

Risk & Regulation

Magazine of the ESRC Centre for Analysis of Risk and Regulation

No.3 Spring 2002



customer care?

Deirdre Hutton on consumer-driven regulation and Michael Spackman on regulatory populism

also

Navigating the debate on corporate social responsibility

Regulating MP's conduct

Decentralising governance across the world

Lessons of Caribbean regulatory reform for developing countries

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Exchanging Ideas on Corporate Social Responsibility

Creating innovative spaces for fruitful exchanges between academics and practitioners has proved to be one of CARR's most challenging objectives. The quality of our engagements with the worlds of practice depends on us creating forums where practitioners can debate the broader issues that affect them away from everyday routines and problems.

One recent opportunity was provided when CARR hosted the fifth and final seminar in the LSE series 'Dilemmas of Competitiveness, Community and Citizenship' in February. Sponsored by the Aspen Institute, the seminars have brought together businesspeople and academics to discuss a number of issues relating to business and society. The theme of the seminar, 'Should communities trust business to manage risk?' was highly relevant to CARR's research interest in organisational risk management systems and corporate governance.

Corporate social responsibility poses serious challenges to contemporary governance debates. However much corporations are responsible to local, national and increasingly global communities, they also have to serve shareholders and institutional investors. Balancing these diverse responsibilities is difficult and may even have contradictory effects. This is especially so on the global stage where some regard corporate social responsibility as a luxury for the 'rich' that the developing world cannot afford.

Some favour direct government regulation, but whether the state can, or even should, directly intervene is contentious. According to Richard Lambert, former editor of the *Financial Times*, communities can shape the actions of business through a strong legal and fiscal framework, but there are limits to how much can be achieved in this way. Questions remain how far businesses should move at the expense of profits and how the state can support business engagement in corporate social responsibility. Richard Lambert suggests that the focus needs to be on softer forms of intervention involving a myriad of players in the 'fuzzy corporate social responsibility' space.

An alternative model for stimulating change has been the industry driven Turnbull Report with its top-down integrated corporate risk management policy. Simon Deakin, Monks Professor of Corporate Governance at the University of Cambridge, echoes this view in his vision of a 'New Corporate Social Responsibility'. 'New Corporate Social Responsibility' is conceived as voluntary action by companies within a framework of rules and conventions, which shifts the focus away from direct state intervention and onto the incentives shaping company attitudes and the links between reputation, risk and competitiveness. But in an age of increasingly visible relational investor strategies, the empirical test is whether the stock market really penalises poor corporate social responsibility and whether regulation can ensure the adequate provision of information in a competitive environment.

Others argue that ethics, or in a cruder guise, reputational risk can be a real incentive for some companies. But a scan across the corporate world reveals large gaps between what corporations say and what corporations do. Reliance on ethical drivers of corporate activity requires heavy investment in independent monitoring.

So how far can we trust companies to manage risk? Can they be left to their own devices or should more active strategies for shaping corporate social responsibility be explored? Whichever

strategies are adopted, ideally they have to enable companies to internalise the management of risks and their responsibilities to communities and other stakeholders. This is most readily achieved, of course, when the aims of corporate social responsibility, risk management and business goals coincide. The task, therefore, is to find ways in which corporate social responsibility can demonstrably support superior business performance.

CARR's experience to date suggests that issues such as the fuzzy demands of corporate social responsibility are not amenable to a technocratic 'quick fix', but demand something closer to mature 'dilemma management' competence. At least three problems confront that task. First, what do we mean by 'responsibilities' and how can communities be best represented in debates? There has been a dramatic growth of civil society organisations over the past few decades, but determining which are democratic and representative of the community and how they can participate is no easy task. Second, attention needs to be paid to different ways of incentivising companies to meaningfully engage with communities. Third, there needs to be greater understanding of the role of information flows in managing and implementing corporate social responsibility. Companies need to know more about their supply chains and the impact of their decisions if they are to manage maturely the inevitable dilemmas and complex trade-offs with which they are confronted.

Assembling diverse participants together in practitioner forums such as this one informs and focuses our research agendas and, in turn, feeds information, knowledge and ideas back into practice. CARR has established productive relationships with multiple donors, and CARR staff have been involved in a number of practitioner research projects and activities. The PricewaterhouseCoopers Risk Forum series, for example, is providing a two-way street for the exchange of ideas and dissemination of research results. CARR also hosts up to two 'practice fellows' each year who play an active role in the intellectual life of the Centre, as shown by Michael Spackman's article on page 6 of this magazine. We look forward to fostering such productive engagements over the life of the Centre and see them as vital to our success.

Bridget Hutter and Michael Power
CARR Co-Directors





REGULATING FOR CONSUMERS

Regulation, whether imposed by the state or self-imposed, has a variety of purposes but when it comes to consumer risk there are two that stand out. First, good regulation safeguards consumers from harm. Second, it ensures that industry and consumers have a common understanding of their goals.

On the surface the idea that industry and consumers should have common goals may seem like a contradiction in terms. But regulation serves the interests of both business and consumers. It keeps industry 'in step' with the market place by establishing a framework which ensures that consumers can make their voices heard. It also protects consumers from risks they should not, or cannot, be expected to bear.

Contrary to received wisdom, consumers do not believe that all risks can, or should, be 'regulated out'. They do not expect to live in a risk free world and appreciate that too much regulation imposes costs and restrictions on businesses that may, in the end, restrict consumer choice. A more sophisticated understanding of the public's approach to risk could lead to the development of a more useful, consumer-driven hierarchy of risk.

First, there are areas where consumers cannot be expected either to have the information to make sensible decisions, or to take appropriate action even if the information is available. For example, there is little that consumers can individually do about air traffic control, other than never travel by air, and even that may be insufficient if they live near an airport. Second, there are areas where there is potentially some risk, not yet properly defined, where there are real benefits to consumers and where people want to decide for themselves. The mobile phone market provides an excellent example. Third, there are areas where underlying economic regulation is

sufficient to make sure that the market is fair and balanced and that consumers can, if they care to inform themselves and shop around, make good decisions on their own.

Of course there is a balance between protecting consumers and providing them with a variety of choices. This balance is one that will constantly be argued over and that will vary through time with the public's ability to respond to complex information and its appetite for risk. Society will not remain static.

Particular difficulty in assessing risk arises when the outcome is not known for a long time, coupled with the fact that the eventual outcome may be very harmful. Long-term investment products such as pensions provide a good example and should be tightly regulated because by the time the damage is discovered it is too late. Mistakes are equally burdensome on industry. The Financial Services Act (FSA) 1986 was heavily watered down by industry lobbying and the resulting regulation was patchy. In the end, this acted against the interests of industry. Pensions, for instance, might not have been mis-sold if regulation had been more robust. The resulting cost to industry has been enormous, not only in direct financial terms but also in terms of public confidence.

