Deregulation and Professional Boundaries: Evidence from the English Legal Profession

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Over the last thirty years there has been a series of initiatives towards the liberalization and deregulation of professions in the UK. The legal profession has not been immune from this process, and has been subjected to particular attention since 1984. In this paper we concentrate on one aspect of legal services in England: conveyancing, or the legal transfer of title to property. Although still subject to professional self-regulation, solicitors have lost an important monopoly position in the provision of conveyancing for reward, and have experienced marked changes in their practice rules with respect to advertising behavior. Reactions to this process of liberalization form the basis of this paper.

We begin with a discussion of professional self-regulation, and the problems which economists argue may arise from it. This is followed by a review of the process of deregulation which has occurred since 1970, and how solicitors and other parties have reacted to this. We conclude that many of the intended consequences of deregulation have not been achieved, that this has occurred in part because of a process of accommodation and blurring which has taken place at the boundary of the legal profession and a new paraprofession, and that further liberalization may be required to achieve the government's (implicit) aim.

Professional Self-Regulation and the Process of Deregulation

Economists' views on self-regulation

The traditional approach of economists to the question of regulation has been characterized as the public interest theory of regulation [Noll, 1989]. This approach is grounded on the assumption that regulation arises due to market failure. Intervention to regulate the market is justified because the market will generate socially undesirable outcomes: exercise of monopoly power, for example. In the case of professions, market failure arises because of asymmetric information. Professional services are credence goods [Darby and Karni, 1973]. The client hires the services of the professional because the professional is in a better position than the client to judge what should be done. Consequently consumers cannot judge the quality of the service when it has been provided or in

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some cases even whether the service provided was actually needed. This gives rise to the phenomenon of supplier-induced demand which has been extensively studied by economists with respect to the medical profession in the United States.

The case for regulating the professions has been couched to a variable extent in the language of protecting consumers from opportunistic suppliers exploiting the information asymmetry which exists between professional and client. The question arises of why such regulation should be provided by the profession itself rather than by an independent public body. Ogus [1995] suggests that self-regulation is cheaper because 1) the members of the profession have greater expertise than outside bodies; 2) monitoring and enforcement costs are reduced; 3) less formalized standards are less costly to impose and adjust; and 4) administrative costs are internalized to the profession.

A number of economists have been highly critical of many aspects of professional self-regulation [Friedman, 1962; Faure et al., 1993; Benham and Benham, 1975; Leffler, 1978]. A view of self-regulation which might be seen as consistent with (if not pre-dated by) the traditional skepticism of such a position is the *interest group theory of regulation* and its precursor the *capture theory*. Here the view is that self-regulation operates in the interests of the members of the profession rather than the general interest. Kay [1988] has characterized self-regulation as the ultimate form of regulatory capture.

Commentators have identified three principal instruments of such self-regulators which work against the public interest: 1) restrictions on entry; 2) restrictions on advertising and other means of promoting a competitive process within the profession; and 3) restrictions on fee competition. Self-regulation is characterized as potentially having the effect of a cartel: by controlling entry to the market and setting an agreed price above the competitive price members of the profession earn economic rents. Restrictions on advertising and prohibitions on using fee-levels to attract business are used to restrain competition from "breaking out" between existing suppliers.

Restrictions on entry to a profession or restrictions on providing a particular service by persons not recognized by a particular professional body have been the subject of criticism by economists [Friedman and Kuznets, 1945; Leffler, 1978]. It can undoubtedly lead to supply shortages and hence the earning of substantial economic rents by members of the profession. However, restrictions on entry to the profession in general do not necessarily imply an absence of competition in specific service markets. Professional service markets, particularly of a personal nature, tend to be spatially localized. General controls on entry do not necessarily, therefore, imply barriers to entry into specific service markets for existing members of the profession. Other restrictions on behavior such as prohibiting advertising may raise the cost of entry (through an inability to quickly generate goodwill) and thus constitute a barrier to entering a specific spatial market. Alternatively prohibitions on "undercutting" or "supplanting" existing suppliers may reduce the incentive to enter a local market where rents are being earned.

