While preparing the fifth edition of *Economics of Regulation and Antitrust* (MIT Press, 2018), I was struck by how many articles in the *JBCA* address core issues relating to benefit-cost analysis generally as well as its application to policy issues. My selected group of 16 articles is not an exhaustive list of excellent *JBCA* articles, but it does provide a valuable set of articles that cover a broad range of topics relating to the theory and practice of BCA.

To facilitate choosing which articles readers might find of interest, I have divided the articles into three groups. The first set considers the role of BCA in the context of regulatory impact analyses. Although the first major governmental applications of BCA were with respect to the evaluation of water-resource projects, BCA currently has the greatest policy prominence in the evaluation of government regulations. Several articles address the BCA principles that should be applied in regulatory impact analyses. The BCA guidelines are usually valuable more generally, not just for regulatory policy assessments. The second set of articles deals with economic principles for BCA. The topics span both fundamental theoretical concerns as well as empirical guidelines. The focus of the second set of contributions is primarily on benefit assessment issues. The third set of articles consists of case studies in the application of BCA. The articles are of interest not only because of the context-specific results but also because they often illustrate inventive applications of BCA to topics of major policy importance.
Benefit-Cost Principles and Regulatory Oversight

The article by Susan Dudley et al. (2017) summarizes 10 guidelines for benefit-cost analyses of regulatory policy issues. Other than the first guideline of ascertaining that there is a market failure warranting possible government action, the article proposes guidelines that are broadly applicable to the application of BCA more generally, such as ascertaining that the counterfactual against which benefits are measured is reasonable and ensuring that all cost components are included. Although the Office of Information and Regulatory Affairs (OIRA) in the U.S. Office of Management and Budget (OMB) currently oversees the regulatory oversight process, until the advent of the Reagan Administration the Council on Wage on Price Stability headed the regulatory oversight effort by the Executive Office of the President. The article by Hopkins and Stanley (2015) reviews the regulatory analyses prepared by the Council on Wage and Price Stability from 1974-1981. The article places particular emphasis on systematic analytic deficiencies that were present in different regulatory analyses. Using BCA to evaluate and guide regulatory policies potentially will lead to more efficient government policies. The article by Hahn (2010) discusses the theoretical underpinnings, with particular applications to improvements in environmental policies and socially optimal tax structures. The emergence of behavioral economics has also led analysts to consider how BCA should reflect the insights provided by that literature. The article by Robinson and Hammitt (2011) represents a first step at developing criteria for incorporating behavioral factors into BCA.

Selected articles

**Article**


*Journal of Benefit-Cost Analysis, Volume 8, Issue 2*

**Article**

**The Council on Wage and Price Stability: A Retrospective**

Thomas Hopkins, Laura Stanley

*Journal of Benefit-Cost Analysis, Volume 6, Issue 2*
Article
Behavioral Economics and the Conduct of Benefit-Cost Analysis: Towards Principles and Standards
Lisa A. Robinson, James K. Hammitt

Article
Designing Smarter Regulation with Improved Benefit-Cost Analysis
Robert Hahn
Journal of Benefit-Cost Analysis, Volume 1, Issue 1
Economic Principles for BCA

Although the general economic principles for BCA are well-established, there are often important controversies that remain. A continuing matter of debate pertains to the selection of the discount rate used to weight future benefits and costs. The article by Harberger and Jenkins (2015) examines different approaches to estimating the social rate of discount, which they estimate to be around 8% for advanced countries and higher for developing countries. Partial equilibrium models generally facilitate BCA, but some policy ramifications may have general equilibrium effects. The article by Farrow and Rose (2018) explores the commonalities and differences between applying these two approaches in BCA. The fundamental guidance for BCA usually focuses on assessing benefits based on the public’s willingness to pay for the benefit. This approach is natural in the case of policies that generates benefits, but if there is a loss should one instead use a measure of the public’s willingness to accept the loss? The article by Hammitt (2015) develops the underlying economic theory, while the article by Knetsch, Riyanto, and Zong (2012) provides the argument on behalf of using a willingness-to-accept measure for benefit assessment, outlining the situations in which they believe this approach is pertinent.