This unhappy episode also points to a particular difficulty in regulation. The Better Regulation Task Force (BRTF) quite rightly suggests that there must be a balance between risk, cost and practical benefits. The BRTF insists – again rightly – that a cost-benefit analysis should be carried out for all proposed new regulation. But how do we quantify benefit that usually takes the form of avoiding problems? How should we have costed tighter regulation under the FSA in 1986 against the benefit of avoiding pensions mis-

selling? Was this an area for a more precautionary approach?

Much hot air has been expended on the precautionary principle and an objective definition will always remain elusive. But where there is a known or potential problem coupled with an inability to assess its likelihood or scale, precaution must be the right basis on which to

Contrary to received wisdom, consumers do not believe that all risks can, or should, be 'regulated out'.

proceed. Precaution does not and must not mean a halt to innovation. It should be about getting the decision-making process right through good risk governance. A process of risk governance that is transparent, inclusive and involves all stakeholders is likely to produce more efficient regulation and better acceptance of the outcome in difficult areas. This is particularly true in the scientific field where effective handling of the introduction of new science into society is critical.

Establishing risk and relating it to appropriate regulation will remain a difficult balancing act. But, surprisingly enough, even this recognition of the connection between the two is a considerable advance. A report by the BRTF on Alternatives to State Regulation undertook a mapping exercise of regulatory regimes compared to the risk posed by various products or services. In many cases, there appeared to be little relationship between the two.

The current focus on understanding risk should engender a more thoughtful approach to regulation. It will be increasingly effective if it involves a broad range of stakeholders, if it has at its heart a much better understanding of what the public will and will not tolerate, and if it includes their views and aspirations in the process of risk governance.

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Deirdre Hutton

is the Chairman of the National Consumer Council and a member of CARR's Policy Advisory Committee. She is also a member of the UK Government's Better Regulation Task Force and chair of its sub-group on Alternatives to State Regulation.

Doctoral Programme Launch

Last term CARR welcomed nine affiliated research students from across the LSE to its new doctoral programme. The students are studying a diverse range of risk and regulation topics and have already started to play an active role in the life of the centre, as Michael Huber and George Gaskell report on page 11.

Staff News

CARR welcomes three new members of staff...

Claudio Ciborra, Professor of Information Systems at LSE, has been appointed as PwC Chair in Risk Management. He is currently examining risks involved in building and managing global information technology infrastructures and their alternatives.

Michael Barzelay, Reader in Public Management at LSE, has recently joined CARR as PwC Fellow in Risk Management. He is currently researching innovative approaches to managing strategic change in government in the United States as well as the process of public management policy change (internal regulation of government) in Germany, Spain, Brazil, Mexico, and USA. He is also refining case study methodologies for innovation research and methods for smart practice analysis.

We also welcome **Jessica Barraclough** as CARR's new Administrative Assistant and Assistant Editor of *Risk&Regulation*.

...whilst two other members of staff take the opportunity to undertake research abroad.

Mark Thatcher is undertaking research at the European University Institute in Florence.

Colin Scott is currently on secondment as Senior Research Fellow in Public Law at the Research School of Social Sciences at the Australian National University.

Visitors

CARR's Visiting Fellows programme is proving a great success, and over the next few months CARR will be welcoming two more leading international scholars.

Marius Aalders, Professor of Environmental Law and Policy at the University of Amsterdam. Professor Aalders is currently studying the relationship between administrative law and criminal law enforcement, the function of general care obligations in environmental regulation and the process of negotiation in the application and preparation of environmental permits.

Rolf Lidskog, Professor of Sociology at the University of Örebro, Sweden. Professor Lidskog is currently researching the socio-political aspects of environmental management and policy-making and is undertaking a project on 'Participatory approaches to risk assessment and management' with CARR's Andrew Gouldson.

CARR's First Birthday

CARR marked its first anniversary with the publication of its first Annual Report in December. The Annual Report can be viewed on CARR's website: <http://www.lse.ac.uk/Depts/carr/>



Inaugural Lecture and Book Launch

All Souls College hosted Christopher Hood's Inaugural Lecture as Gladstone Professor of Government at the University of Oxford last November. The lecture on 'The Risk Game and the Blame Game' has recently been published in the journal *Government and Opposition* (see page 14). The lecture was also the occasion for launching two books by CARR authors published by Oxford University Press: *Regulation and Risk* (Bridget Hutter) and *The Government of Risk* (Christopher Hood, Henry Rothstein and Robert Baldwin). The lecture and reception were attended by over sixty senior academics and practitioners.

Bureaucratic Competency or Ineptitude?

Christopher Hood's and Martin Lodge's study of civil service competencies and economic policy-making, reported in the last issue of *Risk&Regulation*, has just been published by the Industry Forum. Focusing on the British DTI and the German Federal Economics Ministry, the study reports three major findings. First, neither department had a well planned approach to consultation that matched the range of business and policy environments they faced. Second, both departments focused mainly on the skills and attributes of individuals and paid much less attention to the management and selection of policy teams. Third, neither department had a well developed set of standards for evaluating the quality of civil service contributions to policy-making, particularly for less routine issues.

Competency or Ineptitude? Policy-making in the British DTI and German Economics Ministry. Please email Martin Lodge at risk@lse.ac.uk for copies.

CARR in the News

CARR members have been in the news lately, discussing topics across the risk and regulation spectrum. Michael Power was interviewed on the Enron affair for Radio 4's *The World at One* and Andrew Gouldson was interviewed by Radio 4 for an item on the possibilities and pitfalls of dialogue between business and environmental NGOs. Timothy Besley's research on press regulation was reported in the Italian newspaper *Il Corriere della Sera*, whilst Channel Four News interviewed Robert Kaye about the regulation of MPs' conduct (*Legislating for Legislators*, page 7).

Serving the Public Interest?

With risk regulators paying ever more heed to media headlines, **Michael Spackman** argues that the time has come to champion evidence-based policy-making.

UK health, safety and environmental regulation serves the public interest well by world standards, but we could do better. As Joyce Tait pointed out in a recent CARR seminar, there are three main sets of regulatory drivers: interest-based drivers such as NIMBY concerns or company profits; emotive, value-based drivers; and evidence-based drivers that look for a 'reasonable' balance of all interests. Ministers and regulators, for electoral appeal or to protect personal or institutional reputations, can give too much weight to interest and value-based drivers and too little weight to evidence-based drivers.

