Federal Regulations Costing Struggling Economy Nearly $2 Trillion

You hardly ever hear about them, but they’re one of the most powerful groups in Washington.

And they’re costing the economy nearly $2 trillion a year.

They’re federal regulators and they’re putting new regulations on everything, from business products to the financial industry to items in your home.

Critics like Sen. Kay Bailey Hutchison, R-Texas, say America is so over-regulated now that it threatens to kill almost 11.5 million jobs in the private sector.

One example: Vehicle manufacturers report regulations requiring new mileage and emissions standards will cost them almost $11 billion every year.

“And they’re passing that cost down to their consumers, which will add up to about $1,000 more per car, if not more,” said Audrey Jones, assistant director of broadcast services at the Heritage Foundation.

Jones’ group, which advocates for a freer free market, said the annual cost of government regulations to businesses and consumers is staggering.

“Regulations cost us $ trillion every year. So this is a huge detriment to the economy that’s weak at the moment,” she explained.

That is estimated to cost every American household around $15,000. And with all the new regulations coming out this year, the cost countrywide will be more like $2.8 trillion.

That adds up to American employees working 77 days a year—two-and-a-half months—just to pay the cost of regulations. And there's much more to come.

"We have 2,700 regulations in the pipes coming down," Jones told CBN News.

This year alone, 50,000 pages of new regulations have been added to the Federal Register.

Almost 5,000 of those pages are aimed at new regulations on banks and other financial institutions.

One frustrated banker said it takes 20 percent more employees to deal with all the paperwork to comply with regulations than it does to work on loans.

In fact, the financial industry will have to spend almost 318,000 hours of staffers' time to comply with just three new regulations in the Dodd-Frank Financial Reform bill.

And it seems nothing escapes the regulators' touch. The Labor Department has even issued new regulations for the tiny industry of goat herding.

They've set rules for such things as goat herders' sleeping quarters, lighting, bathing and food storage.

"Did you know every goat herder has to have a cell phone? Did you see that? And three square meals a day," Jones said.

Jones explained some regulations just make life ridiculous.

"Miniature horses are now service animals. So restaurants and airplanes have to allow mini-horses on," she said.

And while most of the U.S. economy suffers, there's one booming sector—the regulatory agencies. Their budgets have gone up 16 percent in the last three years.

There are so many regulators now, if they were all combined into one private company, they’d be the third largest in the U.S.—as big as Ford, Boeing, Disney and McDonald’s combined.

From the Heritage Foundation, here is a look at just a few of the thousands of federal regulations that are strangling America in red tape:

• The Dodd-Frank bill financial regulation will ultimately encompass some 243 new formal rule-makings by 11 different federal agencies.

• Most every sector of finance will be hit by rules that will inhibit product innovation and availability of credit.

• Most folks would reasonably think that a railroad engineer or conductor would be able to distinguish the front of a train from the back of it. To ensure against any possible confusion, the Federal Railroad Administration requires the letter “F” to be displayed on the sides of each locomotive to identify the front of the train. This regulation may be rescinded.