

1 Your Money or Your Life?

A cancer patient is denied the latest chemotherapy treatment because it costs over \$30,000 a month. Should it matter if the patient is a Nobel Prize winner or a murderer, a wealthy CEO or a high school dropout?

Two murders, two convictions. One victim was a wealthy, middle-aged mother of three; the other victim was a poor, teenage illegal immigrant. Should the penalties be the same?

The acceptable level of arsenic in drinking water depends on the monetary value placed on each life saved by more stringent regulations. Government experts are tasked with providing that value, but putting price tags on life is not solely the responsibility of technical specialists. Many of us have made decisions about valuing life, such as when your life insurance agent asks, "How much money will your family need if you die tomorrow?"

A pregnant woman undergoing an amniocentesis knows that the test results may impact whether she continues the pregnancy or has an abortion. Or imagine you see a young boy run out into traffic. Your decision of whether or not to rush into the street to save him reflects the relative value you place on both his life and your own.

Each example above probes the deceptively simple question, "How much is a human life worth?" It is deceptive in that many find it impossible

to say how much they would pay to save the life of a stranger, a friend, a lover, or a child, or even to save their own lives.¹ The answer's complexity resides in the fact that how we arrive at a price tag on life says a great deal about our priorities. These price tags are markers of what we define as just, infused with influences from economics, ethics, religion, human rights, and law. Our values as a society are reflected in both the methods used to develop these price tags and the prices themselves.

The methods used for valuing life depend on the purpose of the costing, what exactly the costs are meant to represent, and the perspective taken for the costing. A person estimating the amount of money needed to replace their income in case they die unexpectedly has a different purpose and perspective than a government trying to figure out how much lives should be valued to prevent incremental environmental risks, which in turn has a different purpose and perspective than a company trying to figure out how much money it should spend to improve product or worker safety. These different purposes and perspectives lead to the use of different calculation methods and, not surprisingly, produce different price tags.

This book uses a broad set of examples to explain a few critical points: (1) that price tags are routinely placed on human lives, (2) that these price tags have major ramifications on our lives, (3) that these price tags are often neither transparent nor fair, and (4) that this lack of fairness is critical since undervalued lives are left underprotected and more exposed to risks than more highly valued lives.

Many of us go through life unaware that price tags are constantly placed on our lives. We often have little recognition or understanding that many of our most important decisions are influenced by calculations or assessments of how much our lives are worth. These values affect nearly every aspect of our existence—from the air we breathe to the food we eat to the money we earn. They influence our daily decisions of how we spend our time and money. These price tags drive political decisions like whether to go to war or seek peaceful solutions. They drive legal decisions of criminal punishment and of awards in civil lawsuits. They drive personal decisions, ranging from life insurance to healthcare and from education investments to abortions. They drive decisions that impact nearly all aspects of life, from creating new life to delaying inevitable death. These values have been impacting us since the moment we were conceived, and

when we die, the value we placed on our lives will impact the people we leave behind.

What do we mean by price tags and the value we place on human life? A price tag refers to how much money something costs.² We do not normally think of human lives as having price tags, yet this book demonstrates that dollar figures are routinely assigned to human lives. We will review methods used by economists, financial analysts, regulators, and statisticians to put price tags on human lives while scrutinizing some of the key assumptions and limitations of these methods.

The value of life is a more comprehensive topic than the dollar amounts found on price tags. Value can refer to monetary worth, but value can also refer to “the importance, worth, or usefulness of something” or “one’s judgment of what is important in life.”³ These broader notions of value are reflected in the decisions we make both individually and as a society. This book will weave between these different notions of how value is expressed, in terms of both monetary price tags and nonmonetary expressions of importance.

Examining how life is valued requires us to identify the scope of exploration. At the most extreme end are the values placed on the creation and loss of human life. This includes actions individuals take as well as decisions that society makes about the relative value of different lives. Moving down on this scale are the values placed on health, a critical determinant of quality of life. Further along the continuum are personal decisions about how we chose to spend our time.

