

[Of course big business loves regulation](#) [1]

Written by [Tim Worstall](#) [2] | Saturday 3 August 2013

An interesting little point made in the [Telegraph](#) [3]:

In the debate on Britain's relationship with the European Union, you hear two types of response from business leaders. The first, given generally by those who can afford to pay for large teams of lawyers, compliance officers and Brussels-based lobbyists, is one of tentative approval. The second, inevitably provided by the bosses of small and medium-sized enterprises where every penny must be accounted for and most members of staff have more than a single role, is one of resignation verging on outright hostility.

The point being that big business doesn't really mind regulation because it has the capability of dealing with it while small business hates it with a passion because it does not.

But it actually goes rather further than this. Big business positively delights in much regulation. To understand this we've got to be clear eyed in our appreciation of what the market is really all about. Capitalism, and big businesses are decidedly capitalist organisations, is indeed all about making profit. Get the most out of whatever it is that you're doing. It's the market, the competition that it allows, which is what tempers this this profit gouging. You can't charge what you like for a pint of beer because there's another pub around the corner. Or the supermarket and the couch in front of the telly. Or France sells beer to take home as well.

What regulation does is favour both the incumbents in any activity and also large companies in anything at all. For what worries business is not whether they're allowed to do something or not: but that other people will find a better way of doing it and thus compete. More regulation means that fewer upstarts can enter the market and any that do are hobbled by that regulation. The more regulation the more the current large companies can continue to be capitalist without having to worry about their practices being tempered by that market competition.

Which is, as I say, why large companies just love regulation. The problem here is of course that it's also large companies that do all the lobbying. Further, that it's the small and new companies that do most of the innovation and nearly all of the job creation. Meaning, in the end, that it's precisely because large companies so like regulation that we should have less of it.

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