

[The FSA's interventions could cripple the City](#) [1]

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Consumer protection traditionally focuses on the point of sale: the moment when buyers part with their money is the time to ensure trading is fair and reasonable. Now we are told that regulators should seek to minimise consumer detriment by intervening more intensively at all points of the value chain?

The logic of this is that when a new car is envisaged by the manufacturer, the regulators should be working with the designers to help them with the specifications. No doubt the Department for Business, Innovation and Skills should be involved too. Each stage of production will require approval. And not just at the design stage but also manufacturing, marketing and pricing. Can you imagine anything more certain to stifle product development?

The government has yet to apply this logic to cars, but Lord Turner of Makebelieve says this is just what the new Financial Conduct Authority should do in the financial sector. They have just (FS11/3 14th June) published the feedback to this proposal.

In the feedback (2.44) financial firms objected that this sort of intervention, which goes beyond that demanded in EU regulations, would damage the competitiveness of UK firms while firms in other EU countries would remain free to sell their (less scrutinised) products in the UK. That is dismissed on the grounds that the Financial Services Authority aims to get the whole of the EU to adopt this intervention strategy.

That's a contradiction: if Lord Turner really believes that making London the most difficult place to conduct financial business also makes it the most attractive to customers, then he should not be lobbying the EU to follow suit. But then Lord Turner does not believe in the real value of the City, or some parts of it, and would like its size reduced relative to UK manufacturing. Are financial services safe in his hands?

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