

I respond to your e-mail asking for a response to the Executive Order. I think that in general it is sensible. However, I would give significant attention to risk in this document. The word is not even employed in the Order.

A great number of regulations in the safety and environmental area deal with risk. That is an area where human beings go astray in their choices, accurate information is hard both to secure and to convey, and regulations are often misguided. The second great arena for risk and its regulation includes finance and financial products. The points about the challenges to accurate information and about misguided regulatory structures apply with a vengeance, as the nation has learned to its grief in the last 15 months. In the coming years, there are sure to be significant new regulations on financial risk, and quite possibly a new regulatory structure. The Executive Order should anticipate that possibility.

On a less important note, the Executive Order might mention cost-effectiveness analysis.

Sincerely,

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