Examples of monetary values placed on loss of life include the compensation provided to the families of September 11 victims, the financial settlements in accidental death civil lawsuits, the spending limits on lifesaving medicines, and the economic benefits of lives saved due to stricter regulations. On a more personal level, price tags on life include the costs associated with having and raising a child and decisions about how much life insurance to purchase. Nonmonetary values of life and death are demonstrated in legal decisions, such as the punishments for murder and vehicular manslaughter.

We can observe society’s assessment of the relative value of life in the varying level of attention and action in response to the loss of some lives versus others, such as the death of a wealthy singer or a famous politician versus that of a homeless person lacking status or kin. The legal status of

abortion falls into this discussion of the relative value of life, as does the personal decision regarding for whom you would sacrifice your own life.

Assessing the value of your quality of life is only slightly less challenging than assessing the value of your life. Monetary examples related to the quality of life include payments to those injured on September 11, civil judgments for victims of injuries and negligence-caused infirmities, financial compensation for those wrongfully imprisoned, and the economic benefits of reduced illness due to new regulations.

Lastly, there are the decisions we make about how we spend our time. Examples of taking value of life into account in personal decision-making include tradeoffs we make in employment and choices we make about our lifestyle.

Not only are these price tags nearly ubiquitous, they are also often inevitable. Medical decisions are often based on profitability algorithms and affordability assessments. Is the treatment cost-efficient for the insurance company? Can the patient afford to pay out of pocket? It is essential to understand a basic truth: no health system could function without considering the costs and expected health benefits of care.

The same truth applies to parents. If they do not consider the cost of raising a child, parents may be unable to provide the basic necessities for their family. In some cases, such as cost-benefit analysis, the price tags are explicit. In other cases, the price tags are implicit, and we need to probe to find the underlying assumptions.

No company could implement every conceivable safety device and remain in business. They often rely on cost-benefit analyses to guide their decisions. Price tags are placed on the deaths associated with Phillip Morris's cancer-causing cigarettes, General Motors' faulty brakes, and Union Carbide's chemical storage tanks in Bhopal, India.⁴ In the public sector, zero tolerance for any pollutant is both economically and technologically impossible; an acceptable level must be established for each toxin. This level depends on how expensive a given regulation will be to implement, the number of preventable deaths, when those preventable deaths will occur, and the monetary value of each lost life. If the benefits of an environmental regulation are not considered, businesses could be hurt with little public gain.

While price tags are constantly placed on life, few of us are aware of how these values are created. The methods that economists, regulators,

business analysts, and healthcare and insurance companies employ to determine these values are often obscured behind technical language and legal jargon. The methods and price tags speak to our priorities as a society, reflecting our core values and what we define as being just. This book gives you access and insight into the methods of valuation and what they say about us.

Delving into the equations, one quickly learns that these price tags are sometimes unfair. Yet they influence our economy, our laws, our behaviors, and our policies. These price tags are infused with gender, racial, national, and cultural biases. They often value the lives of the young more than the old, the rich more than the poor, whites more than blacks, Americans more than foreigners, and relatives more than strangers. The September 11th Victim Compensation Fund paid some victims' families \$250,000; others received \$7 million, nearly thirty times as much.⁵ Not too long ago, the U.S. Environmental Protection Agency proposed valuing elderly peoples' lives at a fraction of younger peoples' lives.⁶ The justice system has repeatedly demonstrated that punishment is very much determined by the victims' backgrounds and identities.

This book takes a journey through many different aspects of valuing life. The discussion begins with purely monetary assessments—price tags. It then moves to areas that involve both monetary considerations and nonmonetary reflections of value. It finishes with topics that reflect relative values of life.

This is not a book of philosophy, theology, judicial theory, economic ideology, or policy prescription. Rather, it shares a multitude of ways that life is valued, showing that the methods used for valuing life can be readily grasped after they have been separated from their technical language. More importantly, given how critical these price tags are to everyone's lives, they must be discussed outside of the small universe of technical experts. We must understand these valuations, or else we risk having our lives undervalued and, consequently, underprotected.

Ignoring how life is valued leaves us susceptible to our health being placed at risk, our safety being placed at risk, our legal rights being placed at risk, our families being placed at risk, and ultimately, our lives themselves being placed at risk. It is only with knowledge and vigilance that we can ensure that all lives are treated fairly and sufficiently protected.