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UPDATE POST



5 Ways Burdensome Business Regulations Affect You

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The number and cost of business regulations have increased dramatically over the years. The size of the Federal Register, where regulations are issued, has grown to about 80,000 pages, up from 2,630 in 1936. Such regulations are placing an increased burden on our nation's businesses – to the tune of \$1.75 trillion a year by one estimate. A recent survey found that such regulations are even more onerous for businesses than high taxes. But how do business regulations affect the rest of us? Below we list the top five ways:

1. Lower pay, fewer jobs. High regulation compliance costs mean that businesses have less money to pay their employees, meaning lower paychecks for you and me. For example, General Electric employs more than 1,000 accountants and lawyers at high pay to interpret the complex regulatory environment, salaries that would otherwise (at least partially) go to the average worker. Regulatory costs also make some businesses hold off on hiring new employees altogether; others may even

be forced to lay off employees in order to afford complying with regulations.

2. Fewer hours. Many business regulations kick in when employees work full-time, giving businesses an incentive to offer fewer hours. The new health care law, for example, mandates that businesses cover employees' health care costs if they work at least 30 hours per week. Many businesses, which can't afford these costs, respond by offering more part-time work – as evidenced by the recent dramatic increase in part-time employment.

3. Less dynamic jobs. Americans are unique around the world in that they report very high job satisfaction rates. One big reason for this is that American companies are by and large innovative, and creative places to work – especially compared to their European or Chinese counterparts. But regulations make it awfully expensive to risk new, unpredictable business ventures. That's why a lot of business owners stay the course and stick

only with the goods and services they already provide.

4. Higher prices on goods and services. Every time you purchase a good or service, you pay a "regulation premium." This is a hidden extra cost that businesses charge to try to recoup the costs incurred in complying with regulations. For example, expensive licensing requirements in many industries – from barbering to bartending – drive up costs for consumers, who see these costs passed on to them.

5. Increased Inequality. Income inequality has become a pressing concern in the country, but few recognize the role that regulations play in perpetuating it: Because only the rich can afford the compliance costs of burdensome business regulations, they have a better chance of succeeding in business. The poor, who have traditionally found free enterprise one of the best ways to better their lot, are now largely shut out from business because they can't afford to navigate the regulatory environment.