

# What's wrong with the back of the envelope? A call for simple (and timely) benefit-cost analysis

Christopher Carrigan  Stuart Shapiro

First published: 26 April 2016

<https://doi.org/10.1111/rego.12120>



## Abstract

Observers across the ideological spectrum have criticized benefit-cost analysis for as long as it has been part of the rulemaking process. Still, proponents and detractors agree that analysis has morphed into a mechanism often used by agencies to justify regulatory decisions already made. We argue that a simpler analysis of more alternatives conducted earlier in the regulatory process can resuscitate it as a tool to inform policy. Recognizing that requiring a procedure does not ensure that regulators will follow it, we offer possible remedies, including strengthening or relaxing subsequent review of proposed rules, which raise the cost of circumventing the reform or lower the cost of following it.

## References

Ackerman F, Heinzerling L (2004) *Priceless: On Knowing the Price of Everything and the Value of Nothing*. The New Press, New York.

[Google Scholar](#) 

Arbuckle DR (2012) Regulation's Impact on Jobs. RegBlog, University of Pennsylvania Law School, 26 November. [Last accessed 28 Jan 2016.] Available from URL: <http://www.regblog.org/2012/11/26-arbuckle-jobs.html>

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Davis KC (1969) *Discretionary Justice: A Preliminary Inquiry*. Louisiana State University Press, Baton Rouge, LA.

[Google Scholar](#) 

Dunlop CA, Maggetti M, Radaelli CM, Russel D (2012) The Many Uses of Regulatory Impact Assessment: A Meta-Analysis of EU and UK cases. *Regulation & Governance* 6, 23–45.

[Web of Science®](#)  | [Google Scholar](#) 

Ellig J, McLaughlin PA, Morrall JF III (2012) Continuity, Change, and Priorities: The Quality and Use of Regulatory Analysis across US Administrations. *Regulation & Governance* 7, 153–173.

[Web of Science®](#)  | [Google Scholar](#) 

EPA (Environmental Protection Agency) (2009) Regulatory Impact Analysis for the Final Mercury and Air Toxics Standards. EPA-452/R-11-011. [Last accessed 28 Jan 2016.] Available from URL: <http://www.regulations.gov/#!documentDetail;D=EPA-HQ-OAR-2009-0234-20131>

[Google Scholar](#) 

Golden MM (1998) Interest Groups in the Rule-making Process: Who Participates? Whose Voices Get Heard? *Journal of Public Administration Research and Theory* 8, 245–270.

[Google Scholar](#) 

Hahn RW, Sunstein CR (2001) A New Executive Order for Improving Federal Regulation? Deeper and Wider Cost-benefit Analysis. *University of Pennsylvania Law Review* 150, 1489–1552.

[Web of Science®](#)  | [Google Scholar](#) 

Hahn RW, Tetlock PC (2008) Has Economic Analysis Improved Regulatory Decisions? *Journal of Economic Perspectives* 22, 67–84.

[Web of Science®](#)  | [Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Leman CK, Nelson RH (1981) Ten Commandments for Policy Economists. *Journal of Policy Analysis and Management* 1, 97-117.

[Web of Science®](#) | [Google Scholar](#)

McGarity T (1987) Regulatory Analysis and Regulatory Reform. *Texas Law Review* 65, 1243-1334.

[Web of Science®](#) | [Google Scholar](#)

Nichols AL (1997) Lead in Gasoline. In: RD Morgenstern (ed) *Economic Analyses at EPA: Assessing Regulatory Impact*, pp. 49-86. Resources for the Future Press, New York.

[Google Scholar](#)

Olson ED (1984) The Quiet Shift of Power: Office of Management and Budget Supervision of Environmental Protection Agency Rulemaking under Executive Order 12,291. *Virginia Journal of Natural Resource Law* 4, 1-80.

[Google Scholar](#)

OSHA (Occupational Health and Safety Administration) (2012) Hazard Communication. *Federal Register* 77, 17574-17896.

[Google Scholar](#)

Parson E., Coglianese C, Zeckhauser R (2004) Seeking Truth for Power: Informational Strategy and Regulatory Policymaking. *Minnesota Law Review* 89, 277-341.

[Web of Science®](#) | [Google Scholar](#)

Posner RA (2013) *Reflections on Judging*. Harvard University Press, Cambridge, MA.

[Google Scholar](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

---

Sinden A (2015) Formality and Informality in Cost-benefit Analysis. *Utah Law Review* 2015, 93–172.

[Google Scholar](#) 

---

PC Stern, HV Fineberg (eds) (1996) *Understanding Risk: Informing Decisions in a Democratic Society*. National Academies Press, Washington, DC.

[Google Scholar](#) 

---

Sunstein CR (2013) *Simpler: The Future of Government*. Simon and Schuster, New York.

[Google Scholar](#) 

---

Torriti J, Löfstedt R (2012) The First Five Years of the EU Impact Assessment System: A Risk Economics Perspective on Gaps between Rationale and Practice. *Journal of Risk Research* 15, 169–186.

[Web of Science®](#)  | [Google Scholar](#) 

---

Wagner WE (2009) The CAIR RIA: Advocacy Dressed Up as Policy Analysis. In: W Harrington, L Heinzerling, RD Morgenstern (eds) *Reforming Regulatory Impact Analysis*, pp. 56–81. Resources for the Future Press, Washington, DC.

[Google Scholar](#) 

---

West WF (2004) Formal Procedures, Informal Processes, Accountability, and Responsiveness in Bureaucratic Policy Making: An Institutional Policy Analysis. *Public Administration Review* 64, 66–80.

[Web of Science®](#)  | [Google Scholar](#) 

---

West WF (2009) Inside the Black Box: The Development of Proposed Rules and the Limits of Procedural Controls. *Administration and Society* 41, 576–599.

[Web of Science®](#)  | [Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

[Google Scholar](#) 

---

Yackee SW (2006) Sweet-talking the Fourth Branch: The Influence of Interest Group Comments on Federal Agency Rulemaking. *Journal of Public Administration Research and Theory* 16, 103–124.

[Web of Science®](#)  | [Google Scholar](#) 

## Laws cited

Administrative Procedure Act of 1946, 5 U.S.C. 551–559, 701–706 (1946).

[Google Scholar](#) 

---

Congressional Review Act of 1996, 5 U.S.C. 801–808 (1996).

[Google Scholar](#) 

---

Regulatory Accountability Act of 2015, H.R. 185, 114th Congress (2015).

[Google Scholar](#) 

---

Small Business Regulatory Enforcement Fairness Act of 1996, Public Law 104–121 (1996).

[Google Scholar](#) 

## Citing Literature

[Download PDF](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#) 

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

## HELP & SUPPORT

Contact Us  
Training and Support  
DMCA & Reporting Piracy  
Sitemap

## OPPORTUNITIES

Subscription Agents  
Advertisers & Corporate Partners

## CONNECT WITH WILEY

The Wiley Network  
Wiley Press Room

Copyright © 1999-2026 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

**WILEY**

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)



**Manage Preferences**

**Accept All**

**Reject Non-Essential**