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Applying Cost-Benefit to Past Decisions: Was Environmental Protection Ever a Good Idea?

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Abstract by Melissa Sutton

The article looks at cost-benefit analysis and whether this approach should be used to evaluate proposed regulations. Cost-benefit analysis requires that the costs and benefits of a proposed course of action be quantified and then translated into dollar terms. Such analysis is said, in theory, to be a neutral, objective method of evaluating policies and offering transparent judgments on the merits of a proposal. This article examines and ultimately rejects the argument that cost-benefit analysis is a neutral tool for evaluating public policy.

The article explores previous efforts to undertake retrospective cost-benefit analyses of important regulatory achievements and demonstrates how its use would have stood as an obstacle to early regulatory successes. Part I of the article looks at some retrospective cost benefit studies. Part II of the article explores the Environmental Protection Agency's phase down of lead in gasoline in the 1980s. Part III discusses the proposed damming of the Grand Canyon in the 1960s. Part IV examines the 1974 Occupational Safety and Health Administration's adoption of a strict standard that sharply reduced allowable workplace exposure to vinyl chloride. The article concludes that a rigid insistence on making regulations pass cost-benefit tests would, in retrospect, have gotten the wrong answer time after time, and there is no reason to expect the same narrow methods to perform any better today.