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The Peltzman Effect: Do Safety Regulations Increase Unsafe Behavior?

By Paul G. Specht



My first reaction upon learning about the Peltzman Effect was, “That’s absurd.” I was even more surprised to learn that the theory has existed for decades and is embraced by many nationally recognized economists.

“The Peltzman Effect is the hypothesized tendency of people to react to a safety regulation by increasing other risky behavior, offsetting some or all of the benefit of the regulation”.¹ Named after Dr. Sam Peltzman, a renowned professor of economics from the University of Chicago Business School, it is a theory he has been espousing since 1975. Dr. Peltzman’s early research dealt with regulatory laws and traffic safety. He and some fellow economists have expanded this theory into other areas of safety. The main premise is that safety regulations may have unintended consequences that counteract the purpose of the rule. And his research continues to attract attention.

This year ABC’s 20/20 aired a program titled “The Surprising Risk of Playing It Safe”. Reporter John Stossel stated that the Peltzman Effect is seen when “people adjust their behavior in a way that counteracts the intended safety effect.”² Child-proof safety caps are left unsecured for easy opening, safety belts lead to more reckless driving and other examples were presented. Other examples can be found through a quick internet search of Peltzman’s research. But in this writer’s opinion, at best, these examples only emphasize our tendency to over estimate the potential effects of safety regulations. The examples do not negate the positive results of regulations especially in the area of industrial safety.

Why is this important to us in safety education? First, our students should not be shielded from a contrary theory about the value of safety regulations. They should be prepared to respond to challenges that are based on the Peltzman Effect. Secondly, and something that we have been teaching for years, safety regulations are not nearly as effective as a company culture that promotes safety through behavioral changes. Thirdly, the Peltzman Effect does have some legitimate applications. They should be studied and acknowledged. At the undergraduate and graduate levels the opportunities for discussion and research are numerous and should prove informative.

Peltzman’s theory is not totally absurd. His research does have merit and should be discussed in class. It deserves a place along side of other theories of causation. Heinrich’s theory of causation continues to get coverage in safety textbooks. Perhaps it is time to recognize Sam Peltzman’s work.

For further information you can listen to an interview with Professor Peltzman at http://www.econtalk.org/archives/2006/11/peltzman_on_reg.html or read "[Regulation and the Natural Progress of Opulence](#)" (PDF), a lecture by Peltzman at the American Enterprise Institute in 2004. You can also find an interesting rebuttal to the Peltzman Effect at <http://www.harvardlawreview.org/forum/issues/119/jan06/sklansky.shtml>.

¹ Peltzman Effect. (2007, August 10). In *Wikipedia, The Free Encyclopedia*. Retrieved 03:08, October 3, 2007, from http://en.wikipedia.org/w/index.php?title=Peltzman_Effect&oldid=150306659

² ABC News, 20/20 “Worry in America, The Surprising Risk of Playing it Safe”, February 22, 2007.