The criterion for a 'reasonable' balance is rarely discussed in government. Perhaps the most widely accepted view is that it should reflect the informed and considered preferences of the public as a whole. Considered public preferences, however, can rarely be observed directly. In practice, they are often confused with the opinions of vocal pressure groups and the front pages of tabloid newspapers. This confusion appears to be becoming established and worryingly becoming formalised in government thinking.

A recent publication by the UK's Health and Safety Executive (HSE) exemplifies this. The report, 'Reducing Risk, Protecting People', known as R2P2, explains the HSE's approach to work-related health and safety regulation. It maintains the HSE's strong analytical tradition and, in particular, retains the excellent 'tolerability of risk' framework developed during the Sizewell B Public Inquiry,

That framework combines the ethical unacceptability of exposing people to 'high' risks with the ALARP (As Low As Reasonably Practicable) criteria, which balances extra risk reduction against extra cost for low risk exposures.

R2P2 fails, however, to address meaningfully what are described as 'societal concerns' – that is factors other than the individual risks faced by those directly affected. The report records psychometric work that shows how attitudes vary to different kinds of risk. But it does not distinguish between 'popular opinion' (to which ministers often, and regulators sometimes, are tempted to yield) and true 'public preferences' (which better reflect the public interest). For example, it sustains the common regulatory view that proportionately much more should be spent to protect people from risks of multi-fatality accidents than from equal or greater risks of single-fatality accidents. This strong bias is almost certainly contrary to public preferences. It does however reflect the PR concerns of regulators, ministers, and operators, since larger accidents attract more media attention and cries for retribution than the same number of deaths in smaller accidents.

The contrasting impacts of popular opinion and the public interest are starkly shown in the transport sector where there are pressures for extraordinary spending to reduce minute train accident risks, but pressures *against* adequate spending to reduce much higher road accident risks. Of course rail passengers have no control over train collisions, whereas people have some control over their road safety. But there is no evidence to support spending about £0.1m at the margin to prevent a death on the roads, when the equivalent figure for train protection is way above £10m. Public preferences suggest a figure close to £1m in both cases, but Ministers find it hard to concede that cost is material to rail safety, and in the climate of the Southall and Ladbroke Grove Joint Inquiry the HSE also declined to press any such argument. Road safety, in the absence of

effective lobby groups championing its cause, looks set to continue losing out to more politically rewarding spending.

The challenge of balancing the public interest against other pressures is clear across many regulatory regimes. In the environmental field, the UK has treaty obligations to other North Sea countries to reduce still further its marine radioactive discharges. The government is proposing to provide guidance to the Environment Agency on applying these obligations to regulatory standards. However, political judgement is needed about how much the direct UK public interest should be sacrificed for these wider, largely value-driven obligations. It would serve the public interest if these decisions could be made by ministers rather than by an Agency, and by ministers collectively rather than an environmental minister subject to strong lobby pressure.

The recent controversy over an alleged link between the triple MMR vaccine and autism presents a different kind of problem for promoting the public interest against value-based popular opinion. The government in this case wishes only to serve the public interest, but has difficulty in selling its case because of lack of public trust. The key here is skillful 'risk communication', but this does not come easily to ministers or to government departments.

How might we do better? Evolution within government is very slow. Parliament shows little interest. The media and lobby groups, for all their merits, are also part of the problem. Perhaps that leaves a necessary role for academia in not only analysing and describing regulation, but also in commenting upon it where it appears to be contrary to public preferences, and in developing ways forward.

Michael Spackman is a CARR Visiting Fellow. He was Chief Economist at the Department of Transport and was Undersecretary at HM Treasury until 1995. He is currently a Special Advisor to National Economic Research Associates.

Legislating for Legislators

The recent turmoil over the appointment of the Parliamentary Commissioner for Standards raises important questions about how far it is possible to regulate MPs' conduct, argues **Robert Kaye**.

'Westminster is one of the last bastions of gentle self-regulation', complained the *Sunday Times* last year, 'It's like the vampires being left in charge of the blood bank'. It is an irony that while parliament has presided over the creation of the 'regulatory state', its ability to retain control of its own members has been brought into question.

The case for tight controls on MPs' behaviour is hard to resist with the media running stories of MPs accepting cash for parliamentary questions, misleading ministers over links with lobbyists, or interfering with enquiries into the non-declaration of financial interests. But the recent story of claim and counter-claim over the fate of the first Parliamentary Commissioner for Standards suggests that regulating MPs is not an easy task. Some MPs felt the Commissioner was over-zealous and lacked a sense of proportion. Many outsiders, however, were of the opinion that she had been removed because she was too dedicated to her job.

Do MPs Need Regulating?

There is a sporadic history of MPs abusing their positions, but whilst such behaviour needs to be controlled, it is not at all clear whether regulation is the way to do it. Some MPs claim that regulation is unnecessary and point to the relative lack of corruption in the UK. They conclude that regulation is at best unnecessary, and at worst could undermine the general good sense of MPs. But it is not clear that Britain is as free from corruption as these regulatory minimalists would like to believe. Certainly the UK generally ranks higher than many European partners in surveys of corrupt behaviour. But it consistently ranks below states such as Canada, New Zealand, Singapore and the Scandinavian countries.

More importantly, such an argument misses the point that regulation is not solely to control a handful of corrupt politicians. Without an ethical framework, under which standards are articulated and infractions punished, there is a real danger of a widening gulf between the practice of MPs and the expectations of voters. Research indicates that without an ethical framework, some MPs come to accept or rationalise behaviour that most would consider wholly improper. Ethical regulation is as much concerned with preventing the appearance of misconduct as misconduct itself.

Leave it to the Ballot Box?

A more sophisticated objection to the regulation of MPs is to point to their democratic mandate. On this view, MPs are directly accountable to their electorate and not only is this held to be sufficient to deter misconduct, but any additional regulatory mechanism can only detract from the democratic right of the electorate to control their own representatives.

The argument fails for two reasons. Normatively it fails because the ballot box is wholly inadequate as a regulatory tool. Elections in the UK remain dominated by national parties and national issues. As politicians are wont to point out, 'ordinary people' are more concerned with the results of public service than with process. It is, for example, unclear whether Neil Hamilton would have lost his seat to the Independent candidate Martin Bell in 1997 if Labour and the Liberal Democrats had not stood their candidates down in Bell's favour.

Empirically the 'democratic' argument also fails because of other

factors governing MPs behaviour that need to be taken into account. Take the Whips, for example. Their weekly circular to MPs, indicating expected attendance and votes constitutes its own regulatory regime backed up with disciplinary sanctions ranging from loss of preferment to ostracism and, allegedly, even on occasion physical assault.

