

determinants of corporate and governmental demand including the role of relative wages in allocating new doctorates to the academic sector. And, they treat only cursorily the possibility of substituting part-time for full-time faculty and reducing reliance on Ph.D.s for teaching in colleges and universities that are not heavily research oriented.

However, in my view the importance of their book does *not* depend upon the accuracy of their projections. Rather, by providing an explicit model and set of assumptions for their critics to challenge, the authors have implicitly laid out a research agenda for researchers concerned with academic labor markets and college and university behavior. Anyone who knows Bowen will suspect that a major purpose of the book was to stimulate further research on these topics and I am certain that *Prospects for Faculty in the Arts and Sciences* has already succeeded in that objective.

RONALD G. EHRENBERG

*Cornell University*

#### REFERENCES

- CARTTER, ALLAN. *Ph.D.s and the academic labor market*. NY: McGraw Hill, 1976.  
 CHENEY, LYNNE V. "The Phantom Ph.D. Gap," *New York Times*, Sept. 28, 1989.  
 FISKE, EDWARD. "Shortages Seen for Faculties for the 1990s," *New York Times*, Sept. 13, 1989.

*Liability: The legal revolution and its consequences*. By PETER W. HUBER. New York: Basic Books, 1988. Pp. ix, 260. \$19.95. ISBN 0-465-03920-0. JEL 89-0993

Easily the most dramatic development in law and economics and in the products environment more generally has been the emergence of product liability as a major force in the U.S. economy. Insurance premiums mushroomed in the mid-1980s. In some cases, liability insurance was denied. The net effect has been a major change in the cost of goods and the character of products being developed and sold. Visitors to motels noticed that the diving boards had been removed. Pharmaceutical companies withdrew vaccines and, more typically, reduced vaccine research. The cost of purchasing a private plane also escalated, and some models were discontinued. In all of these cases, the shifts can be attributed to the rising role of product liability in the U.S. economy.

This escalation in the product liability burden has brought about many calls for reform. In his book, *Liability: The Legal Revolution and Its Consequences*, Peter Huber presents what might best be termed the corporate brief for product liability reform. Huber provides a detailed, and highly critical review of the history of the development of product liability law, including an almost exhaustive collection of product liability anecdotes and selected case material. In addition, he summarizes and presents a variety of reform proposals intended to decrease the emerging liability burdens.

Huber begins by documenting the increasing scope of product liability law. The emergence of the strict liability doctrine greatly shifted the responsibility of companies for accidents arising out of products, replacing the earlier and much less stringent negligence criteria. Similarly, the introduction of the design defect doctrine enabled juries to function in effect as regulatory agencies. Even though there was no manufacturing defect, juries could decide that the product design was not sufficiently safe, thus imposing liability across an entire product line. Recent developments, such as the emergence of toxic torts in which there may be thousands of claimants filing lawsuits for product-related diseases, highlight the limits of product liability law. Because of the difficulty in proving causality in these instances, many of these actions simply become the search for the "deep pocket." In particular, is there an identifiable party who can be linked to the accident who has sufficient funds to reimburse the disease victims?

The difficulty with this escalation in product liability costs is not simply that products have become more expensive, and victims now receive more compensation. Rather, there are more fundamental economic effects as well. In Huber's view, the chief adverse impact is the chilling effect that these awards have had on the introduction of new products with potentially large liability exposures. In this regard, Huber leaves little doubt as to where his sympathies lie: "Who fled most quickly for shelter from the baying new tort pack? Those quickest on their feet, of course—the person of action, the company of initiative, the mover, the shaker, and the doer. When it comes to liability problems, the bold innovators are the most

fleetfooted of potential defendants" (p. 155).

Huber documents his product liability-innovation linkage with case studies and anecdotes drawn primarily from the pharmaceutical industry. Although more detailed economic analysis is needed to ascertain whether these effects are more widespread, Huber's book has served an important role in sounding the alarm with respect to a potentially major adverse ramification of product liability law.

The product liability reforms advocated by Huber involve primarily measures with a character that he terms "neocontractual insurance solutions." Parties could buy insurance policies for products in conjunction with the products themselves. There have been a variety of proposals along these lines by legal scholars such as Jeffrey O'Connell, Alan Schwartz, and Stephen Sugarman, and by economists, including Robert Cooter and Howard Kunreuther. Huber is almost certainly correct that there is a greater role for a market-oriented remedies, but which particular remedy will be most viable in view of the market failures that exist in the safety area has yet to be determined. If markets for hazardous products fail because of informational inadequacies, will insurance remedies be subject to the same sources of market failure?

The degree to which Huber succeeds in this treatment of product liability reform depends largely on the criteria one applies to making this assessment. This book is intended to be a trade book rather than a legal treatise or an economic monograph. Readers will not confront turgid legal prose with case names and arcane terminology. Instead, Huber recounts the key cases as stories in the development of tort law. The prose at some junctures is flamboyant: "Joint-and-several liability provided the brass

knuckles at the end of the law's ever-longer swing" (p. 79). Huber also has a penchant for using recent bestsellers' titles as section breakers: "Getting to Yes," "A Bonfire of Vanities," and so on. Although his prose is perhaps too consistently picturesque, economists overall should find this to be a readable introduction to the corporate perspective on product liability reform.

Perhaps the major drawback of the trade book approach is that in a book with no numbered footnotes, no tables, no graphs, and no assessment of the magnitude of competing effects, the reader is occasionally in the position of wondering whether Huber has identified the most salient influence or simply the most wrong-headed manifestation of the workings of product liability law. For example, Huber provides anecdotal evidence in Chapter 8 concerning the growth in punitive damages awards, yet one of the notes to that chapter cites an article with the title: "ABA Study Shows Punitive Awards Surprisingly Rare" (p. 243). Is the reader getting the whole story or just the evidence against the current liability regime? Although I found myself in agreement with much of what Huber said, the style of argument is often disturbing.

Nevertheless, Huber succeeds in synthesizing and communicating the developments in product liability law and the urgency of some type of product liability reform. Although the style of argument is intentionally more anecdotal than rigorous, even defenders of the current product liability regime will find that much of what Huber writes rings true. This advocacy piece will bring the excitement of the product liability reform debate to a wide audience.

W. KIP VISCUSI

*Duke University*