Perhaps government regulation isn't the way to go then [1]

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That something must be done is sometimes true: that that thing must be done by government regulation might also be true at times. But I have a very strong feeling that the majority of times when something must be done doing it by any method other than government regulation would be a good idea. Just three examples from around the place just recently.

Auto-enrollment in the new compulsory pension schemes that the UK government is just introducing. Reports are that this is going to cost firms £15 billion just to fill out the paperwork. Money that, call me misguided if you wish, would probably have been better spent on being put into pension funds for those workers.

The Dodd Frank regulations on conflict minerals. Stopping slave labour at mines in The Congo is a good idea: we were originally told by the Enough Project that the checking system, to make sure no minerals from those mines entered the supply chain, would cost some $10 million a year. The SEC now estimates the cost of doing the paperwork at $4 billion.

The FATCA regulations to stop Americans hiding money abroad, away from the prying eyes of the Internal Revenue Service. This is expected to bring in a few billions a year in additional tax revenues. One estimate I've seen of the cost of compliance with these rules is $1 *trillion*.

The one thing that is common to all of these cases is that the bureaucracy set up to adminster each scheme has not had to consider the costs to other people of said schemes. That cost of bureaucratic regulation is, if you like, an externality to the legislative system. And as we all know from our studies of climate change externalities must be controlled. The polluter must pay i the most common catchphrase here.

So, to repeat a suggestion I've made before. We need to change the system so that those externalities are internalised, are made part of the legislative and decision making process. The most obvious method of doing so is that we get to charge the government for the time they make us spend on paperwork. They want us to fill out a complicated form? Great, that'll be £75 an hour (a reasonable semi-professional rate that) for the time it takes me to fill out said form.

That'll stop the little buggers in their tracks.....

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