An extensive empirical literature has developed on the restriction of advertising of professional services and what happens to fee levels when such restrictions are relaxed. Love and Stephen [1996] review in detail seventeen such

studies. The general thrust of the evidence from this literature is that restrictions on advertising increase the fees charged for the profession's services, and that the more advertising there is, the lower are fees. The one exception to the latter conclusion is that of Rizzo and Zeckhauser [1992].

Restricting fee competition, particularly by publishing mandatory or recommended fee scales, it has been argued, reduces competition and innovation and is against the public interest [Monopolies and Mergers Commission, 1970; Domberger and Sherr, 1989; Van den Bergh and Faure, 1991]. In contrast to the considerable empirical research on the role of advertising (as discussed above) there would appear to have been little on the effectiveness of recommended fee scales. This is somewhat surprising. On the one hand observers of professional self-regulation are highly critical of scale fees:

> In general, we regard a collective obligation not to compete in price, or a restriction collectively imposed which discourages such competition, as being one of the most effective restraints on competition. The introduction of price competition in the supply of a professional service where it is not at present permitted is likely to be the most effective single stimulant to greater efficiency and to innovation and variety of service and price that could be applied to that profession [Monopolies and Mergers Commission, 1970, p. 78].

On the other hand, economists are skeptical, in general, about the ability of cartels to avoid "chiseling," i.e., members of a cartel secretly selling output at below the cartel price. As has been pointed out many times [e.g. Stigler, 1966]. the ability of a cartel to enforce its rules is inversely related to the number of members. Professional "cartels" have many members.

Although some scale fees have been described as mandatory or having the backing of the State, in many cases they are "recommended" charges. Even where they are "mere" recommendations it has often been felt that they have the effect of raising fees:

> There appears to us to be little difference between so-called mandatory and recommended scales in their practical effect... although disciplinary action could not be taken specifically for breach of a recommended scale, the fact that the fees charged were not in accordance with the scale might in some circumstances be quoted in support of a charge of breach of some other rule...such that the established practitioner would not depart more readily from a "recommended" scale than from a mandatory scale [MMC, 1970, p. 22].

Policies on the regulation of the legal profession in England

The Monopolies and Mergers Commission [1970, 1976] argued that the existence of fee scales and restrictions on the freedom of solicitors to advertise

limited the information available to the public about the services offered by solicitors in the UK. By doing so the competitiveness and efficiency of the profession were likely to be reduced. We next outline how the regulatory regime governing solicitors in England has changed in recent years. Table 1 summarizes these changes.

Table 1: *Key Dates in Deregulation Process*

1970	MMC Report on Restrictive Practices in the Professions
1973	Scale Fee for Conveyancing Abolished
1976	MMC Report on Legal Profession
1979	Report of Royal Commission on Legal Services
1983/4	Austin Mitchell's House Buyers' Bill
1984	Law Society Permits Advertising
1985	Administration of Justice Act Creates Paraprofession of Licensed Conveyancer
1987	First Licensed Conveyancers
	Further Relaxation of Advertising Practice Rules
1990	Courts and Legal Services Act Gives Lord Chancellor Power to Sanction Institutional Conveyancers (Not Yet Implemented)
	Legal Profession's Rules Subject to Investigation by Director General of Fair Trading

The legal profession in England is subject to a system of self-regulation by its professional bodies (the Law Society and the Bar Council) together with the Lord Chancellor and the Master of the Rolls. This system of self-regulation has been liberalized since 1984 with the objective of stimulating greater competition within (and to some extent between) solicitors and barristers, the two branches of the profession. The scale of fees for conveyancing had been abolished in 1973. On 1 October 1984 new rules were drawn up by the Law Society permitting advertising within certain limits by solicitors in England. They were allowed to advertise and to provide fee quotations to prospective clients in advance of taking instructions. Some restrictions remained on the media in which advertising was permitted. It excluded, for example, television. The use of "mail shots" to persons who were not already clients was also prohibited. Mail shots were regarded as "touting" and therefore unethical.

