

This is a repository copy of *Commodities, characteristics of commodities, characteristics of people, utilities, and the quality of life*.

White Rose Research Online URL for this paper:
<http://eprints.whiterose.ac.uk/117696/>

Version: Published Version

Book Section:

Culyer, A. J. (Anthony J.) (2012) *Commodities, characteristics of commodities, characteristics of people, utilities, and the quality of life*. In: *The humble economist : Tony Culyer on health, health care and social decision making*. University of York , York , pp. 9-27. ISBN 9780952560159

Reuse

This article is distributed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivs (CC BY-NC-ND) licence. This licence only allows you to download this work and share it with others as long as you credit the authors, but you can't change the article in any way or use it commercially. More information and the full terms of the licence here: <https://creativecommons.org/licenses/>

Takedown

If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.

COMMODITIES,
CHARACTERISTICS OF
COMMODITIES,
CHARACTERISTICS OF
PEOPLE, UTILITIES, AND THE
QUALITY OF LIFE

A. J. CULYER¹

This paper tries to set research into the quality of life – especially in the sub-territory of QALY research and health status measurement – into a wider context that taxonomizes concerns of both researchers and their customers, and of researchers coming from different disciplinary backgrounds, according to thing- and people-orientation. Within this framework I shall try to show that the limitations of welfarism and utilitarianism as normative frameworks for discussing quality of life, though profound, paradoxically emphasize the importance of utility theory. I shall also try to show that there are many unresolved ethical questions. One is whether quality of life is to be seen as an absolute or relative idea. Another is whether taking account of distributional aspects of the quality of life or standards of living is done best by looking at outcome distribution, the commodity distribution, or by applying individual *a priori* weights to relevant characteristics of people. Because social scientists do not share common meanings even when they use common words (like welfare, utility, utilitarian, and relative) I have tried to make clear my own meanings and hope that any residual ambiguity will not materially get in the reader's way.

I want to begin by making some distinctions based on ideas developed by Sen (1982:30). The key idea is to distinguish between categories describing *things* and their characteristics on the one hand, and *people* and theirs on the other. The distinction between the two is not advanced as any kind of fundamental Cartesian

dualism but rather as a heuristic device that usefully introduces a thought-provoking symmetry in the principal approaches to quality of life that are found in the literature. Even as a heuristic device, as will be seen later, it has some limitations. For the moment, however, it serves.

On the left hand side of Figure 1.1 is 'the universe of things'. This consists of commodities, that is, goods and services in the everyday sense, whose demand and supply, and whose growth, have been a traditional focus of economists' attention and whose personal distribution has been a traditional focus of all social scientists having an interest in distributive justice. These commodities have characteristics. It also happens that these characteristics are a way in which we often describe the quality of goods. It is self-evident that the quality of *commodities* is not at all, however, the same thing as the quality of *life*.

In explaining aspects of consumer behaviour some economists (notably Lancaster 1971) have reinterpreted traditional demand theory (for commodities) as a demand for *characteristics* (of commodities). This has been done by supposing that rational utility maximizers derive utility not so much from goods and services *per se*, as in the traditional approach, as from the characteristics of goods. In terms of the first example in Figure 1.1: the demand for steaks is to be explored in terms of the demand for the characteristics of steaks (juiciness, etc.). Similarly, the welfare (or quality of life) of individuals is to be explored in terms of the utility of characteristics such as these.

Both traditional welfare economics and the 'characteristics' approach proceed to utility (provisionally taken as synonymous with happiness or pleasure – more on this anon) directly without the intervening category 'characteristics of people' (we had better avoid the seemingly eugenic term 'quality of people'). It is in this way that quality of life is usually defined: either directly in terms of the 'welfare' that is got from goods, or indirectly in terms of the 'welfare' that is got from the characteristics of goods.

The intervening category consists of *non-utility* information about people. This may relate back (in a causal way) to the consumption of either commodities or the characteristics of commodities. It may also simply relate to inherent characteristics of people – for example, their genetic endowment of health, their relative deprivation independent of the absolute consumption of commodities or the

