

Including human values in dollar values

By Patrick Welle
Economics provides insights on weighing trade-offs in uncertain times like these. Society does not weigh all risks equally and ethical values confound the assignment of dollar values to different outcomes, especially loss of life. People tend to be risk averse; we hedge our bets against the odds of bad outcomes. This is the basis for the profit potential of insurance companies. Studies indicate that high values are assigned to precautions against bad outcomes that are irreversible. Furthermore, economics distinguishes between risks that individuals weigh against their own, private consequences and risks that our choices foist on others.

Social processes are needed for identifying levels of collective risk acceptable to the citizenry, through policies such as highway safety, food and drug protections, safe drinking water, etc. The costs of securing an acceptable threshold of risk are used to reveal society's trade-offs between dollars budgeted and preventable deaths avoided. This technique, called revealed preference, yields a range of estimates on the Value of a Statistical Life (VSL). Ethical controversies are recognized and this measure is not presented as putting an absolute, true price on life. The pro-business American Enterprise Institute recommends a VSL of \$10 million.

estimates (admittedly crude) sheds light on the opinions of some that the economic losses from the precautions we are taking are worse than the disease itself. The dramatic reductions in death toll estimates from ever-improving pandemic models indicate that our sacrifices are paying off. An approximate result is that we have cut the death toll in half thus far. Given the Minnesota death toll stands a bit over 300 it could be argued that we have prevented another 300 deaths these past two months, yielding an estimated \$3 billion in benefits of lives saved. Over two months this is larger than the economic output of many sectors of the Minnesota economy. Health economics includes among the benefits of containing epidemics the prevented morbidity (illnesses) as well as mortality (deaths) making these estimated benefits from our sacrifices much higher.

Among others, Minnesota's own public health expert, Dr. Michael Osterholm, continues to warn against relaxing precautions too early. As Dr. Anthony Fauci states: "the virus makes the timeline." Based on science, Dr. Osterholm sees a realistic timeline to mass production and distribution of a vaccine as 18 months. Hence, at two months in, he warns that we are in the first inning of the game and if we let our guard down we risk jumping up to the trajectory of the disease that predicted a US death toll over 1 million. Avoiding this death toll, with associated

non-fatal COVID 19 cases, yields an economic value in the range of the entire country's annual GDP.

Laws of nature dictate that loss of human life is irreversible forever. Laws of economics show that loss of a job or business, while tragic, can be reversed. We are challenged to adapt our behaviors and our policies to minimize the economic hardship and build on the initial federal, state and local efforts to move us through the stages from economic relief to stimulus. Studies find that economic hardship brings a mental and emotional burden, especially a damaged sense of self-worth for some. Hopefully this burden will be lessened given it is not a personal failing but the result of the pandemic.

A strength of our market economy is the mobility of moving parts. In a typical year, millions of businesses close and millions of new businesses are started. During this crisis the closures are

at catastrophic levels and the start-ups are few. But smart economics can move us through the timeline – set by the virus – to make the trough less deep and move us more quickly to recovery.

It will help to focus on the basics: Supply and Demand depend on adequate borrowing capacity of producers and purchasing power of consumers. Sound science and public-private partnerships toward best-practices and creative education can restore comfort of workers with their workplaces and potential buyers where they seek goods and services – health care services being paramount among these. Sectors will work through the stages in resuming economic activity based on the ability to provide an acceptable threshold of risk to a critical mass of people. Those who include human values in dollar values will be rewarded.

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Whose safety is being protected?

By David A. Bahr
Mark Dickinson's two recent letters (April 11 and April 22) have drawn awareness to the comparative potential for mortality due to the COVID-19 threat of infection and the potential for mortality due to the economic consequences of dictatorial government-forced harm. He notes correctly that far greater mortality would likely result from the economic trauma than from novel coronavirus infection.