Further revisions were introduced with effect from 1 July 1987. Advertising in all media was permitted and mail shots were no longer classified as touting. The Administration of Justice Act, 1985 introduced the new profession of licensed conveyancer empowered to provide conveyancing services to the public and a very limited range of other legal services. A Council for Licensed Conveyancers was created to oversee the examination and consequent licensing of such persons. The Courts and Legal Services Act, 1990 further provided for banks and building societies to be permitted to provide conveyancing services to their clients. Solicitors or licensed conveyancers

employed by these bodies could carry out these services. To date, the Lord Chancellor has declined to put before parliament the statutory instrument necessary to implement this provision of the Act

Thus in England: entry to the conveyancing market is no longer restricted to solicitors; and competition has been facilitated through permitting solicitors to advertise. Restrictions on what fees could be charged by solicitors for conveyancing services had been removed in 1973. However, it has been argued that the Law Society's scale of fees for conveyancing services which ceased to be binding in that year still effectively determined fees until the reforms of 1984 [Domberger and Sherr, 1993].

There are several reasons why conveyancing was selected for special treatment with respect to liberalization. It provides a substantial amount of the income for a substantial proportion of the profession [Smith, 1994], with some legal partnerships being little more than conveyancing shops. Since the monopoly position held by solicitors in conveyancing was established by statute, it is removable by the same method, permitting a ready method to attack the monopoly power of the legal profession. In addition, much of the basic skills in routine conveyancing are embedded not in the solicitors themselves, but in paralegals who carry out much of the detailed work involved in conveyancing. From the perspective of removing monopoly power, this supplied a ready-made set of potential competitors complete with local knowledge which might be in a strong position to enter spatially-constrained conveyancing markets. The extent to which entry actually occurred is considered in the next section.

Reactions to Deregulation

The effects of deregulation are determined to a large extent by the reactions of the parties affected: the legal profession, licensed conveyancers, and the professional body representing solicitors. Evidence on the behavior of the first two of these groups comes from a series of empirical studies carried out by the authors and colleagues between 1986 and 1992 into the conveyancing market in England [Love et al., 1992, 1995; Paterson et al., 1988; Stephen et al., 1993, 1994]. These studies were based on telephone surveys of solicitors and licensed conveyancers in 27 local conveyancing markets, followed up with face-to-face interviews in selected cases.

The legal profession

The evidence indicates that liberalizing the advertising regime available to solicitors has been the most "successful" part of the process of deregulation. By 1986, two years after advertising was permitted, 46% of solicitors' firms responding to a telephone survey indicated that they had undertaken some form of advertising in the previous six months. By 1992, this had risen to 59%. Thus within eight years of being permitted, solicitor advertising had become a common phenomenon, possibly carried out by a higher proportion of English

solicitors than by American attorneys within ten years of their being allowed to advertise [Stephen et al., 1994]. However, the advertising of the *price* of any legal service remained very uncommon: in the 1986 survey only 2% of responding firms had done so, rising to 4% by 1992.

Implicitly, the rationale for permitting lawyer advertising was to reduce the costs of search of consumers, and so increase intra-profession competition. This is based on the "advertising as information" view of Stigler [1961], which is couched largely in terms of price advertising. Given the very limited price advertising exhibited by lawyers, it might be thought that advertising would have little effect on feeing practices; this is not the case. Econometric evidence suggests that, when account is taken of the spatially localized nature of conveyancing markets, not only do advertisers tend to have lower fees than non-advertisers, but both price and non-price market-wide advertising has a downward effect on the overall level of fees [Love et al., 1992]. A similar effect was found with respect to price discrimination [Stephen et al., 1993]. Overall therefore, the evidence suggests that at least some lawyers had been prevented from advertising by the restrictions on so doing (otherwise few would have exercised the option to advertise once it was permitted), and that the introduction of advertising has had the effect of increasing consumer information and so reducing fee levels.

