

# People's COVID-19 'health v wealth' preferences in US & UK

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# Background: behavioural interventions

- Restrictions on behaviour (e.g. lockdowns) and their relaxation/removal involve a (short run) health-wealth trade-off
- Are they worth it? Should governments tighten restrictions more or less? Are the health gains worth the cost in terms of income losses?

# Background: traditional C-B answer

- Place a £/\$ value on 'lives saved' and compare with £/\$ cost----routinely done with environmental/safety/medical policy interventions
- Elicit people's valuation of a statistical life (VSL) saved -- -- stated preferences
- *'How much would you be willing to pay for an environmental intervention that reduced your chance of dying from air pollution from 3 in 100000 to 2 in 100000?'*
- [e.g. \$30=> VSL = \$3m, actually happens to be OCED(2012) metastudy base value for OECD]

# Worries about 'dusting-off' usual VSL estimates

- People's valuations depend on type of risk (e.g. airline v motor vehicle) and context (what is going on)..... And COVID-19
- Individual focus of question and ? Overlooks ?externalities and other regarding preferences of a policy ?.....And COVID-19
- *We elicit individual policy preferences over possible COVID death and COVID income loss combinations through a survey experiment*

# Overview results and a simple C-B calculation

- Average minimum value of life in UK = £22.5m, in US = \$36m: **i.e. c. 10 x OECD base figure \$3m**
- Assume the UK March lockdown saved 100,000 lives (see e.g. Flaxman et al. 2020; Hsiang et al. 2020) and this cost 10% of GDP (see e.g. IMF 2020) => cost of saving a life through lockdown is about £2m in the UK.
- OECD (2012) benefit of life saved = \$3m => net benefit at \$1.3=£1, but marginal at \$1.5=£1.

# It gets worse.....->policy dilemma

- COVID-19 disproportionately affects the old and so perhaps should use estimates of life years (and not life) (e.g. see Miles *et al*, 2020)
- NICE QALY figure = £30k
- Average QALYS saved = 5-10 years => benefit with 100000 lives saved = £15-30b
- 9% GDP loss = £200b cost
- Which VSL should be used in policy?

# Sequence of binary choices and information treatments (3 groups)

	Lives lost per 1 million of population	Average loss of disposable household income	Lives lost per 1 million of population	Average loss of disposable household income
Decision 1	445	£2700	450	£2750
Decision 2	412	£2500	431	£2420
Decision 3	383	£2300	395	£2200
Decision 4	360	£2150	371	£2000
Decision 5	340	£1900	349	£1750
Decision 6	320	£1500	325	£1350
Decision 7	300	£1300	303	£1130
Decision 8	280	£1150	280	£1000

# Robustness checks

- **Control group**---do subjects switch at same point on the second occasion?  
(Yes, 80% of those who switch once choose the same point)
- **Information treatments**----do subjects respond information treatments ‘predictably’?  
(Yes, some evidence health and wealth info move in opposite directions and particularly if underestimate income losses)



# Which VSL ?

- Evidence that agreement with policy -> compliance in general (Tyler, 2006)
- This is what we find: those who choose the maximum valuation of health over wealth are twice as likely to state that they strictly comply with lockdown guidelines in the UK and 1.5 times as likely in the US compared to everyone else

Governments can't ignore policy preferences of people or they ignore the government

# Conclusion

- Very high current VSL of COVID-19 lives saved
- Policy makers can't ignore this -> caution in lockdown relaxation and quick tightening..
- Reinforced by evidence from information treatments that high VSL will fall as income losses accumulate



