

Benefit-Cost Analysis Conducted Pursuant to Executive Order 12291

Practitioners of benefit-cost analysis state that Executive Order 12866 accords a greater and an improved emphasis on economic analysis than did Executive Order 12291 in particular in regard to distributional impacts.

Section 1 of Executive Order 12866 states;

Further, in choosing among alternative regulatory approaches, agencies should select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach.

The consideration of distributional impacts is a step forward if in fact it were [enforced](#). In fact some authors seem to take this argument a step farther and argue that distributive impacts are utilized in the calculation of net benefits, for example this statement: “Its replacement, Executive Order 12,866, [states](#) that net benefits include “distributive impacts” and “equity.”

Kudos are in order for Executive Order 12866 for emphasizing the need to evaluate distributional impacts but it suffers from the absence of a clear statement that distributional impacts while a noteworthy component of a Regulatory Impact Analysis have no place in the calculation of net benefits whether or not the analysis of distributional impacts are enforced.