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Add consumer protection bodies to the bonfire of quangos [1]

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If we are throwing quangos into the bonfire, I'd like to fuel the flames with a couple of 'consumer protection' bodies. I figure that government agencies that aim to protect us from faulty goods and inadequate services do no such thing ? and indeed, leave us more exposed to them because they tend to reduce competition in consumer markets.

One of the great myths about the free market is that something dire has to happen before producers change their ways. For a start, I just don't accept the fact that producers and sellers are deeply unethical and will gladly sell us dangerous products if it makes them a quick buck. Most people I know in business are as ethical as the rest of us and don't want to do any such thing, any more than they want to profit from selling drugs or guns. They want to make money by serving their customers.

And, being good businesspeople, they know that you do not make money by serving a customer only once. It costs money to search out customers and pitch your product at them. You don't want to have to do that over and over. No, what you want is customers who are so delighted with what you sell them that they come back to you over and over. Remember also that businesspeople work at the margin. If just a few customers don't like what you are selling and go to another supplier, that it your profit gone. If they tell their friends, that's even worse. Long before you've killed any customers or had to fight any lawsuits, you will have changed your ways. Choice is by far the most effective consumer protection imaginable.

For some reason, people assume that taking these same market principles into services like healthcare or schools, which are run by governments today, would mean an endless round of painful closures and particular schools or hospitals going out of business. It's true that most new businesses fail. Their owners simply misjudge the market, or do not have the right skills and resources to capture it. But once they are established, firms close much less frequently. They learn where the market is and how to serve it, and they adapt to serve the changing tastes of their customers.

If they sometimes get it wrong, or can't keep up with the changing nature of demand, then yes, they might have to close. But far more often, you find they merge with or are taken over by other firms. There is usually something of value in the business that is useful to another. If we commercialised or privatised schools and hospitals, I would not expect to see them closing down all over the place. Long before closure threatened, they would have changed, and for the better I would expect to see them improve and change and try to take on the competition, and if they could not stand the pace, others would step in and take them over and upgrade them. The service standards that were tolerated in the monopoly state system would simply no longer be tolerated, and service users would be far better protected, as consumers, than they

are in the state monopolies today.

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