



Regulatory and Legal Reform:

Reducing Barriers to Economic Growth

Smart regulation is critical to protecting worker safety, public health and our environment, and overregulation will hold back our country's economic potential. Similarly, frivolous litigation continues to cause backlogs in the courts and cost manufacturers millions, even when the claims are baseless. A more competitive economy demands reforming the nation's broken legal and regulatory systems. While both require different sets of reforms, our regulatory and legal structures have become barriers to economic growth collectively, hindering innovation and slowing productivity.

Since 2016, the percentage of manufacturers that cited an unfavorable business climate—in part because of burdensome regulations—as their top concern has decreased from more than 70% to 20%. While there is cause for optimism, lawmakers still need to focus more on addressing the structural and fundamental problems inherent in our dated regulatory system. The annual regulatory cost burden for an average U.S. firm represents 21% of its payroll,

and manufacturers, particularly small entities, bear a disproportionate share of the regulatory burden. Meanwhile, our legal system is more than twice as expensive as the systems of our major competitors, such as Japan, France, Canada and the United Kingdom. Regulations, frivolous tort claims and related litigation costs divert resources away from investments in the workforce, new equipment and other opportunities for manufacturers to grow and compete.

Despite the regulatory progress that has been made in recent years, more can and should be done to fully unleash our economic engine. Manufacturers are committed to commonsense legal and regulatory reforms that protect the environment and ensure public health and safety. Smart regulations are those that achieve their intended goal without unnecessarily harming the competitiveness of our sector or setting price controls. When struck, that balance can achieve both important social goals and widespread growth for American manufacturers.

“ A predictable and smart regulatory system is important to creating a business climate that manufacturers can grow and invest in. Everybody deserves a clean environment, safe workplaces and good health, and all of these are achievable with a thoughtful regulatory approach. Likewise, manufacturers deserve a legal system that guards against abusive litigation tactics and leads to fair outcomes.”

**—Steve Staub, President,
Staub Manufacturing Solutions**

A Regulatory and Legal Agenda for the Future Must:

- Approach regulations with a focus on outcomes and relying on best-available science.
- Improve the quality of regulatory analysis to better inform regulators and agency leaders.
- Deliver a reformed regulatory system that efficiently meets regulatory objectives while minimizing unnecessary burdens.
- Seek proven strategies to reduce the abuse of our legal system.
- Restore basic fairness in our legal system.

Actions for Leaders to Take:

- ✓ Strengthen, streamline and codify the regulatory system to improve regulatory outcomes, increase accountability through meaningful retrospective reviews and sunset outdated and ineffective regulations.
- ✓ Set and enforce responsible regulatory budgets and conduct rigorous oversight and hold independent regulatory agencies accountable for discretionary regulations, improved transparency and the quality of the rules they issue.
- ✓ Reinstate mandatory penalties for lawyers who file frivolous lawsuits and prevent abuses of the class action and mass torts systems.
- ✓ Support clear standards for liability, including specific statutes of limitations and limits on punitive damages.
- ✓ Maintain and support legislation that guarantees federal preemption for federally approved products and services in national commerce.
- ✓ Oppose legislation that incentivizes and subsidizes litigation against manufacturers.
- ✓ Oppose efforts to prohibit binding arbitration clauses in employment, consumer and commercial contracts when arbitration programs meet a high standard for due process and protect the rights of all parties involved.