Bye Bye, Light Bulb

By Brian M. Carney

Just like that—like flipping a switch—Congress and the president banned incandescent light bulbs at the end of 2010. OK, they did not exactly ban them. But the energy bill passed by Congress and signed by President Bush sets energy-efficiency standards for light bulbs that traditional incandescent bulbs cannot meet.

The new rules phase in starting in 2012, but don’t be lulled by that five-year delay. Whether it’s next week or next decade, you will one day walk into a hardware store looking for a 100-watt bulb and there won’t be any. By 2014, the new efficiency standards will apply to 75-watt, 60-watt and 40-watt bulbs too.

Representatives of Philips and General Electric, two of the biggest lightbulb makers, say there’s nothing to be concerned about. And Larry Lauck of the American Lighting Association says, “I think everyone’s pretty happy” with the new law. But then, the lighting industry has no reason not to be. People will need light, whatever the law says—according to Randy Moorehead of Philips, there are four billion standard-size (or “medium base”) light sockets in America alone.

So if you’re GE or Philips or Sylvania, the demise of the plain vanilla light bulb is less a threat than an opportunity—an opportunity, in particular, to replace a product that you can sell for 50 cents with one that sells for $3 or more.

Yes, the $3 bulb lasts longer. Yes, it cuts your electricity bill. Mr. Moorehead says that when every one of those four billion light sockets has an energy-saving bulb in it, the country will be saving $18 billion a year on its electric bill. That’s $4.50 per bulb—and the bulb makers are standing by to make sure a substantial portion of those “savings” get transformed into profits for them.

Now it may be that those bulbs are worth more—but because they last longer, etc. But some of those bulbs, like compact fluorescent and Philips’ new “Halogena-IR” bulb, are already available. Currently they command all of 5% of the light bulb market. That means that, whatever value proposition GE and Philips are selling, consumers aren’t buying.

What we bulb buyers needed, it seemed, was a little nudge. Or, if you want to be cynical about it, the bulb business decided to migrate its customers to more-expensive—and presumably higher-margin—products by banning the low-cost competition.

“I was kind of involved at the very beginning” of this legislation, Mr. Moorehead says modestly. Indeed, in December 2006, Philips announced a campaign to encourage governments all around the world to phase out low-cost bulbs by 2015.

Now, Philips, GE and Sylvania all want to make the world a better place and so on. But if they can do so while at the same time getting the government to force their customers to pay 10 times as much for their products, well, did they mention that they’re making the world a better place? The light bulb that costs 10 times as much does, it is true, last four times as long. But if you’re a light bulb maker, that’s a pretty good trade.

If you’re a consumer, you have to decide that for yourself. Except that, after the ban, you won’t be allowed to any more. You just got traded up, forcibly, to a “better” product.

What’s remarkable about this bit of market interference is that there is, basically, nothing wrong with the present-day Edison-style light bulb. It’s not a lawn dart or a lead-painted toy or a magnet that will perforate your kid’s intestines if he swallows it. It is what it is, and for most people in most applications, it was good enough. So the light bulb makers and the environmentalists convinced Congress to ban them for no better reason than they believed everyone would be better off with something else.

Note that the light bulb makers didn’t need a ban to convince consumers to “upgrade.” Microsoft, Dell, Apple and any number of other companies manage to convince the Joneses that they need a better “one”—whatever it is—every few years. If Philips wanted a Halogena-IR bulb in every socket, it had only to put them on the market at a price that made them irresistible compared to the 50-cent bulb of yore. Likewise with the much hailed compact fluorescent. They have been on the market a good deal longer than Philips’ fancy new incandescent. The prices have come down and the quality has gone up. But not, apparently, enough for 95% of the bulb-buying public.

A few years back, one could have argued with a straight face that consumer awareness of the benefits of CFLs was inadequate. No more. The sticking point lies at that ineffable nexus between price and quality—with all that “quality” implies, whether it be service life, the delay between flicking the switch and full power, or color temperature or the look of the thing.

There are billions to be made—and spent—figuring out how to get consumers to pay more for something. This year Steve Jobs convinced a million people to pay $400 for a cell phone in a market in which many people believe that the phone should come free with a service contract. But why worry about making a product so good people feel they have to have it, when you can instead get the government to tell them they have no choice?

Don’t fault the bulb makers for this. If Microsoft could get a law passed requiring users to upgrade Windows, they’d probably go for it, too. Same with Detroit—“Buy a hybrid, or else!” would probably suit them fine. But do remember this the next time a company goes to Washington to save the world. They’ll end up doing it at your expense.

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