

# Risk Management & Regulatory Reform: Making the Connection

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# Regulatory "Reform": 4 popular ideas

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## 1) Changes to the Law:

### a) "Red-tape Reduction"

- motivated by pro-economic development agenda
- note public fickleness w.r.t. regulatory protections

### b) Other reforms of the Law itself, or legal frameworks

- in the interests of: modernization, streamlining, coherence, harmonization, responsiveness

## 2) High-level reallocation of resources among existing agencies/programs

## 3) "Customer-Service" based reform of regulatory conduct

## 4) Risk Management framework adopted to protect capacity and reputation of government agencies.

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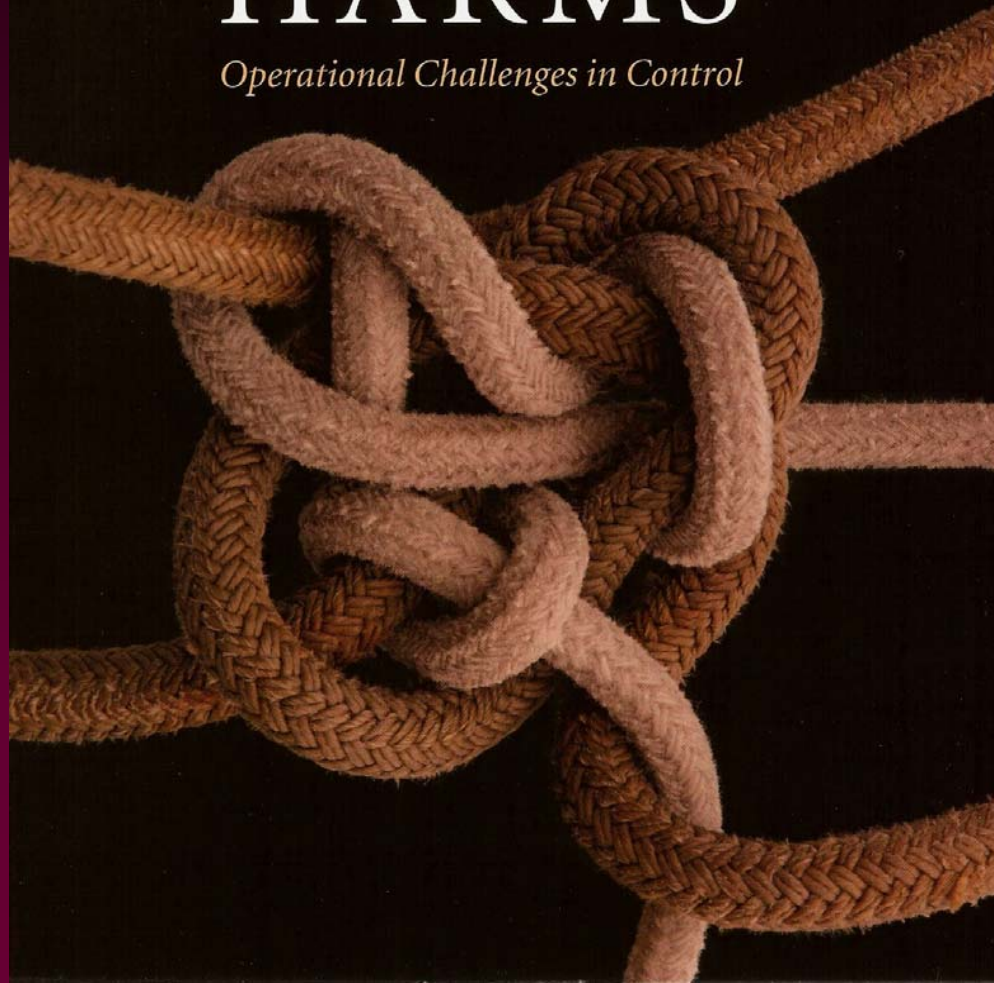
patterns of thought and action...



