



STUDY GUIDE

ALL I WANT TO DO
IS MAKE COOKIES

KEY TERMS: margins government regulations compliance
bureaucrats excessive

NOTE-TAKING COLUMN: Complete this section <u>during</u> the video. Include definitions and key terms.	CUE COLUMN: Complete this section <u>after</u> the video.
<p>How much revenue from cookie sales does Mr. Semprevivo's company have to make in order to earn \$10,000.00?</p> <p>Of the hundred hours a week that Mr. Semprevivo works, approximately how many of those hours are spent dealing with compliance issues?</p> <p>How many jobs are small businesses responsible for?</p>	<p>What type of regulation is Mr. Semprevivo's business subject to?</p> <p>How does excessive regulation negatively impact Mr. Semprevivo's business?</p>

DISCUSSION & REVIEW QUESTIONS:

- Towards the beginning of the video, Mr. Semprevivo contends that, “...some regulations are necessary — especially, for obvious reasons, in the food industry. But ‘necessary’ and ‘excessive’ are two entirely different things. Excessive, unnecessary regulations soak up valuable hours of my time and my money for no good purpose. That one hundred hours I work per week? I estimate thirty-six of them are spent on compliance issues alone. This keeps me away from activities that would help me grow my business – like sales and product development. And that keeps me away from hiring more people.” Why do you think that regulatory agencies create and enforce regulations that don’t serve any good purpose? Why is the condition of Mr. Semprevivo having to spend so much time on compliance rather than on development, sales, and hiring people so detrimental to his business?
- Mr. Semprevivo goes on to state that, “...[maintaining compliance with government regulations is] a struggle every single day. I could be more productive and feel a lot less anxiety, if I didn’t have to fight my own government; or should I say governments – federal, state and local.” What do you think Mr. Semprevivo means by the phrase ‘fight my own government?’ Explain.
- When discussing government regulation, Mr. Semprevivo states that, “I get the roads and the bridges and national defense, but I don’t get why they have to be involved in every tiny aspect of my business, sometimes competing with each other as to who can make my life more difficult. For example, as a bakery I’m under the jurisdiction of the Food and Drug Administration (FDA), the Department of Agriculture, and the Occupational Safety and Health Administration (OHSA). I also have to deal with the state health agency. They all have different rules. If these rules contradict one another, it’s not their problem, it’s mine.” Why is a contradiction in rules Mr. Semprevivo’s problem, not the problem of the regulatory agencies? Why do you think that the regulatory agencies have contradicting rules in the first place? Do you think that government regulatory agencies should be involved in every little aspect of a small business? Why or why not?
- After explaining that the government has rules about the size of the wording on his packaging, Mr. Semprevivo shares with us that, “The inspector gets out his magnifying glass and decides the font is off by $\frac{1}{100}$ th of an inch. All the packaging had to be trashed and whole new set ordered. That cost me fifteen thousand. Or 1.5 million dollars in cookies to make that money back.” Do you think that having the type be off by such a fractional amount would cause any ‘real-world’ problems for consumers? If yes, what might those problems be? Explain. If no, then why do you think that the inspector held Mr. Semprevivo’s company to such an absurd standard- knowing that Mr. Semprevivo’s company would have to spend a large amount of money to fix the issue? Explain. Do you think that companies should be held to such an excessive standard regarding the size of type on packaging? Why or why not?
- At the end of the video, Mr. Semprevivo points out that, “Small businesses are responsible for 60 million jobs. We could be responsible for a lot more — IF the politicians who pass these laws and the bureaucrats who enforce them, would back off. Common sense regulation, I’m all for it. Excessive, unnecessary, wasteful regulation? I need to get back to work.” Why is the statistic about small businesses so important? What do you think would or should characterize a regulation as ‘excessive, unnecessary, and wasteful?’ Explain.

EXTEND THE LEARNING:

CASE STUDY: Bizarre Government Regulations

INSTRUCTIONS: Read the article “12 Ridiculous Government Regulations That Are Almost Too Bizarre to Believe,” then answer the questions that follow.

