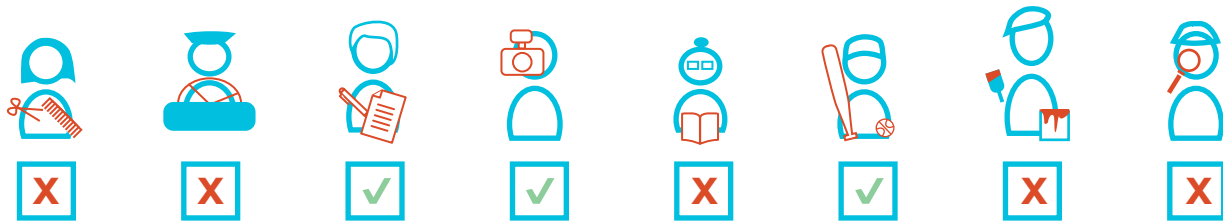


REGULATORY PREFERENCES 101

Carve-Outs for Some, None for the Rest

Many Americans think government regulations are limited to the rules that protect consumers from misconduct like fraud and abuse. What many Americans don't know is that politicians and bureaucrats also use regulation to shield certain industries and professions from competition. When this "regulatory preference" happens, it is called cronyism.



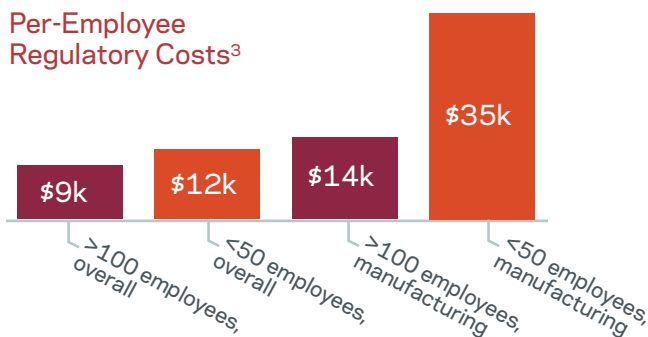
Why are regulatory preferences harmful?

Regulations frequently benefit big businesses over small ones, as the burden of complying with new regulations disproportionately affects small businesses. Since 2001, more than 47,000 regulations¹ have been implemented, burdening businesses with an estimated \$176 billion in new regulatory costs.² Current rules also mandate that government officials approve and certify new businesses before they can open, stymying business innovation. In addition, burdensome required training and licensing for certain jobs limit the options of entry-level workers who are seeking employment.

BURDENS ON SMALL BUSINESS

It's much easier for a big corporation, with armies of lawyers and administrators, to absorb the costs associated with new rules and regulations. The difference in per-employee regulatory costs illustrates how stifling these regulatory burdens are for smaller firms.³

Per-Employee
Regulatory Costs³



OCCUPATIONAL LICENSING

Our world is rapidly evolving thanks to powerful technological innovations. This puts pressure on workers to learn new skills and, sometimes, switch career paths. A significant hurdle to job flexibility at the state level is occupational licensing—regulations that require a government-issued license to conduct business. Licensing requirements affect professions such as interior designers, florists, hair braiders, shampooers, and even fortune tellers.

Occupational licensing requirements in the early 1950s were mandated for less than 5 percent of workers; recent data suggests it is now as high as 29 percent.⁴

1. <http://www.heritage.org/sites/default/files/-/media/infographics/2016/05/bg3127/bg-red-tape-rising-2016-table-1-825.jpg>
 2. <http://www.heritage.org/government-regulation/report/red-tape-rising-2016-obama-regs-top-100-billion-annually>
 3. [https://www.sba.gov/sites/default/files/The%20Impact%20of%20Regulatory%20Costs%20on%20Small%20Firms%20\(Full\).pdf](https://www.sba.gov/sites/default/files/The%20Impact%20of%20Regulatory%20Costs%20on%20Small%20Firms%20(Full).pdf)
 4. https://www.brookings.edu/wp-content/uploads/2016/06/THP_KleinerDiscPaper_final.pdf