Risk-related concerns also arise in the theory of BCA. In many instances risk and uncertainty is so great that policymakers are in a situation of ignorance. The article by Roy and Zeckhauser (2015) examines the role of ignorance, drawing on a variety of policy examples as well as treatment of ignorance in the literature. The most consequential risks addressed by government policies are mortality risks, which are monetized using estimates of the value of a statistical life (VSL). The article by Sunstein (2013) explores many of the ethical and distributional concerns that arise in applying the VSL in policy situations. Voluntary decisions fit nicely into standard economic frameworks, but what if the commodity involved is an addictive good? The article by Cutler, Jessup, Kenkel, and Starr (2015) examines addiction related issues, focusing particularly on smoking regulations.

Selected articles

Article

Welfare Analysis: Bridging the Partial and General Equilibrium Divide for Policy Analysis
Scott Farrow, Adam Rose
Journal of Benefit-Cost Analysis, Volume 9, Issue 1

Article

Valuing Regulations Affecting Addictive or Habitual Goods
Article
Musings on the Social Discount Rate
Arnold C. Harberger, Glenn P. Jenkins
Journal of Benefit-Cost Analysis, Volume 6, Issue 1

Article
Grappling with Ignorance: Frameworks from Decision Theory, Lessons from Literature
Devjani Roy, Richard Zeckhauser
Journal of Benefit-Cost Analysis, Volume 6, Issue 1

Article
Implications of the WTP–WTA Disparity for Benefit–Cost Analysis
James K. Hammitt
Journal of Benefit-Cost Analysis, Volume 6, Issue 1

Article
The value of a statistical life: some clarifications and puzzles
Cass R. Sunstein
Journal of Benefit-Cost Analysis, Volume 4, Issue 2

Article
Gain and Loss Domains and the Choice of Welfare Measure of Positive and Negative Changes
Jack L. Knetsch, Yohanes E. Riyanto, Jichuan Zong
Journal of Benefit-Cost Analysis, Volume 3, Issue 4
Just as many of the most important foundational results in BCA emerged from policy applications, the policy case studies using BCA also provide valuable insights. A common concern pertains to which group's benefits are being measured. Are we assessing the private benefits to the decision maker or the social benefits? The article by Del Rossi and Hersch (2016) examines these benefit-related consequences for double majors, examining which double majors provide a financial payoff to the individual, and which have broader societal dividends. BCA studies often use the results of surveys, but if there is self-selection of participants the estimated effects may be biased. Policies may also have different effects on different households. The article by Kniesner and Rustamov (2018) analyzes an energy efficient audit program, taking these important econometric concerns into account. After adjusting for self-selection influences, they find that the impact of the program varies markedly across the population based on their level of electricity usage. The article by Karoly (2012) develops a set of standards to be applied when undertaking a BCA of an early childhood program. Many of the concerns, such as which outcomes should be valued, arise in other policy contexts as well. Benefit assessments often focus on situations in which reliable market data are not available. Cohen (2015) provides new survey evidence on the willingness to pay to avoid white-collar crime, which he compares to the value of reducing household burglary. The final article by Fraas and Lutter (2016) assesses the efficacy of federally mandated information disclosures. They examine a series of case studies of such federal mandates undertaken from 2008 to 2013 and provide lessons for future policy reforms.

Selected articles

Article

Differential and Distributional Effects of Energy Efficiency Surveys: Evidence from Electricity Consumption
Thomas J. Kniesner, Galib Rustamov
Journal of Benefit-Cost Analysis, Volume 9, Issue 3

Article

The Private and Social Benefits of Double Majors
Alison F. Del Rossi, Joni Hersch
Journal of Benefit-Cost Analysis, Volume 7, Issue 2
Article
How Effective Are Federally Mandated Information Disclosures?
Arthur G. Fraas, Randall Lutter
Journal of Benefit-Cost Analysis, Volume 7, Issue 2

Article
Willingness to Pay to Reduce White-Collar and Corporate Crime
Mark A. Cohen
Journal of Benefit-Cost Analysis, Volume 6, Issue 2

Article
Toward Standardization of Benefit-Cost Analysis of Early Childhood Interventions
Lynn A. Karoly
Journal of Benefit-Cost Analysis, Volume 3, Issue 1