

How Large Is the Cost of Regulation

Previously we noted the difficulty of estimating benefits to be derived from compliance with specific regulations. On a nationwide basis it is almost as difficult to estimate the costs to the citizens. Every report, document, or record adds to the clerical and overhead costs of doing business. Huge, almost unbelievable quantities of paper containing the required information are prepared each month for national, state, and local governments. Thousands of persons are employed each day in collecting, analyzing, and preparing data for these documents. Similarly, thousands of government employees spend their time reviewing these documents, yet this is only one aspect of the total cost of regulation.

At various times different individuals and agencies have made estimates of the total cost of regulation. These estimates have varied from \$15 to \$20 billion to as much as \$100 billion a year. These astronomical numbers illustrate why both business and government ought to examine very carefully both the costs and benefits of any specific set of regulations *before* reaching a decision to impose it.