

ECONOMICS OF FRANK R. LAUTENBERG CHEMICAL SAFETY FOR THE 21ST CENTURY ACT

RICHARDA.WILLIAMS, PH.D.

[HTTP://WWW.MARGINALREGULATION.COM](http://www.marginalregulation.com)

Two Decisions



Is it an unreasonable risk?

No consideration of costs



If not, what should be done?

Costs considerations

Big Changes

1. No need to formally show benefits of restrictions outweigh costs.
2. Economic and other non-risk factors must be estimated but only need to be “considered.”
3. New law deletes the “paralyzing ‘least burdensome’ requirement,” (EPA FR 81(242) 12/16/2016)
4. Any regulatory option must alter risk from “unreasonable” to no longer presents unreasonable risk (to the extent necessary).

What factors must be “considered” when risk is unreasonable?

1. Human and environmental risk
2. Benefits of the chemical for various uses
3. Likely effects of the rule on the national economy, small businesses and technological innovation (and environment, public health)
4. Costs and benefits of the proposed remedy and at least one other option, and
5. Cost effectiveness of proposed and alternative actions.

Net Benefits



Benefits (Target chemical risk reduction)



Costs (Substitute chemical risk increase)



Other Costs

Substitute Chemicals

Technically and economical feasible alternatives that benefit health or the environment compared to prohibited or restricted use

(Before – consider availability only)

Alternative Policy Options

Stringency

Use or disposal
instructions

Warnings

Phase Out

Specific Uses

Ban

Coverage

By Use

By Industry
(Articles)

By Size of Firm

Timing

Immediately

Final Rule

Staggered
requirements

Multi-year
delay
(No more
than 5 years)

Costs of a Chemical Rule



Incomparable

Objective Cost Estimate



Overestimate of Risks/Benefits