The True Costs of Compliance

from Daniel Yergin at the WSJ, Markets Run Into Skepticism—and Regulators

> *There had been a shift in the balance of confidence—the respective weighting in people's minds between the role of markets and government, between the invisible hand and the visible one. I once asked the great statesman Lee Kuan Yew, the founder of modern Singapore: What caused the shift? He answered with his customary simplicity, "Communism collapsed, and the mixed economy failed. What else is there?"*
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> *In other words, it became clear that over-reliance on governments tended to run economies into a wall—whether it was stagflation in the U.S., or paralysis in the mixed economies of Britain and Western Europe, or devastating hyperinflation and budget deficits in Latin America.*
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> *After the 2008 crisis, financial regulation needed to be fixed. But what about the results? The Dodd-Frank bill was 2,300 pages. Should it have been 2,500 pages, or would 1,800 have been enough? On top of that are an estimated 26,000 pages of complex rules to implement the bill.*
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> *If it is not instituted wisely, with restraint and foresight, regulation becomes a drag on the economy, a tax on job creation, a barrier to innovation. It also boosts "compliance," America's great new growth industry. Indeed, in these days of the gig economy, it is said that if you want lifetime employment, go into compliance.*