

Putting a price tag on a person's life could make America safer and fairer

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What is the monetary value of a person's life? Vanderbilt economist W. Kip Viscusi says putting a price tag on the value of a person's life makes people and products safer.

Viscusi defines the "value of statistical [life](#)" or VSL as the dollar amount that people are willing to pay to avoid an expected death tied to a faulty product or job-related accident. His current estimate of the value of statistical life is \$10 million.

In a new book, [Pricing Lives, Guideposts for a Safer Society](#), Viscusi explains how he pioneered the VSL and provides a comprehensive look at all aspects of economic and policy efforts to price lives.

Cost of death

We all know that most products are not risk free. Viscusi says consumers need companies to figure out the right level of safety. And it's often not something they're going to do on their own.

"Companies still look at the financial costs associated with killing somebody and the financial costs typically are the costs that they're going to incur when they go to court, which tends to undervalue life by a huge amount," said Viscusi, University Distinguished Professor of Law, Economics, and management and co-director of the Ph.D. program in law and economics.

Safety standards

The VSL is currently used by multiple U.S. government agencies to determine the stringency of health, safety and environmental regulations.

"The Department of Transportation had been among the slowest in terms of not placing high value on life," said Viscusi. "However, in the Obama administration, the government greatly increased the value placed on lives which enabled them to issue additional auto [safety standards](#)."

Health hazards

In the 1980s, Viscusi used the VSL method to demonstrate that the benefits of requiring businesses to label hazardous chemicals immensely outweighed the costs of people being injured or dying. His efforts led to the adoption of this approach throughout the federal government.

Not all lives are valued the same

Viscusi analyzed the relationship between age and the value of statistical life and he found the amount rises over time. For example, Viscusi says a 62-year-old has a higher value of statistical life than an 18-year-old.

"Because the VSL tracks your income," said Viscusi. "So it increases till about your mid 40s, then around 50 it tails down a bit, but it doesn't drop off the table. Not because they have more life left, but they have more money and they're willing to spend more money to reduce risk to the life," said Viscusi.

Viscusi's estimates of the VSL are regularly used by [government agencies](#) to place a dollar value on reduced mortality risks. He has served as a consultant to the U.S. Office of Management and Budget, the

Environmental Protection Agency, the Occupational Safety and Health Administration, the Federal Aviation Administration, and the U.S. Department of Justice on issues pertaining to the valuation of life and health. In the Carter administration, he was Deputy Director of the Council of Wage and Price Stability, which was responsible for White House oversight over all new federal regulations. He has served on different panels of the Science Advisory Board of the U.S. Environmental Protection Agency for over a decade. Viscusi served as the President of the Society for Benefit-Cost Analysis.

Viscusi is the founding editor of the Journal of Risk and Uncertainty, which he has edited since 1988.

Provided by Vanderbilt University

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