The second element of the lawyers' reaction to deregulation arises from the advent of licensed conveyancers. This was an explicit attempt to remove what amounted to a monopoly enshrined in statute over one important aspect of legal services. Intriguingly, there is evidence that the *threat* of market entry by a paraprofession had more impact on fee levels than the actual entry which occurred. Paterson et al. [1988] found that in 1986, one year prior to the entry of licensed conveyancers, there had been substantial fee-cutting among solicitors. This appears to have been at least partly due to the anticipated loss of the conveyancing monopoly, not merely because solicitors particularly feared the entry of new independent providers of conveyancing services, but because it showed credible commitment by the government to the principle of removing a monopoly privilege on which a substantial proportion of the profession's income was based.

By contrast, when entry by licensed conveyancers actually occurred it was limited in scope and in effect. Love et al. [1992] and Stephen et al. [1994] report that in 27 local conveyancing markets examined in 1989 and 1992, only seventeen firms of licensed conveyancers were found in the former year (compared with 1619 firms of solicitors), rising to 29 firms of licensed conveyancers by 1992 (1666 solicitors' firms). Initially, licensed conveyancers appeared to offer some degree of competition, offering (by 1989) conveyancing fees 20-30% below those of solicitors in the same areas for identical properties. However, the presence of licensed conveyancers clearly did little to restrain price increases by solicitors. Stephen et al. [1994] report that between 1989 and 1992, of the 27 markets they investigated, solicitors' fees for a typical conveyancing transaction rose more than twice as fast in areas in which licensed conveyancers operated than in those in which they did not. This may

have been because solicitors restrained fee increases in those (urban) areas in which licensed conveyancer entry was thought likely, but subsequently found such entry to be less troublesome than had been anticipated.

The final area of response by lawyers to deregulation is in terms of their strategic behavior. In-depth research on a small sample of solicitors' firms suggests that an identifiable minority of such firms have deliberately sought to develop "distinctive capabilities," that is a set of core activities at which the firm is particularly skilled, and which can be used to confer some competitive advantage [Love et al., 1995]. Firms displaying such distinctive capabilities were by no means restricted to the larger partnerships, and the existence of such capabilities was evident even in conveyancing, possibly the most routinized and standard element of a solicitor's activities. Using the framework of Kay [1993], the principal distinctive capability identified by lawyers was in *reputation*, a key method by which information is conveyed to consumers, especially in the case of long-term experience or credence goods and services. Since the work of Klein and Leffler [1981] economists have accepted that investment in reputation can be cost-effective, because it provides favorable quality signals to potential consumers, permitting imperfectly competitive prices to be charged in some cases. This view has been challenged by Savage [1994], who argues that economists have underestimated the value of reputation as a device within a professional "network" (i.e. an organization permitting knowledge exchange without equity ownership). In this context, reputation acts as a form of quasi-public good, helping to glue the network together in a tacit manner, permitting the exchange of embedded knowledge although the individual membership of the network changes through time.

Notwithstanding the insights of Savage, viewing reputation as a basis for competitive advantage helps to explain the pattern of advertising by solicitors which was outlined earlier. Even advertising which supplies relatively little informational content (as in the case of solicitors' advertising) can serve a useful function by providing information about the supplier's reputation and commitment to the service provided. Thus goods which exhibit mainly "experience" characteristics are more more likely to be advertised than "search" goods, because the advertising of experience goods does more than merely relate brand to function [Nelson, 1974]. This can in turn lead to a mutually-reinforcing relationship between advertising and quality: the provision of high-quality goods generates repeat purchases from satisfied consumers, which in turn raises the returns to advertising [Hay and Morris, 1991]. However, *price* advertising can have adverse effects in the case of professions. Consumers who are unable to assess quality *ex ante* [and possibly *ex post*) and who observe a low price for a non-standard service may assume that more knowledgeable purchasers have assessed the service as being of low quality [Rizzo and Zeckhauser, 1992]. We should therefore expect to see substantial general advertising by solicitors, but very little price advertising; this is precisely the observed pattern.

