

Good the economic value of life: linking theory to practice article review exampl...

[Finance](#)



**ASSIGN
BUSTER**

In the article, the author concludes that the best approach to value human life is the Willingness to Pay Approach. The author notes that the willingness to Pay Approach accounts for the shortcomings of the Human Capital approach. Basically, the willingness to pay approach determines the value of life-based on the individual's willingness to pay for the small reductions in the instances whereby the individual would die. The willingness to pay is based on the choices that the individual makes such as indulging in behaviors such as drinking, smoking. Additionally, the value of life can be based on the choices that the person makes that reduces the instances of death such as installing smoke detectors, wearing seatbelts versus not wearing seat belts. I agree with the author's choice of willingness to pay approach in that in this approach, the measurement is done based on all aspects of life rather than some specific issues such as job market value. Additionally, the human capital approach is subject to market imperfections like discrimination, race and the fact that it does not value the person's individual pleasure of life itself.

There are various difficulties in estimating human capital. These challenges include the multifaceted nature of human capital components. Some individuals have specific skills while others have explicit and tacit knowledge. Additionally, the skills that people possess are invisible. Human capital develops through experience over time. When compared to fixed capital, the fixed capital wears out after some time. Human capital also face the same predicament over time as the individuals get older. The other difficulty that one faces while measuring human capital is that human capital develops

over a wide range of environmental factors such as social relationships, legal arrangements, and cultural backgrounds.

Work cited

Landefeld, J. Steven, and Eugene P. Seskin. " The Economic Value Of Life: Linking Theory To Practice." American Journal Of Public Health 72. 6 (1982): 555-566. Business Source Premier. Web. 24 June 2015.