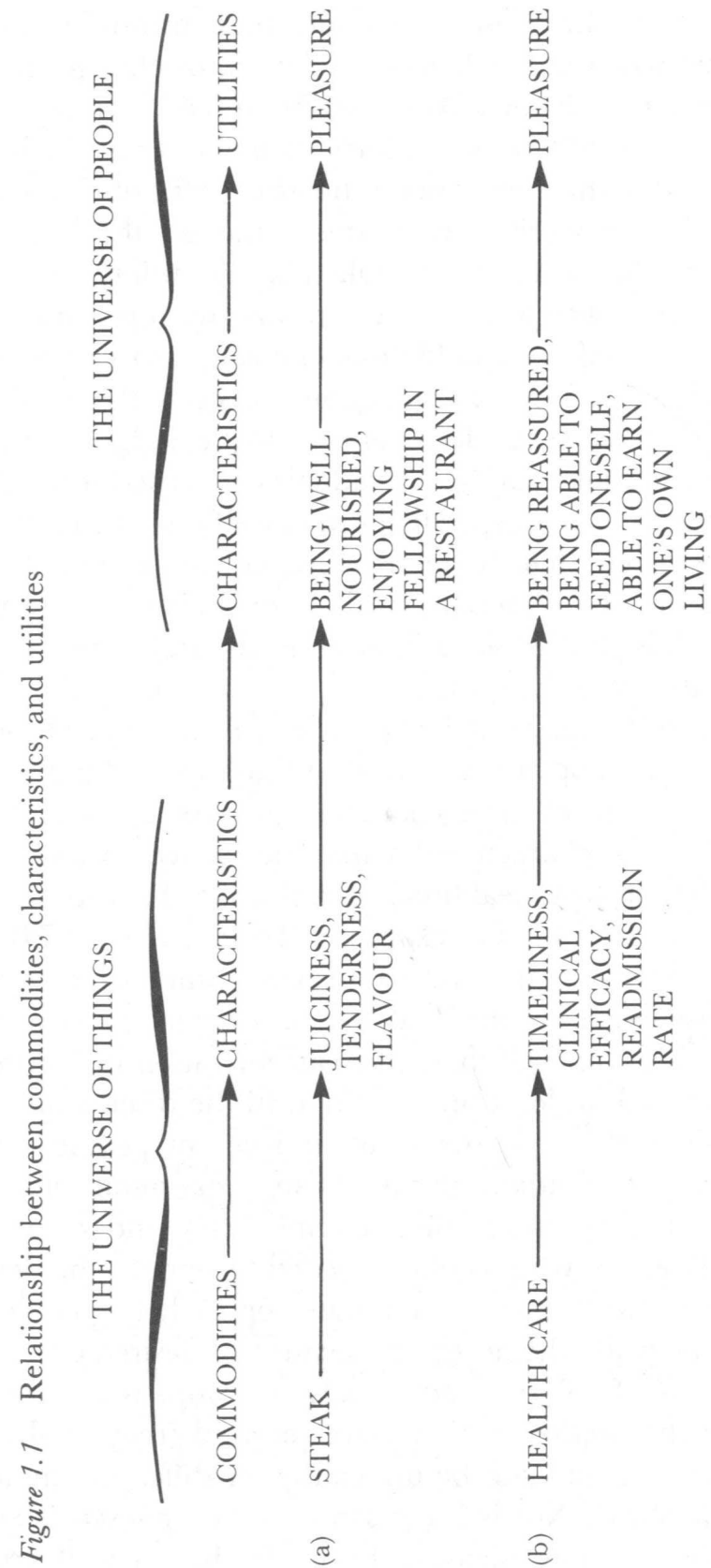


Figure 1.1 Relationship between commodities, characteristics, and utilities

characteristics of commodities, their moral 'worth' and 'deservingness'. It may, further, relate to the character of relationships between people such as the quality of friendships, community support for the individual when in need, social isolation, or changes in them, such as becoming (as distinct from being) divorced.

These non-utility bits of information about people do not usually form a part of the conventional measurement of standards of living (at least in the work of economists) though the 'social indicators movement' has consistently taken a non-utility focus. The conventional approach was, on the contrary, what one may call *welfarist* (Sen 1979). Welfarism holds that the standard of living, quality of life, efficiency of social arrangements, even the justice of distributions and redistributions, are all to be judged or evaluated in terms of the utilities of the individuals concerned. I use the term *utilitarianism* to denote a specific form of welfarism using the additional ethical principle that the total utility, or average utility, ought to be maximized. The Paretian method of welfare economics is also welfarist though it is not utilitarian in the rather restrictive sense in which I am using the term.

The explicit introduction of *characteristics of people* opens up an alternative or supplementary, non-utility, view of the quality of life, defined in terms of these characteristics. As in the first example in Figure 1.1, the characteristics may be related to levels of nourishment, fellowship at meal times, and the like. This approach seems to be characteristic of, for example, Townsend's (1979) concept of poverty (though that is rather heavily commodities-focused). It is also characteristic of the health measurement movement, QALYs, health indices, and all that. The categorization in Figure 1.1 is also one into which at least one tradition in the discussion of 'need' fits (e.g. Culyer 1976). If the characteristics of people are a way of describing deprivation, desired states, or significant changes in people's characteristics, then commodities and characteristics of commodities are what is often needed to remove the deprivation or to move towards the desired state, or to help people cope with change. They are the necessary means to a desired end. To compare the *ill-health* of different individuals or groups is not the same as to compare the *health care* they have received (they could receive the same amounts and still be unhealthy, or different amounts and be equally healthy). Nor is it the same as their *pleasure* (a sick optimist may have far more pleasure from life than a well grumbler). In

short, a focus on characteristics of people is not the same as a focus on commodities, characteristics of commodities, or utilities and it has some distinct advantages over these other approaches.

