

The Anarchist Library
Anti-Copyright



Jon Bekken
The Impossibility of Just Prices
Review
2005

Retrieved on 28th January 2021 from syndicalist.us
From Anarcho-Syndicalist Review #41, Summer 2005

theanarchistlibrary.org

The Impossibility of Just Prices

Review

Jon Bekken

2005

Frank Ackerman & Lisa Heinzerling, *Priceless: On Knowing the Price of Everything and the Value of Nothing*. The New Press, 2004, 277 pages, \$25.95 hardcover.

Everything important can be bought and sold. Advertisers tell us this every day, offering to solve our most intimate problems (or imagined problems) for a fee. Corporations put price tags on everything as they decide what to make, what towns to destroy, how unsafe they want our workplaces to be, and the extent to which they will poison our communities. (Indeed, there is now a thriving, entirely legal market buying and selling the “right” to pollute our air.) Health insurers decide how much our life, and our pain, is worth as they decide which procedures and drugs to cover, and which to reject. And governments increasingly use cost-benefit analysis to decide everything from environmental regulations to whether to allow the bosses to force workers to put in unlimited overtime. Everything has a price – even our lives.

Even many “leftists” agree. The entire edifice of Participatory Economics is built upon the premise that we can set prices that capture the full social costs (materials and labor, of course, but also

externalities such as damage to the environment and the lost opportunities that otherwise could have been met) of fulfilling any need. Anything we truly value, one Parecon advocate haughtily explained, we can put a price on. Would that they were alone (with the capitalists and politicians) in their insanity, but no. An entire school of environmental economists has arisen who develop ever-more-complex formulas to try to measure the value of externalities – less, I think, out of a belief that this is the best way to make decisions than from despair. These economists insist that our calculations take account of the central role of nature in the economy (the natural resources upon which we depend, the interaction of a species within its environment, the competing uses to which nature could be put). Yet while such methods may be better than the profit-based calculations that drives most economic analysis, they still leave us in a world where prices determine what matters and what is worth protecting.

It is against this backdrop that environmental law professor Lisa Heinzerling and Tufts University economist Frank Ackerman have written *Priceless*, which the publishers describe as “a combative, no-holds-barred debunking of cost-benefit analysis and the derelict logic used to defend it.” While they proceed entirely within the logic of (enlightened) capitalism, the authors nonetheless provide a wealth of examples of just how dangerous (and how commonplace) the absurd notion that a price tag can be put on everything is. They track the most common cost-benefit formulas down to their dubious origins, illustrate just how easily these calculations can be manipulated to obtain the desired result, and challenge the logic that the value of human life or a healthy ecosystem can be measured in dollars and sense in terms that should be accessible to a very wide audience indeed.

While much of the book frames its arguments against a backdrop of Bush-Reagan deregulation, there is enough information presented to make it clear that price-tag analysis is a bipartisan enterprise. Thus, while the current Bush regime’s number crunch-

in retreat. States serve power, and those who rule have concluded that they no longer need the welfare state.

The price tag system is utterly incapable of serving human needs in the arena of policy-making. The authors do not address this, but the evidence is overwhelming that it serves no better in determining the production of food and other human necessities, and making sure they reach the people who need them. The attempt to put a price tag on everything is a reflection of a diseased social order, and its symptoms permeate our entire social system. And even if the authors do not draw out the implications, the arguments (and evidence) presented here can be marshaled to support a broader radical project.

The price system does not protect our time from the depredations of the employers. It does not reward effort or skill; quite the contrary, it richly rewards anti-social behavior while condemning the most industrious among us to dire poverty. Capitalism indeed “know[s] the price of everything and the value of nothing,” as the subtitle puts it. We must rid our minds of the notion that a free society can rely upon prices (for our labor, or for our necessities); rather, we must proceed from the basis of identifying real human (and ecological) needs, and rebuild our economy around meeting those needs.

cancer. (You'd agree to have a mad scientist induce cancer in your body for a quarter-million bucks, wouldn't you?)

Similar research has been done to determine the value of preserving entire species, of people's "quality life years," of an I.Q. point (lead poisoning stunts children's intelligence, so the manufacturers need to know how much that's worth), of living with crippling injuries, etc. It is all quite insane, and U.S. law requires this sort of analysis be performed on new regulations.

Priceless does a very good job of explaining how cost-benefit analysis is being employed and whose interests it serves. They demonstrate that even on its own terms, such analyses necessarily exaggerate costs and minimize benefits. And they offer a richly deserved repudiation of the entire scheme, instead calling for policies that reflect human values: "The alternative is not a different formula. The multitude of priceless values [life, health, nature, beauty, etc.] that we have identified cannot be measured on a single scale... At best, such methods can provide useful background information on multiple environmental impacts. At worst, when they offer their own bottom-line evaluations, they make hidden judgments about the relative importance of different impacts – judgments that can be every bit as arbitrary and indefensible as the process of monetization." (208–09) There is no formula, they conclude; what is needed is public debate and participation, and a value system that does not gamble with the ecosystem on which future generations will depend.

