



Cost-benefit analyses and OSH: a marriage of convenience?

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Policymaking at EU level comes with cost calculations. Occupational safety and health (OSH) may be a fundamental human right, guided by the principle that OSH measures must be taken to protect workers no matter the cost – but, in a world of often scarce financial resources, it is not immune from these calculations. Cost-benefit analyses are part and parcel of today's EU policymaking processes and, for the foreseeable future at least, they seem here to stay. In the OSH community, we'll have to deal with them, so better to try to shape the rules of the game than shout from the sidelines. Trade unions should engage in these studies and scrutinise the ways in which they are being undertaken in order to co-determine their questions and methodologies, and thereby also their outcomes.

However, some fundamental complexities need to be taken into account. The first difficulty with cost-benefit analyses, especially in the field of OSH, is that they compare essentially disparate categories. To place the value of human life and health on equal footing with the cost to industry of implementing a risk reduction measure is not only morally questionable, it is also extremely difficult to realise in practice. Exactly how much are we willing to pay for a human life? How much to prevent years of life quality being degraded by disease or disability?

Next, while costs are generally easy to monetise, benefits are not; they mainly pertain to health and are thus 'intangible'. This often leads to a 'status quo bias', in which policy measures driven primarily by cost considerations lead to a reinforcement of the status quo rather than to positive change. Furthermore, exactly what risks and consequences are being taken into account to 'measure' the benefits? If, for example, we only take the carcinogenic effects of certain substances into consideration and disregard other adverse effects, then the total picture will be an underestimation of reality.

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Finally, costs are usually incurred immediately whereas the benefits of OSH measures often occur in the future. Traditional cost-benefit analyses usually apply a ‘discount rate’ to compute all relevant costs and benefits in present-terms values. But shouldn’t human suffering in the future be given equal weight in policy decisions as human suffering today? A clear comparison to environmental policies presents itself here: if we were to give less weight to the lives of future generations, climate change mitigation policies would seem less beneficial than they actually are.

In the light of these (and more) pitfalls, trade union involvement in cost-benefit analysis is indispensable. However, such traditional kinds of analysis, used to decide which policy options are the most profitable, are not the only kind. Two other types of study in particular deserve mention here, and warrant some consideration from trade unions.

The first is the so-called ‘costs of inaction’ study. This differs from cost-benefit analysis in the sense that it does not calculate the costs of different policy options, but rather calculates the costs of a certain situation if no action is undertaken. Two ETUI studies from recent years, one on the costs of occupational cancers and one on the costs of psychosocial risks (PSR), are good examples of this¹. These costs-of-inaction studies are intended to motivate policymakers to take action in order to avoid costs (or rather to generate benefits) in the future.

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The second type is exemplified by a recent study from the statutory agency Safe Work Australia (SWA)² which, rather than simply calculating the costs of occupational diseases and accidents over a certain period, estimated the broader positive economic impact of their total absence. Using a model recommended by the World Health Organization (WHO)³, SWA was able to show that non-occurrence of occupational diseases and accidents would lead to a higher GDP, more and better jobs, and higher wages – both in the directly impacted sectors and along the supply chain. This type of analysis, which could be termed a ‘benefits study’, may also suffer from methodological problems (e.g. what datasets are taken into account, or how to deal with under-registration and non-recognition of occupational diseases) but it is important for the story it tells us: safer and healthier workplaces automatically lead to a wealthier society, to the benefit of us all. And this is a story we need.

1. Vencovsky D. et al. (2017) The cost of occupational cancer in the EU-28, ETUI; Sultan-Taieb H. et al. (2022) Burden of cardiovascular diseases and depression attributable to psychosocial work exposures in 28 European Countries, European Journal of Public Health, 32 (4), 586-592. (One more peer-reviewed article and one more ETUI report are foreseen for this project in 2023.)
2. Deloitte Access Economics (2022) Safer, healthier, wealthier: the economic value of reducing work-related injuries and illnesses, Safe Work Australia.
3. The Computable General Equilibrium (CGE) model.