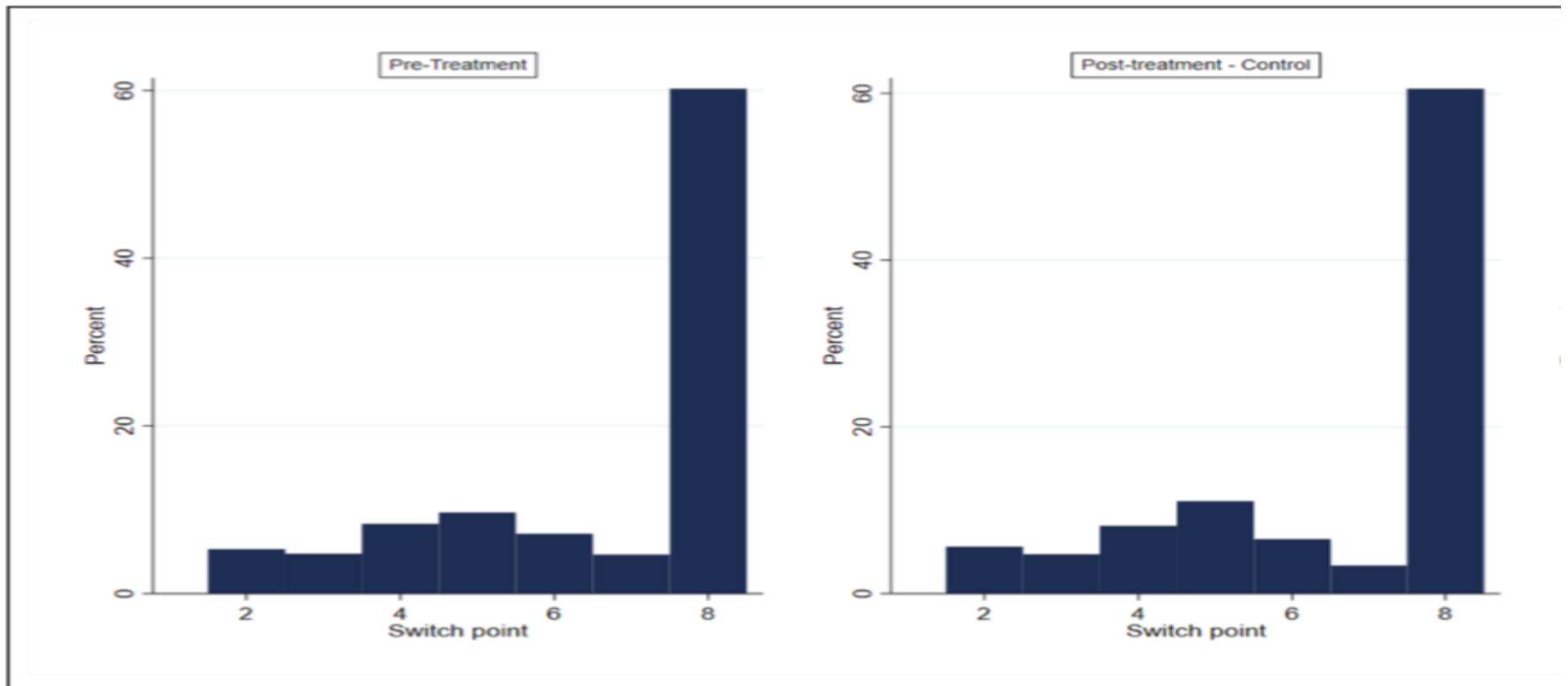
# Individual variation in VSL

	Age	Politics	Trust people	Risk averse	Education	Income/Female/Alt rusim
UK	YES(+)	NO	YES(+)	YES(+)	YES(-)	NO/NO/NO
US	NO	YES	YES(+)	YES(+)	NO	NO/NO/NO

# Individual variation in compliance, after controlling for VSL

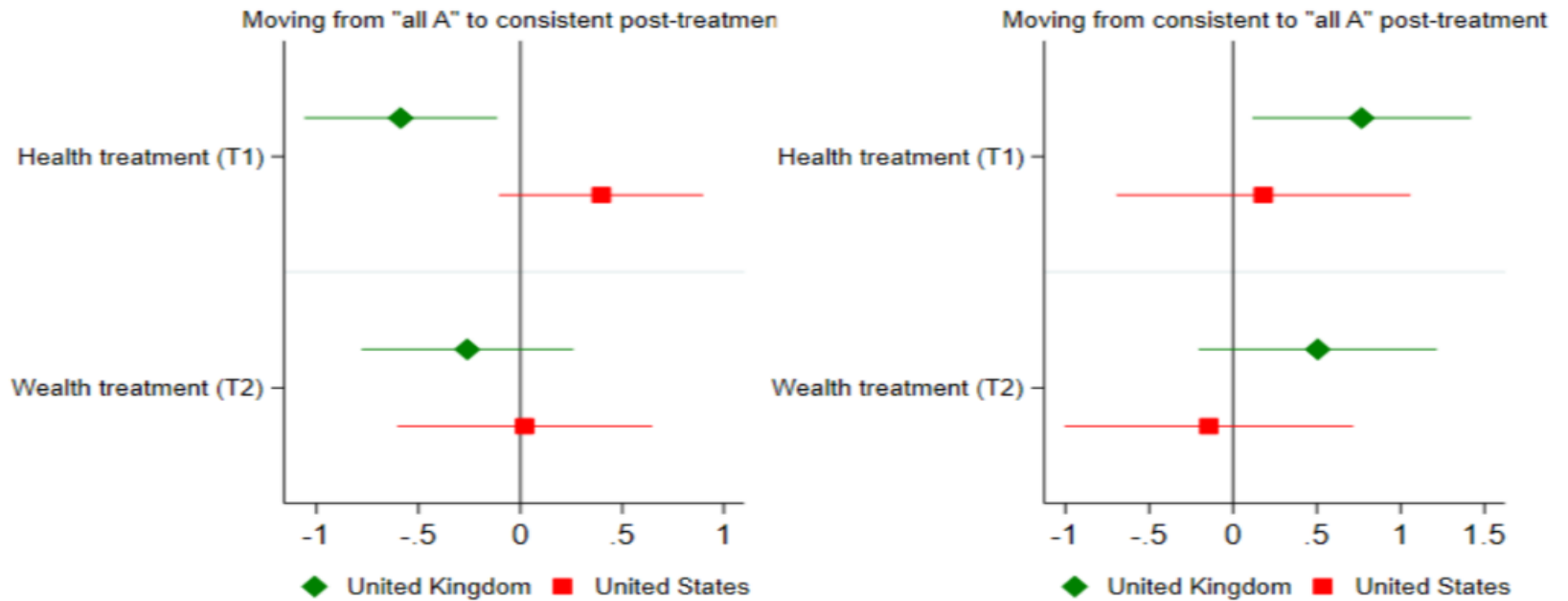
	Age	Trust in gov't	Risk averse	Female
UK	YES(+)	YES(+)	YES(+)	YES(+)
US	NO	YES(+)	YES(+)	YES(+)

# Frequency of switch points



# Information treatments

Panel A



# Information treatments

Panel B

