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Book Review

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Book Review

Erratum

The citation for this review is *4 RISK 263 (1993)* in most commercial databases.

WESLEY A. MAGAT & W. KIP VISCUSI, INFORMATIONAL APPROACHES TO REGULATION. (MIT Press 1992) [274 pp.] Appendices, endnotes, illustrations, index, list of titles in the Regulation of Economic Activity series, list of tables and figures, preface, series foreword. LC 91-29483; ISBN 0-262-13277-X. [\$32.50 cloth. 55 Hayward Street; Cambridge MA 02142.]

This is the nineteenth in a series. As pointed out in a foreword:¹

Economists generally assume that workers and consumers are supremely competent, unboundedly rational information processors. Accordingly, economists have long argued that if the government has a choice between banning a risky product or activity or providing information..., it should choose information.... And, for a variety of reasons, during the 1980s the federal government substantially increased its reliance on hazard warnings.

As noneconomists might suspect... analysis of these programs indicates that individuals' response... depends on exactly what information is provided and how....

The work described in *INFORMATIONAL APPROACHES* begins to address that problem. Indeed, it addresses one broader than indicated above — not only can mandated information substitute for product regulation short of bans, but it can also guide consumer choices in circumstances lacking any immediate threat of personal injury.

With Joel Huber, who coauthored three (of five) chapters, and John W. Payne, who coauthored another, in 188 pages, Magat and Viscusi review the literature and describe original surveys and experiments to evaluate whether information accomplishes its regulatory objectives.² Three studies are the focus of the volume. One involves health risks presented by pesticides and chemicals, and a second, warnings about carcinogenic food substances. The last, however, “examines home energy audits and addresses the role of the structure of the energy efficiency information presented and its effect on consumer behavior.”³

¹ Nancy Rose and Richard Schmalensee, general editors, at xv.

² The remainder comprises appendices that mostly reproduce questionnaires and information presented to subjects. However, one contains multivariate results, and another entitled “Determination of Risk Avoidance Values” is apt to be unfathomable to anyone but economists.

³ At 10.

The authors conclude, not surprisingly, that, while providing hazard information is beneficial, different risks require different approaches. More specifically, they caution, e.g., against recipients' being inundated with information and urge care in the design of presentations.⁴

The exact wording of a warning... cannot be determined in the abstract. Although enough is known about the effects of labels to enable a government agency to decide on the appropriateness of a warning message, more precise knowledge is needed.... Experiments should be carried out... in much the same way as described earlier in this book. It is irresponsible... to mandate a specific warning without tests or an experimental foundation to assess the likely consumer responses.

As they acknowledge, contributions from disciplines other than economics are important.⁵ Yet, their perspective seems sometimes to be unduly narrow, even judgmental.⁶

In wording, format, and general approach the objective of informational policies should not be to have as strong an impact on behavior as possible. The objective should be *sound* decisions, not *altered* decisions. [Emphasis added.]

Normative considerations aside, many would regard good information as only *part* of the solution in addressing risky behavior.⁷

Still, Magat and Viscusi have culled an incredible amount of information from their data and are to be commended for identifying work that needs to be done and suggesting ways to do it. Most readers of RISK will find INFORMATIONAL APPROACHES to be of great interest.

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⁴ At 178–79.

⁵ At *xvi*.

⁶ At 185.

⁷ See, e.g., Galen E. Cole, David R. Holtgrave & Nilka M. Rios, *Systematic Development of Trans-Theoretically Based Behavioral Risk Management Programs*, 4 RISK 67 (1993); or Branden B. Johnson, *Advancing Knowledge's Role in Lay Risk Perception*, *infra* at 189.

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