

Preface

For centuries, governments have imposed legal obligations on businesses in order to protect consumers from harmful products. Bavaria's Purity Law of 1516, one of the first consumer safety statutes in Europe, purported to protect consumers from unsafe beer. Throughout the seventeenth and eighteenth centuries, British judges and legislators developed principles of tort and fraud that provided certain protections. Today, consumer protection around the world depends significantly on domestic laws and institutions established after the rapid expansion of industrialization at the turn of the last century and on others created in response to social movements in the 1960s and 1970s.

We have now entered a new era that calls out for further legal change. Existing regulatory structures arose within a business climate much different from that of today's globalized economy. Protecting consumers through proactive regulation has never been easy, but now such regulatory efforts face new challenges because of expansive growth in trade and rapid changes in technologies and economic conditions. Each year, more food, drugs, and other goods move across national borders than any single government alone can inspect and test. Government officials face a growing set of regulatory targets abroad. Just identifying producers of ingredients and products in other countries poses daunting challenges; holding such foreign companies accountable for unsafe products presents still further administrative and legal obstacles.

If products entering the domestic marketplace from foreign countries are harder to regulate through traditional means, will consumer safety risks increase in an era of global trade? It seems likely they will. If foreign firms are harder to regulate, then the law's deterrent effect will presumably also be diminished for such firms, making safety problems more likely at the margin. With trillions of dollars worth of goods crossing international borders each year, even a slight reduction in deterrence could lead to hundreds, if not thousands, of additional injuries or fatalities annually. If nothing changes, the recent spate of import safety

crises—from lead-painted toys to melamine in milk—could mark just the beginning of a dangerous trend.

Of course, changes are in fact occurring in how governments approach import safety. Each new crisis over unsafe imports generates calls for reform by politicians, regulators, and publics around the world. Governments are now beginning to respond with new policy proposals and initiatives. Some of these efforts seek to strengthen existing inspection and enforcement capabilities within importing countries; others seek to establish bilateral and multilateral regulatory coordination and cooperation; and still others seek to create incentives for private actors, such as retailers, insurance companies, trade associations, and consumer groups, to serve as surrogate regulators. *Import Safety: Regulatory Governance in the Global Economy* offers important scholarly analyses of these and other innovative ideas for improving product safety governance around the world. Its varied disciplinary perspectives on import safety deserve particular attention at this time of economic change and global transformation.

Admittedly, the most salient transformation at the present time centers on the restoration and reconfiguration of global financial markets. As this book was being written, the world endured—and is still reeling from the effects of—its worst economic collapse in several generations. One risk in publishing a book on regulatory governance at this time is that some readers might wonder why its authors entertain any solution other than strengthening the exercise of traditional authority by strong, central regulatory authorities. After all, conventional wisdom places the blame for the economic collapse on the excesses of private-sector institutions and on an unhealthy relaxation of central regulatory oversight.

Yet the current economic crisis does not diminish the vital need for a book like this, at a time like this. Hard economic times are likely to accentuate the competitive pressures that lead firms to cut corners on safety. At the same time, there is simply no getting around the need to consider the role of private-sector institutions in maintaining product safety. After all, no single, central regulatory authority exists that could be strengthened when it comes to policing international trade. Furthermore, the achievement of any regulatory goal ultimately depends on what private-sector institutions do. The challenge is, and always has been, to alter the incentives of private actors so that they better align with public goals.

Conventional forms of oversight clearly remain important avenues for trying to accomplish regulatory objectives, and this book accordingly provides ideas for enhancing traditional import-related inspections. But even when applied in the most efficient manner possible,

central regulatory approaches run up against clear limits, especially when addressing the kind of vexing challenges that policy analysts sometimes call “wicked” problems. In this case, the problem of import safety is actually a steady stream of diffuse problems arising from a set of constantly changing products generated through complex, decentralized supply chains.

Rather than accepting the status quo, *Import Safety* is motivated by a search for better solutions. If the old ways cannot adequately protect consumers, then new ways deserve policy makers’ and scholars’ serious consideration.

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