Evaluation of the State Action Doctrine

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Outline

- State Action Doctrine
- Effect of Divorcement Legislation
- Effect of Occupational Licensing
- Possible Improvements to Policy

State Action Doctrine

- Parker v Brown
- Justifications for broad immunity
- Flaws in reasoning
- Corruption

Divorcement

- Divorcement: An oil company cannot own a gas station.
- Effects have been studied. General finding is that the legislation harms consumers.
- Prices are higher and hours of operation fall.

Divorcement

	Prices (full serve)			Weekly Hours	
	pre	post		pre	post
Affected	$1.27	$1.33		136	128
Unaffected	$1.36	$1.37		124	127*

*Not statistically different from pre.

- Source: Barron Umbeck (1984) Table 1

Divorcement

	Investment in New Stations		
	low volume		high volume
Co-op	78		95
Leasee Dealer	30		22

- Source: Blass and Carlton (2001) Table 1

Occupational Licensing

- Occupational licensing has grown from 5% of the work force in 1950 to over 25% today.

- 1100 occupations are licensed across the various states with wide variations in which occupations are licensed and how they are licensed.

Occupational Licensing

- Lots of studies of benefits versus costs.

- General findings (with exceptions):

  Wages rise by about 5- 15% with little if any quality effect.

- Certification is an alternative to licensing.

Improvements to Policy

- Alter the legal doctrine of state action.
- Restrict its application.
- Restrict Noerr immunity for making false statements.
- Educate.
- Study the incidence of term limits, campaign finance laws, and corruption on the amount of special interest legislation.