

True Cost and Valuing People

True cost accounting for people is challenging and involves measures of structure and function. Social costs and benefits include impacts on social capital (education, cohesion) and social services (volunteerism, cooperation). And similar to environmental accounting, much of the social system does not involve cash flow and is therefore not counted by conventional economics. Even in developed countries as much as half of all work is unpaid care for family or volunteering for the community. The shadow economy or black market in the US is estimated at 10-15% of the measured economy. Counting the true cost is critical to improve security, equity and satisfaction.

True cost accounting will shape how we deal with:

Food quality and security
Health and health care
Local crime and public safety
Availability and rights to basic services
Civil and personal liberties
Equality of opportunities
Equality of education
Individual and family economic well-being
Community stability
Worker/employment rights
Societal economic well-being
Societal social well-being
Global economic well-being
Global social well-being
Minority rights

External costs are particularly important in health care. When health care is not available then people suffer, die, and can spread diseases to other. Health care costs are implicated in half of all bankruptcy filings. Because health care often is tied to employment in the US, a downturn in the economy puts more people at risk. The corona virus left millions of people suddenly without a job or health insurance.

A 2012 survey revealed the challenge we face in America. Personal rights, food, health and personal finances were the top concerns. True cost accounting would make the future more secure and predictable.

EXAMPLE - MRSA and antibiotic misuse
The lowest price chicken and pork at any cost!

The practice of feeding antibiotics to healthy animals to speed growth is contributing to the creation of a range of super bacteria that are resistant to common antibiotics. The asset value of

these antibiotics is diminished with each misuse. True cost accounting would make those who misuse antibiotics pay the costs they currently ignore.

The rise of methicillin-resistant *Staphylococcus aureus* (MRSA) is a good example of a social cost created by incomplete cost accounting. The social capital value of antibiotics that have worked well in humans has been ignored in the rush for high returns and rapid profits (i.e., for use in agriculture), or to satisfy the demands of parents who browbeat doctors into prescribing drugs for sick children (for viral ear aches and colds in children where they will do no good).

The external costs related to MRSA are quite high. They include death, suffering, lost productivity, health bills that can't be paid, bankruptcy, stress and anxiety. Agricultural workers in contact with these animals are especially likely to get MRSA infections, with 20% of workers testing positive in the midWest.

In the United States MRSA kills 20,000 people a year and imposes an annual burden of up to \$2.2 billion on third-party payers and as much as \$13.8 billion on society. This is an incomplete picture, however, because MRSA infections are not required to be reported in many areas.

True cost accounting would almost immediately change operations. Only 20% of pig herds were MRSA carriers in the Netherlands - versus 70% for conventional pork producers in the US. With true cost accounting the MRSA rate should drop near zero.

Denmark showed what could be done with *Salmonella* contamination in eggs. The prevalence of infected flocks has been reduced from more than 20 percent (about like the US) to less than 0.5 percent.



Cheap meat costs 20,000 lives a year