U.S. DEPARTMENT OF COMMERCE
National Bureau of Standards
Washington, D.C. 20234

January 25, 1971

Professor Joshua Lederberg
Department of Genetics
Stanford University School of Medicine
Palo Alto, California 94304

Dear Professor Lederberg:

Recently I have noted in your newspaper articles reference to Thomas
Schelling's concept of life values. I also note that you expect to
contribute a paper to the forthcoming conference on risk-benefit
sponsored by the National Academy of Engineering. Professor Lester
B. Lave of Carnegie-Mellon University will also be there presenting a
case study on automotive safety devices. If you are not familiar
with his work I believe you would be interested in learning that Lave
calculates (from the price and the improvement in risk due to the
device) those values one would need place upon his person to be
motivated to buy the various safety devices in question. These were
seat belts, padded instrument panel, dual brakes, and the energy
absorbing steering column. Life values ranged from a few x 10^4 to a
few x 10^6 \$.

The values cited are not indicative of an actual statistical value
distribution, dp/dV, which the public might in fact exhibit. I point
this out to you though because I believe this concept is emergent and
useful to economic analysis. With it a rational floor can be placed
on safety. One can calculate, for example, the relation between various
product demand schedules having different risk levels embodied in the
same product. This then provides the means for analyzing the proper
trade off between risk and benefits.

If you are interested in this approach I could send you more details.
In any event I would appreciate learning from you:

    1. Whether you regard that this self value distribution is real
and valid as a measure for risk propensity, and

    2. Whether you believe it urgent to initiate social research to
measure such a function.

Sincerely,

CARL O. MUEHLHAUSE