WHY CHARACTERISTICS, NOT UTILITIES?

One set of reasons for paying more attention to characteristics than utilities has been given by Williams:

The characteristic approach of economists to the valuation of social goods is to try to find some private good which is systematically related to it, and by measuring the values people place on the latter, make some inferences about the implicit (upper or lower bounds of) values they place on the former. . . . On occasions, however, social policy confronts problems where the community has explicitly rejected one or another of the basic assumptions on which this approach rests. Among these basic assumptions, two are especially important: (1) people are the best (or even sometimes the sole) judges of their own welfare; and (2) the preferences of different individuals are to be weighted according to the prevailing distribution of income and wealth. In some areas of social policy (e.g. mental illness and physical handicap), the first assumption is challenged, and over a much wider range of social concerns the second one is considered ethically unacceptable as the basis for public policy valuations.

(Williams 1977:282)

This paper – while not dissenting from Williams' arguments – makes a rather more general argument for the 'characteristics of people' approach: more general in the sense that it will encompass both efficiency and distributional types of concern and more general also in the sense that it transcends traditional utilitarianism.

The odd idea has grown up (even amongst non-economists) that welfarism is the economist's *only* way of approaching these questions. For example, in discussing Williams (1985) on QALYs, Smith (1987:1135) stated: 'A cost-effectiveness approach to the allocation of health resources presupposes a simple utilitarian or Benthamite concept of justice.' Fortunately that is not so – and it is fortunate not only because the sort of things that concern Smith (the variance in rather than the unweighted sum total of 'health') are

themselves as exclusive as welfarism. It is just not true that the QALY/CEA approach commits us to 'simple' welfarist concepts (for example, less 'simple' are maximin notions or a specially weighted sum of utilities). More important is that the QALY/CEA approach need not be utilitarian at all. For, although the QALY/CEA approach *can* focus on the fourth column in Figure 1.1 (utility), it can also focus on the third column: characteristics of people. To X focus here is *not* to focus on utility.

Suppose that there were two individuals whose claims on resources were being assessed. One is a perfect pleasure machine who gets ten times more pleasure out of a given income than the other, a chronic arthritic. 'Simple' utilitarianism will take no cognizance of this fact, focusing on the *marginal* utility of each. If the arthritic had a lower marginal utility of income than the pleasure machine, simple utilitarianism would have us take income from him or her and transfer it to the pleasure machine, because the utility loss to the low marginal utility person will be smaller than the utility gain to the high marginal utility person, and arthritis is an irrelevance – unless suffering from it affects the utility of income (at the margin). Utilitarianism may even have us do that if the pleasure machine were already richer (in income) than the arthritic, provided of course that the machine's utility gain still exceeded the poor and arthritic person's utility loss. $\Delta MU / \Delta MV$

Now that seems out of tune with what we intuit to be the right thing to do. Suppose, then, one focused on total utilities instead of the marginal. (Can one take this to be a slightly less 'simple' utilitarianism?) Suppose one wanted to equalize each person's utility as much as possible given their initial combined incomes. If the arthritic had lower utility than the pleasure machine all would be well, or at least, if not *all*, the redistribution would go in the right direction (just as it would had the arthritic had a higher marginal utility of income under 'simple' utilitarianism). But now suppose that is not the case. The arthritic, despite the pain and incapacity, has an invariably sunny disposition while the pleasure machine, though efficient at manufacturing pleasure out of income, is of a melancholic cast, a Calvinist convinced of not being among the chosen. Now, even if the arthritic has the higher marginal utility of income, we shall no longer even judge that state to be deprived (in terms of total utility or pleasure). Once again, something seems to have gone wrong. Intuition tells us that the arthritic is in some sort

of need, does need help, is deserving of our sympathy.

What may be going wrong is that the utilitarian approach, like all welfarist approaches, rejects all non-utility information about people as being irrelevant in judgements about efficiency and justice. This is why I said earlier that it was 'fortunate' that the QALY/CEA approach to decision making is not dependent on welfarist concepts, for it is its ability to exploit other descriptive characteristics of people (like whether they are crippled from arthritis) that makes it decisively non-welfarist.

Sen (1980) has developed the notion of 'basic capabilities'. These refer to one's *capability of functioning*: what one can do – getting around, looking after oneself (and others), earning a living, having discussions about the quality of life, and so on. If you think of 'standard of living' or 'quality of life' in terms of capabilities of functioning then you can immediately see that one may be rich (have lots of commodities) but have a low standard of living. One may be deliriously happy (have lots of utility) but have a low standard of living. Sen's notion of capabilities thus shares with my 'characteristics of people' the idea that *utility* focuses too much on mental and emotional responses to commodities and characteristics of commodities and not enough on what they enable you to do.