Licensed Conveyancers

The advent of licensed conveyancers was the most visible element of the liberalization of the conveyancing market and the ending of solicitors' monopoly in this element of legal services. Nevertheless, it was shown above that actual entry by licensed conveyancers was very limited, as was their effect on restraining fee increases by solicitors. In fact, there is further evidence of a very substantial degree of accommodation between solicitors and licensed conveyancers at the boundary of the profession. At the time of our 1989 survey of 27 markets, almost half of the individuals who were registered as licensed conveyancers were actually employed by solicitors' firms, and others were employed by organizations such as local authorities [Love et al., 1992]. This need not be interpreted as some form of subtle "regulatory capture" by the legal profession: many licensed conveyancers are from the existing para-profession of legal executives, who often carried out the bulk of conveyancing work before deregulation. For many of these individuals the move to licensed conveyancer status has very little real effect.

Of more interest is the change in feeing behavior of licensed conveyancers in private practice between 1989 and 1992. In both years licensed conveyancers charged, on average, lower conveyancing fees than solicitors; but the gap narrowed sharply over the three year period. In addition, while licensed conveyancers showed less likelihood than solicitors to price discriminate on the basis of property price, they were markedly more likely to do so in 1992 than in 1989 [Stephen et al., 1994]. There is therefore evidence that the feeing practices of licensed conveyancers have become increasingly like those of the profession with which they were designed to compete. This was perhaps predictable. Licensed conveyancers have a much narrower range of activities on which to base their income generation than do solicitors, and do not have the long-run benefit of reputation built up often over many years. Licensed conveyancers therefore have an interest in preventing localized price wars from breaking out, and it is in the interests of both profession and paraprofession to accommodate the limited amount of entry which has occurred and prevent all monopoly rents from being competed away.

In the longer run, however, this process of accommodation may be challenged by the ambitions of at least some licensed conveyancers. Licensed conveyancers are coming to regard themselves as the "true" specialists in conveyancing, in contrast with the more widely dispersed expertise of solicitors. Some licensed conveyancers now see themselves as professionals in all aspects of property-related law, not just conveyancing, and are actively marketing themselves as "property lawyers." In order to further this process, applications have been made by the Council for Licensed Conveyancers (which sets and maintains professional standards) for license holders to be able to act as commissioners for oaths and to engage in probate work: both of these are important elements in the transfer of heritable property and have traditionally been the strict reserve of solicitors. Encroachment of this type is unlikely to go unchallenged by the legal profession for an indefinite period, and thus the

process of "boundary accommodation" may ultimately give way to one of "boundary conflict."

The Law Society

The initial response of the Law Society to deregulation was to minimize the extent to which solicitor advertising was allowed, and to oppose the removal of the conveyancing monopoly. The practice rules on advertising were substantially liberalized only when it was made clear that the principle of self-regulation would be called into question by government if intransigence persisted.

Once deregulation occurred, the strategy changed. The Law Society's reaction to the removal of the conveyancing monopoly and increased liberalization has two elements. The first is drawing attention to the dangers of "cut-price conveyancing," that is conveyancing carried out at a level of remuneration which the Society considers incommensurate with the work involved. Although expressed in terms of protecting the public from the dangers of low quality work, this has clear anticompetitive potential. Attempts to find a clear link between low conveyancing fees and low quality conveyancing have had little success, however, and a proposal by the Law Society to exclude "cut-price conveyancers" from the professional indemnity fund drew harsh criticism from the Lord Chancellor. The Master of the Rolls, who would have to approve such a proposal before it could be implemented, indicated that if such a proposal came before him he would reject it. The second strategy is more explicit. Over the last three years the Law Society has actively debated the question of re-introducing scale fees for conveyancing transactions. Thus far the Society seems to have taken the view that any attempt to reinstate scale fees would be resisted by consumer bodies and the competition authorities, and the move has not been actively pursued.

