



TESTIMONY

June 18, 2013

DOCK REGULATIONS IN THE OZARKS SHOULD BE DONE WITHOUT FAVORITISM

By David Stokes

*Testimony Before the Directors and Officers
of the Osage Beach Fire Protection District*

Licensing rules are always sold as protecting the public safety, while in reality they are used to improve the financial position of current operators at the expense of competition (especially non-union competition).

David Stokes is a policy analyst at the Show-Me Institute, which promotes market solutions for Missouri public policy.

To the Honorable Members of the Board of Directors

My name is David Stokes and I am a policy analyst for the Show-Me Institute, a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state and local policy. The ideas presented here are my own. This testimony is intended to summarize research and analysis that the Show-Me Institute has conducted and reviewed concerning government regulations and licensing. This testimony should not be viewed as specific support for, or opposition to, any particular plan that is being considered beyond general support for a dock inspection requirement that avoids favoring certain regulatory agencies over other options.

It is hard to imagine a more terrible death than being electrocuted while drowning. Last summer, three people were electrocuted while swimming in the Lake of the Ozarks due to faulty electrical systems on docks. A child in Tennessee also was killed in the same manner. In response to these tragedies, there have been calls to institute and expand dock electrical inspection programs in Missouri.¹ I think that dock inspections should be expanded in Missouri, particularly in tourist areas such as Lake of the Ozarks. However, it is imperative to establish the program in a manner that does not allow it to become a monopoly for a select group of inspectors.

The concern that an inspection program could become a select cartel is neither unfounded nor unimportant. It is well founded because regulatory rules, once

ADVANCING LIBERTY WITH RESPONSIBILITY
BY PROMOTING MARKET SOLUTIONS
FOR MISSOURI PUBLIC POLICY

Fire district officials, city or county code inspectors, and private electricians should all be able to perform the inspections.

established, are often captured by special interests seeking to be the sole authority on the regulations.² In this instance, the concern is that once dock inspections are established or expanded, one group would seek a monopoly on performing the inspections. If, for example, fire district inspectors are the only people allowed to perform inspections, you will inevitably get the same results from limiting competition as in any field: longer waits, higher prices, and, most importantly, the general lack of incentives to improve or satisfy customers.

The concern is important because studies have shown that these types of overly regulated systems can have real effects. It goes beyond just longer waits and limited options. A famous study in the field found that areas with more stringent licensing of electricians have higher rates of electrocution.³ The reasoning behind that counter-intuitive fact is fairly simple. More stringent licensing leads to fewer electricians (which is often the intent in the first place). Fewer electricians leads to higher prices to hire one. Higher prices lead to more homeowner do-it-yourself work, which leads to more electrocutions.

The Lake of the Ozarks area should establish a comprehensive inspection program for all docks that have electrical power (regular inspections that occur once a year seems reasonable). If an inspection is easy to schedule and affordable, the vast majority of property owners will readily comply. Having your dock inspected would become as routine as an annual heating and air conditioning check or changing the oil in your car. If, however, the number of inspectors is limited, and scheduling is a burden, compliance will fall. Unless the point is to raise money from fines

(and I trust it is not), nobody gains when compliance is reduced.

In order to foster high compliance by making inspections affordable and convenient, the circle of potential inspectors should be wide. Fire district officials, city or county code inspectors, and private electricians should all be able to perform the inspections.⁴ The lack of electrician licensing by the government in the area is not a concern, though I have no doubt some will try to raise it as one.⁵

Licensing rules are always sold as protecting the public safety, while in reality they are used to improve the financial position of current operators at the expense of competition (especially non-union competition).

People do not select their electricians, lawyers, or plumbers randomly, with only a government license to protect the public interest. People almost always choose these services based on the advice and experience of family, neighbors, or business associates. The reputation and skill of the tradesman is what matters to their continued success, not the license. There are undoubtedly dozens of electricians who have served the Lake area well for decades without the government's stamp of approval. Those private electricians should have the same ability to inspect docks as any code officials. More inspectors means more competition and choice, and that always benefits customers and the public good.

It is unavoidable that local governments will keep an approved list of inspectors. For this inspection program to work, a spot on that list should be easy to obtain. Nothing more than a signed statement from a few satisfied customers should be required for a private electrician to be on the list. Furthermore, the list

should have no cap on the number of inspectors, and local governments should have reciprocal agreements for inspectors that other governments have approved. Unnecessary restrictions such as education requirements, burdensome proof of work history, and high application fees must be avoided. Those are tools of a biased process in favor of a certain class. Usually, that favored class is the union. In this case, it may be the government. Whoever is favored, the public is harmed.⁶

Finally, there should be continuing public education efforts alongside the inspections. Public awareness of the dangers of damaged dock electrical systems is more important than any regulation system. If the public is made aware of the issue and the simple ways to fix potential problems, that will go a long way to dealing with the dock safety issue.

Having an open and unbiased process to conduct these inspections will make the new regulation process more efficient and less expensive. That is a benefit by itself, but more importantly, it will increase compliance. Increased compliance is what will save lives.

NOTES

¹ For current inspection guidelines in some parts of the Lake Ozark area, visit <http://www.ameren.com/sites/ae/lakeoftheozarks/Pages/DockElectricalInstallations.aspx>.

² To give one example, HVAC licensing requirements were recently tightened in Saint Louis County. This was part of an unnecessary, yet intentional, aim to limit competition in the industry.

³ Carroll, Sidney L., and Robert J. Gaston. "Occupational Restrictions and the Quality of Service Received: Some Evidence," *Southern Economic Journal*, vol. 47, no. 4, April 1981, pp. 959–976.

⁴ Electrical engineers should also be included.

⁵ Electrician licensing requirements in Missouri are covered under RSMo 77.505.

⁶ Of course, there should be penalties for electricians misrepresenting their abilities and penalties provided (civil and criminal) for faulty inspections.

If an inspection is easy to schedule and affordable, the vast majority of property owners will readily comply.

***Join the fight for liberty in our state.
Become a Show-Me Institute supporter:
www.showmeinstitute.org/donate***



4512 West Pine Blvd. | Saint Louis, MO 63108 | 314-454-0647 | www.showmeinstitute.org

View State Government Spending:
showmeliving.org

Read Our Blog:
showmedaily.org

Use Our Interactive Database:
showmeideas.org

Find Us on Facebook:
facebook.com/showmeinstitute

Follow Us on Twitter:
twitter.com/showme