

receive training were not affected by the program. For voluntary programs like JTPA, this assumption is reasonable, but of course the truth cannot be known with certainty. Because knowledge of program effects for the actual participants in training is of interest to policy makers, the authors report program effects in two different ways: *per assignee* (average treatment-control differences) and *per enrollee* (average treatment-control differences divided by the proportion of the treatment sample that received JTPA services).

Orr and his colleagues present an intriguing list of policy conclusions. One of the most interesting is that the National JTPA Study design not be replicated in the future. Because it took almost six years to complete, they argue that it is not possible to use this design to provide continuous feedback to policy makers in order to improve program performance. Moreover, the difficulties in obtaining site cooperation came, in large part, from local resistance to utilizing no-services control groups. Thus, for future evaluations of ongoing programs such as JTPA, the authors recommend a design in which only a few individuals at each site are randomly assigned to a control group. Such an evaluation would take place in a large number of sites on a rotating basis and would require site participation. According to the authors, this type of design would enable frequent appraisals of program performance and would be more responsive to the needs of policy makers. To a long-time proponent of experimental research, such as this reviewer, their proposal makes a lot of sense.

The results presented in this book are unlikely to be the last word on the effects of the JTPA program. Also funded as part of the National JTPA Study was a nonexperimental evaluation, but the results were not available when this study was published. Furthermore, the National JTPA Study followed sample members for only 30 months. Efforts to follow sample members for a longer period of time are currently underway and should provide important information on longer-term program effects.

PHILIP K. ROBINS

University of Miami

K Law and Economics

Exploring the domain of accident law: Taking the facts seriously. By DON DEWEES, DAVID DUFF, AND MICHAEL TREBILCOCK. New York and Oxford: Oxford University Press, 1996. Pp. xi, 452. \$69.00. ISBN 0-19-508797-6.

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In the 1980s there was an explosion in U.S. liability costs, particularly for product liability, environmental liability, and medical malpractice. More recently, there has also been an increase in workers' compensation costs, but the costs associated with automobile liability have remained more stable.

What accounts for the differing performance of these areas of liability and how can one utilize the lessons from one substantive area to inform policy judgments in other areas? These types of questions, which cut across a variety of social institutions and substantive domains are seldom raised, but could provide substantial insight into the formulation of effective policy remedies.

This excellent book by Don Dewees, David Duff, and Michael Trebilcock provides a detailed assessment of the performance of tort liability structures, administrative compensation schemes, and government regulation. Although their work might best be characterized as a critical synthesis rather than an original piece of empirical scholarship, most readers will find much material here that is new. The authors draw on a diverse body of empirical evidence, with the most noteworthy feature being their careful review of the research pertaining to the experience in Canada, Australia, New Zealand, the United Kingdom, and other countries.

The authors have three organizing principles for their work. First, they consider each of the five substantive categories of liability in succession, devoting lengthy chapters to each. Second, they consider the performance of the different social institutions in these areas with respect to three objectives—deterrence, compensation, and corrective justice. The authors reflect their law and economics training in their emphasis on deterrence issues, but they also show that economic and empirical analysis has much to say about com-

pensation and corrective justice issues as well. One major dividend from this book is demonstrating that the usual assumption by legal scholars that economic analysis can address efficiency issues, but not those involving compensation or justice, ignores the kinds of evidence presented here. Finally, the authors assess each of these liability functions by investigating both the inputs (e.g., the structure and performance of the liability systems) as well as the outputs (e.g., the safety incentive effects of workers' compensation).

The analysis of automobile injuries in Chapter 2 epitomizes their approach. Dewees, Duff, and Trebilcock review the evidence in the literature pertaining to the United States, where 16 states have adopted no-fault auto liability. Their review of the empirical evidence provides a balanced assessment of it. However, their book goes beyond the U.S. data as they also report on the no-fault experience in Quebec. The authors conclude that the performance of no-fault has been mixed. Administrative costs decrease, and accident victims receive compensation sooner, but premiums rise and some incentives for safety may be lost.

Their analysis of medical malpractice likewise reflects diverse international evidence. Recent studies in the U.S. suggest that four percent of all hospitalizations are due to adverse events attributable to medical treatment. The rise in medical malpractice costs has been the subject of a variety of studies, including an analysis of the New York medical malpractice experience, which the authors review. However, they also show that the rise in medical malpractice claims has not been limited to the U.S., but has also taken place in Canada and the United Kingdom as well. Moreover, in their assessment of effective compensation schemes, they provide a detailed review of these in Sweden and New Zealand, once again bringing in to bear international evidence that often does not figure prominently in most U.S.-based discussions.

The subsequent chapters on product liability, environmental liability, and workers' compensation continue in the same vein. Somewhat surprisingly, the authors discuss

compensating wage differentials for job risks and the associated implicit values of life in their product liability chapter. Similarly, they present a detailed table listing the costs per life saved for a wide range of government regulations in that chapter even though these regulations pertain to more than products, as they deal primarily with environmental risks and job safety. An alternative choice would have been to include such material in a broader introductory chapter that laid out the economic principles for judging performance and an assessment of some of the aspects of empirical performance that cut across the different substantive areas. The introductory chapter outlines the general approach and the structure of the book but does not exploit many of the common economic issues that pertain to all the different areas of liability.

The final substantive chapter addresses the performance of programs affecting job safety. Workers' compensation has been a particular success story in that this program has provided substantial incentives to reduce job fatality rates and has served as a very effective mechanism for transferring resources to accident victims. Dewees, Duff, and Trebilcock cite the low transactions costs associated with this program as being exemplary and perhaps providing some guidance for other liability structures as well. However, much of the success of workers' compensation is attributable to its traditional focus on acute safety problems rather than long-term health risks. The recent extension of workers' compensation benefits to compensate for injuries such as carpal tunnel syndrome have led to a dramatic increase in workers' compensation costs.

The authors conclude with a wide variety of policy prescriptions, such as proposing that merit rating be used to create incentives for deterrence. Although readers are likely to find most of these policy recommendations sensible and supported by their analysis, it is the great wealth of empirical material reviewed here that most economists will find to be the most valuable feature of this comprehensive book.

W. KIP VISCUSI

Harvard University