

Regulators: Don't Mess With Business

By [The Moscow Times](#)

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The government dictates far too many conditions for business. For example, it sets prices for gas and electricity, dictates norms for profit of factories that are not even state-owned, orders that gasoline prices not be raised and tells private companies what the wages for their employees should be. There are hundreds of such examples.

Interestingly, regulatory agencies first appeared in the United States, the citadel of free-market capitalism. Moreover, it was the result of a social movement against private-sector abuses. Until the middle of the 19th century, Americans lived wonderfully without any regulation. Most people were content with the quality of products in stores or the reliability of buildings, and no one issued regulations on fire safety or rules of market interaction.

The best regulation was provided by the judicial system. If someone suffered damages from poor quality goods or services, the company at fault was forced by a court to pay large compensation. This self-regulating mechanism worked far better than a bloated army of bureaucrats. It forced businesses to take account of consumer needs and protections.

But this system ceased to work when major corporations emerged. Wronged consumers found themselves powerless against highly paid and qualified corporate lawyers. To counter monopolies, an avalanche of new laws and regulatory agencies were passed. The laws describe the rules that were supposed to protect consumers, and regulators were supposed to verify compliance with these rules.

At first, the supporters of more regulation believed that more government oversight was in the public good. But, unfortunately, the enthusiasts quickly turned into corrupt bureaucrats — both in the United States and in other countries.

Over the decades, government regulation has brought society more harm than good. Therefore, at the end of the 20th and beginning of the 21st centuries, there was a wave of deregulation. This trend also spread to Russia. In the beginning of the 2000s, the procedures for registering companies were simplified, and the powers of regulators were limited.

According to the Rating Enforcement's Global Competition Review, Russia's Federal Anti-Monopoly Service is more active than any other anti-monopoly agency in the world. In 2011, it took first place for the number of investigations: 3,197.

But unfortunately, quantity does not mean quality. The impressive number of investigations has not achieved the main goal of regulation — to protect the interests of consumers and help reduce prices.

Russia's poor record on regulation is the best argument for deregulation.

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