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## Moral Principles Under Market Rules

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## Moral Principles Under Market Rules

### Abstract

In a republican society, the government must generally carry out the moral values of its constituents, ranging from physical protection to economic stability to social equality. This is done by Congress passing laws and the executive branch, upon the President approving those laws, executing them faithfully. Because the federal government is enormous, agencies and departments established for the laws can be carried out effectively. However, like any government, they are limited to a budget to carry out those laws. These agencies can easily monetize materials when estimating the policies' impact, but it is not easy to monetize moral values. The agencies' solution is through the willingness to pay. Therefore, by using the willingness to pay in their cost-benefit analysis, agencies can get a better idea as to what policies or regulations are most effective in implementing the moral values of the Congress and the people.

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### **Oscar Romero**

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Cost-benefit analysis (CBA) is a systematic approach to estimating the costs and benefits of policies to determine the one that provides the best approach to achieving benefits while minimizing the costs. Willingness to pay (WTP) is “when an individual value[s] each benefit just as much as the amount he would be willing to pay to secure it” (Haigh, Harrison, & Nichols, 1992).

Cost-benefit analysis (CBA) is the most appropriate tool for agencies to use when creating policies because it will implement the most effective policies. Multiple different administrations, from Republican President Reagan to Democratic President Obama to Republican President Trump, have practiced the executive order of “no action may be taken

unless the benefits justify the costs” (Sunstein, 2018). The only exception to this rule is if “Congress explicitly required it” (Sunstein, 2018). However, most of Congress’ statutes “rarely provide guidance about the level of costs that should be imposed on the private sector in the course of achieving those goals” (Sunstein, 2018), such as Section 112 of the Clean Air Act; only the expectation was established. The section “expected health considerations to determine standards, [but also] did not expect health protection to require the absolute elimination of all hazardous emissions” (Haigh et al., 1992). Through a CBA, agencies will “insistently focus attention on the actual consequences of regulatory initiatives” (Sunstein, 2018) by “exploring opportunities to increase health and other benefits or reduce unnecessary costs” (Haigh et al., 1992). For example, through CBA, Haigh, Harrison, and Nichols revealed that by setting tighter requirements for plants considered to be high benzene exposure and providing no additional controls on the other plants, the measure would yield “96 percent of the benefits of the proposed uniform standard at 37 percent of its cost” (1992). Therefore, CBA will “help regulators avoid imposing some regulations for which the benefits are far smaller than the costs” (Haigh et al., 1992), especially when there is a more cost-efficient way to carry out those moral laws imposed by Congress.

Unfortunately, CBA unreasonably overthrows fundamental non-monetary values in their analysis’. Because “the cost estimates are meaningless in isolation, ... they can be judged appropriately only in relation to the benefits they secure” (Haigh et al., 1992). The consumer’s values are counted in the benefits, “and the measure of these values is the individual’s willingness to pay” (Sagoff, 1992). Nevertheless, there is a difference between an act of a consumer and a citizen: “we act as consumers to get what we want *for ourselves*[, while] we act

as citizens to achieve what we think is right or best *for the community*” (Sagoff, 1992). By monetizing the values of citizens through WTP, cost-benefit analysts devalue morals by equating it to a less valuable denominator: the dollar. Using the dollar inherently fails “to treat the persons who have them with respect or concern” (Sagoff, 1992). Only Congress, not agencies, has the capability of balancing benefits and costs because they have real moral values to take account. However, because Congress does purposefully leave a gap in their laws to allow the experts of the agencies to fill those gaps effectively, agencies must “reflect the complexity (economic, moral, political, social) of the environment within which the individual exists” (Gillroy, 1992) in their CBA. As long as agencies continue to “presuppose that efficiency is the primary principle” (Gillroy, 1992) and develop numbers that come from “a visit to fantasy land” (Sunstein, 2018), they will continue to fail their primary duty of faithfully executing the laws of the United States.

It is appropriate to concede that the laws, based on moral values, cannot be accurately equated to a dollar amount; however, the U.S. government must work under the market rules in order to carry out those moral values effectively. Citizens favor the absolute regulation of carcinogenic materials “as a way of expressing and realizing their moral commitments” (Sunstein, 2018). However, they do also admit “the importance of [carcinogenic materials] to the economy” (Haigh et al., 1992). To translate materials to moral values will be challenging to do and vice versa, but translating both to monetary values puts agencies “in a better position to decide on the stringency of regulations in a nonarbitrary way” (Sunstein, 2018). These monetary amounts are predicted through the calculations of “real-world markets, producing evidence of compensation levels for actual risks, [and] contingent valuation studies (CVS), which asks people, through surveys, how much they are willing to pay to reduce statistical risks” (Sunstein,

2018). Although CVS questions are hypothetical and inaccurate to what will happen, they do “provide valuable information to regulators interested in improving the efficient use of society’s resources” (Haigh et al., 1992). Not all public questions should rely on a market approach. However, it is reasonable to begin the CBA with WTP and adjust the study to a more ethical approach, if there is a compelling reason to do so in order to ensure that all the relevant bases meet Congress’ moral policies.

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