

EPA says an American life isn't worth what it used to be

Seth Borenstein, Associated Press
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It's not just the American dollar that's losing value. A government agency has decided that an American life isn't worth what it used to be. The "value of a statistical life" is \$6.9 million in today's dollars, the Environmental Protection Agency reckoned in May - a drop of nearly \$1 million from just five years ago. The Associated Press discovered the change after a review of cost-benefit analyses over more than a dozen years. Although it may seem like a harmless bureaucratic recalculation, the devaluation has real consequences.

When drawing up regulations, government agencies put a value on human life and then weigh the costs against the lifesaving benefits of a proposed rule. The less a life is worth to the government, the less the need for a regulation, such as tighter restrictions on pollution.

Consider, for example, a hypothetical regulation that costs \$18 billion to enforce but will prevent 2,500 deaths. At \$7.8 million per person (the old figure), the lifesaving benefits outweigh the costs. But at \$6.9 million per person, the rule costs more than the lives it saves, so it may not be adopted.

Some environmentalists accuse the Bush administration of changing the value to avoid tougher rules - a charge the EPA denies. "It appears that they're cooking the books in regards to the value of life," said S. William Becker, executive director of the National Association of Clean Air Agencies, which represents state and local air pollution regulators. "Those decisions are literally a matter of life and death."

Dan Esty, a senior EPA policy official in the administration of the first President Bush and now director of the Yale Center for Environmental Law and Policy, said: "It's hard to imagine that it has other than a political motivation." Agency officials say they are just following what the science told them.

The EPA figure is not based on people's earning capacity, or their potential contributions to society, or how much they are loved and needed by their friends and family - some of the factors used in insurance claims and wrongful-death lawsuits. Instead, economists calculate the value based on what people are willing to pay to avoid certain risks, and on how much extra employers pay their workers to take on additional risks. Most of the data is drawn from payroll statistics; some comes from opinion surveys.

The EPA made the changes in two steps. First, in 2004, the agency cut the estimated value of a life by 8 percent. Then, in a rule governing train and boat air pollution in May, the agency took away the normal adjustment for one year's inflation. Between the two changes, the value of a life fell 11 percent, based on today's dollar.

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