Enter the Sleazebuster

Faced with ever more corruption scandals, parliaments are increasingly coming to rely on specialist committees and commissioners to deal with the numerous ethical dilemmas and conflicts of interests faced by legislators. Indeed, the regulatory framework within which British parliamentarians operate has changed considerably in the last seven years. Codes of Conduct have been introduced for both MPs and peers; the self-regulatory committees that oversee standards in the Commons and Lords have been formalised, and even the political parties have themselves introduced ethics bodies. The measure that has been the most publicly controversial, however, has been the introduction of a Parliamentary Commissioner for Standards to police the Code of Conduct.

As recent events have suggested, the theoretically independent Parliamentary Commissioner is seriously constrained by sitting at the centre of a self-regulatory web. This is not unusual: regulators can, after all, be regulated. But the insularity of Parliament creates self-replicating spirals: individual MPs are accountable to the Commissioner. But the Commissioner is appointed by MPs, reports to MPs and is also accountable to the Speaker, who is elected by - MPs. This may appear neatly symmetrical, but large parliamentary majorities can outplay Commissioners leaving them as regulators accountable only to the regulated.

The result is that in place of lines of accountability, we have regulatory spaghetti, with government at the centre and the electorate at the periphery armed only with the blunt tool of the ballot paper. With the electorate ill-placed to force change upon MPs, reform probably depends upon politicians giving up control over their own regulation. But experience suggests this may not happen until sleaze has brought the entire political system into disrepute.

Robert Kaye is a CARR ESRC Research Officer and is currently undertaking research on parliamentary self-regulation.



Decentralisation is on the policy agenda all over the world and counts many supra-national institutions amongst its key proponents. Policy practice, however, is running ahead of clearheaded thinking and analysis. Moreover, like other policy movements (privatisation being a key example), the slogan of decentralisation is used to stand for a variety of different policy experiments.

I have recently been involved in setting up a task force to explore these issues with the Initiative for Policy Dialogue, a new policy network established by the 2001 Nobel Laureate in Economics, Joe Stiglitz. The task force met for the first time in New York City in November 2001 and drew together ten economists and political scientists from across the world. The task force's main role is to take stock of the debate and to compare cross-country experiences, but it will also clarify the different forms that decentralisation takes and provide a careful analysis of its pros and cons.

Economists have traditionally identified a range of factors, such as scale economies and spillovers, that suggest a need for more centralised governance. In the other direction, decentralised governance has often been associated with informational efficiency. For example, public officials are more easily monitored in local settings. Long ago, Charles Tiebout also suggested an analogy between decentralised government and the market. Just as we are able to pick our preferred brand of cornflakes, decentralised

Decentralisation is on the policy agenda all over the world but policy practice is running ahead of clearheaded thinking and analysis.

governance should make it possible to choose the kind of community in which we want to live. Decentralisation can also encourage yardstick competition by allowing citizens to compare the quality of services provided in different jurisdictions.

Political economy considerations have enhanced our understanding of these issues. Centralised governments may be more susceptible to log-rolling and governing more heterogeneous polities may entail higher transactions costs. There are also important issues concerning the powers of elites or special interest groups in more centralised or decentralised forms of governance.

The task force is mainly focusing on the experience of Latin America, India

Decentralising Governance

As interest in decentralising governance increases across the world, **Tim Besley** heads-up an international task force to offer a much-needed analysis of the issues involved.



SYLVIA CHANT

and China and, in so doing, encompasses a wide variety of experiences with very different motivations. Chinese decentralisation, for example, could plausibly be viewed as an effort to credibly dis-empower the state (in particular its taxing capacity) and hence improve incentives for investment. In most other countries, the rhetoric is much more about strengthening the power of the state and its capacity to deliver public services.

The Panchayat Raj reforms initiated in India in 1993 provide an important example of efforts to improve the quality of the state. Those reforms compel state governments to decentralise powers to elected local governments and to reserve some government seats for women and traditionally disadvantaged groups. I am currently working with the World Bank on a survey of five states in southern India to study how different institutional structures affect policy outcomes and patterns of political participation. In that project we are surveying 7000 households in around 700 communities, holding in-depth interviews with elected leaders and examining government balance sheet data. The fact that one third of the seats in local government are (randomly) reserved for women also creates an interesting natural experiment to be studied.

So what lessons are emerging from research on decentralisation? First, government decentralisation needs to be complemented by institutions such as the local press, which can scrutinise policy and officials. Second, effective political competition at the local level also appears to be important. Finally, there is a need to understand the structure of local elites and their role in governance.

The task force hopes to advance knowledge beyond the trite notion that the world is a complex place. It may even be possible to reach some kind of consensus on some of the preconditions for effective local governance. The philosophy of the Initiative for Policy Dialogue, however, is that it is equally important to identify policy alternatives with well-defined pros and cons. Such two-handed policy advice is sometimes caricatured, but the dangers of misplaced policy advocacy are all too real. This is an opportunity for academics to bring both integrity and balance to the policy debate by clearly delineating the value of alternatives, rather than peddling the kind of certainty that many politicians appear to crave.

Tim Besley is a member of CARR, Professor of Economics and Director of STICERD.



Regulatory reform of network industries in developing countries presents many challenges, and none more so than the Caribbean telecommunications industry, report (a suntanned) **Martin Lodge** and **Lindsay Stirton**.

Regulatory reform in network industries presents many challenges. The organisation of the industry, the allocation of regulatory authority and the extent of liberalisation are just some of the key issues facing policy-makers. In the developing world such questions are even more problematic. Policy-makers in those countries have to contend with the inherently linked goals of economic and social development in conditions of high inequality, restricted access to network services and limited resources for infrastructure investment.

In order to understand the dynamics of regulatory reform in the developing world, we looked at telecommunications policy in three Caribbean countries, Jamaica, Trinidad and Tobago, and Barbados. Telecommunications is held to be a crucial factor for successful economic and industrial transition, but presents the three (small) island economies with four particular challenges.

First, basic universal service can only be an aspiration whilst technological standards are outdated and household access to basic telephone services remains relatively low. Second, none of the states have much home grown regulatory expertise. Third, all three states have to negotiate with one dominant

incumbent, Cable & Wireless, although the exact ownership pattern varies across states. And fourth, telecommunications, like other network industries, is highly politicised with politicians playing a key role in the selection of operators and in price-setting, and the use of cross-subsidisation to reduce domestic call charges and to expand networks.

Different national starting points have meant that the three states have responded differently to the common challenges of regulatory reform. Each island, however, teaches us some important lessons about regulatory reform in developing countries.

