It's not exactly news that Will Hutton is wrong now, is it? [1]

Written by **Tim Worstall** [2] | Monday 13 January 2014

I do so like it when two stories turn up on the same day illustrating an important point for us. In the first one Will Hutton is telling us all how regulation is just essential for the economy to thrive [3]:

> The low regulation lobby is in effect creating high-return, low-risk business fiefdoms largely free of social and public obligations. Worse, shareholders and investors set these returns against what they might expect investing in frontier technologies and innovation. Why do that when you can make more certain and higher profits in pay-day lending, bookmaking or the drinks business? The Cameron-Osborne-Hunt-Paterson mantra leads straight to a low innovation economy and a high-stress, low-wellbeing society, while offering unnecessarily high returns to those at the top.
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> Reality is very different. Business is part of the society in which it trades. Regulation and legislation, far from burdens, are crucial grit in the capitalist oyster. They are proposed in our democracy because they will reduce public and social costs that otherwise society has to bear. By obliging business to accept the costs it creates, it raises genuine innovation. It is time to call time. We don't want ministers acting as surrogate corporate lobbyists. We need them to fashion a new compact between business and society.

And then we have the head of Intercontinental Hotels telling us that there must be more regulation [4]:

> Fast-growing internet companies such as Airbnb should be subject to the same regulations as traditional firms, the chief executive of InterContinental Hotels Group has said. Richard Solomons claimed there is a ?slight naivety? about online businesses and governments should treat internet firms ? many of which are developing into global powerhouses ? in ?exactly the same way? as traditional companies. Traditional hotel firms, which are often far bigger employers than internet ventures, are currently at a ?disadvantage?, he said. The hotels chief cited the accommodation website Airbnb, whose financial backers include the Hollywood actor Ashton Kutcher, as one example where online firms were subject to different rules.
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> The website, which allows people to rent out spare rooms to visitors, was ?an interesting concept?, he said. ?But what about fire and life safety, what about food safety, what about security issues, what about cleanliness ? all those things that we [hoteliers] are required to keep to a standard? What about paying tax? ?If you are paying somebody for a service and that service is sold as a major operation, it?s becoming a big business then why would different standards apply? ?Governance and regulation needs to treat online businesses the same way as existing businesses so that existing businesses are not put at a disadvantage.?

Or as we might put that, you've got to impose regulation on those upstart internet firms in order to protect my business.

And contrary to what Hutton says (look, that's obvious, reality is always contrary to what Hutton says) that's what most regulation does do. It's why it's so welcomed by incumbent businesses: it means that those changes in technology, rises in productiivty, growth in the economy in short, have a much harder time killing off those incumbents. And we as consumers would very much like there to be less of that regulation so that those upstarts can succeed.

As to the larger issue, once again Hutton is showing us that there's nothing quite so conservative as the British Left. But we already knew that, didn't we?

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