A careful mathematical analysis would support Mr. Dickinson's comments. In an epidemiological model based on Malthusian population dynamics, this "pandemic" spread of a predatory invasive species into a defenseless host population could be modeled as a tensor differential equation system with solutions that are Malthusian exponential in nature. The dominant Malthusian exponent here is the difference between a parameter-dependent

population density and the locally variable population density. A positive exponent would predict runaway propagation of the pathogen; a negative exponent would predict regionally averaged timewise demise of the pathogen complicated by a real variation of population density within a specific region.

Our experience in northern Minnesota and North Dakota is consistent with this model. All five resolved COVID-19 cases in Beltrami County were imported, and they failed to propagate. And based on the Sanford Health system's experience of negligible COVID-19 impact throughout their northern multi-state outreach, it's clear that COVID-19 presently is not a problem here unless we import it.

Based on this model and Sanford Health statistics, the average population density north of Brainerd appears to lie below the Malthusian threshold, so COVID-19 propagation would



be limited to close social affiliations with incoming travelers here. This suggests response measures more intelligently strategic than an executive imposed order indiscriminately paralyzing everyone everywhere at the price of economic disaster. And, as mentioned previously, economic disaster would likely reap greater mortality than the COVID-19 virus ever would. (Actually, it already has.)

Every governmental

dictatorship pretends to be acting in the best interest (as in "safety") of its citizenry in suspending civil rights and civil liberties. It's a common tool. When public "safety" is used as a propagandistic magic wand or tyrannical club, whose safety is it that's truly being protected? (Most fifth-graders can answer this question. Can you?)

David A. Bahr, Ph.D., is owner of 3Suns Research in Bemidji and Emeritus Professor of Physics at Bemidji State University.

LETTER TO THE EDITOR

Globalists are speeding up their agenda

I agree with Thomas Jefferson, who said "I ... place economy among the first and most important republican virtues, and public debt as the greatest of the dangers to be feared. To preserve our independence, we must not let our rulers load us with perpetual debt. ... I am for a government rigorously frugal and simple."

Who is working for Osama bin Laden inside our government? In the book, "Osama bin Laden: America's Enemy in His Own Words," by Randall Hamud, it states:

"Alongside the mujahideen in Afghanistan, we bled Russia for 10 years until it went bankrupt and was forced to withdraw in defeat ... We are continuing this policy to bleed America to the point of bankruptcy..."

Who is working for Mahmoud Ahmadinejad inside our government? In 2008, he said: "No politician can be found in the U.S. who is capable of saving the U.S. economy from this move toward the valley of downfall."

For years, embarrassing "pork spending" in bills has caused me to believe that America is intentionally being spent into bankruptcy. The current propagandized virus

(which has killed fewer people than has seasonal flu) is being used to the same end. It seems to me that the globalists are speeding up their agenda.

Can we really do nothing about it?

I wish we could start over with the original Constitution and the few people and offices it designates. All new people and no lobbies.

Patricia Heart, Cass Lake

From the Pioneer archives

10 years ago
May 6, 2010 — Dick Beitzel and Willie Stittsworth have been associated with Bemidji State University and its athletic program for decades. Both were professors at BSU, Beitzel teaching chemistry from 1957 to 1989 and Stittsworth in the education program from 1967 to 1989. Both earned Professor Emeriti status and continue to help the school by contributing time and talent.

25 years ago
May 6, 1995 — Decker Hall was dedicated to the late President Robert Decker. Formally known as Hickory Hall, Decker Hall was built in 1957 during the Bemidji State University construction surge. It once housed a cafeteria and lounge for students. Decker Hall is now the hub for Career Services, Academic Success Center, the TRiO outreach and other student service programs.

50 years ago
May 6, 1970 — A boycott of the town of Walker was called by the Leech Lake Chippewa Indian Reservation Business Committee involving a proposed small boat harbor to be built on Onig Point on Leech Lake. A petition, signed by Walker area residents, protested using federal funds to build the harbor, in direct competition with harbors on the lake belonging to private resorters.

100 years ago
May 6, 1920 — A proposal has been made for the present Erickson Hotel in the 300 block of America Avenue by the North Central Lutheran Hospital Association to remodel the building, build a fireproof addition to the north side and make the building as nearly as possible into a modern hospital with 40 beds, an operating room, X-ray room and hospital office.

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