The advantages of phased liberalisation

Barbados followed Jamaica in adopting a phased transition to a fully liberalised market. Gradual liberalisation started with a limited opening of mobile and other non-core markets and is to conclude with the most profitable telecommunications market, international telephony (profits from which have historically cross-subsidised local rates) and possible rate-rebalancing. In contrast, Trinidad and Tobago adopted a strategy of immediate liberalisation allowing licensing of new entrants into all aspects of telecommunications services.

Phased liberalisation has often been accused of allowing the incumbent to shore up its position, but such an approach may very well be a necessary condition for an orderly transition towards liberalised markets. Even 'big bangs' usually lead to gradual competition, and 'big bangs' can turn into whimpers. Trinidad and Tobago's reforms have been bogged down for over a decade by legal challenges, delaying tactics on part of the incumbent, stop-go effects of domestic political instability and an uncertain agenda for liberalisation.

Capacity matters more than organisation

All three states have established free-standing regulatory authorities, but each have adopted different models. Jamaica adopted a British 'Of-type' regulator for telecommunications, water and electricity. In contrast, Trinidad and Tobago chose to separate telecommunications from existing departmental structures by creating a regulator headed by a politically appointed board for telecommunications sitting alongside the existing and similarly structured Regulated Industries Commission. Barbados, meanwhile, placed its faith in a Fair Trading Commission, similar to the Commerce Commission of New Zealand.

There is little consensus on the form regulatory structures should take, whether they be board vs. presidential leadership, or multi-sector vs. industry vs. sector-specific regulator. The Caribbean experience teaches us, however, that

the key issue is to establish and sustain sufficient domestic regulatory expertise to withstand the continuous pressures of well-resourced trans-national telecommunications operators and political interests. Unless regulatory authorities foster and sustain sufficient domestic regulatory expertise, they have to fall back on international 'best-in-world' expertise that may be ill-suited to country-specific issues. The history of regulatory reform in Trinidad and Tobago shows how imported expertise can fail where international donors provide technocratic 'leaders' with little understanding of the political circumstances. In contrast, the Jamaican case shows how the continuous 'import' of regulatory expertise on a medium-term basis at the non-executive level can have considerable positive effects. The latter strategy is also less likely to offend local sensitivities and can improve the overall capacity of the organisation.

Regulatory relationships need embedding

Network industries, such as telecommunications, remain highly politicised and governments and incumbents are continually tempted to resort to traditional informal ways of 'problem-solving', so undermining the credibility of the regulator and the viability of new entrants. On the one hand, new relationships must be embedded by paying crucial attention to greater formality in dealing with incumbents. On the other hand, political incentives to adopt an overly adversarial approach towards the (multinational) incumbents can frustrate joint development programmes and the introduction of new technologies.

These points illustrate some of the challenges facing policy-makers, not just in the three Caribbean states, but in developing countries more generally. It is unlikely that international 'off-the-shelf' solutions will provide an ideal way of transporting telecommunications regulation into the age of liberalised markets. Nor is liberalisation going to solve all the problems of regulatory control and political expectations. Developing regulatory capacity requires far less reliance on supposedly 'best-in-world' blueprints and short-termist 'leader-driven' programmes than we have so far seen. Instead, developing appropriate regulatory capacity requires far more sensitivity towards local environments and sustained support for the maintenance of domestic regulatory expertise.

Martin Lodge is a CARR ESRC Senior Research Officer. Lindsay Stirton is a CARR Research Associate and Tutorial Fellow in Law.

The research was supported by a joint grant from the British Academy and the Association of Commonwealth Universities.

Japan: Land of the rising audit?

Is Japan heading for a UK-style 'audit explosion' or will it take its own distinctive route to public and private sector reform? **Michael Power** considers the arguments on the eve of the translation of his book, *The Audit Society*, into Japanese.

Perhaps it is no coincidence that *The Audit Society* is being translated into Japanese at a time when Japan's economy and public administration are experiencing a profound transformation after a decade of difficulties. The Koizumi government is undertaking a widespread programme of structural economic reform, and job losses at major corporations, like Hitachi, make headlines in Western newspapers. There is much discussion about the changes needed within Japanese economic life in order to cope with global (particularly Chinese) competition in many sectors where Japan has previously dominated.

Such an environment, in which economies and their component organisations are suddenly 'poor', in which financial scandals rock the establishment, and in which pressures exist for de-regulation and public sector efficiency reforms, is ripe for an 'audit explosion'. Auditing, monitoring and evaluative activities come to be seen as a panacea for private and public sector organisations in search of more efficient use of resources, and in search of ideals of transparency and accountability. This is the so-called 'audit society hypothesis' and the question is whether it is an idiosyncratic British disease or a global phenomenon.

When information flows around relational networks and within closed policy communities, formal reporting and oversight mechanisms are not significant modes of control and form a low status part of the economic and political order. As Ronald Dore has observed, the delicate balance between audit and trust characterises the way a society operates and, historically, that balance in Japan has been slanted towards trust and mutuality. Whether this balance is now changing in Japan is the key issue.

In the name of greater competition and efficiency, the dominance of relational and informal contractual ties across supply chains, between borrowers and lenders, and between regulators and regulated, may be replaced by more distant and formal agency relationships supported by audit.

How and whether this happens will depend on the precise direction of institutional reform within Japan against the background of a culture of 'mutuality'. Despite having a well-known history of transplanting Western systems, Japan has generally subsumed imported ideas within a mutualist, anti-individualist cultural background. Accordingly, the question is whether this pre-modern consensus-building process will continue to provide the framework for 'new public management' style reforms in Japan, with their attendant emphasis on performance and audit.

As far as public sector auditing and inspection is concerned, much will depend on the evolving role of the Board of Audit (BOA)

and the newly created Administrative Evaluation Bureau (AEB). According to Takashi Nishio, a leading Japanese scholar of public administration, the BOA is weak because its constitutional independence removes it from the complex but high status processes of 'mutual adjustment'. As closed policy communities in government open up under the reform process, however, the BOA may have an opportunity to mirror other 'supreme audit institutions' around the world by extending its historical role beyond low level transaction vouching. The AEB represents the more established post war traditions of value for money and efficiency inspections, but suffers from the criticism that its embeddedness in mutual adjustment processes and, therefore, its lack of independence, leads to a dilution of its critical function. So the strengths and weakness of the two audit and inspection bodies in Japan are exact opposites.

A Japanese 'audit explosion' will have profound implications for traditional authority structures exposed to demands for 'auditable' rules and transparency, such as the 1998

ethics law for the civil service. Japan must also face the challenge of distinguishing between the productive and the pathological dimensions of audit.

