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REGULATION was first published in July 1977 "because the extension of regulation is piecemeal, the sources and targets diverse, the language complex and often opaque, and the volume overwhelming."

REGULATION is devoted to analyzing the implications of government regulatory policy and its effects on our public and private endeavors.

For the Record

Authors, ACCACA Agree (Mostly)

IN OUR ARTICLE "EPA PATS ITSELF on the Back" (*Regulation*, Vol. 23, Number 3, Fall 2000), we noted several material defects in the substance of the Environmental Protection Agency's reports to Congress on the costs and benefits of the Clean Air Act. We also found fault with the process EPA used to peer review the reports, which included evaluation by the Science Advisory Board's Advisory Council on Clean Air Compliance Analysis (ACCACA). Nine current or former members of ACCACA have responded to our article (*Regulation*, Vol. 24, Number 3, Fall 2001). We are pleased to report that, despite outward appearances, we are all in substantial agreement.

We characterized the SAB peer review as "ineffective," but we would readily agree with the ACCACA members that its review made EPA's reports "considerably better than they would have been." Our principal complaint was that EPA and its air program staff had a strong institutional interest in reporting favorable results and that ACCACA could not overcome that fundamental conflict of interest.

The ACCACA members apparently agree, noting that they worked hard to wheedle and cajole but were unable to correct some significant flaws. That is why we recommended a number of reforms — first, that such an important program evaluation not be assigned to the very office responsible for administering the program; and second, that new institutions be developed appropriate for the peculiar task of governmental peer review. As we indicated, scholarly peer review methods do not fit the bill when Congress needs a judgment on fundamental correctness.

We said that no independent economist of our acquaintance took seriously EPA's aggregate benefit estimate

of \$22 trillion for pre-1990 Clean Air Act actions. The ACCACA members quite reasonably defend their independence, but they seem reluctant to stand out as exceptions to our claim regarding the plausibility of EPA's benefits estimate. They restate an oft-quoted sentence from their closure letter on the prospective report, that "the study's conclusions are generally consistent with the weight of available evidence." But they qualify that statement by saying it is not "wildly implausible" that Americans would be willing to forego 20 percent of their personal income "when one considers the two scenarios involved." There's the rub. EPA's scenarios assume that, but for the Clean Air Act, air quality in major U.S. cities would have deteriorated to levels such as those experienced in Delhi and Mexico City. Thus, our erstwhile critics seem to damn EPA's work with faint praise, supporting our view that Congress and the public would be better served by analyses more relevant to the policy choices that the government faces.

While ACCACA may have done as good a job as could be expected under the circumstances, the circumstances need to be changed. Independent analysts, not those who have massive conflicts of interest, should produce the program evaluations. Peer review panels with the authority to say "no" should oversee their work. Armed with that authority, peer reviewers also need to be held accountable for the quality of the final product.

Unfortunately, none of those principles applied in the case of EPA's reports to Congress. That is why, despite all the money, time, and effort expended, public understanding of the costs and benefits of the Clean Air Act is inadequate.

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