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Why we really do want to kill red tape [1]

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My apologies but I've always found it slightly difficult to award Matt Yglesias the high rating that so many others do. He's certainly right some of the time but in what I've seen of his output there's all to often a reflexive defence of "my tribe" rather than careful thought. Not, as you know, something that I am ever subject to myself.

However, on this specific point he is absolutely spot on [3]:

> Almost all states?though not Alabama* [4] or the anarchic United Kingdom?require barbers to be licensed, but the specific requirements seem to vary arbitrarily. New York barbers need 884 days of education and apprenticeship. Across the river in New Jersey, it?s 280. But getting one?s hair cut in New Jersey (to say nothing of England) is hardly a life-threatening gamble.
>
> In most of the country, what you need to do in order to work as a locksmith is find someone to pay you to fix locks. But in Oklahoma you have to be 21 years old, New Jersey requires a high-school diploma, and Tennessee makes you take two exams.
>
> These rules correlate strongly with burdensomeness in part for the same reason that they seem so random?they?re often imposed specifically in order to create a burden and stifle competition. Once a licensing regime is in place, existing license holders have an incentive to lobby to raise the bar for entry.

There are reasonable bits of red tape you might have about a locksmith: not having a criminal record perhaps, as those are skills that you'd not really like the average thief to be taught. But other than that, yes, much red tape, much regulation, is about protecting the insiders of an industry from upstart competition. In my own business area, metals, it is common knowledge that no one will ever build a new copper smelter in the US. The regulations make it impossible to do so at a profit: and all of the extant plants are grandfathered in and do not have to meet those same regulations.

At which point we might say so what? But the what is that we need and want the destruction part of capitalism just as much as the creative part. We need upstarts, non-insiders, to be able, perhaps through new technology or new methods of organisation, to be able to destroy those incumbents. Otherwise there's no room for the creative side, is there?

Yes, we really do want a bonfire of the red tape.

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