

## [The Future of Regulation](#) [1]

Written by [Tom Clougherty](#) [2] | Thursday 29 November 2007



On Tuesday evening we held the latest in our Shaping the Future series of events. The theme this time was The Future of Regulation. Tim Ambler, of the London Business School, was in the chair, and John Redwood MP and Professor Stephen Littlechild were the speakers. Tim opened the seminar with a question: "Who thinks we have too much regulation?" Every hand in the house went up.

Stephen Littlechild, who was head of the Office of Electricity Regulation from 1989-98, spoke first. His argument was that a direct relationship between consumers and producers could be far more effective and more sensitive than regulation alone, and he offered numerous international examples of this in practice. Someone in the audience made the point that this is how non-broadcast advertising is regulated in the UK. The industry self-regulates based on complaints and feedback from the consumer ? and it seems to work rather well.

John Redwood MP ? who headed the Conservatives' recent economic competitiveness taskforce ? spoke next. He opened up his talk with an analogy I rather liked.

Think of a pair of trousers. Everyone is concerned that their trousers stay up ? that's why we have belts, braces, zips and buttons. In the regulation context, the free market provides all of these things to protect the consumer: the belt represents the decency of producers, who generally want to do a good job; the braces represent the producer's brand, the maintenance of which is vital to their success; the civil law provides the zips; the criminal law provides the buttons. Adding regulation to this mix is like trussing your trousers up with string ? it ruins the trousers and adds very little to their safety.

Redwood also outlined the approach the Tories would take to deregulation if elected. There would be a requirement for the government to decrease its regulatory budget by 3.7 percent every year, and an annual Deregulation Bill (much like the annual Finance Bill) to help them accomplish it. Sounds like a good idea to me.

[blog comments powered by Disqus](#) [4]

---

Source URL: <http://www.adamsmith.org/blog/regulation-and-industry/the-future-of-regulation>

Links:

[1] <http://www.adamsmith.org/blog/regulation-and-industry/the-future-of-regulation>

[2] <http://www.adamsmith.org/authors/tom-clougherty>

[3] [http://disqus.com/?ref\\_noscript](http://disqus.com/?ref_noscript)

[4] <http://disqus.com>