

To: "Dr. Baruch Fischhoff - Chair, National Academy Committee on Improving Intelligence" <baruch@cmu.edu>, "Dr. Theda Skocpol - National Academy of Sciences" <ts@wjh.harvard.edu>, "Bill Nordhaus - National Academy of Sciences" <william.nordhaus@yale.edu>, "Dr. Daniel Goroff - OSTP" <dgoroff@ostp.eop.gov>, "Dr. David Shaw - PCAST" <dshaw@blackpointgroup.com>, "Dr, Karen Cook - Chair, AAAS Section K" <kcook@stanford.edu>, "Dr. Carole Pateman - President, APSA" <pateman@ucla.edu>, "Dr. Robert Keohane-National Academy of Sciences" <rkeohane@princeton.edu>, "Dr. Robert Axelrod - National Academy of Sciences" <axe@umich.edu>, "Dr. Nazli Choucri" <nchoucri@mit.edu>, "Dr. Jonathan Cole - CASBS" <jrc5@columbia.edu>, "Dr. Richard Atkinson - Chair - NRC/DBASSE" <rcatkinson@ucsd.edu>, "Dr. Kwame Anthony Appiah - Chair, Exec. Committee, American Council of Learned Societies" <kappiah@Princeton.EDU>, "Dr. Richard Nisbett - National Academy of Sciences" <nisbett@umich.edu>
From: Lloyd Etheredge <lloyd.etheredge@policyscience.net>

Subject: 234. Red Team: Appiah and the Theory of Moral Upgrades

Dear Dr. Fischhoff, Dr. Atkinson, and Colleagues:

Rapid learning and a better causal theory about how to improve ethics and morality in world politics would be an extraordinary discovery.

An Interesting Experiment

An interesting experiment, suggested by the attached Times article (“As U. S. Agencies Put More Value on a Life, Businesses Fret”) would be for a Red Team/National Academy project to calculate - and challenge - the imputed value of foreign lives. The calculations could help President Obama to decide if a commitment to human dignity - beginning with a commitment to the value of human life - could jointly upgrade both the rationality and the ethics of world politics.

- A set of alternative budget calculations, linked to this analysis, would be especially helpful for the Administration’s emerging global health package. Rationally, where

should the world be allocating its resources at the margin if we want to save lives? Bill Gates and the Gates Foundation did their own initial set of calculations and created a brilliant and bold program for child immunization - i.e., a program that had eluded the thinking of US and other governments earlier but that everyone will be thrilled to see succeed.

Are these Unsettling Questions Worthwhile?

At one level, this exercise might be deeply offensive, if the (American) imputed value of a human life in Uganda (for example) is close to zero, or even much less than an American life. A famous critique of (public) moral economics co-authored by a former Dean of Yale Law School (**Tragic Choices** by Calabresi and Bobbitt) argued that it is too demoralizing to society to make public calculations or even to impute the current de facto values. It is better to have a government and culture that deem all human lives to be valuable, and equally valuable, while the reality differs.

One the other hand, these numerical calculations have seemed - in the United States, according to the following article - to have given leverage to progressive causes. Certainly it is the kind of Report that could be assigned to students to discuss whether foreign lives should have less value to a moral human being and/or a national government. (And when a nation or the world is becoming ready for a moral upgrade, Calabresi and Bobbitt might withdraw their caution.)

I suspect, for example, that - if we think about investments and potential contributions - the world generally under-invests in just about everybody. Thus, a public Report could be a very interesting contribution to self-reflection and cultural/political upgrade in world politics. <1>

Dr. Kwame Anthony Appiah (Princeton) has written a challenging historical study of how cultures and societies (sometimes) upgrade their morality (**The Honor Code: How Moral Revolutions Happen** (2010).). He also may have other experiments to suggest to a Red Team/National Academy project with a broad mandate:

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<1> For example, a rational global policy might be to identify talented and motivated students, with a potential for research careers in science, technology, engineering and mathematics in all countries and to move quickly to assure that they have the opportunities to make this contribution.

The Study could improve both self-reflection and the rationality of budget choices. For example, the US could spend more to link-up all of the schools in Africa to the Internet over the next two years and less for the marginal (merely deferred) benefits of a new Pentagon weapons system over the same period.

February 16, 2011.NYT

As U.S. Agencies Put More Value on a Life, Businesses Fret

By [BINYAMIN APPELBAUM](#)

WASHINGTON n As the players here remake the nation's vast regulatory system, they have been grappling with a subject that is more the province of poets and philosophers than bureaucrats: what is the value of a human life?