- How long was the Federal Register at the time the article was published? What is a possible consequence for giving a tour of Washington D.C. without a license? Who is Robert J. Eldridge, and why was he fined \$500 dollars? How many more 1099s will the average small business have to fill out every year, as an estimate? Where do you need a license to close a business? What does the author say the government needs to do in order to give the U.S. economy a ‘fighting chance’ to survive? What does each new wave of bureaucrats think they need to do in order to ‘fix things?’ What always happens instead?
- At what point do you think that regulation goes beyond being reasonable and becomes excessive and unnecessary? Do you think it’s right for businesses to be subject to so much regulation at such an absurd standard that even staying in compliance, like Mr. Semprevivo having to purchase and keep two sets of doors, is punitive for businesses? Explain.
- Why do you think that so many regulations keep being created? What, specifically, do you think can be done to at least slow down the pace of newly created regulation? What do you think can be done to dial back enforcement of regulations to reasonable standards? Explain. In what ways are out of control regulation a threat to freedom and economic prosperity? Explain.



QUIZ

ALL I WANT TO DO IS MAKE COOKIES

1. How many hours a week does Mr. Semprevivo work each week?
 - a. 40 hours
 - b. 60 hours
 - c. 80 hours
 - d. 100 hours

2. Mr. Semprevivo's profit margin on his cookies is _____.
 - a. 1%
 - b. 2%
 - c. 3%
 - d. 4%

3. Mr. Semprevivo has to sell a million dollars worth of cookies to make \$10,000.
 - a. True
 - b. False

4. Mr. Semprevivo's business is under the jurisdiction of which government agency?
 - a. Food and Drug Administration (FDA)
 - b. Department of Agriculture
 - c. Occupational Safety and Health Administration (OSHA)
 - d. All of the above.

5. When the inspector got out his magnifying glass and decided that the font was off by 1/100th of an inch on the package printing for the cookies, Mr. Semprevivo had to spend _____ to reprint and repackage the product.
 - a. \$5,000
 - b. \$10,000
 - c. \$15,000
 - d. \$20,000



QUIZ - ANSWER KEY

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12 Ridiculous Government Regulations That Are Almost Too Bizarre To Believe

Michael Snyder,
The Economic Collapse
Nov 12, 2010, 8:50 AM

Even with all of the massive economic problems that the United States is facing, if the government would just get off our backs most of us would do okay. In America today, it is rapidly getting to the point where it is nearly impossible to start or to operate a small business.

The federal government, the state governments and local governments are cramming thousands upon thousands of new ridiculous regulations down our throats each year. It would take a full team of lawyers just to even try to stay informed about all of these new regulations.

Small business in the United States is literally being suffocated by red tape. We like to think that we live in "the land of the free", but the truth is that our lives and our businesses are actually tightly constrained by **millions** of rules and regulations. Today there is a "license" for just about every business activity. In fact, in some areas of the country today you need a "degree" and multiple "licenses" before you can even submit an application for permission to start certain businesses. And if you want to actually hire some people for your business, the paperwork nightmare gets far worse. It is a wonder that anyone in America is still willing to start a business from scratch and hire employees. The truth is that the business environment in the United States is now so incredibly toxic that millions of Americans have simply given up and don't even try to work within the system anymore.

Today, the U.S. government has an "alphabet agency" for just about everything. The nanny state feels like it has to watch, track and tightly control virtually everything that we do. The Federal Register is the main source of regulations for U.S. government agencies. In 1936, the number of pages in the Federal Register was about 2,600. Today, the Federal Register is over 80,000 pages long. That is just one example of how bad things have gotten.

But it is not just the federal government that is ramming thousands of ridiculous regulations down our throats. The truth is that in many cases state and local governments are far worse. We have become a nation that is run and dominated by bureaucrats. Yes, there always must be rules in a society, but we have gotten to the point where there are so many millions of rules that the game has become unplayable.

The following are 12 examples of ridiculous regulations that are almost too bizarre to believe....