The notion of basic capabilities has lots of attractions. One is that it seems to provide what is missing in welfarism. Another is its evident culture-contingency. (Some may dub it 'relative' but I prefer to use this adjective in a more restrictive sense.) Yet another is the (again evident) way in which the notion encourages practical people to think explicitly about the capabilities that are to be reckoned relevant, how they are to be weighted, and so on. Yet we should be cautious before committing ourselves to the 'basic capabilities' approach. For one thing, we need to give a lot more thought to the meaning and significance of 'basic'. Indeed, it may be prudent to use the more general notion of 'characteristics of people' rather than 'basic capabilities' precisely because it does not involve the prior exclusion of some characteristics (whatever they may be) that the criterion of 'basic' (whatever it may be) clearly does.

Another reason for caution is that it does not seem that *only* capabilities enter the notion of 'standard of living' or 'quality of life'. There are other attributes that we may want to add in that are still not commodities, characteristics of commodities, or utility, but neither are they capabilities. If our arthritic is in *pain*, that is a factor

to take account of in assessing the quality of life. If the arthritic is bereft of friends, that too should be taken into account. So is whether or not a person is stigmatized (even if the stigma does not deprive a person of commodities). 'Characteristics' seems to me to be altogether a more open category and one capable of exciting the imagination out of conventional and tram-lined ways of thinking about quality of life.

There is a further reason for judging the characteristics approach a good one: it enables a more effective cross-disciplinary dialogue. For example, the characteristics approach to social deprivation is extremely sympathetic to Townsend's approach to poverty measurement and, indeed, provides a systematic theoretical underpinning for it (but see Townsend 1985). More importantly, the characteristics approach, even in its 'basic capabilities' version, like all good theoretical underpinnings, has the ability to clarify and surprise. It has that quality so nicely termed 'Aha-ness' by Blaug (1980:6).

UTILITY WITHOUT UTILITARIANISM

One should caution against a too complete rejection of utilitarianism. Indeed, there is one respect in which utilitarianism has a great deal to offer even those committing themselves to a 'characteristics of people' approach.

Etzioni (1986) has identified three main variations in economists' use of the concept of utility. First is the original concept, that of the pleasure of the self, which has been used in this paper so far. This concept provides the human psychology of neo-classical economics and underlies the ethics of welfarism.

The second is an expanded version of the first encompassing the satisfactions a person gains both from his own consumption of goods (or characteristics of goods) and from that of others. This is utility interdependence, a species of externality, that is increasingly used (though still not widely) by economists working on topics in social policy, and that has given rise to economic interpretations of altruism and caring (e.g. Culyer 1983).

The third is the use of the term 'utility' as a formal attribute, having no substantive attributes: a means merely of ranking preferences or choices. As Alchian put it:

For analytical convenience it is customary to postulate that an

individual seeks to maximize something subject to some constraints. The thing – or numerical measure of the 'thing' – which he seeks to maximize is called 'utility'. Whether or not utility is some kind of glow or warmth, or happiness, is here irrelevant; all that counts is that we can assign numbers to entities or conditions which a person can strive to realize. Then we say the individual seeks to maximize some function of those numbers. Unfortunately, the term 'utility' has by now acquired so many connotations, that it is difficult to realize that for the present purposes *utility has no more meaning than this*.

(Alchian 1953:73; italics added)

Etzioni condemns all three forms of what he calls the 'monotility paradigm' on the grounds that they omit too much that is relevant (echoes on the behavioural front of Sen on the ethical) and in particular he heaps scorn on the poverty of the third use as a motivational basis for behaviour (animal or human).

This condemnation, no matter how right on the grounds of making a satisfactory theory of human behaviour, seems too total. In particular, I want to argue (not for the first time, see Culyer 1983) that the third usage of the concept of 'utility' is important even for those espousing the 'characteristics of people' approach to measuring the quality of life. Its importance is twofold: in the first place, by its extensive exploration of 'measurement' the literature has clarified important meanings (e.g. ordinal, interval, and ratio scales), identified false interpretations (e.g. the non-uniqueness of elasticity measures of dependent variables measured on linear scales), and yielded up experimental techniques like the rating scale, the standard gamble, and the time trade-off method for the empirical study of the values that people have (and the differences that exist between them) (Torrance 1986). In the second place, this genre of the literature very precisely pinpoints the need for value-judgements: not merely about the selection of the characteristics to be included in an assessment of the quality of life, but also about the selection of the selectors; not only about the scaling of characteristics as 'better' or 'worse', but also about the ways in which characteristics should be traded-off; not only about overall weighted measures of the quality of life of one kind (for example, health) but how that compares (and interacts) with other aspects of the quality of life (for example, education). It is notable that any systematic consideration of these

aspects of the inherent value-content of quality of life measurement is often wholly absent from discussions of quality of life that are not informed by utility theory (e.g. Townsend 1979).

