Questions Policymakers Actually Will Ask Benefit-Cost Analysts

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How Many Regulations Do We Have?

• This is not an idle question! In order to comply with the two-for-one Executive Order, we have to know how to count regulations!

• It is straightforward (although easily manipulated) to count regulatory actions in the Federal Register. It is not so easy to count regulations in the Code of Federal Regulations.

• Advice: Take this seriously, but don’t waste too much time trying to come up with precise counts.
What is the Total Cost of Our Regulations?

• This question has been asked and answered many times.

• And yet, it can cause anyone trained to think in terms of the Kaldor-Hicks Criterion to become cross-eyed. What does it even mean?

• E.O. requires $1 savings for each $1 of cost. This avoids the “total cost” question, but still requires that we distinguish benefits from costs.
**Scrubber Mandate**

**Costs**

- **Firms**
  - Compliance Costs

- **Markets**
  - Price Increases, Reduced Output, Plant Closures, Profit Losses, Wage Losses, Job Losses; & gains.

- **People**
  - Lost Welfare, including Health & Life, for Consumers, Property Owners, & Workers

**Benefits**

- **Firms**
  - Reduced Emissions

- **Air**
  - Atmospheric Chemistry, Exposure Pathways, Injury Mechanisms

- **People**
  - Increases in Welfare, Including Health, & Life, for Exposed Persons
What About Jobs?

• So far this has not really come up in a new E.O.
• There are lots of studies, and lots of claims, about the employment impact of regulation.
• Does a job represent a benefit? A cost? Both?
• Advice: Yes, it is a very important topic.
• No, Benefit-Cost Analysis is not the right framework for trying to tackle it!
Does Regulation Kill Jobs?

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What is BCA good for, then?

- E.O. 12866 remains in place.
- BCA remains the primary tool for evaluating and ranking policy choices.
- BCA is not partisan.
- Over the past ~4 decades there have been lots of rules that did not try to pass a BCA test, or tried but failed, or tried but cheated, or passed but . . . things didn’t work out as planned.
- We can help you find them!
What is the Meaning of Life?

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