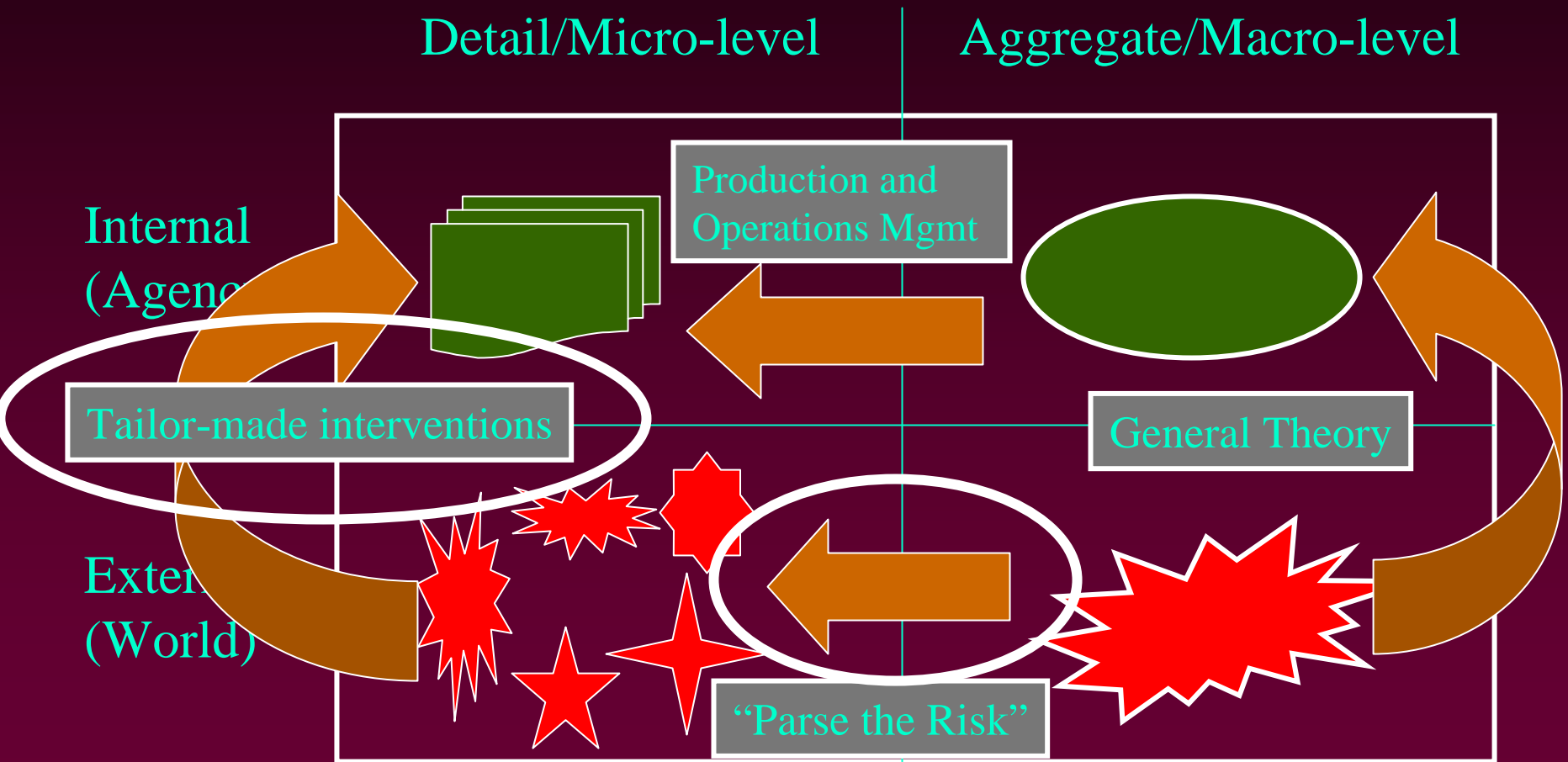
MALCOLM K. SPARROW

THE  
CHARACTER  
*of*  
HARMS

*Operational Challenges in Control*



# Theory of operations





# Life in the toolshed...

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- extending the use of negotiated rulemaking in environmental protection
- exploring the role of civil society in corruption control
- evaluating the effect of “three-strikes and you’re out” policies on crime levels
- reducing drug abuse by expanding drug awareness resistance programs in the schools
- decreasing worker injury rates through the use of experience-rated premium-setting for employers in workers’ compensation insurance
- developing education and information campaigns that would help reduce international trafficking in women and children
- developing broader international cooperation among law enforcement and intelligence agencies in combating money laundering