Claims for the beneficial effects of auditing are always undermined by the games that organisational agents play to create elaborate images of improvement and performance. So the emergence of auditing in reformist Japan could prove to be a symptom of crisis rather than a solution.

Auditing empowers new experts in oversight and internal control, but these experts are not necessarily the right ones.

Valuable forms of action and decision making which are highly judgemental and which depend greatly on trust, escape audit and risk becoming less legitimate.

So will Japan shift from being a relatively high 'trust based' society based on mutuality to being an 'audit society' based on formalised transparency? Will the relentless pressures for reform in the name of the gods of accountability and competition undermine Japanese abilities to mitigate the downside effects of an audit explosion? I hope that *The Audit Society* can inform the discussion of these issues within Japan.

Michael Power is a CARR Co-Director and P.D. Leake Professor of Accounting.

The Japanese edition of *The Audit Society* is published this summer by Toyo Keizai and is translated by Katsuhiko Kokubu and Shinji Horiguchi.

First Steps Towards a Common Intellectual Space

Last term we welcomed nine research students from across the LSE to the **new CARR doctoral programme**. The students bring a diverse range of disciplinary perspectives to their research including auditing and finance, law, political science, sociology and social psychology. That diversity is creating exciting intellectual synergies in exploring concepts of risk and regulation. Central to the doctoral programme is a regular seminar series where the students are exposed to a wide range of literatures, conceptual issues and empirical studies and, over the next few years, it is hoped that this will enrich their research approaches and agendas.

CARR is also organising a major conference on 19 – 20 September 2002 for doctoral students in the field of risk and regulation from across the UK. This initiative will provide a unique opportunity for doctoral students from the social sciences to present and discuss work in progress, learn from leading thinkers as well as meet fellow researchers. Students from across disciplines are encouraged to attend (see panel for details).

The doctoral programme is directed by **Michael Huber** (Aon Fellow in Risk Management) and **George Gaskell** (CARR Programme Director and Professor of Social Psychology).

Andrea Mennicken is examining the role of international standards in auditing practices in Russia. Andrea is considering the extent to which such international standards act as instruments for stabilising transitional economies by promoting transparency and improvements in external control.

Anette Mikes is exploring the forms and uses of risk communication systems within business organisations. In particular, Anette is examining the determinants of internal risk communication within the banking, insurance and social housing sectors where there are strong regulatory imperatives to develop corporate risk reporting systems.

Duncan Matthews is investigating why European Union regulatory innovation often simply emulates prior national regulation. Drawing on diverse case-studies that include insurance markets, drinking water quality and health and safety at work, he has already identified a range of internal and external determinants that can influence which national approach is likely to be followed.

Paolo Benedetti is scrutinising the role of institutions and their impact on political behaviour in relation to Argentinean utility regulation during the 1990s. In particular, Paulo is examining the effects of selected institutional arrangements and their effects on the robustness of the regulatory frameworks as well as on regulators' independence, autonomy and accountability.

Tola Amodu is examining the use of contractual instruments as regulatory mechanisms within the field of planning law. In particular, Tola is examining whether negotiations and contracting serve a useful purpose in highly complex and uncertain situations that make it difficult to define problems.

Ben Morris is examining whether relationships between regulators and regulatees are becoming increasingly formalised and legalised. Ben is taking two very different case studies the Office of Fair Trading and the Commission for Racial Equality- in order to investigate possible patterns of juridification and the causal factors involved.

Katerina Sideri is studying regulatory evolution and change in relation to key aspects of the 'information society'. Katerina is examining a challenging range of cases including competition decisions; research, technology and development; and the internet.

Nick Allum is studying public perceptions of biotechnology risks in the UK. In particular, Nick is investigating what kinds of risk-beliefs people hold about gene technology and how these are represented in lay discourse and surveys. A central question is how risk perceptions are influenced by an individual's scientific or other knowledge of the issue, trust in gene technology actors, and moral and political values.

Susan Kerrison's research is on the relationship between regulatory styles and outcomes in relation to nursing home regulation. In particular, Susan is examining how vague regulatory rules stretching back to the 1920s are socially patterned and how they have impacted on the care of frail elderly people.

Risk and Regulation

Research Student Conference

A conference for doctoral students in the social sciences to present and discuss work in progress.

19 – 20 September 2002, CARR

Thursday 19 September, 17.00: Keynote address and reception

Friday 20 September 9.30 – 17.00: Conference

For further details contact:

Michael Huber, CARR. Email: risk@lse.ac.uk

Details of forthcoming seminars can be found on the CARR website: <http://www.lse.ac.uk/Depts/carr/>

Regulation: a useful concept?

Julia Black, CARR
October 2001

Regulation is increasingly being seen as 'decentred' from the state. According to Dr Julia Black, a decentred perspective opens up the cognitive frame of 'regulation', enabling commentators to spot regulation in previously unsuspected places. Decentred accounts prompt policy thinkers to consider the delivery of public policy goals via a wide range of configurations of state, market, community, associations and networks. But decentred accounts also raise fundamental questions about regulation, the state and the law. What is it that is being 'decentred', what purpose does the concept of 'regulation' serve, and what are the implications of decentred accounts? Debate on these questions is sorely needed if we are to go beyond contemporary answers that are at best contested and at worst incoherent.

Governance, Risk and Modernising Government

Joyce Tait, University of Edinburgh
November 2001

Policy innovations within the Scottish, UK and EU 'Modernising Government' agendas relate primarily to education, health and social policy, but rarely focus on science, technology and innovation, regional development and environmental regulation. According to Professor Joyce Tait, the lack of 'joined up' policy goes largely unrecognised, but in the context of risk at least, this is an area that urgently needs policy integration. Using examples from chemical and biotechnology regulation, Professor Tait outlined the range of different approaches to policy-making, such as evidence-based, interest-based and ideologically-based styles and the consequent problems and conflicts that can arise. Professor Tait concluded by arguing that science and technology poses particular challenges that cannot afford to be sidelined in discussions of modernising government.

Traders and the Management of Risk in Financial Markets

Paul Willman, University of Oxford
December 2001

Professor Paul Willman's seminar examined the management of traders in financial markets from the perspectives of agency and prospect theory. Using interview data from a sample of traders

and managers in four investment banks, Professor Willman argued that the characteristics of managers and the nature of their role leads them to focus on avoiding losses rather than making gains. Professor Willman discussed the consequent policy issues for managers and the implications for agency and prospect theory.

