Are environmental regulations destroying jobs and crippling the economy? On March 12, EPA Administrator Lee Zeldin announced on X that: "@EPA is initiating 31 historic actions to Power the Great American Comeback in the greatest day of deregulation in American history!" (EPA listed only 22, math not being a Trump Administration strongpoint,) In the attached video, Zeldin exulted that "EPA will be reconsidering many suffocating rules that restrict nearly every sector of our economy and cost Americans trillions of dollars." Do regulation and deregulation really have that much effect on the economy?

Zeldin is not alone in making such claims. The National Association of Manufacturers claims that federal regulations cost the economy over three trillion dollars a year, or 12% of GDP.

If major environmental regulations are that big an economic problem, there should be some obvious signs in the unemployment statistics: businesses should hold off on hiring when they anticipate more regulation and exult when they anticipate deregulation. Economic effects as big as Zeldin indicates shouldn't be hard to detect. If NAM and Zeldin are right, his announcement should have the same effect as announcing a new multi-trillion dollar tax cut.

My hypothesis is that if Zeldin and NAM are right, the biggest environmental decisions should nudge the unemployment rate up or down by half a point or more, both because of their direct economic impact and because they signal the government's commitment to increasing or decreasing regulation more broadly. If environmental regulation is as much of a job killer as NAM says, you'd expect to see some sign if businesses viewed Obama's Clean Power Plan as an economic catastrophe or viewed Trump's repeal of the Plan as economic salvation. That's not what I found.

Below are some of the most important legal developments relating to the biggest environmental issue, climate change. I'll also give the unemployment rate the month before the decision and the month after. Obviously, this is a very crude analysis. But it's only meant to look for very crude effects.

If firms expected these government decisions to have enormous economic effects, you'd expect them to prepare by doing more hiring when a government decision's anticipated effect is a significant economic upturn, and less it is a significant downturn. Instead, firms seem to have been blasé.

Aug. 2003. Bush refuses to regulate greenhouse gases, reneging on a campaign pledge to do so.

Before: 6.2% unemployment. After: 6.1%. Change -0.1%

April 2007. Supreme Court reverses Bush.

Before: 4.4%. After: 4.4%. Change: 0.

Oct. 2015. Obama Clean Power Plan

Before: 5.0 %. After: 5.1%. Change: +0.1%.

June 2019. Trump rollback and replacement of Clean Power Plan

Before: 3.6%. After: 3.7%. Change +0.1%.

June 2022. Supreme Court overturns Clean Power Plan

Before: 3.6%. After 3.6%. Change: 0

May 2024. Biden Replacement for Clean Power Plan

Before 3.9%. After: 4.1%. Change: +0.2%.

The average change in unemployment for deregulatory actions was zero. The average change for regulatory actions was a tenth of a point increase. That is hardly the stuff of which major economic trends are made.

I want to be clear about my claim here. The fact that my water glass is still sitting on the nightstand in the morning doesn't prove there were no tremors during the night. But it does show that there wasn't a major quake.

Maybe environmental regulation and deregulations cause minor economic tremors, but even the most significant regulatory actions don't seem to have discernible macroeconomic impacts. The glass is still sitting where it was, and there isn't a drop of water on the table.