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Subject: Comments on Appendix C

To Whom It May Concern:

Here are some initial comments regarding the recent OMB guidelines on regulatory analyses (68 FR 5492).

Page 5514, Section I, Part A-2 concerning market power:

It would be helpful to explain the relationship of this section to the Regulatory Flexibility Act. As is, it can easily be interpreted to suggest that the Administration approves regulations that favor large national corporations to the detriment of small local corporations, without consideration of the Regulatory Flexibility Act. An example would be a regulation that establishes a national standard and eliminates local and state standards, with the consequences that it harms small volume producers and benefits large volume producers and reduces competition. Although large volume producers may be able to sell a similar product at a lower price due to economies of scale, the Administration's commitment to small business seems lacking here, especially without consideration of the Regulatory Flexibility Act and the Small Business Administration.

Page 5516, Section III, Part A, second paragraph: "That will be achieved at the point where the cost of a marginal increment in regulatory stringency is just matched by the marginal benefit. The ratio of total benefits to total costs is not a meaningful indicator of net benefits and should not be used for that purpose."

The idea of choosing the level of regulatory stringency to equate marginal cost to marginal benefit in order to maximize net benefit is an Economics 101 concept that gives some insight here; however, if you mean to say that the agency should choose the action that gives the greatest net benefit, just say so. Equating marginal cost to marginal benefit applies to local minima as well.

Sincerely yours,

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