2 ½ Far-Reaching Changes to how we Quantify and Balance Risks and Regulatory Costs

Society for Benefit-Cost Analysis Annual Meeting
Washington, DC
March 14, 2019

Adam M. Finkel, Sc.D., CIH

Clinical Professor of Environmental Health Sciences, Univ. of Michigan School of Public Health
adfinkel@umich.edu
In the post-Trump/Wheeler/Zinke/Mulvaney world, how will we harness “those wise restraints that make us free” so as to maximize net benefit (again)??

There are at least three forks in the road:

1. Turn back the clock to 2009-2017 ("lather/rinse/repeat");

2. “Reverse the polarity” and try inverted approaches that are no more radical than the current ones are;

3. Do some wholly new things irrespective of whether they tend towards more or less regulatory stringency.
In this talk, I will argue for some of #2 and some of #3, starting from the premise that the 1970-2016 period in regulation was not in fact the heyday for net benefit.

[underestimation of risk, overestimation of cost, refusal to assess risks of non-carcinogens, aspirational goals not achieved, obliviousness to risk-risk tradeoffs, obliviousness to distributional inequity of risk and cost.]
## Some Comparably Radical Ideas:

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<tr>
<th>“Serious” present-day notions</th>
<th>Inverted policies</th>
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<td>Reg’y agencies <em>must not</em> exceed an annual “regulatory budget” for total costs imposed, regardless of (greater) amount of benefits conferred.</td>
<td>Agencies <em>must</em> exceed a “benefits budget” each year, regardless of (lesser) amount of costs imposed.</td>
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<td>Selected agencies must give small business owners a dedicated and private comment period.</td>
<td>These agencies must instead (or also) give those <em>affected</em> by small business owners the “private screening.”</td>
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<td>For every new rule promulgated, two existing rules must be rescinded.</td>
<td>For every rule rescinded, two new rules must be promulgated.</td>
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<td>Both houses of Congress must vote on each regulation before it can be promulgated (“REINS”).</td>
<td>Congress can only veto a regulation under the current CRA if it specifically identifies fixes that would make it acceptable.</td>
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<td>Scientific studies cannot be used unless the raw data are available and the findings can be “replicated.”</td>
<td><strong>Economic</strong> studies cannot be used unless the raw data are available and the findings can be “replicated.”</td>
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<td>The regulatory option that imposes the least cost to achieve a sufficient amt. of benefit must be chosen (“least buck for the bang”).</td>
<td>The reg’y option that achieve the greatest benefit w/o exceeding a cost constraint must be chosen (“most bang for the buck”).</td>
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<td>Do only what confers benefit in excess of cost.</td>
<td>Do everything that provides benefit in excess of cost (cf. Staszewski “A Federal Inaction Commission”).</td>
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<td>Anything that reduces consumer surplus is a cost.</td>
<td>Anything that reduces consumer fears is a benefit.</td>
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<td>Do not allow analysts to count benefits from reducing “speculative risks” (e.g., carcinogens classified as “possible,” effects where epidemiology is not at least 95% confident effect is not due to chance).</td>
<td>Do not allow analysts to count costs that are speculative.</td>
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New Idea #1: “Solution-Focused” Comparative Net Risk Analysis

1. Identify a human need that is wholly or partially unfulfilled;

2. Array the risk-reducing and risk-creating properties of various feasible solutions to #1

3. Maximize \[ ((R_{1i}+R_{2i}) - (R_{1j}+R_{2j})) \]

https://www.youtube.com/watch?v=n7XkdbpYWHk

-- Risk profile of Oxitec SynBio mosquitoes (dengue risks remaining *plus* new risks created by the technology) *may* (esp. if expected values are compared) be smaller than the risk profile of any/all conventional approaches to dengue control (pesticides, “Dengvaxia,” irradiated mosquitoes, environmental cleanup)

Note: next (final) slide has “animation” on it: keep clicking the space bar to see how my proposal for re-thinking how we balance risk and cost would change many decisions from “go” (green arrows) to “no-go” (red), or vice versa
New Idea #2: Try to Minimize Human Suffering rather than Maximize Net Benefit
[Suffering = f ("Intolerable Risk" OR "Intolerable Cost")]

"Cost"

(Note—green arrows are cases where current CBA would allow or dictate reg’y action; red where current CBA would preclude action)

100 million people each pay $1

100 people (NET) are made unemployable* (assume NPV each loses is $1 million)

"Benefit"

A risk of 1.5x10^-7 to each of 100 million people is eliminated

A risk of 1/100 to each of 1000 people is eliminated

(* Or, if you prefer, “50 two-person businesses are bankrupted”)

(*)