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Whatever happened to deregulation? [1]

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Older readers will recall two major initiatives for less regulation and deregulation. In 2007 the EU created an ?Action programme? to reduce the administrative burden of regulations by 25%. In the event, they claimed to have reduced the €126bn p.a. by 31%. Unfortunately they did not take into account the new regulations since 2006 and furthermore the 31%, even if correct, was not passed along to EU businesses. UK businesses have certainly not seen any benefit from this EU Action programme.

The UK Regulatory Policy Committee (RPC), together with their opposite numbers in the Netherlands, Sweden and Germany, published a report in November 2011 welcoming the progress so far but noted that the EU Action programme was due to finish in 2012 and there were no signs of any follow up, or indeed any, action.

In the UK, the RPC reviewed the Impact Assessments (IAs) of 278 new regulations (no slowing down there) in the first half of 2011 and found that IAs were improving in quality in the sense that the 40% of IAs ?not fit for purpose? previously was down to 31%. All that shows, of course, is that Whitehall is getting less bad at justifying new regulations. The RPC has no power to slow regulation down, still less to reduce regulation. All they can do is to criticise the process.

In previous publications, colleagues and I have shown that the responsibility lies with Parliament. MPs have the power to block regulation and to deregulate. They just do not use it. They have been, in short, asleep at the wheel. The Commons European Scrutiny Committee in particular is tremendously busy shuffling EU paper but do nothing to ensure that new EU regulation is worthwhile. Their latest annual report, published in January, pointed to four EU policy matters that they recommended for Parliamentary debate: Trans-European Networks: integrated EU infrastructures, Safety of offshore oil and gas activities, Financial services: credit rating agencies and Economic governance. All topics worthy of wider discussion, no doubt, but nothing the Commission would need to worry about.

The bottom line is that the Coalition has lost the regulatory fox. The most extraordinary aspect of all this is that the Government has run short of new primary legislation to run through Parliament and MPs are complaining that they have little to do. The NHS and welfare payments are attracting great attention, notably in the Lords, but there is not much happening in the Commons.

Maybe this would be a good opportunity to challenge new EU and UK regulations and to simplify the existing mountain of impediments to doing business. If we are to get out of our economic difficulties, business, and especially small and medium enterprises need their help.

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