

# The Price of Life

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How much is your life worth? It's an absurd and offensive question, of course. For me, personally, my religious beliefs are such that every life is uniquely precious and the "value" of each and every one is infinite. Others of different religions and none will no doubt share this view, albeit perhaps for different reasons and with a different rationale.

Others will take a more nuanced perspective – those in favour of the death penalty believe that the value of a life is in part determined by one's actions. Others have more complex belief systems around the value of life, sometimes depending on the beliefs (religious or otherwise) of the "life" in question.

As the above alludes to, these are profound philosophical and – dare I say it – theological questions. Yet in more prosaic (and offensive terms) economics intrudes on them. At this point, I should stress that this blog post is meant simply to open a discussion on a profoundly difficult topic.

Economists (and others) have long understood that there is a profound distinction between price and value. The classic example of this is water. The price of water (at least here in the UK) is unfathomably cheap. I pay a few pounds per month to have fresh drinking water piped to my home in substantial quantities.

Yet water is precious. Without it, I would be dead in days. Its value to me is immense. If I had to I would spend my life's savings in a heartbeat to purchase enough water to keep my family alive. We see the same debate played out in discussions over the low wages earned by many key workers. The price paid for their labour – their wages, plus ancillaries (employer's NI & pension contributions etc.) – is lower than the value of what they do.

This lengthy preamble leads me onto the main point of this post: we assign a price to life. What do I mean by this? Specifically, whilst death cannot be averted it can be delayed in many circumstances.

Sometimes this means giving someone many extra years of life (think of a mountain rescue effort to save someone in their 20s who goes on to live until 90). In other cases, it can mean extending life by a matter of months or even less.

What does it mean to assign a price to life? At its most fundamental, it means recognising that we trade-off life quantity against life quality. All of us do this, often in prosaic circumstances and ways. Every time you drive a car (or are driven in one!) you trade off the (non-zero) risk of an accident against the benefits of the journey.

I make the same calculus when I have a glass of wine or eat red meat, trading my expected loss of lifespan against the pleasure I derive from the occasional leg of lamb and red wine! Money can be used *either* to extend life (at the most basic level, having sufficient food falls into this category) *or* to enhance life's "quality". Most 'things' we buy tend to fall into the latter category, again including prosaic things such as appliances and electricity, as well as less tangible things (experiences like eating out, holiday or just moving to a "nicer" neighbourhood).

Medical choices and conditions are not immune to these trade-offs. As an example, some years ago, my grandfather was rushed to hospital with a life-threatening medical emergency. That medical intervention bought him an extra 8 years of life, for which I am profoundly grateful.

However, it was not free. Those additional years of life were purchased – and the cost is a marginally lower standard of living for whoever paid (in the UK's case, taxpayers). I believe that it was the right choice to spend that money, just as it will be for many others.

As a taxpayer, I am glad my taxes pay for the NHS. In fact, I think that we should all pay a bit more tax in order to fund it better. I am not alone in this – many others also believe that health and education should be funded better and if we need to pay a bit more tax in order to do so then so be it.

However, this is part of the debate that we should be having: what is price are we willing to pay in order to extend life and does our response to Covid-19 properly fit within that? The National Institute for

Clinical Excellence (NICE) puts a price of around £30,000 on extending a healthy life by one year<sup>[1]</sup>. This value is lower in real terms than it was 20 years ago. Were we paying too much back then or are we valuing life too cheaply now?

Is that the right amount? How much would you be willing to pay to extend your own (healthy) life by 12 months? Would that amount change if those 12 months were spent in poor health? I know that I would sacrifice some of my own life in order to ensure that my son has a better quality of life in future (as a financial example, perhaps I might spend that money on moving to a catchment area of a good school so he gets the best education I can give him).

Are these changes linear? I might feel very differently about the value of a year depending on whether I am 40 or 80. Are we being consistent across different modes of death? NICE take into account that we might want to pay extra to avoid a painful or unpleasant death. How much are we paying to reduce fatalities on the road? Is it too much or too little? What about life-limiting conditions that don't kill?

These are live issues: reducing air pollution will extend lives and improve health. Producing vehicles that meet the stricter Euro-6 emission specifications is much more costly than the old (more polluting) Euro-4 standards. Are we applying a consistent value to the lives this will extend and enhance?

In general, the price we assign to preventative measures (e.g. smoking cessation, anti-obesity programmes etc.) is far too low relative to that assigned to medical interventions. We also tend to be willing to pay more for cancer treatments than other equivalent medical conditions: this doesn't make any sense.

Worse, there is often enormous uncertainty over the likely outcomes. These are not comfortable issues to discuss, but as a society we can only make sensible choices over when and how we want to proceed once we have seriously thought about how we want to answer them.

[1] <https://www.nice.org.uk/news/blog/carrying-nice-over-the-threshold>