

Among the priorities highlighted in the introductory chapters of President Obama's proposed 2014 Budget is a commitment to "[a regulatory strategy that protects the safety and health of all Americans, while promoting continued economic growth and job creation.](#)" The Budget claims that by carefully weighing the costs and benefits of new rules, "the net benefits of regulations issued through the third fiscal year of the first term have exceeded \$91 billion. This amount, including not only monetary savings, but also lives saved and injuries prevented, is over 25 times the net benefits through the third fiscal year of the previous Administration."

One striking thing about this assertion is that, well into the 5th fiscal year of the administration, it still makes comparisons ending with the 3rd. [Other Budget office reports](#) reveal that comparisons across the whole first term are less flattering to the administration. More importantly, while the \$91 billion figure has been used repeatedly by the administration and cited by its [surrogates during the election](#), there are several reasons to be skeptical of it.

First, the suggestion that the estimated dollar figures reflect "not only monetary savings, but *also* lives saved and injuries prevented" is misleading and double counts benefits, because the vast majority of the monetized benefits are derived by assigning dollar values to actions that agencies predict will extend lives. Little of the reported \$91 billion could be called a "monetary saving" in the sense that it could be accounted for by GDP or any other economic measure.

Second, as we have shown [elsewhere](#), the estimated benefits associated with regulatory actions that purport to save lives should be viewed with considerable skepticism. Between 60 and 80 percent of total benefits are due to EPA regulations that (directly or indirectly) reduce emissions of fine particles. The effect of exposure to these particles is highly speculative and the administration's estimates depend on [numerous heroic assumptions](#) that likely [overstate benefits by a factor of 1,000 or more](#). Furthermore, a [2009 arithmetic change](#) in the way these benefits are calculated greatly increased the value of incremental emissions changes, so the administration's comparisons (which only apply the new metric to its own regulations) overstate differences in benefits.

Third, those benefits that can be considered "monetary savings" derive mainly from regulations that claim to save consumers money by removing their ability to choose among products. The administration touts its fuel and appliance efficiency mandates that it estimates will make consumers better off by eliminating the types of vehicles and appliances they can legally purchase. This accounting violates a foundational axiom of benefit-cost analysis: taking away what consumers want is a cost, not a benefit.

The Budget observes, "As the economy continues to recover and create new jobs, it is critical for the Nation's regulatory strategy to enable American businesses to grow and innovate." To do so, the administration should be more honest about the effect of its regulatory agenda.

