

Policy in Practice

Squeezing Lemons



Dan Brochu claimed that his new Oldsmobile Omega traveled well only when it was going up and down a repair lift. Maybe he wasn't exaggerating—inside a year the car went through four transmissions and a complete electrical system failure, and to add insult to injury, the paint started to peel. Thomas Ziemba could relate. His new Chevy Caprice had a skipping engine, a defroster that spewed steam, and a radio that seemed possessed—it would work only if he blew the horn first. Brochu and Ziemba had lemons; they knew it, and in 1982 they wanted the Connecticut state government to know it.

The state government not only got the message; it did something about the problem. The legislature passed Connecticut General Statute 743b, colloquially known as the “lemon law.” When it was passed in the 1980s it was a new and innovative policy. The lemon law basically said that if a car was defective and its defects could not be repaired by reasonable effort (defined as four attempts or 30 days in the shop), it was legally a lemon and the consumer could sue the car's

manufacturer. The basic upshot was that if someone could prove he or she had a lemon, the manufacturer had to cough up a refund or replace the car.

These days, this sort of law does not seem so innovative or unusual. There's a reason for that. After Connecticut passed its lemon law and it seemed generally effective in making manufacturers stand behind their products and warranty claims, other states, in so many words, said, “That's a good idea. Let's get us a lemon law, too.” And they did. Today, all 50 states have some version of a lemon law.

The spread of lemon laws is a good example of one of the key advantages of federalism. By allowing states to experiment, federalism enables them to formulate effective policy innovations, which may then be adopted by other states. Effective policies will spread, while not-so-effective policies will not. While federalism clearly has some downsides, the laboratories of democracy, at least in this instance, were pretty good at whipping up some lemon-aid.