Personal Consumption and Single Persons:
A Reply to Kurt Krueger

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Abstract

In the last issue of the *Journal of Forensic Economics*, Kurt Krueger responded to my earlier comment on his paper on "Personal Consumption and Single Persons." In his response, he provided an incorrect characterization of my views. My response clarifies my own position with respect to testimony about personal consumption of single persons.

I. Introduction

In a recent *JFE* comment (Krueger, 2012), Kurt Krueger responded to my earlier comment (Ireland, 2012) on his paper on "Personal Consumption and Single Persons" (Krueger, 2011). In his recent comment, Krueger characterized my position as that:

> In Ireland's understanding of wrongful death law, a forensic economist should not be allowed to give the trier of facts estimates of the lifetime possible, hypothetical, or contingent amounts of financial support that a single person could have eventually have provided to his survivors. (p. 196)

Krueger's characterization of my understanding of wrongful death law is incorrect in several ways. First, most states allow survivors to recover for their own losses resulting from a wrongful death, but not for losses suffered by a decedent to the extent those losses are greater than losses suffered by survivors. A few states allow the estate of a decedent to recover losses to the estate, defined as income minus the personal consumption or maintenance of the decedent. Some states, using loss to the estate as a standard, make no reduction from lost earnings of a decedent for personal consumption or personal maintenance. A forensic economist should address calculations of wrongful damages to the standards of the state whose law will control the decision. Second, there is an important difference, hinted at in Krueger's original paper, between testimony by a forensic economist that projects damages and testimony by a forensic economist that provides information that a jury might consider. Absent evidence that the decedent was likely to begin providing financial support to parents or siblings in the future, it should not be assumed that such support *would* have been provided unless there was a foundation for doing so. It would

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not be improper for *another* economist to testify that the decedent *could* have provided support to his parents or siblings if the decedent had wanted to do so, but it should be clear that "could" does not imply that such support was likely to occur. However, statistics that Krueger compiled in his original paper for personal consumption of a single person do not define the boundaries for what might have been possible if a decedent developed a strong preference for supporting parents or siblings at some point in the future.

II. Analysis

The projected income of a decedent generally defines a boundary beyond the maximum amount of financial support a decedent could have provided to survivors. In order to stay alive and earn an income, a single decedent with no dependents would have had to spend some amount on food, clothing, shelter, medical treatment and other personal expenses. To determine the maximum possible amount of financial support a single decedent could have provided to parents or siblings, one must consider those expenses. However, since most single persons who live alone and have no dependents do not try to maximize possible financial support for parents or siblings, one cannot use data compiled from their expenditure patterns to measure maximum possible financial support. One cannot mix hypothetical behavior and likely behavior in that way. The measurements Krueger relies upon in his original paper are measurements of ways single persons living alone with no dependents actually spend money, not what they could do if they had the kind of unusual priorities of hypothetical persons who wished to maximize financial support for parents or siblings implicit in Krueger's calculations. The question Krueger wanted to answer was: What is the potential amount of financial support the decedent single person could have provided to parents or siblings if the decedent single person had wanted to do so? Since there is no population of persons who choose to maximize financial support for parents and siblings, Krueger instead used data based on actual persons who were single persons with no dependents. If Krueger wanted to use that population to develop potential support levels, the relevant statistic would be how much those persons provided in the way of financial support to parents or siblings.

In his original paper, Krueger drew a distinction between "reasonably expected pecuniary loss" and "contingent pecuniary loss." In states with "loss to survivors" standards, economists calculate "reasonably expected pecuniary loss" for spouses and children of decedents. If other qualified persons, including parents or siblings of a decedent, were being supported by a decedent, the level of financial support being provided could be projected into the future as "reasonably expected pecuniary loss." What Krueger means by "contingent pecuniary loss" is loss that would not be "reasonably expected," but is conceivably possible. The question Krueger is actually answering is: "What is the amount of financial support that the decedents could have provided if they decided to use portions of their income not considered expenses in the data sets used by Krueger to provide financial support for parents or siblings?" However, the amount of financial support that might have been possible cannot be deter-

mined from data about persons who do not typically provide financial support.

References

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