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Greasing the Wheels of the Marketplace

In a 1921 case before the U.S. Supreme Court involving the business practices of trade associations, Justice Brandeis wrote in the Court's opinion about the role of trade associations in providing information:

By substituting knowledge for ignorance....[information] tends also to substitute research and reasoning for gambling and piracy....In making such knowledge available to the smallest concern, it creates among producers equality of opportunity. In making it available, also, to purchasers in the general public, it does all that can actually be done to protect the community from extortion.

American Column & Lumber Company v. The United States, 257 U.S. 377, 1921

Economists tend to speak less eloquently—but feel every bit as passionately—about the importance of information in facilitating fair and efficient exchange of goods between buyers and sellers. To economists, information is the grease for the wheels of the marketplace.

For goods like computers or cars, the marketplace is well-greased with several sources of objective information, such as *Consumer Reports* magazine, that help consumers assess quality and make informed buying decisions. Consumers surely want safe food every bit as much as they want fast computers and reliable cars, but it is very difficult for ordinary consumers to measure and assess food safety. Economists have long argued that the so-called market for food safety is “incomplete” because of the lack of accessible consumer information.

Two articles in this issue make it clear that information has a growing role in creating more workable markets for food safety. The feature on food safety innovations explains how fast food chains and other buyers of large quantities of meat use pathogen test results and other information to bolster the safety of meat products delivered by their suppliers. These “savvy buyers” reward suppliers for strengthening their food safety controls with price premiums and long-term contracts, resulting in more efficient transactions between food producers and retailers.

The feature on food traceability explains how information on the production and distribution of food can help protect consumers from fraud and producers from unfair competition. The information provided by traceability systems can also help minimize the production and distribution of unsafe products by making it easier to find and remove such products from the system.

As information systems for food safety continue to evolve, the marketplace will function more and more efficiently—and not just for producers and retailers, but for consumers as well. We are not there yet, but it is no longer difficult to imagine an information system for food safety as complete as *Consumer Reports*, greasing the wheels for ordinary consumers and their marketplace.



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