To the dismay of many environmentalists, President Obama has selected Professor Cass Sunstein to head a key department at OMB. This department has been in charge of applying cost-benefit analysis to environmental regulations.

For example, the Center for Progressive Regulation (CPR) has issued a report expressing great concern about the selection. According to CPR:

> President Obama's apparent choice of Professor Cass Sunstein to direct OMB's Office of Information and Regulatory Affairs (OIRA) – the so-called "regulatory czar" – likely means that the Administration will embrace many of the mechanisms by which the Bush Administration delayed, weakened and scuttled vitally needed regulations protecting health, safety and the environment . . .

You can find the full report here.

The environmentalist reaction is understandable. Sunstein is a long-time advocate of cost-benefit analysis as a check on overly zealous risk regulation. He has called for giving OMB expanded powers to bring the government into compliance with the principles of cost-benefit balancing.

It remains to be seen how influential Sunstein will be in shaping the Obama Administration's regulatory agenda. But it would be a mistake to assume either that his views of cost-benefit analysis will necessarily control that agenda or that his views themselves are carved in stone.

It seems unlikely that Sunstein will abandon his enthusiasm for CBA, but he may be open to persuasion on some key points. In terms of climate change, some of his writings seem unsympathetic to aggressive action on climate change. On the other hand, he has endorsed a version of the precautionary principle for catastrophic risks (here), and he may be persuadable that this principle applies to climate change.

Sunstein has also endorsed some questionable methodologies in implementing cost-benefit analysis. For instance, in his view, "[o]ther things being equal, a program that protects young people seems far better than one that protects old people, because it delivers greater benefits." The economic argument for this position is shaky at best. But Sunstein may well be open to argument on some of these methodological issues. He recently endorsed a new book taking a more liberal approach to cost-benefit analysis as a "truly superb contribution to the debate over cost-benefit analysis."

It probably makes the most sense to engage him at the level of specifics rather than hoping to change his overall regulatory philosophy. In any event, he will have to contend with some powerful advocates of environmental protection in the White House and at EPA.