Recalibrating Risk:
Crises, Perceptions and Regulatory Change

Jonathan B. Wiener
Duke University, RFF, and
IRGC Scientific & Technical Council

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Welcome to Day 1 of this two-day conference on “Improving Risk Regulation”

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Day 1: How crises influence regulatory change

- Not disaster management during the crisis, nor relief immediately after
- The longer-term evolution of subsequent changes in regulatory policies and institutions – in response to, and informed by, the crisis
- Not just whether, but how, crises influence regulatory change
Do crises spur regulatory change?
What kind of change?
What consequences?
“Recalibrating Risk” book
(forthcoming 2015)

- Conceptual chapters
  - Economics
  - Psychology
  - Politics
  - Framing
- Case study clusters – in USA, Europe, Japan
  - Oil spills
  - Nuclear accidents
  - Financial crashes
- ~20 authors from across countries
• Do crisis events spur regulatory policy change?
  – Sometimes – crisis events may stimulate outcry, galvanize action
    • Relative to baseline risk. Surprise, shock. “Availability” heuristic. Identified victim, villain. (Safer society may = event more scandalous.)
    • Policy experts may learn from the crisis (or seize its opportunity)
  – But not always:
    • Some crises yield little policy change (or only cosmetic).
    • Some policy changes arise without crises.

• Initial conditions: pre-existing context
  – Different types of crisis
    • Effects on Perceptions – public, expert
• Different kinds of change – which type of policy response?
• Which impacts? Risk reduction, costs, ancillary impacts
• Not all reg. change requires a crisis. Not all crises -> reg. change. Some do …
• Not just *Whether* but *How* (which *type* of reg. change)? Impacts? Learning?
Types of policy responses to crisis

• Pre-existing context, baseline risk, social/political systems
• Types of crisis, e.g.:
  – Size, severity of impacts – e.g. total number harmed; distribution
  – Identified individual – victim; villain
  – Timing – frequency, surprise, unexpectedness, repetition
  – Proximity – near or distant, in space, technology, affinity
• Types of policy response (if any), e.g.:
  – Personnel changes
  – Enhance information, monitoring, surveillance, assessment, disclosure
  – Delegate to private actors, e.g. insurance, self-monitoring
  – Tighten stringency of standards
  – Increase penalties, liability, prosecution
  – Reorganize institutions: combine; divide; create/elevate
  – Fund R&D on new technology
  – Economic incentive instruments
“Recalibrating Risk”: Key questions

• How and Why do policy responses differ?
  – Pre-existing context, baseline, political/social system
  – Type of crisis
  – Choices by actors, policy entrepreneurs

• Can regulatory systems learn?
  – Learning to Prepare for crisis
    • For better crisis management
    • For preventing future crises
  – Preparing to Learn from crisis
    • Prepare to use crisis to learn, act (“never let a crisis go to waste”)
    • Institutions for learning: ad hoc inquiry commissions; standing post-crisis investigation bodies
Thank you.

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www.law.duke.edu/fac/wiener