#1 Private Investigator's License

The state of Texas now requires every new computer repair technician to obtain a private investigator's license. In order to receive a private investigator's license, an individual must either have a degree in criminal justice or must complete a three year apprenticeship with a licensed private investigator. If you are a computer repair technician that violates this law, or if you are a regular citizen that has a computer repaired by someone not in compliance with the law, you can be fined up to \$4,000 and you can be put in jail for a year.

#2 Business Privilege License... For Bloggers

The city of Philadelphia now requires all bloggers to purchase a \$300 business privilege license. The city even went after one poor woman who had earned only \$11 from her blog over the past two years.

#3 Funeral Director License for Monks

The state of Louisiana says that monks must be fully licensed as funeral directors and actually convert their monasteries into licensed funeral homes before they will be allowed to sell their handmade wooden caskets.

#4 Teeth Brushing Regulation

In the state of Massachusetts, all children in daycare centers are mandated by state law to brush their teeth after lunch. In fact, the state even provides the fluoride toothpaste for the children.

#5 D.C. Tour Guide License

If you attempt to give a tour of our nation's capital without a license, you could be put in prison for 90 days.

#6 Raw Milk License

Federal agents recently raided an Amish farm at 5 A.M. in the morning because they were selling "unauthorized" raw milk.

#7 Pumpkin and Christmas Tree Vendor License

In Lake Elmo, Minnesota farmers can be fined \$1,000 and put in jail for 90 days for selling pumpkins or Christmas trees that are grown outside city limits.

#8 Untangling Whale Restriction

A U.S. District Court judge slapped a \$500 fine on Massachusetts fisherman Robert J. Eldridge for untangling a giant whale from his nets and setting it free. So what was his crime? Well, according to the court, Eldridge was supposed to call state authorities and wait for them to do it.

#9 Interior Design License

In the state of Texas, it doesn't matter how much formal interior design education you have - only individuals with government licenses may refer to themselves as "interior designers" or use the term "interior design" to describe their work.

#10 Additional 1099s to File

Deeply hidden in the 2,409-page health reform bill passed by Congress was a new regulation that will require U.S. businesses to file millions more 1099s each year. In fact, it is estimated that the average small

business will now have to file 200 additional 1099s every single year. Talk about a nightmare of red tape! But don't try to avoid this rule - it is being reported that the IRS has hired approximately 2,000 new auditors to audit as many of these 1099s as possible.

#11 License to Close a Business

The city of Milwaukee, Wisconsin makes it incredibly difficult to go out of business. In order to close down a business, Milwaukee requires you to purchase an expensive license, you must submit a huge pile of paperwork to the city regarding the inventory you wish to sell off, and you must pay a fee based on the length of your "going out of business sale" plus a two dollar charge for every \$1,000 worth of inventory that you are attempting to sell off.

#12 Labeling Products with Calorie Counts

The U.S. Food and Drug Administration is projecting that the food service industry will have to spend an additional 14 million hours every single year just to comply with new federal regulations that mandate that all vending machine operators and chain restaurants must label all products that they sell with a calorie count in a location visible to the consumer.

This isn't funny anymore

The following short video produced by the Institute for Justice examines some more examples of completely ridiculous regulations across the United States. The video is very funny, but please keep in mind that all of this red tape is absolutely killing many very real businesses....

So is this what "free enterprise" is supposed to look like? Over and over again I have written about the dangers of globalization, but no matter what changes are made a lot of companies will still not want to set up shop in the United States until something is done about all of these ridiculous regulations. As mentioned earlier, the U.S. economy is facing a vast array of incredibly serious problems, but if government would just get off our backs at least we would have a fighting chance. Instead, it gets worse every single year. Each new wave of bureaucrats just seems to get worse than the wave before it. They always seem to think that if they just write more regulations and impose more fees and require more licenses and raise more revenue that they will be able to "fix" things. But the truth is that they always make things worse. Our economy is literally being suffocated by red tape. A "total control grid" is being erected all around us and most Americans are so numb that they don't even realize that it is happening.