Evidence Based Versus Value Based Policy: UK safety and environmental regulation

Michael Spackman, National Economic Research Associates
January 2002
(*Serving the Public Interest?*, page 6)

Fuzzy Legality and National Styles of Regulation: government intervention in the Israeli downstream oil market

Margit Cohn, Hebrew University of Jerusalem
February 2002

In her seminar, Dr Margit Cohn examined the concept of 'fuzzy legality'. 'Fuzzy legality' serves as a collective title for six different regulatory techniques that are 'perfectly legal' but deviate in their operation from the ideal-type regulatory arrangement and may enable actors to accumulate covert and unaccountable gains. Drawing on the example of state intervention in the Israeli downstream oil (supply) market, Dr Cohn argued that 'fuzzy legality' allowed the industry, acting in concert with the government regulator, to retain a lucrative and practically non-accountable arrangement. Three central forces encouraged the continuation of fuzziness: a 'cloud' of state-security, institutional 'stickiness' that preserved colonial mandatory legal structures, and a prevalent national culture of non-legalism. Dr Cohn contrasted the Israeli regulatory style of 'adversarial non-legalism' with American 'adversarial legalism' and its opposite, 'consensual non-legalism', and argued that the Israeli style shows less promise for balance between market and public interests.

Extreme Risks and the New Capital Allocation Charge for Operational Risks

Elena Medova, University of Cambridge
February 2002

Operational risk is a consequence of critical contingencies, which are varied in nature and can lead to extreme losses. According to Dr Elena Medova, however, the current Basel

proposal for economic capital allocation for operational risk has a number of flaws. Instead Dr Medova argued for a formalised definition of operational risk linked to the evaluation of economic capital provision for market and credit risk. Such operational risk can be captured by losses that exceed some statistically defined threshold value. From that standpoint, Dr Medova showed how extreme value theory can be used to calculate the economic capital requirement against unexpected operational losses.

Common Knowledge, Coherent Uncertainties and Consensus

Yakov Ben-Haim, Technion – Israel Institute of Technology
March 2002

In conflicts or games, 'common knowledge' refers to what one protagonist knows about another protagonist's knowledge. Common knowledge carries special strategic significance in many contexts, such as search and evasion exercises and teamwork and consensus building. Professor Ben-Haim formulated three theorems about common knowledge in the context of info-gap decision theory. First, knowledge is constricted as info-gap uncertainty grows. Second, there is a trade-off between common knowledge and uncertainty: complete common knowledge is possible only without uncertainty. Third, info-gap coherence functions can express the extent to which parties can have different knowledge without jeopardising the potential for consensus.

FORTHCOMING LUNCHTIME SEMINARS

Anthony Ogus

University of Manchester
30 April 2002

Risk Analysis and Behavioural Law and Economics

Neil Gunningham

Australian National University
21 May 2002

Corporations, Risk Management and the Environment

Charles Dannreuther

University of Leeds
18 June 2002

Ideologies of Risk and Regulation

Seminars start at 1pm, Room H615, Connaught House, LSE

CARR sponsors risk and regulation conferences at LSE and at universities throughout the UK.

CONFERENCE NEWS

New Crafts for an Old Machine? Civil service competence in economic policy-making

Anglo-German Foundation, London
October 2001

The aim of the workshop was to bring together central government officials and other observers from Germany and the UK to discuss challenges to civil service competence in economic policy-making. The discussions broadly focused on demands on individual as well as organisational competencies in three aspects of policy capacity and activity, namely: Consultation; Subject Expertise and the New Public Administration; and, the State as Risk Manager. By drawing on officials from different policy settings, the seminar generated a wider cross-national discussion of the role, necessary skills and wider competencies of civil servants in particular and public administration in general. For full conference report visit: <http://www.agf.org.uk/pubs/pdfs/e1361web.pdf>

Business History and Risk

University of Leeds
February 2002

CARR, in association with the Centre for Business History, University of Leeds held a successful workshop aimed at examining the various ways in which business historians have explored issues of risk in their work. Tony Freyer (University of Alabama) surveyed national patterns of antitrust and risk regulation, focusing on divergent national consciousnesses of accountability and competition. Oliver Westall (University of Lancaster) focused on the insurance industry as a bearer of risk and highlighted the historical lack of systematic risk assessment in most traditional insurance businesses and the rather narrow fronts on which statistical risk evaluation had advanced. Jo Melling (University of Exeter) examined the risks borne by employees in industrial employment, focusing on the history of industrial silicosis. He challenged the view that trade unions, by campaigning for compensation, have hindered prevention and regulation. Finally, Philip Augar (author of *The Death of Gentlemanly Capitalism*), discussed the City of London and the management and changing cultures of risk before and after the 'Big Bang'.

The workshop, attended by historians, economists, accountants and risk analysts from 11 institutions, highlighted the fact that although 'risk' is a recurrent issue in business history and in many of the theories that it draws on, little work focuses directly on understanding the nature of risk itself.

Regulatory Impact Analysis in Comparative Perspective

CARR, LSE
March 2002

In March CARR hosted an international workshop on regulatory impact assessment in association with the ESRC Future Governance programme (directed by CARR Associate, Professor Edward Page). Contributors to the workshop included Professor Claudio Radaelli (Bradford University/EUI Florence) who offered an OECD-wide perspective on regulatory impact assessment, while Professor Antonio La Spina (Presidency of the Council of Ministers, Italy) and Mark Courtney (UK Cabinet Office) provided overviews of Italian and British experiences. The discussion identified the problems of this emerging government activity and highlighted potential avenues for improvements and cross-national learning.

FORTHCOMING CONFERENCES

Accountability, Accounting and Regulation Centre for Competition and Regulation, UEA, Norwich 12 April 2002

A one day seminar including papers on related topics of relevance to utilities and the professions, especially accounting, auditing, legal and medical, and a broader discussion of alternative accountability models. Speakers include Catherine Waddams, Stuart Ogden, Lynne Conrad, Anne Davies, Martin Lodge and Lindsay Stirtion.

Organisational Encounters with Risk

CARR, LSE
3 - 4 May 2002

How do organisations understand and process risk and, in particular, how varied are organisational 'encounters' with risk? The conference will be structured around three related moments in the management or mismanagement of risk: encountering, sense-making and re-organising. Invited speakers include Dian Vaughan, Howard Kunreuther, Carol Heimer, Donald MacKenzie and Sheila Jasanoff.

Risk and Regulation: Research student conference

CARR, LSE
19 - 20 September 2002

A conference for doctoral students in the social sciences to present and discuss work in progress (see page 11).

