

Family of Four Pays \$9,827 In 'Tort Tax'

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America's out-of-control legal system imposes a staggering economic cost of over \$865 billion every year, according to a new scholarly study by the Pacific Research Institute (PRI), a free-market think tank based in San Francisco, Calif.

This figure is 27 times more than the federal government spends on homeland security, 30 times what the National Institutes for Health dedicate to finding cures for deadly diseases, and 13 times the amount the Department of Education spends to help educate America's children.

The authors of "Jackpot Justice: The True Cost of America's Tort System" calculated that the nation's tort system imposes a yearly "tort tax" of \$9,827 for a family of four and raises health care spending in the United States by \$124 billion.

"For years the Missouri Chamber of Commerce and Industry has warned about the negative economic impact of our lawsuit-happy culture, both here in Missouri and across the country," said Daniel P. Mehan, president of the Missouri Chamber. "You can be sure, injury lawyers know how much cash they make on lottery-sized verdicts. It's about time someone added up how much the trial bar's excesses are costing America."

The new PRI study provides the most comprehensive examination ever of U.S. tort costs. According to the study's lead author, Dr. Lawrence J. McQuillan, unlike previous studies, "Jackpot Justice" calculates both the *direct* and *indirect* costs of America's legal system.

These include not just the direct cost of annual damage awards, plaintiffs' attorney fees, defense costs and administrative expenses from torts but also the indirect costs of the legal system's impact on research and development spending, the cost of defensive medicine, the related rise in health care spending and reduced access to health care, and the loss of output resulting from deaths due to excess liability.

"America's legal system doesn't just transfer wealth from companies to personal injury lawyers," said Dr. McQuillan. "It also changes behavior in economically unproductive ways. Any true estimate of the economic cost of our tort system must include these dynamic, negative-spillover costs."

Among the report's critical findings:

Burden on the U.S. Economy — The \$865 billion annual cost of America's tort system is equivalent to the total yearly sales of the entire U.S. restaurant industry. Every day, the American economy takes a \$2.4 billion hit to sustain our out-of-control legal system.

Lost Jobs and Lost Retirement Savings — More than 51,000 U.S. jobs have been lost due to asbestos-related bankruptcies alone. Employees at these bankrupted companies have lost \$559 million in pension benefits.

One Hundred Fourteen Thousand Needless Deaths; Increased Cost of Health Care — An overly expensive liability system increases the cost of many risk-reducing products and services and health care services, making them less accessible, and in some cases unavailable to consumers. PRI estimates that

more than 114,000 people would be alive and working today, but are not due to inefficiencies in the tort system over the last two decades. The practice of "defensive medicine" by litigation-fearing physicians increases American health care costs by \$124 billion per year and adds 3.4 million Americans to the rolls of the uninsured.

Suppresses Innovation — American companies suffer over \$367 billion per year in lost product sales because spending on litigation curtails investment in research and development.

Loss of Shareholder Wealth — Lawsuits against American corporations generate an annual loss of \$684 billion in shareholder value. Who are American shareholders? Not just Bill Gates and Warren Buffet. Fifty percent of all U.S. shareholders are ordinary individuals.

Decline in U.S. Competitiveness — U.S. tort costs far outstrip our economic competition.

"America's tort system is costing us billions, raising the cost of health care, inhibiting innovation, lowering our standard of living, and making it harder for U.S. companies to compete in the global marketplace," said Mehan.

And what of all the law suits filed by citizens against the agents, officers, employees & attorneys of state & federal governments?

Now we begin to see why Christ Jesus so vehemently condemned lawyers.