
Editorial

Deregulation

In July 1985 the Government published a White Paper, *Lifting the Burden* (Cmnd. 9571), containing about eighty proposals for loosening the straitjacket of rules and regulations to which business enterprises are subject. A sequel to that document, published in May this year, entitled *Building Businesses . . . Not Barriers* (Cmnd. 9794), produces some eighty further proposals, as well as summarising progress made by departments in implementing the first set of proposals (one rather sad entry here being the ill-starred Shops Bill).

The latest White Paper concedes that every industrialised society needs a framework of regulations but suggests that the energies of people running businesses are all too often "diverted away from their main wealth-creating activities by rules and regulations which are complicated or obsolete — or both". Red tape has a particularly stultifying effect on the early momentum of new business ventures. State control may insulate existing businesses from the competitive realities of the market place, to the ultimate detriment of the consumer. "The Government's aim is to regulate business properly while allowing

wealth-creation to proceed. We may not end up with far *fewer* regulations, but they will be *better* regulations". The White Paper notes comparable steps being taken by other European countries (there is a separate chapter on deregulation in the context of the EEC) and in the USA.

It has to be said that many of the eighty specific proposals turn out on close inspection either to be very small beer "preparing simple but informative posters setting out health and safety legislation in place of posting up the Factories Act" or to be rather vague promises of jam tomorrow (departments are "consulting about", "considering", "examining", "reviewing", "monitoring", "studying", ways of reducing the regulatory burden). Clearly a lot of anxious head-scratching has gone on in Whitehall to find plausible items to submit to the Department of Employment's new Enterprise and Deregulation Unit (which includes secondees from the private sector), from which this White Paper has emanated. The Unit has the function of assessing the business costs of all new legislative proposals, and can block proposals that fail to satisfy its criteria. Individual departments now have their own 'Deregulation Units'.

Continued on p 218

Editorial — continued from p 213

Some of the proposals — *eg*, for relaxation of employment protection law — are controversial in principle. But, so far as the exercise as a whole is concerned one wonders whether very much will actually be achieved, at least in the short run. The two White Papers contain much earnest exhortation, but not a lot of substance. The success of the deregulation movement will best be judged in the longer term, by the extent to which ministers and officials *think* harder about the effects of their actions upon the business community (and, for that matter, upon the ultimate consumer). This exercise is very much a child of the times in which we live. Commercial values set the climate of Whitehall decision-making. The movement to achieve deregulation represents, as the White Paper says, “a profound change of culture for Government Departments”. Let us hope so.