GOVERNMENT OVER-REGULATION HAS A NEGATIVE IMPACT ON THE GLOBAL COMPETITIVENESS OF U.S. MANUFACTURERS

Government over-regulation negatively impacts the U.S. manufacturing industry’s ability to compete in a global marketplace. Over-regulation impacts revenue, jobs, innovation, and the ability to produce globally competitive products. The Competitive Enterprise Institute found that there were 224 federal regulations being developed, each with an economic impact greater than $100 million in 2010. Over-regulation requires companies to devote limited resources to compliance rather than spending on essentials such as research and development, employee training, and manufacturing equipment. Congress must improve the U.S. manufacturing industry’s ability to compete globally by addressing government over-regulation.

HIGH REGULATORY COSTS BURDEN THE U.S. MANUFACTURING INDUSTRY

The high costs of complying with federal regulations significantly burdens the U.S. manufacturing industry. Regulatory compliance requires businesses to expend significant efforts on paperwork, training, and modifying manufacturing processes. That time could be spent on other efforts such as finding ways to lower costs, improve quality and develop more globally competitive products. While businesses are dealing with existing high regulatory costs due to excessive regulation they are also repeatedly laden with new costly regulations. An example of a costly new regulation is the forthcoming U.S. Securities and Exchange Commission’s (SEC) conflict minerals regulation which will result in companies spending a significant amount of money for software, training, legal expenses, and third party audits. Regulatory compliance spending places a great strain on the U.S. manufacturing industry.

OVER-REGULATION NEGATIVELY IMPACTS U.S. MANUFACTURING JOBS

The high costs incurred by companies as a result of over-regulation adversely impacts manufacturing jobs. Over-regulation causes companies to expend significant resources on compliance, instead of measures to increase their global competitiveness. The money expended as a result of over-regulation takes away from money that could be spent to apply new technologies, improve efficiency, and create more globally competitive products. For example, companies will be burdened by a substantial increase in costs brought on by regulations mandated by the health care law. As a result, U.S. companies have higher costs, receive less business and must reduce employees. Health care is not the only type of over-regulation negatively impacting jobs. A 2010 report from the Senate Environment and Public Works Committee report noted that “EPA regulations put hundreds of thousands of jobs at risk and harm America’s manufacturing base.”

CONGRESS MUST SUPPORT THE U.S. MANUFACTURING INDUSTRY BY PROVIDING OVERSIGHT ON GOVERNMENT REGULATIONS

Congress must take a more active role in addressing government over-regulation. One way that Congress can address government over-regulation is with more Congressional oversight that will result in preventing new costly regulations. Legislators are encouraged to become co-sponsors of the Regulations From the Executive in Need of Scrutiny Act of 2011. (House Bill 10/ Senate Bill 299). This bill, also called the REINS Act, would require executive agencies to submit major rulemaking proposals to Congress for review prior to implementation.

CONTACTS

Dennis P. McGuirk
President and CEO
3000 Lakeside Drive,
Suite 309 S
Bannockburn, IL 60015
DennisMcGuirk@ipc.org
+1 847-615-7100

Fern Abrams
Director of Environmental Policy and Government Relations
1901 North Moore Street,
Suite 600
Arlington, VA 22209
FAbrams@ipc.org
+1 703-522-0225

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