

# ***How Cost-Benefit Analysis Works***

In 1977, a group of workers learned they had become sterile while manufacturing the chemical DBCP for Occidental Petroleum Co. in Central California. A lawsuit filed by those workers has recently unearthed a 1978 internal company memo which describes how they calculate costs and benefits. The document, written by the Director of Health, Safety and the Environment suggested that Occidental calculate how many people would be exposed to its DBCP, assume that a normal proportion of them would become sterile or get cancer and that half of those would sue, and then figure how much the company would have to pay in judgments, settlements and legal fees.

“Should this product still show an adequate profit meeting corporate investment criteria, the project should be considered further,” the memo said.

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