



EXECUTIVE SUMMARY

1. The data paints a bleak picture, with a majority of respondents (55%) saying that compared to three years ago the national economy is in a worse position for American small business owners and manufacturers to succeed (compared to only 24% who say it is in a better position). There is limited evidence these respondents see a respite in sight in terms of economic improvement ahead.
2. Two-thirds of these respondents say economic uncertainty in the market makes it hard for them to grow and hire more workers, for which they hold the Obama Administration or Congress responsible. These respondents say federal regulations and decisions issued by the Administration or Congress have increased the level of uncertainty facing their companies.
3. The theme of government being a barrier rather than a help is clear throughout this data. Two of the three biggest challenges facing small business owners and manufacturers are government spending (which 58% rate as an 8-10 significant challenge on a scale where one means a challenge is not at all significant and ten means it is very significant) and federal, state, and local taxes (which 49% rate as an 8-10).
4. Throughout the open-ends and the data, these respondents express significant concern that the government regulatory environment is getting worse (55% say efforts of federal regulators to work with small businesses are getting worse, compared to only 13% who say they are getting better) and is a significant burden on their business. The impact of the regulatory environment is clear, as respondents express concern about companies moving overseas (27% say this is the mostly likely result of new federal regulations), rising consumer prices (24%), and job loss (23%).
5. Over two-thirds of small business owners and manufacturers (69%) say President Obama's recent Executive Branch and regulatory policies have hurt American small businesses and manufacturers, compared to only 29% who say they have helped.
6. The frustration expressed in this survey can also be felt, as a majority (54%) say other foreign countries with growing economies, like China and India, are more supportive of their small businesses and manufacturers than the United States.

7. But foreign competitors are not perceived to be as significant a negative influence as the United States' own regulations and taxes. Sixty-two percent (62%) say the United States' own laws, regulations, rules, taxes, and fees impact their company more negatively than foreign competitors.
8. Two-thirds of respondents who offer their employees health insurance think the new health care law will cause insurance costs to increase. More than one in five say they will consider dropping health insurance coverage for their employees as a consequence of the new health care law.
9. In this environment it may not be surprising, but is still concerning, that a majority of these respondents (55%) say that given what they know now and in the current economic climate for business, they would not start a business today.
10. Open-ended responses show small business owners and manufacturers largely cite government regulations as the reason they would not start a business today.

Manufacturers told us the reasons they would not start a business today:

- ✓ Regulations at the federal, state, and local levels are too numerous and too costly;
- ✓ The economy is not doing well, and small business owners face uncertainty as to whether or not it will improve soon;
- ✓ Taxes are too high; and,
- ✓ The costs of many factors, including health care, fuel, and workers' compensation, have skyrocketed.

Small business owners gave similar reasons:

- ✓ Burdensome regulations;
- ✓ An economy with high uncertainty and low disposable income;
- ✓ High taxes; and,
- ✓ Higher costs of health care, fuel, and other necessities.

METHODOLOGY

On behalf of the National Federation of Independent Businesses and the National Association of Manufacturers, Public Opinion Strategies conducted a survey of 800 small business owners and manufacturers, owners, or C-level decision makers at companies with between 2 and 499 employees. Of the 800 interviews, 453 were conducted among small business owners, and 347 were conducted among manufacturers and owners or C-level decision makers. The interviews were conducted August 13-September 4, 2012. Half were conducted by telephone and half on the internet.