



Bulb Ban May Generate a Black Market

It's unclear if shadow sales will boom or be pursued by regulators

By Steven Nelson

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A vintage-style incandescent light bulb, center, is shown with an LED light bulb, left, and a compact fluorescent (CFL) light bulb, right. Incandescent bulbs have been in use for more than 100 years.

Americans have lost -- or soon will lose -- the option of buying inexpensive incandescent light bulbs at stores, leading to some grumbling and the possibility of defiance with "black market" sales.

Pursuant to a 2007 law signed by President George W. Bush, Wednesday was the last day companies could manufacture or import 40-watt and 60-watt incandescent bulbs. This follows the 2012 phase-out of 100-watt incandescent bulbs and the January 2013 cutoff for 75-watt bulbs.

Stores can continue to sell the items until they run out of inventory and face no deadline for completing that sell-off.

The creeping cull, which forces customers to purchase more expensive but longer-lasting LED or compact fluorescent bulbs, may generate non-corporate Internet sales.

"Any ban has the potential to generate a black market," says Jeffrey Miron, a senior lecturer on economics at Harvard University.

But it's unclear if there will be enough demand for incandescent bulbs to result in a significant black market or if the restrictions will yield only low-level sales of stockpiled, legally acquired bulbs.

Miron notes there are some general economic principles that may be predictive of black market potential.

"Bans on things that few people want will probably not generate a significant black market," he says. "Bans on things for which there are good substitutes are probably also unlikely to generate black markets."

In the case of the incandescent phase-out, Miron says it's "hard to say for sure" if a black market boom will follow.

"There are substitutes for incandescent bulbs," he says. "Imperfect, to be sure, but maybe close enough so that pressure for a black market will be modest."

Other environment-minded regulations have resulted in black market sales, including a ban on toilets with a capacity greater than 1.6 gallons -- which was signed into law by President George H.W. Bush in 1992 and took effect in 1994 -- and a 2010 ban on the use of the gas Freon for new air conditioning units.

"If you put requirements on [a product] and the substitute isn't very good, people get irritated and want to keep the old thing," says Doug Bandow, a senior fellow at the Cato Institute.

The bulb ban is somewhat similar to the toilet and Freon regulations, Bandow says, but he notes a significant snag for would-be black marketeers: "The problem here is, is there enough money there for profit?"

Bandow stocked up on bulbs -- "No doubt I have far too many," he says -- because he is instinctively annoyed by government dictates that inconvenience him.

That ideological motivation, he says, may be a primary push for old-fashioned bulb buyers.

"You may actually get some commerce going here, but it strikes me as a bit different from traditional black markets," he says. "[With] illicit drugs there is a huge amount of money involved. This is one of those things that I imagine would be a lot more low-grade."

The Internet already is hosting a marketplace for sellers and buyers of previously outlawed bulbs. On eBay, for example, numerous sellers offer 100-watt incandescent bulbs that were phased out two years ago.

Loopholes in the legislation that banned the bulb -- the Energy Independence and Security Act of 2007 -- do allow some incandescent bulbs to be produced. "Rough service" bulbs -- made for industrial use -- are still available and at least one company is marketing them for home use. Novelty and large-size incandescent bulbs are also allowed.

But stores mostly will be shelved with compact fluorescent bulbs, which have a recognizable coil and dim light, and bright but even more expensive LED bulbs. The mandated efficiency standards purportedly will save users money in the long term because the bulbs will last longer and use less electricity.

One big question is what -- if anything -- government officials will do to deter small-scale incandescent sales.

"If you're at the Justice Department or the Department of Energy, you look at this and think, 'What kind of press do I get if I send the cops after some eBay seller?'" says Bandow, a special assistant to President Ronald Reagan in the 1980s. "They would be wary of the press, they would not want to go after the 65-year-old retiree who amused himself by buying 1,000 bulbs before they were illegal and is selling them off in his retirement."

"Maybe if it looks like a really big operation, [if] this seems to be someone who must have a major illicit pipeline, maybe," he says.

If there are high-volume sales for banished varieties, Bandow says, corporations may lean on politicians to rescind the rules.

And while the Department of Energy hasn't said if individual sellers will face penalties down the road, corporations almost certainly would be on the hook. In 2010, the DOE [fined](#) Westinghouse Lighting Corporation \$50,000 for failing to comply with efficiency standards for fluorescent and compact fluorescent bulbs.

Spokespeople for the Environmental Protection Agency did not respond to a request for comment.

In many other countries, including Canada, Russia, China and members of the European Union, incandescent bulbs have been -- or will be -- phased out.