The answer determines how much spending the government should require to prevent a single death.

To protests from business and praise from unions, environmentalists and consumer groups, one agency after another has ratcheted up the price of life, justifying tougher and more costly standards.

The [Environmental Protection Agency set the value of a life at \\$9.1 million](#) last year in proposing tighter restrictions on air pollution. The agency used numbers as low as \$6.8 million during the [George W. Bush administration](#).

The [Food and Drug Administration](#) declared that [life was worth \\$7.9 million](#) last year, up from \$5 million in 2008, in proposing warning labels on cigarette packages featuring images of [cancer](#) victims.

The Transportation Department has used values of around \$6 million to justify recent decisions to impose regulations that the Bush administration had rejected as too expensive, like requiring stronger roofs on cars.

And the numbers may keep climbing. In December, the E.P.A. said it might set the value of preventing cancer deaths 50 percent higher than other deaths, because cancer kills slowly. A report last year financed by the [Department of Homeland Security](#) suggested that the value of preventing deaths from terrorism might be 100 percent higher than other deaths.

The trend is a sensitive subject for an administration that is trying to improve its relationship with the business community, much of which has bitterly opposed the expansion of regulation. The White House said the decisions on the value of life were

made by the agencies. The agencies, for their part, referred any questions to the White House.

“This administration utilizes the best available science in assessing the benefits and costs of any potential regulation, drawing on widely accepted methodologies that have been in use for years,” Meg Reilly, a spokeswoman for the [Office of Management and Budget](#), which oversees the rule-making process, said in an e-mail.

Several independent experts, however, said that the increases were long overdue, noting that some agencies had been using the same values for more than a decade without adjusting for inflation. One office at the E.P.A. cut the value of life in 2004.

“Agencies have been using numbers that I thought were just too low,” said [W. Kip Viscusi](#), a professor of economics at [Vanderbilt University](#) whose research is cited by most of the federal agencies as the basis for their calculations.

Businesses would prefer to discuss the consequences of the increases in new regulations and higher costs, which they say are hampering economic growth rather than suggest that the government has overstated the value of life.

But some industry representatives said assigning a value to life was inherently subjective, and that the recent changes were driven by the administration’s pursuit of its regulatory agenda rather than scientific considerations.

“It looks like they just cooked the books in they just doubled the numbers,” said Todd Spencer, executive vice president of the [Owner-Operator Independent Drivers Associa-](#)

[tion](#), a trade group for the trucking industry, which faces higher costs under some of the Transportation Department's new rules. The Bush administration rejected a plan in 2005 to make car companies double the roof strength of new vehicles, which it estimated might prevent 135 deaths in rollover accidents each year.

At the time, Transportation officials figured that the cost of the roofs would exceed the value of lives saved by almost \$800 million. So the agency proposed a smaller increase in roof strength that might save 44 lives a year.

Last year, the Obama administration imposed the stricter and more expensive roof-strength standard, and it published a new set of calculations showing that the benefits outstripped the costs.

Most of the difference came from the increased value of human life. By raising that number to \$6.1 million from a figure of \$3.5 million in the original study, the Obama administration rendered those 135 lives and hundreds of averted injuries more valuable than the roofs.

The pattern of increases is scrambling a long-standing political dynamic. The business community historically has pushed for regulators to put a dollar value on life, part of a broader campaign to make agencies prove that the benefits of proposed regulations exceed the costs.

But some business groups are reconsidering the effectiveness of cost-benefit analysis as a check on regulations. The United States Chamber of Commerce is now campaigning for Congress to assert greater control over the rule-making process, reflecting a judgment

that formulas may offer less reliable protection than politicians.

Some consumer groups, meanwhile, find themselves cheering the government's results but reluctant to embrace the method. Advocates for increased regulation have long argued that cost-benefit analysis understates both the value of life and the benefits of government oversight.

"If analysis is going to be imposed on the rule-making process, we want higher values for injury and for fatalities," said [Robert Weissman](#), president of [Public Citizen](#), which pushed the Transportation Department to reconsider the roof-strength regulation.

But Mr. Weissman said he still believed that such analysis was an impediment to necessary regulation.

"The bigger picture is absent," he said. "How do you do cost-benefit analysis on [global warming](#)? It constrains the imagination. It really is a constraint in terms of bounding what is given serious consideration."

