

A European View on Executive Order 12291

The key event was Executive Order (EO 12291, issued on 17 February 1981, shortly after President Reagan took office, announcing new rules governing the issuance of regulations by federal agencies. **EO 12291** introduced two revolutionary innovations into federal rulemaking.

First, it required federal agencies to produce, before 'major' proposed regulation could appear in the Federal Register, an assessment of the benefits and costs of the proposal and alternatives to it. Before the Reagan Administration, economic assessment of regulations was concerned not with benefits and costs, but with 'economic impacts', which included the effect of the regulation on inflation, employment, and the profits of affected industries.

In addition, **EO 12291** required centralized review of regulations and the accompanying RIA by an oversight group, the Office of Information and Regulatory Affairs (OIRA), housed in the Office of Management and Budget.

The regulatory review process in the US is now governed by EO 12866, issued by Bill Clinton on 30 September 1993. The main changes to the Reagan procedure were to increase the public's accessibility to the process, to add requirements to examine distributional consequences of rules, and to require only that the benefits of proposed regulations have to 'justify' the costs, not 'outweigh' the costs as it had been in **EO 12291**. Presumably, this last change in particular makes it easier to proceed with the regulation even if measured benefits do not exceed measured costs.

For the most part, however, the Democrat Clinton retained and streamlined the procedures put in place by the Republican Reagan

Implementation of Legislative Evaluation in Europe: Current Models and Trends

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