**More information on CARR events can be found on
CARR's website, <http://www.lse.ac.uk/Depts/carr/>**

CARR Discussion Papers

DP1
 REGULATING GOVERNMENT
 IN A 'MANAGERIAL' AGE:
 TOWARDS A CROSS-
 NATIONAL PERSPECTIVE
**Christopher Hood and
 Colin Scott**

DP2
 THE EU COMMISSION AND
 NATIONAL GOVERNMENTS
 AS PARTNERS: EC
 REGULATORY EXPANSION
 IN TELECOMMUNICATIONS
 1979-2000
Mark Thatcher

DP3
 THE NEW POLITICS OF RISK
 REGULATION IN EUROPE
David Vogel

New

DP4
 CRITICAL REFLECTIONS
 ON REGULATION
Julia Black
(Regulation: a useful concept?
 page 12)

DP5
 EMBEDDING REGULATORY
 AUTONOMY: THE
 REFORM OF JAMAICAN
 TELECOMMUNICATIONS
 REGULATION 1988-2001
**Lindsay Stirton
 and Martin Lodge**
(Global Tunes to a Caribbean Beat,
 page 9)

Risk&Regulation is also published on CARR's website and back issues are available free on request. Please email David Black at risk@lse.ac.uk if you wish to order copies.



Recent Books by CARR Members



FROM CONTROL TO DRIFT:
 THE DYNAMICS OF
 CORPORATE INFORMATION
 INFRASTRUCTURES
**Claudio Ciborra
 and associates**

Oxford University Press 2001

From Control to Drift is the outcome of a major international research project that investigated the deployment of information technology in large corporations. Under the pressure of globalising strategies, firms build and manage ever more complex information infrastructures. Such complex systems, however, present unexpected consequences and side effects. The search for control through sophisticated infrastructures reveals hidden risks that demand new governance structures and strategies.

Forthcoming in 2002

COMPLEXITIES:
 CHALLENGING THE
 WISDOM OF SYSTEMS
Claudio Ciborra

Oxford University Press 2002



Other Recent Publications by CARR Members

Handcuffs for the Grabbing Hand? Media capture and government accountability
 Timothy Besley with Andrea Prat
 CEPR Discussion Paper 3132, 2001

Decentering Regulation: Understanding the role of regulation and self-regulation in a 'post-regulatory' world
 Julia Black
 Current Legal Problems 54, 2001:
 pp103-147

The Control Devolution: ERP and the side effects of globalization
 Claudio Ciborra and associates
 Data Base 32 (4), Fall 2001: pp34-46

The Risk Game and the Blame Game
 Christopher Hood
 Government and Opposition 37 (1),
 2002: pp15-37

Is Enforced Self-regulation a Form of Risk Taking?: The Case of Railway Health and Safety
 Bridget Hutter
 International Journal of the Sociology
 of Law 29, 2001: pp379-400

Transparency Mechanisms: Building publicness into public services
 Martin Lodge and Lindsay Stirton
 Journal of Law and Society 28 (4),
 December 2001: pp471-89

Barking Mad? Risk regulation and the control of dangerous dogs in Germany
 Martin Lodge
 German Politics 10 (3), December
 2001: pp65-82

Risk Management Under Wraps: Self-regulation and the case of food contact plastics
 Henry Rothstein
 Journal of Risk Research 5 (2), 2002

Private Regulation of the Public Sector: A neglected facet of contemporary governance
 Colin Scott
 Journal of Law and Society 29,
 2002: pp56-76

CARR research staff

Michael Barzelay

PwC Fellow in Risk Management

Reader in Public Management

Executive leadership in government; Managing government operations; Internal regulation of government (public management policies); Case study research methodology.

Tim Besley

Director of Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD)

Professor of Economics

Public economics; Development economics; Political economy.

Julia Black

Senior Lecturer in Law

Regulatory techniques and processes; Interpretive and discourse based approaches to regulation; Rule making; Financial services regulation.

Claudio Ciborra

PwC Professor of Risk Management

Professor of Information Systems

Global information technology infrastructures; Business risk strategy in relation to building and managing integrated infrastructures.

George Gaskell

CARR Programme Director:
Organisations and Risk Management

Professor of Social Psychology

Organisational management of technological risks; Public opinion and public policy; Expert and lay understandings of risk and uncertainty; Public perceptions of biotechnology.

Andrew Gouldson

Lecturer in Environmental Policy

Science, technology and environment; Environmental risk assessment and management; Corporate governance and stakeholder relations.

Terence Gourvish

Director, Business History Unit

Business and corporate history in the 19th and 20th Centuries; Comparative study of state-owned enterprises; Mergers and industrial concentration.

Christopher Hood

CARR Programme Director: Regulation of Government and Governance

Gladstone Professor of Government and Fellow of All Souls College, University of Oxford

Regulation of public-sector bodies; International comparative analysis of risk

regulation regimes; Institutional factors in shaping regulation; Transparency and 'better regulation'.

Michael Huber

Aon Fellow in Risk Management

Environmental regulation; Risk regulation; Organisation theories and social theory.

Bridget Hutter

CARR Co-Director

Peacock Professor of Risk Management

Sociology of regulation and risk management; Regulation of economic life; Corporate responses to state and non-state forms of regulation.

Robert Kaye

ESRC Research Officer

Self-regulation, in particular parliamentary self-regulation; Good government; British government and politics.

Martin Lodge

ESRC Senior Research Officer

Comparative regulation and public administration; Government and politics of the EU and of Germany; Railway regulation in Britain and Germany; Regulatory reform in Jamaica.

Richard Macve

Professor of Accounting

Conceptual framework of financial accounting and reporting; Financial reporting in the insurance industry; Accounting history; Environmental accounting and reporting.

Peter Miller

Professor of Management Accounting

Accounting and advanced manufacturing systems; Investment appraisal and capital budgeting; Accounting and the public sector; Social and institutional aspects of accounting.

Michael Power

CARR Co-Director

P D Leake Professor of Accounting

Role of internal and external auditing; Risk reporting and communication; Financial accounting and auditing regulation.

Jonathan Rosenhead

Professor of Operational Research

Participatory methods for intra- and inter-organisational risk management; Organisational health and safety issues; Large-scale public events.

Henry Rothstein

ESRC Research Officer

Comparative analysis of risk regulation regimes; Risk regulation and public opinion, the media, interest groups and regulatory professionals; Transparency and accountability.

Colin Scott

Reader in Law at LSE

Senior Research Fellow in Public Law, Australian National University

Regulation of government, telecommunications regulation and regulation of consumer markets; New dimensions of regulation of the public sector and regulatory innovation.

Mark Thatcher

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Comparative European regulation and public policy; Telecommunications and other utilities; Institutional design and independent regulatory agencies.

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PENSIONS
MIS-SELLING

The
BSE INQUIRY

SOUTHALL &
LADBROKE GROVE
JOINT INQUIRY INTO
TRAIN PROTECTION SYSTEMS



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