

Getting a Permission Slip to Access the American Dream

The question of income inequality has become one of the most pivotal issues of modern politics. There are many elements that contribute to the income inequality question but a central theme among them is the fact that the “haves” are usually very skilled at keeping what they have from the “have-nots.” One form of keeping the money flowing into the wallets of the haves is to fence off the competition from even being able to start to compete. In economic terms, this is usually called an “entrance barrier.”

Barriers to entry are usually regulations that have been thrown into place to protect an industry from outside competition. One of the most common entrance barriers is the Operating License. Rather than just being able to start a business with a bit of blood, sweat, and tears, the average person is also required to seek permission from the government. This represents a major hurdle to a person that might barely be able to put together the money to operate their personal business. It can be a dream-killer before one can even get their business off the ground.

Of course there are plenty of businesses performing services that require a strict standard. I know I wouldn't want just anyone pulling my teeth or putting a needle into my kid's arm. In that same line of thinking, if you perform services that could end up harming other individuals it might be reasonable to make sure you know what you're doing. For instance, if you repair electrical lines or motor vehicles it would make sense that you acquire some expertise in the field to ensure that you don't kill someone.

Having a license to operate this kind of business can make sense. However, that is not what we see in the modern small-

business environment.

Is it reasonable to make a bee-keeper get a certificate to operate an apiary?

Does an acupuncturist really need to register with the state before performing Eastern Medicine techniques? Should the average person who wants to charge \$10 for a haircut have to submit to the Board of Barbers before engaging in commerce? Must we license wild rice dealers and taxidermy specialists?

With our economy growing at a depressingly low rate, it may be time to examine our licensing processes. When the government prevents new business from flourishing, unless they get a costly permission slip, we've gone far away from the original intent of the founders who thought it was a good idea to engage in this type of pursuit of happiness.

If we are serious about income inequality, then we need to get serious about removing barriers to wealth creation.