These advantages of utility theory are most to the fore when one is dealing with multi-attribute notions of poverty, quality of life, health, and so on. As a practical matter it frequently happens that one is comparing individuals (or the same individual over time) for whom some attributes worsen and others improve. This is a good example of a way in which an aggregation process, instead of 'destroying' information, can actually create it: specifically creating information about the severity (etc.) with which various attributes (whether they be commodities or characteristics) are regarded and the degree to which improvement in one (or more) may be regarded as compensating for worsening in others. Unless the researcher is prepared with a method for dealing with these issues there will be little alternative than to have recourse to arbitrary (usually personal) value judgements which may be proper for parents, or even social workers, but are scarcely appropriate for social scientists.

Utility, therefore, remains a core concept, and the lessons learned about its measurability, its measurement, and the necessarily value-laden steps needed to put substantive content into the abstract notion are essential lessons, even if you are not a welfarist. You still need utility theory even if you aren't a utilitarian!

There is an aspect of these claims of 'clarifying' and 'pinpointing' (which many of us are wont to make) that is extraordinarily perplexing and not a little disturbing. Despite the explicitness of the non-utilitarian use of utility theory and the fact that the QALY approach to quality of life in health matters has repeatedly – and again explicitly – drawn attention to its value-judgemental content, readers whom one would take as normally sophisticated frequently interpret the approach in grotesquely perverse ways. Smith, for example, believes that the old and the very sick are necessarily discriminated against by the QALY approach and that a quantitative algorithm obscures the fact that arbitrary assessments of value are being made (Smith 1987). The truth is, however, that the QALY approach can be made to 'discriminate' (if that's the word you want to use) against or in favour of whomsoever one pleases while it has nothing at all to say about how the assessments of value *ought* to be made (let alone that they should be arbitrary). It has, by contrast, many suggestions about how they *can*, as a matter of fact, be made.

QUALITY OF LIFE: RELATIVE OR ABSOLUTE

One of the features of 'characteristics of people' to which I earlier drew attention is that relationships and positional aspects may be included amongst them. Sen has used the distinctions of Figure 1.1 in order to comment on the literature of relative deprivation (a literature whose contribution to the discussion of poverty he regards as valuable). In particular, he argues the subtle point that *absolute* deprivation in capabilities (but I shall continue to use the more inclusive 'characteristics of people') relates to *relative* deprivation in terms of commodities.

This adds a useful insight into the meaning of poverty. The argument is that poverty is an absolute notion to do with the characteristics of people rather than a purely relative one (in the sense of a ratio rather than context-dependent), though it remains relative (again in the ratio sense) in the universe of commodities. For example, the absolute element in poverty relates, let us suppose, to a further notion of being a member of the community. Being relatively deprived of particular commodities denies one this full membership. The absolute element is not fixed. It takes different things in different times and different places to enable each person to be identified as a member of the group. You can even conceive of 'degrees of membership' (e.g. first- and second-class citizenship). But, for all that, the basic notion is an absolute one and is to do with characteristics of people. The relativist notion depends upon your access, possession, ownership, entitlement, and so on, to and of commodities relative to others. That is why poverty in Britain is different, and differently seen, from poverty in Bangladesh. That is why, in today's Britain, it is important (following Townsend 1979) not to be deprived of holidays, TV sets, and Christmas presents. But, if you are relatively deprived of these things, and in Britain today, you are absolutely poor.

The distinction may seem elusive. For a good example of how it can elude some subtle minds, see Townsend (1985) and Sen's reply (1985). It is rather like the notion of positional goods discussed by Hirsch (1977): if you want to enjoy the absolute advantage of sunbathing on an uncrowded beach, your ability to do so may well depend on your relative knowledge of the various available beaches compared with the knowledge of others. A differential advantage in information gives you an absolute advantage in enjoying the beach.

Sen gives an example from Adam Smith: 'the Greeks and Romans lived . . . very comfortably though they had no linen, [but] in the present time, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt' (1983:161). To avoid shame in different contexts and times may require different bundles of commodities and the bundles required (and the resources to acquire them) will often be defined relative to the bundles (and resources) of other people. But the avoidance of the shame is absolute not relative. It is not a question of being more or less ashamed, or even of having equal shame, but of avoiding shame altogether: absolutely.

