

[Ideas matter](#) [1]

Written by [Geoffrey Taunton-Collins](#) [2] | Wednesday 6 March 2013



What do you think of when picturing an 'innovator'? I would hazard a guess that the skinny, t-shirted frame of a computer developer forces his way into mind. He is likely in the middle of developing a new app or website, and is keen to end his summons before your mind's eye to get on with typing inscrutable code and eating pop tarts.

This is a shame. Not the interruption of our computer nerd - who we'll leave alone now - but the fact that innovation has become such an internet and computer centred phenomenon. It is also, however, no coincidence. The 'techy' sectors have enjoyed huge advances in recent years in no small part because of the relative lack of regulation and red tape they've faced.

This has kept start-up costs low, compliance with legislation cheap, and product development swift. The economic benefits of this business freedom have been extraordinary. In 2010 the UK internet economy contributed £121bn to GDP, in 2016 this is set to be £225bn. This is a remarkable 86% growth in 6 years. According to McKinsey in 2011 2.6 jobs were created for every (mainly high-street) job lost. It is no surprise that London's 'Silicon Roundabout' has grown in notoriety in recent years. We would do well to follow the advice of [Dominique Lazanski's recent ASI paper](#) [3] to keep the stellar growth going.

Other sectors have not been so lucky - over the decades industries like pharmaceuticals and food production, which once saw equally impressive innovation, have been overwhelmed by creeping legislative burdens. The rise of the grisly 'half and safety brigade, backed by big business eager to block new entrants, has gradually put a stop to the leaping advances. The regulatory obstacles are so great now that aspirin would not be passed by the FDA (it would be red flagged because it risks causing gastrointestinal bleeding). Similarly, rising levels of regulation contributed to the end of so-called 'green revolution' in food production between the 1940s and 70s, which hugely increased yields and lowered prices.

The risk of failing to comply with standards discourages businesses from engaging in the kind of innovation that can lead to radical break-throughs. It is safer to opt for more mundane improvements safe in the knowledge that they will be allowed to make it to the market-place.

I can hear the hard-hatted inspectors and boardrooms bursting to object. 'This regulation is designed specifically for the benefit of consumers, they clamour; in its absence people would be exposed to improperly tested, and therefore potentially lethal medicines and foods. 'Are you in favour of sacrificing human lives at the altar of innovation?' they ask.

I can think of two replies to this. First, in the developing world millions die of starvation and disease; if more rapid advances were allowed many more lives would be saved than lost. Second, as our President Dr. Madsen Pirie argued so [persuasively on the Daily Politics](#) [4], the expectation of progress and improvement is an important component of a society's well-being. Increased optimism about the development of new life-saving medicines and lower food prices would be a welcome addition to looking forward to the new iPad.

A bonfire of regulation would attract the best innovative minds from around the world and reignite economic growth and job creation in Britain. Exit double dip recession, enter double digit levels of growth. Who knows, we might even discover another drug as effective as aspirin.

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