an additional \$1.2 trillion in GDP annually over the next five years, or \$244 billion annually.
- On average, a ten percent (10%) reduction in the regulatory budget implies a \$45 gain for every \$1 decline in the regulatory budget.
- A ten percent (10%) reduction in the regulatory budget—which implies a return to pre-Obama Administration levels—leads to an increase of three (3) million new private-sector jobs annually.
- On a “cost per regulator” basis, one regulator costs the U.S. economy the equivalent of 138 private sector jobs per year under current conditions. Each regulator costs the U.S. economy \$11 million annually.

Given these results, the Phoenix Center’s policy recommendation remains the same now as in 2011: As Congress and the Trump Administration struggle with the difficult policy decisions of how to

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shrink federal spending and get the economy moving again, perhaps an excellent place to start would be to investigate responsible cuts in the size of the federal regulatory bureaucracy.

A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 17-01: *What is the "Cost per Regulator" on GDP and Private Sector Job Creation? An Update on Prior Research*, may be downloaded free from the Phoenix Center's web page at: <http://www.phoenix-center.org/perspectives/Perspective17-01Final.pdf>.

*The Phoenix Center is a non-profit 501(c)(3) organization that studies broad public-policy issues related to governance, social and economic conditions, with a particular emphasis on the law and economics of the digital age.*

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