# Life in the field...

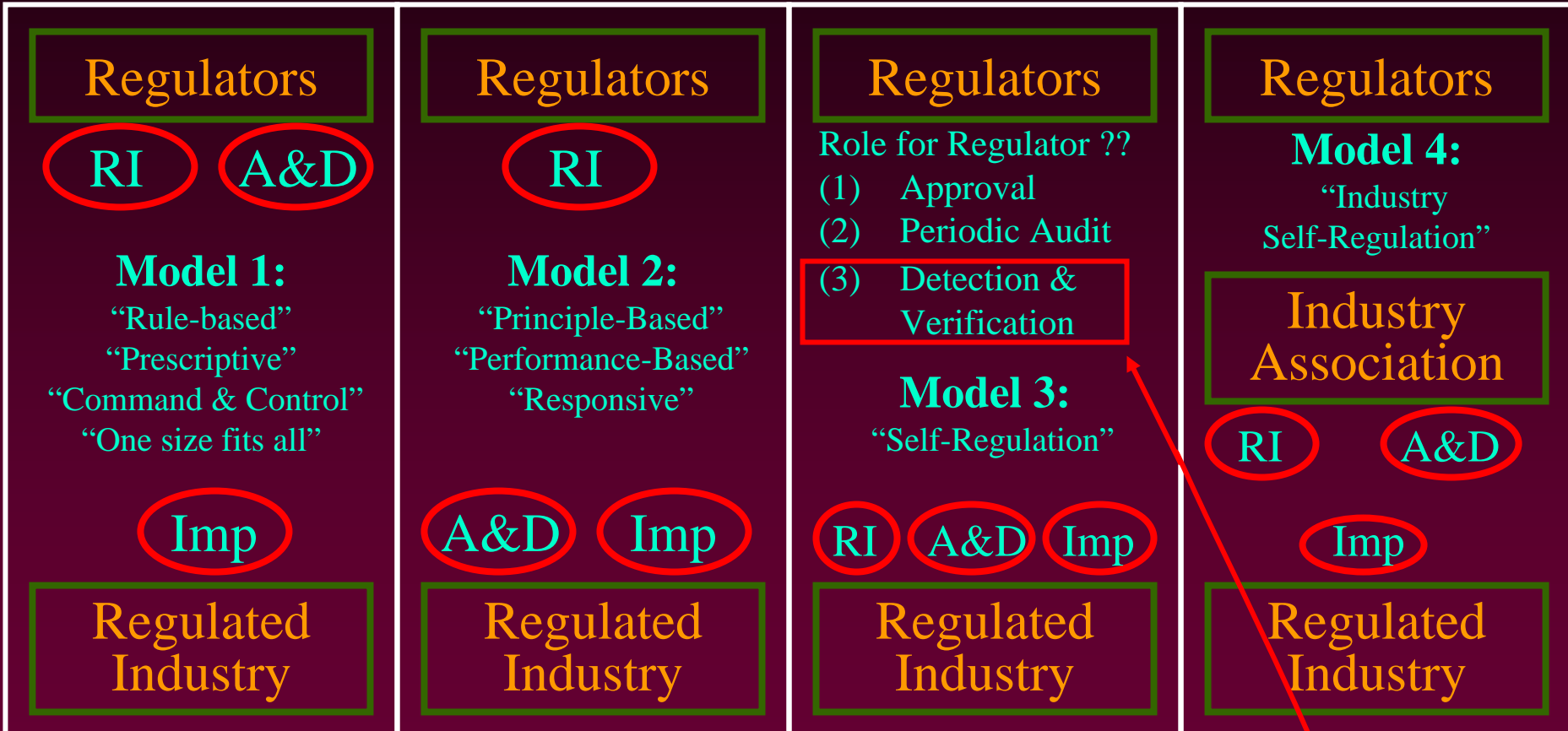
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- dealing with domestic burglaries being committed by high-school kids on their way home from school in mid-afternoon
- reducing the frequency of serious or fatal spinal and head injuries caused when roofers fall off roofs
- reducing the incidence of repetitive back-strain injuries in the nursing profession, caused by lifting patients without proper equipment
- eliminating corruption in real-estate development involving the infiltration of local development boards and manipulation of land prices
- reducing arsenic in surface waters on golf courses
- eliminating the practice of port-running, used by drug smugglers at land-border crossing points between Mexico and the United States
- reducing the threat of commercial airplane hijacking by terrorists willing to commit suicide
- combating the trafficking of Nepalese girls for prostitution in eastern Europe by smuggling organizations deceptively offering modeling careers



Locating responsibility for:

- (1) Risk Identification (RI)
- (2) Analysis & Design (A&D)
- (3) Implementation (Imp)



Model 3 works well for risks that:

- (1) They can see
- (2) They are willing to disclose
- (3) They have an interest in controlling

If not?

# Regulatory "Reform": 5 more profound developments

- 1) Increased emphasis on the "Expert" model (rather than "Legal" model) of Regulation
- 2) Emergence of Regulatory Craftsmanship, utilizing broader range of tools
- 3) Recognition of the Limits of private sector prescriptions (e.g. customer-service, process management)
- 4) New organizational behaviors (organized around risks, problems, patterns, issues, etc.)
- 5) Fitting different regulatory *structures* to different classes of risk (structural versatility & wisdom)

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