If one were to take another negative aspect of the quality of life, unemployment, cannot a similar argument be mounted? For example, even if the benefits in cash and kind available to the unemployed were sufficient to protect them from poverty, unemployment remains an evil (and not merely an inefficient use – or, rather, non-use – of resources). This is because unemployment is doubly stigmatizing: one is stigmatized in one's own eyes as a failure and one is stigmatized publicly in the eyes of others. To avoid stigma it is necessary in our culture for people of particular ages, sexes, and physical and mental abilities to have employment. Stigma is absolute; the avoidance of stigma is absolute. This is perfectly consistent with the possibility of stigma being *scalable* (*viz* measurable) in terms of more or less, worse or better. Stigma, of whatever degree, is the state you are in – but whether you are in it depends on your employment status *relative to* others. *That* status is positional. If no one works, no one is stigmatized. Among some South American tribes the skin disease, pinto, was so prevalent that those single men *not* suffering from it were regarded as pathological and excluded from marriage (Ackerknecht 1947). (For other medical and sociological examples of relativist-absolutist interactions in health see Culyer 1978:96ff.)

But we are running into difficulties with Figure 1.1, for the descriptor 'unemployed' is not descriptive of commodities but of people. What we have is some absolute characteristics of people being determined by some other relative characteristics of people. The framework seems to need enlargement to meet this important dimension of quality of life. That is a task I am not going to tackle here.

Relativism seems less important in health than in some other

aspects of the quality of life, and this despite the well-known culture dependency of attitudes to pain, disability, and disease. In general, it seems that it is not the case that absolute notions of health (no matter how variable or culture-bound they may be) are dependent upon positional information about someone's relative access to care, their relative limitation of functional activity, and so on. Relativism does not usually play any major role in how we conceptualize or measure 'health'. The arrows in Figure 1.1 still convey the right sense of movement from left to right. Instead, however, of having (relative) lack of goods → (absolute) poverty, we have (absolute) lack of health care, (absolute) presence of harmful pathogens, (absolute) prevalence of risky lifestyles → (absolute) poor health.

The same can probably not be said for quality of life itself. It is not very controversial to suggest that quality of life is to do with shared views about how one ought to be able to live. It is at least in part to do with the absolute characteristics of people. It is by derivation to do with commodities or their characteristics. But just as the general view about what a minimum 'decent' (absolute) quality of life or standard of living is can vary over time and place, so can the relationship which the quality of life has to the commodities contributing to it.

What is more difficult to determine is whether the instrumental role of commodities, or characteristics of commodities, is relative or absolute. In part it is clearly relative: the 'keeping up with Joneses' effect. But it is also no less clearly absolute: I believe the quality of my life rises when I have more of particular commodities independently of whether I have *relatively* more. It is *not* the same to me whether I have £1,000 more commodities per year or everyone else has £1,000 each less.

My tentative conclusion is thus that in the meaning of 'poverty', relativity in commodities is very important. In the meaning of 'health', relativity in commodities hardly matters at all. In the meaning of 'quality of life' relativity and absoluteness in commodities both matter. In all three cases, poverty, health, and quality of life, the descriptive condition itself as a bundle of characteristics of people is, however, absolute.

But in thus relegating relativism to a backseat in health, I do not want to be taken as automatically relegating *inequality* also to a backseat. Indeed, the question 'inequality of what?' in health policy is an issue that arises partly out of the taxonomy of Figure 1.1, and the

instrumental link between commodities, their characteristics, and the characteristics of people.

HEALTH CARE: EQUALITY OF WHAT?

There is a phrase in Smith's (1987) paper which is notable for having been picked up by none of his critics (Williams 1987; Evans 1987; Drummond 1987): 'a traditional clinical view would favour policies designed to allocate resources to those most in need of them with the general objective of reducing health variance' (Smith 1987:1135). It is not, perhaps, plausible to suppose that this really has been a traditional clinical view (it probably all depends upon the tradition!) but that should not distract our attention from the key idea that a distributional rather than a maximizing/optimizing objective should command centre-stage.

One way of sharpening up perceptions about distributions is to look at some examples and ask ourselves what we think about them. Imagine that we have some non-controversial measure of health as a characteristic of people like QALYs measured on a ratio scale(!), a limited budget denominated in commodity units of resource, and a knowledge of the technology for transforming existing health states into better ones, as well as of the natural history of the diseases in question (so that we also know, for example, what happens if we do nothing).

With those immodest requirements taken for granted, consider Table 1.1A. This shows three distributions: the first column shows a starting distribution of average health status per person across disease classifications, geographical regions or whatever (a, b, c, d). The second shows a distribution of twenty commodity units of resources (a stock taken as given for the purposes of the exercise) which, in Table 1.1A, is optimally distributed so as to maximize its impact on health. The resultant distribution of health is shown in the third column: given the starting point, commodities, prevailing technology, etc., the maximum final sum of health statuses is 250. The total product of the twenty resource units is, incidentally, 120 (the difference between the final sum and what the sum would have been had no commodity-resources been applied) not twenty (the difference between the final and the initial totals). This you can infer from the information provided in Table 1.1D, which shows the marginal increases in health status from applying commodity-

resources in five unit increments. Table 1.1A is thus showing what I take to be the 'simple utilitarian' view that so distressed Smith.

