



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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B-193281

October 24, 1978

Robert A. Anthony  
The Administrative Conference  
of the United States  
2120 L Street, N.W.  
Washington, D.C. 20037

Dear Mr. Anthony:

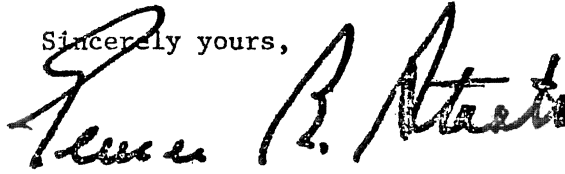
In response to your September 29 request, we have reviewed the draft recommendations on the use of cost-benefit and other similar analytical methods in regulation, prepared by the Administrative Conference's Committee on Agency Decisional Processes. We find the attempt to enhance the effectiveness of agency decisionmaking both reasonable and constructive. We have the following comments.

First, paragraph B recommends that "Congress should also consider the extent to which the legislation should provide specific guidance respecting methods to be used in performing the analyses." We find this recommendation inappropriate. Cost-benefit and other balancing analysis is highly technical and complex, and involves constantly evolving methodologies. The Congress should not be called on to offer "specific guidance" on matters of research methodologies which will of necessity vary from case to case and over time. We recommend that the last sentence of paragraph B be deleted.

Second, we find an important distinction between quantitative analyses such as cost-benefit and cost effectiveness; and qualitative analysis, or non-numerative balancing. In the draft recommendation, all of these types of analysis are referred to as "cost-benefit and similar analyses." We feel that, although they are all decision tools, there is a fundamental difference between quantitative and qualitative analysis, which is important to recognize. The former, in its purest form, is an objective decision tool, which yields a numerical answer. The latter is by definition subjective, since some or all of the costs or benefits cannot be valued or measured. In practice, cost-benefit analysis also may involve subjective estimation of some costs or benefits. Nevertheless, we feel that both quantitative analysis and qualitative analysis have their appropriate uses, but that they are not necessarily interchangeable. Agencies must decide which type of analysis is

appropriate in each situation, and the distinction between the two types should be recognized in the draft recommendation.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Stewart". The signature is written in dark ink and is positioned above the typed name.

Comptroller General  
of the United States