

Consumer protection often isn't

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Michigan ranks sixth in the nation when it comes to occupational licensing, with 116 different occupations requiring state approval, according to a Reason Foundation report.

Michigan even has a license for reptile catchers.

So, why do we have all of these licenses? Who comes up with them? Here's a hypothetical example of how such policies come about:

A lawmaker meets with lobbyists representing an association of interior designers. The lobbyists say interior designers contribute \$10 million annually to the state economy and provide more than 10,000 good paying jobs.

Interior designers work hard to have a good reputation, say the lobbyists, but all of that is in danger. Rogue designers who are not members of the association have been undercutting prices and providing shoddy workmanship that damages all designers' reputations. The lobbyists tell of a designer who made a cheap shelving unit that collapsed.

The association proposes requiring all interior designers to be registered with the state. They propose a course of study -- provided by the association, to members only -- and a test administered by a state panel of design experts -- largely representatives of the association.

Applicants must pay a \$500 fee to cover the cost of the course, the test, the panel and all other related activities. Fee money would also be used to investigate and prosecute any unlicensed designers.

The lawmaker likes the idea of "protecting" his constituents and introduces a package of bills, mostly drafted by design-association lawyers. The legislation passes with little fanfare.

But here's another side:

Jane Citizen works 40-plus hours per week at her own interior design business. She has no formal training in design, and neither time or money to pay for it.

Her business has been steadily growing by word-of-mouth. Jane has never been a member of any design association.

The new "consumer protection" act goes into effect without Jane's knowledge. She is soon approached on the job by a bureaucrat who tells her she is violating the law and must pay a \$500 fine and cease plying her trade immediately.

She must become registered or face additional fines or legal action. Jane has unknowingly violated the law and must cease earning her living.

The design association was the only party protected. They eliminated competitors who drove down prices.

The next time you hear about consumer-protection legislation that requires yet more licensing, check to see who it really protects.

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