Table 1.1B has the same initial distribution of health but a different distribution of the twenty units of commodities. Here they have been so applied as to reduce the variance in health to zero. The result is not only to reduce overall health status relative to the optimal (utilitarian) distribution – as must necessarily be the case by virtue of that distribution's optimality – but also to reduce average health in the community as a whole. I rather doubt whether the 'traditional clinical view' values reductions in variance *that much*. I have

Table 1.1 Exemplary distributions of health, health care resources, and marginal products

A. Health maximization

(a)	100	→	(5)	→	100
(b)	80	→	(10)	→	100
(c)	40	→	(5)	→	50
(d)	10	→	(0)	→	0
	<u>230</u>		<u>20</u>		<u>250</u>

B. Health equalization

(a)	100	→	(0)	→	50
(b)	80	→	(0)	→	50
(c)	40	→	(5)	→	50
(d)	10	→	(15)	→	50
	<u>230</u>		<u>20</u>		<u>200</u>

C. Commodities equalization

(a)	100	→	(5)	→	100
(b)	80	→	(5)	→	70
(c)	40	→	(5)	→	50
(d)	10	→	(5)	→	10
	<u>230</u>		<u>20</u>		<u>230</u>

D. Marginal products of commodities

	Effect of doing nothing	Increasing resources from 0 to 5	Increasing resources from 5 to 10	Increasing resources from 10 to 15
(a)	-50	50	< 30	< 10
(b)	-30	20	30	< 10
(c)	-10	20	< 30	< 10
(d)	-10	10	30	10

made the numbers pose the question dramatically of course: but what is the acceptable price that one should pay for greater equality?

Table 1.1C again has the same starting distribution but aims for equality of *commodity* distribution rather than equality of the final health distribution. (Imagine, if you like, that each of the groups a, b, c, and d has equal numbers of people in it so that the commodity equality is commodity equality per head.) As it happens, this produces an outcome that is no worse in total than the initial total and is quite close to the total with the efficient commodity allocation. This feature has been deliberately built into the example in order to highlight what I conjecture may be the real concern of those who emphasize resource equality, namely that it approximates the optimal solution by concentrating more commodities on deprived groups for whom the marginal product of health services is relatively high. The equal resource distribution also lowers the variance of the final health distribution compared with the distribution associated with the optimal commodity deployment, though this is incidental for those whose ethical focus is on commodity equality alone. But, if it is true that 'commodity equalizers' are really covert outcome maximizers, their egalitarianism is entirely instrumental, justified because it is a useful rule of thumb rather than because it is inherently to be desired or is inherently ethical (Culyer 1988). When mere equality is not 'enough', such people will often advocate 'positive discrimination', thereby clearly proclaiming the (imperfect) instrumentality of commodity equalization. Instrumental egalitarianism seems worth differentiating from end-state egalitarianism. The reasoning in support of each is quite different and one certainly does not imply the other.

In considering the trade-off between efficiency and the equality of the final distribution it is interesting to ask whether the fact that one is dealing with 'health' makes any difference from when one is dealing with, say, 'income'. In both cases some gain and others lose as one moves from an equal to an efficient distribution, or vice versa. In both cases the efficient distribution has a larger total than the equal one. But does it make a difference that in the one case one is dealing with purchasing power and in the other with 'life'? Suppose, for example, that the health measure is 'lives saved' and that we make the value judgement that every life is of equal value whatever its length and quality and regardless of the intrinsic merits of the individuals in question. (I am not *advocating* these judgements.) In that

case equality actually involves the sacrifice – the 'unnecessary' sacrifice in the sense that with the resources available the sacrifice could have been avoided – of people. Human sacrifices. Does that not matter? What further differences would be made if you disallowed the judgements that I just claimed not to be advocating? Suppose the numbers represented 'life years' – so that the sacrifice was not of entire lifetimes, but only parts of lifetimes? Or suppose they were QALYs, so the sacrifice was of the lowest quality life-years?

I do not know how others will answer these questions but I strongly suspect that, in order to answer them, one would want to adduce not only non-utility information but also non-health information, just as in discussing efficiency and social justice more generally there is a good case for seeking out non-utility information. The sort of information is familiar and it is to do with still other characteristics of people: age (do we not feel impelled to cherish the life-years of the very young and the very old?), desert (do we not feel differently about the person whose poor health is the result of their own reckless behaviour from the way we feel about the person who is prudent?), do we not have a special attitude to those in important social positions, and so on. And now suppose that you have *those* weights right. Indeed, suppose they are embodied in the numbers in the first column of Table 1.1. Is there any distributional concern left that has not been embodied? If not, the maximizers have the day (though not the 'simple utilitarians'). If so, then we are perhaps at the heart of what it is that the egalitarians fear most from the maximizers. But what it can be I cannot discern! And what relation it may have to the quality of life I cannot fathom.

