

Thanks for Less Than Nothing

I know a guy who keeps getting hassled by his Human Resources Department. Why? Because he hasn't submitted his official vacation paperwork.

What's the big deal? It's paperwork, and like most people, he hates paperwork.

If the paperwork is so hateful, why does it exist? Because the firm is located in a city where regulators require such paperwork, to ensure that every employee gets all the vacation they're entitled to.

Upshot: Due to regulation, this guy has to fill out piles of paperwork in order to receive... exactly what his employer was going to give him anyway.

If you're tempted to quip, "Thanks for nothing!," you underestimate how Kafkaesque this situation really is. This is not a "Thanks for nothing" situation. It is a "Thanks for *less than* nothing situation." A situation where government "protection of your rights" makes you wish you didn't have the rights in the first place.

Nor is this an isolated case. Consider HIPAA, the law that protects your "health privacy." Due to HIPAA regulations, I've been hassled dozens of times. To fill out extra paperwork for myself. To fill out extra paperwork for my kids. To stand behind the red line at the pharmacy. Most annoyingly, these regulations occasionally prevent me from handling my wife's medical issues, or prevent her from handling mine. You go through a serpentine phone tree, and at the end discover that - due to HIPAA - they're not legally allowed to even discuss the patient with you.

But don't I get something in exchange? Sure: Extra "health privacy" that I never wanted in the first place. Even if I were dying of cancer - indeed, especially if I were dying of cancer - protecting my health privacy would be virtually the last thing on my mind. Frankly, I couldn't care less about my health privacy. And I doubt more than a few percent of people care enough to personally do anything about it.

Ergo: Thanks for less than nothing, HIPAA.

The same goes for the confidentiality of letters of recommendation. The law gives students the right to see their letters of recommendation unless they explicitly waive this right. As a result, every request for a recommendation comes bundled with another piece of paperwork waiving confidentiality. That's how government "stands up for your rights."

Again, thanks for less than nothing.

Or to take one last example: Suppose a law firm gives new law school graduates a cash advance the summer before they start working to help them focus on the bar exam. At least back in the 90s, New York State made it illegal for firms to deduct the repayment for this cash advance from your paycheck once you started work. Instead, beneficiaries of the cash advance had to write dozens of separate personal checks to their employer to repay the debt. The same funds flowed. But thanks to regulators, they flowed with serial aggravation.

Thanks for less than nothing, New York.

Why do these crazy laws exist? First and foremost: Social Desirability Bias. Protecting workers from “vacation theft” sounds good. “Health privacy” sounds good. The right to see your letters of recommendation sounds good. Protecting workers from “wage theft” sounds good.

Under laissez-faire, market forces handle these problems well enough that almost no one wants to personally take action to handle them better. Unfortunately, in politics, words speak louder than actions. If leaders can loudly “do something” about trivial problems by forcing everyone to fill out yet another stupid form, they probably will.