The current rise in the value of life is based on the work of Professor Viscusi, who wrote his first paper on cost-benefit analysis as a Harvard undergraduate in the early 1970s. He won a prize and found a career.

The idea he and others have since developed in a long string of studies is that differences in wages show the value that workers place on avoiding the risk of death. Say that companies must pay lumberjacks an additional \$1,000 a year to perform work that

generally kills one in 1,000 workers. It follows that most Americans would forgo \$1,000 a year to avoid that risk and that 1,000 Americans will collectively forgo \$1 million to avoid the same risk entirely. That number is said to be the “statistical value of life.”

Professor Viscusi’s work [pegs it at around \\$8.7 million in current dollars](#).

Before the current administration, only the E.P.A. had fully embraced this methodology. Other agencies relied instead on the results of surveys asking Americans how much they would spend to avoid a given risk. This technique tends to produce significantly lower results. An even older technique, which yields even lower numbers, is to sum the wages lost when a worker dies. In 2000 the E.P.A set a baseline of \$7.8 million, updated to current dollars. But in 2004, the office that issues clean air regulations reduced that baseline by \$500,000 in an analysis of proposed limits on emissions from industrial boilers.

Last year, the E.P.A. directed its various offices to return to the 2000 baseline, adjusting that figure for inflation and wage growth. In some recent studies, the E.P.A. has used a figure of \$9.1 million after making those adjustments.

The agency said at the same time that it was working to set a new standard. [In a white paper issued in December](#), it raised the possibility that people might place a higher value on avoiding a slow death from cancer than a quick death in a car accident. It also broached a concept it described as “altruism,” the idea that people may place a higher value on the common good than on their own survival.

[John D. Graham](#), who oversaw the use of cost-benefit analysis during the George W. Bush administration, said that the scientific justification was “quite strong” for raising the

values used by the Transportation Department, but he cautioned that the E.P.A. was going too far.

“Why should the same clinical condition be valued differently at different federal agencies?” Mr. Graham, now dean of the School of Environmental and Public Affairs at [Indiana University](#), asked in an e-mailed response to questions.

Many experts similarly ask why life itself should be valued differently. Agencies are allowed to set their own numbers. The E.P.A. and the Transportation Department use numbers that are \$3 million apart. The process generally involves experts, but the decisions ultimately are made by political appointees.

The Office of Management and Budget [told agencies in 2004](#) that they should pick a number between \$1 million and \$10 million. That guidance remains in effect, although the office has more recently warned agencies that it would be difficult to justify the use of numbers under \$5 million, two administration officials said.

Close observers of the process point to two reasons for the variation in numbers. First, they say that setting a single standard is not worth the high-stakes battle that would be required with advocates on both sides. The Obama administration, like its predecessors, has preferred to deal with the issue informally, on an agency-by-agency basis.

Second, they say the lack of a standard preserves flexibility.

The Food and Drug Administration [issued a rule in 2009](#) requiring new warning labels

on packages and bottles of acetaminophen and other drugs. Its justification valued life at \$5 million. A few months later, the agency acknowledged that it had calculated the cost of adding one new label, while requiring two new labels. However, the agency continued, the benefits still exceeded the costs because the value of life was \$7 million.

A few months later, in an unrelated rule regarding [salmonella](#), the agency once again cited a value of \$5 million, which it said best reflected the available research. And in its recent study on cigarette labels, the agency cited a value of \$7.9 million.

“The reality is that politics frequently trumps economics,” said [Robert Hahn](#), a leading scholar of the American regulatory process who is now a professor at the University of Manchester in England. But he said that putting a price tag on life still was worthwhile, to help politicians choose among priorities and to shape the details of their proposals.

“Even small changes,” he said, “can save billions of dollars.”

Dr. Lloyd S. Etheredge

Policy Sciences Center

URL: www.policyscience.net

301-365-5241 (v); lloyd.etheredge@policyscience.net (email)

[The Policy Sciences Center, Inc. is a public foundation that develops and integrates knowledge and practice to advance human dignity. Its headquarters are 127 Wall St., Room 322 PO Box 208215 in New Haven, CT 06520-8215. It may be contacted at the office of its Chair, Michael Reisman (michael.reisman@yale.edu), 203-432-1993. Further information about the Policy Sciences Center and its projects, Society, and journal is available at www.policysciences.org.]