The Law Society's ex-post response to deregulation has therefore concentrated on attempting to prevent substantial fee competition *within* the profession rather than on concerning itself with issues of boundary accommodation or disputes *between* profession and paraprofession.

Interpreting the Reactions to Deregulation

The reactions of the various parties can be summarized as follows. Solicitors have readily adopted advertising, in a form which is predictable. At least to some extent, advertising has had an information-enhancing and thus fee-reducing effect. This is despite the fact that a substantial proportion of solicitors actively use advertising as a means of deriving competitive advantage, mainly through reputation effects. Some solicitors over-reacted to the threat of licensed conveyancers, but where market entry did take place a substantial degree of accommodation has occurred; solicitors' conveyancing fees have not been restrained by the activities of licensed conveyancers. Licensed conveyancers have developed many of the trappings of a profession (professional

examinations, a self-regulatory body and professional representation organization etc), and have developed feeing behavior more like solicitors through time. Although apparently adopting an attitude of accommodation with respect to solicitors at a local level, at a national level licensed conveyancers are showing a willingness to push their professional boundaries further into work which has traditionally been the preserve of solicitors. The Law Society attempted to resist liberalization until its self-regulatory role was threatened. Since then, it has attempted to find ways of minimizing "excessive" conveyancing fee competition within the legal profession, justifying this with concerns over quality of work and client protection.

Two questions present themselves. First, why has this precise pattern of responses to deregulation evolved? Second, why has the entry of licensed conveyancers not had a more substantial effect in terms of promoting competition in the conveyancing market?

The key to the first question lies with the solicitors' response to liberalization. Solicitors could have either effectively given up conveyancing, surrendering it to the incoming paraprofession, or they could have fought for every scrap of business using all the resources at their disposal. Instead, they chose the middle ground of accommodation. An obvious interpretation from the economist's perspective is to see this as rational rent-seeking behavior. As long as there are some monopoly profits to be earned from conveyancing, and as long as the extent of new entry is not too great, it is rational to accommodate new entry within localized imperfectly competitive markets. With relatively limited entry, competition between "trade" and "profession" has largely failed to materialize: indeed, the two sides appear to be moving towards each other in terms of behavior. As solicitors have become more actively strategic and business-like in their attitude towards conveyancing, so licensed conveyancers have learned "the rules of the game" with respect to feeing behavior. They have learned that they do not need to massively undercut solicitors' fees in order to capture a reasonable part of the market: substantial price competition is not in either side's long-run interests. In terms of basic conveyancing transactions, therefore, boundary accommodation may in turn give way to boundary blurring: instead of two competing institutions (profession and paraprofession), conveyancing markets may in the future be more accurately described as having a single quasi-profession of conveyancers, some of whom are solicitors and others licensed conveyancers.

This interpretation depends on the existence of monopoly rents which are worth preserving. Even if this were not the case, however, it can be argued that solicitors would be reluctant to give up a basic, routinized function such as conveyancing for which they are arguably overqualified. This is because shared routines and reputation are important elements by which the boundaries of professions are set, and constant reinforcement of these routines is "...crucial to maintaining vital network capabilities." [Savage, 1994, p. 157]. Savage argues that this network-based concept of the profession helps to explain why pharmacists in the United States have been reluctant to give up basic tasks such as drug compounding, even when there is little technological or even economic

reason to maintain such tasks; abandoned routines may become difficult to recover, and may play a role in the maintenance of other capabilities on which the profession depends [Nelson, 1991]. Solicitors may therefore be protecting not only access to monopoly rents, but elements which help define the boundary of their profession, even if the boundary is becoming increasingly fuzzy and is being breached by incomers.