END-PIECE

I hope to have given you some *prima facie* grounds for questioning some of the common approaches to the quality of life – especially those dubbed 'welfarist' and some *prima facie good* reasons for pursuing an alternative based on characteristics of people. I have argued that quantification of some sort is inescapable and that utility theory has some cautionary as well as practical lessons to teach in this regard (especially for those who fear or are sceptical about quantification). I have also suggested that the proposed way of looking at things has the potential for radically altering the ways in which we think and talk about distributive justice. For some this is

not news. QALY researchers in particular have been using the characteristics of people approach and utility theory without utilitarianism for at least a decade. I have tried to show that this research programme can be seen as having its intellectual roots in a theory of the quality of life that encompasses, but is much more general than, the particular ethical apparatuses traditionally used by economists and other social scientists, and that this theory opens up a wide range of interesting and important questions both of principle and practice.

NOTE

- 1 I have benefited from correspondence with Amitai Etzioni, Michael Mulkey, Amartya Sen, Alwyn Smith, and Peter Townsend, from discussions at the conference, and I am also grateful for the comments of the editors.

REFERENCES

- Ackerknecht, E. W. (1947) 'The role of medical history in medical education', *Bulletin of the History of Medicine* 21.
- Alchian, A. A. (1953) 'The meaning of utility measurement', *American Economic Review* 26-50. Reprinted in W. Breit and H.M. Hochman (eds) *Readings in Microeconomics*, New York: Holt, Rinehart, & Winston. (This is the version from which the quotation in the text comes.)
- Blaug, M. (1980) *The Methodology of Economics*, Cambridge: Cambridge University Press.
- Culyer, A. J. (1976) *Need and the National Health Service: Economics and Social Choice*, London: Martin Robertson.
- Culyer, A. J. (1983) 'Economics without economic man?', *Social Policy and Administration* 17:188-203.
- Culyer, A. J. (1988) *Measuring Health: Lessons for Ontario*, Toronto: University of Toronto Press.
- Culyer, A. J. (1988) 'Inequality of health services is, in general, desirable', in D. Green (ed.) *Acceptable Inequalities*, London: Institute of Economic Affairs.
- Drummond, M. F. (1987) letter to *The Lancet*, i:1372.
- Etzioni, A. (1986) 'The case for a multiple-utility conception', *Economics and Philosophy* 2:159-83.
- Evans, R. W. (1987) letter to *The Lancet*, i:1372.
- Hirsch, F. (1977) *Social Limits to Growth*, London: Routledge & Kegan Paul.
- Lancaster, K. J. (1971) *Consumer Demand: A New Approach*, New York: Columbia University Press.

- Sen, A. K. (1979) 'Personal utilities and public judgements: or what's wrong with welfare economics?', *Economic Journal* 89:537-58. Reprinted in Sen (1982).
- Sen, A. K. (1980) 'Equality of what?', in S. McMurrin (ed.) *The Tanner Lectures on Human Values*, Cambridge: Cambridge University Press. Reprinted in Sen (1982).
- Sen, A. K. (1982) *Choice, Welfare, and Measurement*, Oxford: Blackwell.
- Sen, A. K. (1983) 'Poor, relatively speaking', *Oxford Economic Papers* 35:153-69.
- Sen, A. K. (1985) 'A sociological approach to the measurement of poverty - a reply to Professor Peter Townsend', *Oxford Economic Papers* 37:669-76.
- Smith, A. (1987) 'Qualms about QALYs', *The Lancet*, i:1134.
- Torrance, G. W. (1986) 'Measurement of health state utilities for economic appraisal: a review', *Journal of Health Economics* 5:1-30.
- Townsend, P. (1979) *Poverty in the United Kingdom: A Survey of Household Resources and Standards of Living*, Harmondsworth: Penguin.
- Townsend, P. (1985) 'A sociological approach to the measurement of poverty - a rejoinder to Professor Amartya Sen', *Oxford Economic Papers* 37:659-68.
- Williams, A. (1977) 'Measuring the quality of life of the elderly', in L. Wingo and A. Evans (eds) *Public Economics and the Quality of Life*, Baltimore: Johns Hopkins Press.
- Williams, A. (1985) 'Economics of coronary artery bypass grafting', *British Medical Journal* 291:326-9.
- Williams, A. (1987) letter to *The Lancet*, i:1372.