These are useful cautions, so far as they go. But they do not go nearly far enough. Ackerman and Heinzerling seem to believe that capitalism and the state could be reconciled with environmental and human values, with regulatory agencies serving to keep their anti-human (and anti-environmental) tendencies in check. This attempt to reassert a liberal politics – a politics that endeavors to harness the state to human needs – may help *Priceless* reach a wider audience, but in the real world this sort of politics is everywhere

ers slashed the value of a human life to \$3.7 million, who among us would willingly sell their life for even the \$6.1 million the Clinton analysts thought it was worth? And who would be willing to give the world's billionaires the right to kill as many of us as they please, so long as they pay whatever the going rate is determined to be?

Ackerman and Heinzerling conclusively demonstrate that this business of putting prices on our world is fundamentally arbitrary.

Take the wreck of the Exxon Valdez, for example. Many studies have been conducted to try to determine how much the environmental damage was "worth." Surveys determined that the average household would be willing to spend almost \$100 to put in place controls that would prevent another spill like the Exxon Valdez, indicating that the price should be set at \$9 billion (a figure that assumes only U.S. residents were affected; one suspects Russians and Canadians, to mention only those most closely impacted, might see things differently).

But if you ask those same people how much they would accept in order to allow Exxon to dump more oil in the ocean, the numbers get much higher – indeed, many people say they would refuse to allow such a thing at any price. And that's the only sane position to take. Unfortunately, the people who run our society are not sane. U.S. Supreme Court Justice Stephen Breyer (a Clinton appointee), for example, has published a book that severely criticizes out present system for protecting health, safety and the environment not on the grounds that it fails to do so effectively, but rather because it is not cost-effective. Tobacco companies agree, and have given millions to support "risk analysis" studies that – because they value prices and money above all else – usually find that public health measures just don't make sense. Which brings us to the question of just how much a human life is worth. It's been illegal for quite some time to buy and sell the right to kill people, so analysts have to figure this out indirectly.

Often they pluck figures from thin air, as in the case of a 1995 study by the Intergovernmental Panel on Climate Change which decided lives in the U.S. were worth \$1.5 million, but those in low-income countries were worth only \$ 100,000. (The 2001 report uses an international average of \$ 1 million to decide whether it is cost-effective to allow the capitalists to continue destroying our planet through global warming.) Many economists estimate how much a person would earn over a lifetime, and figure that's the value of his or her life. (We are, after all, wage slaves, of no intrinsic value to our masters except for the money they can make off our labor.) Or, to determine how workers value their own lives, they compare two "similar" jobs with different risks of causing death, compare the pay rates, and then figure the difference reflects how much workers are willing to sell our lives for.

That this is an absurd undertaking goes without saying, but when economists take this idea seriously and crunch the numbers, they find that union members value their lives much more than do non-union workers. You have to pay blue-collar and service sector male workers \$2.6 million more over the course of a lifetime for a job likely to kill them (\$13 million for women); but unionized men get \$6.1 million (women \$42.3 mill). (The authors show how these figures are arrived at from differences of just pennies an hour on pages 76–81; there is actually a certain twisted logic to it, if you ignore factors like power, how desperate someone is to land a job, and the like.) So we've established that non-union workers are either dolts who don't value their own lives, or who lack the organized power necessary to do so. Policy-makers don't worry about such questions, they strike an average and voilà: we have the value of a statistical human life.

There are alternative measures of human life, ranging from \$900,000 to a bit more than \$7 million, which policy makers use to run cost-benefit analysis on workplace safety regulations, the level of poisons that should be allowed in our food, the value of school lunch programs, diseased social order, and environmental

regulations. (Somehow the very real costs of maintaining the world's most deadly military machine and inflicting untold carnage on our fellow workers around the world are never measured by these tools.) Statisticians then discount the figures because many victims will be older, some deaths will occur in the future, etc., in order to arrive at a number that justifies whatever horror is being contemplated. (Not that they deliberately fudge the numbers; people with anti-human proclivities are hired for this sort of work.)

The drive to put a price tag on everything does not stop there. Elaborate surveys have been conducted to determine how much a crippling illness is worth, many of which manipulate data from a study of denizens of a North Carolina shopping mall to determine the value of a case of chronic bronchitis. Researchers didn't ask what people would charge to be infected, of course, since few would agree at any price. Instead, they described the effects of chronic bronchitis and asked questions about which of two imaginary communities the shoppers would prefer to live in: one with the same cost of living as their actual residence and a specified risk of bronchitis, and the other with a higher cost of living but a lower risk of bronchitis. The interviewers kept changing the numbers until they reached a point where each subject was equally happy with both communities (or perhaps desperate to escape). Researchers then figured the trade-off between higher risk and higher costs – \$883,000 per case of chronic bronchitis – was the value people placed on avoiding a crippling disease.

One-third of the people they asked to participate refused to have anything to do with this macabre exercise, and so are not included in the data. Environmental Protection Agency analysts then statistically manipulated the data, dropping the people who valued their health the most (and also those at the bottom of the scale) to arrive at an average of \$260,000, which they now use to value health risks such as coming down with a nonfatal case of bladder