The second question relates to the relative lack of impact of licensed conveyancer entry, at least in the short run. Since, as we have seen, a limited degree of entry can be easily accommodated, this question reduces to why there has not been more new entry by licensed conveyancers in private practice. Earlier it was argued that much of the formal and tacit knowledge with respect to conveyancing and local conveyancing markets was embedded not in the legal professionals, but in paralegals such as legal executives who actually carry out much of the average conveyancing transaction. By creating the paraprofession of licensed conveyancer, a method was provided for these paralegals to use their expertise directly in competition with their former employers, without the need to acquire the more general skills of the solicitor. This was helped by the fact that conveyancing is among the most routinized elements of legal work, with substantial cost savings available through the use of information technology. Yet most paralegals becoming licensed conveyancers chose to remain in the employ of solicitors, with relatively little competitive entry in the first five years following deregulation.

The reason for this appears to lie in an underestimation of the problems inherent in the switch from employed paralegal to self-employed licensed conveyancer [Stephen and Love, 1996]. Becoming a self-employed licensed conveyancer is not merely a question of certification: it is essentially an entrepreneurial act. Because of their restricted area of operation, licensed conveyancers have limited opportunity for business development or the spreading of risks across services; they therefore face higher risks than solicitors. This increase in risk requires a compensating return. Yet the areas in which the potential supply of licensed conveyancers are greatest is precisely where there are lowest monopoly rents to exploit. Conveyancing fees tend to be lower in urban areas, where "seller" concentration is low and the degree of competition high, than in more rural areas [Love et al., 1992; Stephen et al., 1993]. But licensed conveyancer entry occurs predominantly in urban areas, because this is where the supply of potential conveyancing entrepreneurs is greatest, and where the volume of demand for conveyancing services is sufficiently large to support specialized conveyancing firms. Merely permitting licensed conveyancers to exist does little to alter the fundamentals of the supply and demand for conveyancing services, and it is therefore not surprising that, at least so far, licensed conveyancers have had relatively limited impact on fee levels.

Conclusion

We have argued that the process of liberalization of the conveyancing market has had a relatively limited impact so far. The reason for this appears to

be, at least in part, because of the pattern of behavior which has developed between profession and paraprofession. Three elements have been identified: boundary conflict, boundary accommodation, and finally boundary blurring. For licensed conveyancers to have a major impact on the monopoly profits enjoyed in conveyancing by solicitors, some degree of boundary conflict appears to be necessary. In fact, this has been relatively limited, at least at the level of local conveyancing markets. Instead, the pattern appears to have been boundary accommodation (at least in terms of fee setting) giving way in the longer run to boundary blurring.

Intriguingly, the most conspicuously "successful" part of deregulation, permitting advertising by solicitors, is precisely the part which does not rely on competition/conflict between solicitors and licensed conveyancers. This is despite the fact that individual solicitors' firms have advertised in the hope of giving themselves a competitive advantage (i.e. lowering the own-price elasticity of demand for their services). The net result of increased *overall* advertising activity, however, has been to increase information flows to consumers, and as a result reduced the average level of fees charged within local conveyancing markets.

In the future, however, the trend towards boundary accommodation and blurring may be compromised. One reason for this is the likelihood that entry to the licensed conveyancer profession in the future will come from a group quite different from that from which initial entrants were drawn. In the early stages (1987-92), most licensed conveyancers in private practice appeared to be former paralegals. This may be thought of as a form of "quasi-internal" entry; experienced paralegals are likely, at least to some extent, to share the attitudes and mores of their erstwhile employers. By contrast, future entrants to licensed conveyancing are likely to be a more heterogeneous group, most with little or no exposure to the attitudes and ethics of the legal profession. This group might be expected to behave in a manner more radically different from that of solicitors, possibly upsetting cosy relationships existing within and between profession and paraprofession in local markets. The trend towards licensed conveyancers assuming more property-related work beyond that simply of conveyancing may be a first indication of this process, suggesting that the professional boundary issues are by no means settled.

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