

FORD PINTO CASE

Lecture

Michael Sandel:

What about the value of life?

Some **cost benefit analyses** incorporate a measure for the value of life. One of the most famous of these involved the Ford Pinto case. Did any of you read about that? This was back in the 1970s, do you remember what the Ford Pinto was? A kind of car. Anybody? It was a small car, subcompact car, very popular, but it had one problem, which is the fuel tank was at the back of the car and in rear collisions the fuel tank exploded and some people were killed and some severely injured.

Victims of these injuries took Ford to court to sue. And in the court case it turned out that Ford had long since known about the **vulnerable** fuel tank and had done a cost benefit analysis to determine whether it would be worth it to put in a special shield that would protect the fuel tank and prevent it from exploding.

They did a cost benefit analysis, the cost per part, to increase the safety of the Pinto, they calculated at 11 dollars per part. And here's, this was the cost benefit analysis that emerged in the trial. 11 dollars per part at 12.5 million cars and trucks, came to a total cost of 137 million dollars to improve the safety.

But then they calculated the benefits of spending all this money on a safer car, and they counted a 180 deaths and they assigned a dollar value 200 thousand dollars per death, 180 injuries, 67 thousand and then the cost to repair, the replacement costs to repair two thousand vehicles that would be destroyed without the safety device, 70, 700 dollars per vehicle. So the benefits turned out to be only 49.5 million and so they didn't install the device.

Needless to say, when this memo of the Ford Motor Company's cost benefit analysis came out in the trial, it **appalled** the jurors who awarded a huge settlement. Is this a counter example to the utilitarian idea of calculating? Because Ford included a measure of the value of life. Now who here wants to defend cost benefit analysis from this apparent counter example? Who has a defense? Or do you think this completely destroys the whole **utilitarian** calculus?

Yes.

Julie: Well, I think that once again they've made the same mistake the previous case did, that they assigned a dollar value to human life, and once again they failed to take account things like suffering and emotional losses by the families. I mean families lost earnings but they also lost a loved one and that, uh, is more valued than 200 thousand dollars.

Michael Sandel: Right, and uh, wait, wait, wait. That's good. What's your name?

Julie: Ahh, Julie Rotoe.

Michael Sandel: So if 200 thousand, Julie, is too, too low a figure because it doesn't include the loss of a loved one and the loss of those years of life; what would be, what do you think would be a more accurate number?

Julie: I don't believe I could give a number, I think that this sort of analysis is, shouldn't

be applied to issues of human life. Can't be used, monetarily.

Michael Sandel: So, they didn't just put too low of a number, Julie says, they were wrong to put any kind of number at all. All right let's hear someone who

Student: Inflation

Michael Sandel: You have to adjust for inflation. All right, fair enough. So what would the number be now? This was 30, 35 years ago. 2 million dollars. You would put 2 million. And what's your name?

Voitek: Voitek.

Michael Sandel: Voitek says we have to allow for inflation, we should be more generous. Then would you be satisfied that this is the right way of thinking about the question?

Voitek: I guess, unfortunately it is, for, there needs to be a number put somewhere, like I'm not sure what that number would be but, I do agree it could possibly be a number put on human life.

Michael Sandel: All right, so Voitek says, and here he disagrees with Julie, Julie says we can't put a number on human life for the purpose of a cost benefit analysis. Voitek says we have to, because we have to make decisions somehow. What do other people say, think about this? Is there anyone prepared to defend cost benefit analysis here? As accurate, as desirable?

Yes, go ahead.

Raul: I think that if Ford and other car companies didn't use cost benefit analysis they'd eventually go out of business because they wouldn't be able to be profitable and millions of people wouldn't be able to use their cars to get to jobs to put food on the table, to feed their children. So I think that cost benefit analysis isn't employed, the greater good is sacrificed, in this case.

Words:

cost benefit analysis: cost benefit analysis can be explained as a procedure for estimating all costs involved and possible profits to be derived from a business opportunity or proposal.

utilitarianism: a theory that the aim of action should be the largest possible balance of pleasure over pain or the greatest happiness of the greatest number.

vulnerable: able to be easily hurt, influenced, or attacked

appall: to cause someone to be extremely upset or shocked

Discussion:

Ford Motor Company did not repair or revise their products based on results of their cost benefit analysis. How do you think about it? Was it a right decision for car manufacturing company?