broad vs. narrow market focus) that new firms must make. A risk/benefit analysis of each strategic option is then conducted. Finally, comparisons are made between the strategic options of the entrepreneurial start-up companies in the industry and those of the more established chemical and pharmaceutical firms.

In outlining the elements of success in the development and commercialization of biotech products (Chapter 9), Daly borrows extensively from the analytical toolbox of the Boston Consulting Group. Featured in the chapter is the growth share matrix (i.e., a firm is identified as a star, a cash cow, a dog or a question mark) and the BCG experience curve analysis.

Following a rather thorough examination of strategic options, Daly takes a position in favor of a "focussed," rather than a "broad-based," product development strategy for start-up companies (p. 127). The temptation in biotechnology is to diversify because the technology, itself, is broad based and offers seemingly attractive business opportunities in a variety of areas. To Daly, this temptation must be resisted. Attempting to capitalize on the wide applicability of its technology exposes the firm to the significant danger of being out-focused by other companies. "For success, a new biotechnology firm must clearly define its core business and stick to it. . . . Dominance must be achieved in some market segment." (p. 127)

In summary, this short book should attract a wide audience including industry analysts, management consultants, current or would-be industry entrepreneurs/investors and scholars working in the areas of biotechnology studies, strategic management analysis, entrepreneurial and small business studies and the economics of technological change. It is the type of book that one will read selectively. Those approaching the book from the scientific side will find early chapters to be simplistic and later chapters interesting. Those approaching from the management studies side will find the opposite.

Finally, the book is competent, but it could have been better. The sins are those of omission not commission. A broader data base would have been helpful in supporting key arguments and in giving the book more of an international focus. Attempts are made to compare and contrast biotech industries in different parts of the world, but data limitations in these sections of the book are quite visible. Authoritative sources of data should have been pursued beyond the Office of Technology Assessment of the U.S. Congress.

The chapters on strategic management are competent and interesting, but, in this reviewer's opinion, Daly depends a bit too much on the Michael Porter/Boston Consulting Group approach to strategic analysis. There are, of course, alternative techniques of analysis that may have led Daly to a different set of findings and conclusions.

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Peter Asch, *Consumer Safety Regulation: Putting a Price on Life and Limb*, New York and Oxford: Oxford University Press, 1988.

In this book, Peter Asch attempts to bridge the communication gap between "consumer advocates," who insist on a "right to safety" and believe the unregulated market will not provide enough, and "traditionalists," who believe that consumers are the best judges and protectors of their own interests. His exposition is a model of clarity; whether either side will listen remains to be seen.

As stated in the preface, this book is directed toward policy makers and others with an interest in consumer protection. Although not intended primarily for economists, it provides an excellent overview of the consumer-protection field that would be useful both as an undergraduate text and as a reference for professional economists.

The book is divided into three parts. The first provides an introduction to the issues and raises what is, to economists, the fundamental question: Why should we presume that the set of consumer products supplied through the market is inappropriately dangerous? A number of plausible reasons — consumer misperceptions or inept decision making, perhaps exacerbated by misleading advertising and the complexity of modern products — are suggested.

Part I also describes the historical development of consumer product regulation in the United States and Great Britain. Although consumer protection statutes and agencies were first introduced near the turn of the century, most of the activity in both nations has occured only in the last three decades. In both nations, the policies employed and target products are broadly similar: policies include information disclosure, product warnings, mandated product safety features, and tort liability. Target products include foods and drugs, automobiles, and an eclectic set of other consumer products. The description of British practices is informative, but the international comparison is not pursued: the remainder of the book considers only American examples.

Part II presents and analyzes the arguments for government intervention. First, conventional consumer theory is explained. Asch emphasizes the very modest requirements it places on preferences: completeness, transitivity, and "rationality" in the sense that the consumer selects the consumption bundle he or she prefers the most of those available. Expected utility theory and the objections to it are also reviewed.

Traditional economic arguments for government intervention are generally based on some claim of market failure; in this case, inefficiencies in information or accident-insurance markets. The concepts of externalities and public goods are clearly presented, and used to explain the market failures that may result from the free-rider problem in information provision or from asymmetric information (Akerlof's "lemons problem," Spence's "market signalling," moral hazard, and adverse selection).

Nontraditional or "noneconomic" arguments include the view that safety is a right, not a good, and that consumers may be irrational or incompetent to act in their own interests. Criticisms of benefit-cost analysis, and particularly of the practice of assigning values to non-traded goods such as human life and injury are reviewed. Asch strongly defends cost-benefit analysis, arguing that the assertion that human life is priceless is operationally useless; any safety decision implicitly bounds the value assigned to life or health. My only criticism is that Asch appears insensitive to the fundamental weaknesses of utilitarianism, the foundation for cost-benefit analysis. The dependence of economic values on income distribution is nowhere acknowledged, and the notion that cost-benefit analysis could justify rape is rejected on the simplistic basis of the crime's "presumptively injurious nature." Greater recognition of the difficulty of drawing bright lines between those things that should be provided "efficiently" and those for which other qualities are more important would be appreciated.

Experimental and behavioral evidence of human failure to act in accordance with expected utility theory, including the Allais paradox, preference reversal, and framing, are reviewed, together with alternatives such as prospect and regret theory that seek to describe actual behavior.

The final chapter of Part II analyzes the market effects of consumer misperception of product attributes. The analysis clarifies a murky area, with the result that policy conclusions are somewhat weaker than might have been expected. The implications of misperceptions are seen to depend critically on the degree and direction of misperception about each of a set of competing products; they also depend on relationships between misperceptions and preferences among consumers. For example, if relatively safety-conscious consumers tend to overestimate hazards, while price-conscious consumers underestimate them, market behavior may be exactly the same as without misperception.

The final part describes the considerations that go into regulatory decision making at the major U.S. agencies and surveys the economic literature on the effectiveness of regulation. For each of three agencies — the Food and Drug Administration, the National Highway Traffic Safety Administration, and the Consumer Product Safety Commission — Asch describes the governing legislation and analyzes several significant cases. In part because of differences in their mandates, the three agencies differ substantially in their recognition of, and attention to, the economic principles espoused in the book.

The penultimate chapter analyzes several additional cases of regulatory decision making, and emphasizes the difficulties inherent in evaluating their net effects. The cyclamate/saccharin story illustrates the weakness of the zero-risk approach embodied in FDA's guiding legislation; the ban on cyclamates probably increased consumption of saccharin, which was later found to be carcinogenic itself (whether cyclamates are carcinogenic has become unclear). FDA's attempt to ban saccharin as required by law has been overturned by a series of Congressional actions.

Fundamental questions about the net result of drug and automobile regulation, raised by Peltzman and others, are given careful analysis. Increasingly stringent requirements for drug sellers to provide evidence of safety and efficacy before introduction have arguably delayed and even denied American consumers the benefits of new drugs. Drug introductions declined with the imposition of these regulations, but the cause is unclear. Similarly, the safety benefits of automobile design changes may have been partially offset or even negated by increased risk taking by drivers.

In attempting to "bridge the gap" between economists and others concerned with consumer safety, Asch speaks as an economist making a serious effort to explain the important economic insights to those who are not already convinced. His economic explanations are lucid. For the most part, he is sensitive to the weaknesses of the economic paradigm, and gives fair play to non-economic critiques and insights, in particular the substantial literature on human risk perception and decision making under uncertainty. The extensive bibliography provides references to important strands of many literatures, including several branches of theoretical and empirical economics, experimental psychology, law, anthropology, and philosophy. In all, this book provides a valuable introduction to, and summary of, many of the knotty theoretical and practical problems in consumer safety.

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