Diskusijos

WHAT MONEY COULD BUY: A REPLY TO MICHAEL SANDEL

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Abstract. According to Michael Sandel in recent decades we have witnessed a change in our thinking and acting. Namely we have become to think more in terms of economics and we have also started to buy and sell a lot more things. Sandel finds this troubling and presents two arguments: (1) the inequality and fairness argument, which states that such practises help to transfer inequalities, and (2) the corruption argument, which states that such practises corrupt the nature of the thing being bought and sold. It is argued here that neither of those arguments works in the way Sandel intends. It is also shown that a charitable reading allows us to extract a third implicit argument which does not work either. The article ends with a brief discussion of two arguments which show promise in proving Sandel's point, but unfortunately are left underdeveloped by Sandel.

Keywords: morality of markets, coercion, corruption, skyboxification, Sandel.

1. Introduction

Even though Michael Sandel's latest book What Money Can't Buy: The Moral Limits of Markets seems to be aimed towards more general public rather than academic philosophers, it is still a book worthy of attention from academic philosophers due to the nature of Sandel's arguments, which aim to make a point about the morality of current market practices. The aim of my paper is to briefly examine the main points and arguments Sandel makes in the book and consider some objections to them, as well as pointing out the parts of his book with a little bit more potential.

2. The Extended Application of Economic Thinking

The starting point, and possibly the biggest source of concern for Sandel, is the extended application of economic thinking and the expansion of the discipline of economics in general. There was a time when economics was just a discipline about inflation and savings, and foreign trade, and all the other topics we might call traditional economic issues. But over the last few decades, starting as early as the 1970s, this has no longer been the case and economics has become more and more a discipline about human behaviour and interaction in general¹– Sandel cites Becker (1976) as one of the most influential examples of introducing this kind of thinking into economics (Sandel 2013: 48–49).

This change relies on the idea that on some fundamental level humans are, at least partly, economic creatures and in their decision making in their everyday life they operate using similar methods as one would expect rational agents use while operating at the marketplace. If the "price" for a breakup in terms of difficulties in new living arrangements and possible social stigma is too high, then the person contemplating leaving a bad relationship will decide against it, just as an investor will not sell their shares if they think that long term gains outweigh the short term gains. A recent well-known example of this kind of change in economic thinking is a book by Steven Levitt and Stephen J. Dubner titled Freakonomics: A Rogue Economist Explores the Hidden Side of Everything (2005) where the authors apply economic methods to uncover the reasons for certain changes in the society or certain patterns of human behaviour. The main take-away from them is that people respond to incentives, thus if you want people to behave in a certain way, then you need to change the incentive structure such that it would be more beneficial for people to act in that way, usually by raising the "prices" of alternative actions or lowering the "price" of the desired action.

But when Becker introduced this kind of economic thinking into all spheres of human behaviour, he was talking about

"shadow prices", prices which act as indicators for agents but which lack clear quantifiable value. The person contemplating breaking up with their partner reasons by comparing the "price" of being unsatisfied with their love life to the "price" of facing major changes to their everyday life, but whatever they decide they cannot quantify how much one is a better option for them than the other. But the problem nowadays, according to Sandel (2013: 61, 86), is that when economic thinking is used to solve social problems by deliberately changing the incentive structure, then those "shadow prices" are being translated into actual prices, measured in money. But this creates problems since money, unlike satisfaction with one's love life, is fungible and easily transferrable. Thus if you promise to pay your child €10 for each book report they bring you (hoping to get your child to read more), you might discover that they are sub-contracting other kids, giving €5 per book report, and making a profit by acting as the middle man. Whereas encouraging your child to read more by setting an example yourself or positively reinforcing when they happen to read, would likely not have similar results. It would be hard for Sandel to deny the power and success that economics has in describing various problems, and I am sure he does not object to that. Instead, what Sandel is objecting to here is the application of economic thinking in solving those issues.

According to Sandel this trend, to apply economic thinking and incentive-talk to solve all sorts of social issues, is due to the public reason and state neutrality ideas of contemporary liberalism (Sandel 2013: 13–14). If the state is to be neutral between different understandings of what constitutes

¹ A case in point, which Sandel does not mention, is the economist Ninos Malek who is using his knowledge of economics to give advice about online dating (cf. http://www.learnliberty.org/course_details/the-economics-of-love-and-dating-on-demand).

a good life and if the state should not pass moral judgment over its citizens' private lives, then economics and market-based problem solving will seem very attractive since there is no judgments involved, the market purports to be morally neutral. But Sandel insists that this kind of thinking is confused and applying economic thinking and market logic does have value implications and it will change moral norms, and Sandel thinks the change is for the worse. The result of these changes in the discipline of economics and the effect they have had on public policy is that the title of Sandel's book is more and more a rhetorical question since it seems that you can pretty much buy anything for money. Sandel proposes two explicit arguments why these changes should worry us, but I have extracted three other arguments in addition to them. In sections 3 and 4 I will look at the two main arguments (the fairness and the coercion arguments), in section 5 I will look at one implicit argument (the inadequacy argument), and in section 6 I will turn to final two points (the skyboxification and the pervasive nature of ads) that Sandel makes. My conclusion will be that there are several flaws to all of those, meaning that even though I share Sandel's sentiment I have to say that he fails in his task.

3. Inequality and Fairness

The first argument Sandel presents is that these changes allow for inequalities of some spheres to be transferred into other spheres (Sandel 2013: 8–9, 110–113). If the right to disregard the one-child policy is being effectively sold in China (Sandel 2013: 69) or when university places are given to the children of generous donors (Sandel 2013: 4), then those who have much more income

at their disposal get much better access to those goods. This means the existing inequalities in wealth are being transferred into the realm of education, health-care and so on. The problem with this situation is that the market logic of "who is willing to pay the highest price wants the thing most and thus should get it" makes the faulty assumption that willingness to pay also reflects also the ability to pay (Sandel 2013: 30-31). The fact that the rich businessman is willing to pay 100 pounds for some ice to keep his beer cool while the unemployed mother is only willing to pay 10 pounds to keep cool the medicine she needs for her sick child is blind to the fact that the mother only has 20 pounds to live on for the next few weeks while the businessman has millions more. thus we cannot infer that the businessman really wants the ice more from merely the fact that he is willing to pay more since he is also able to pay more.

So what if we were to try to level the playing field and attempt to gauge the willingness to pay (and thus the greatest desire for the thing) not with money but with something we all have an equal amount: time. The outcomes are not much better. Sandel discusses various cases of things that should be free, so that all one needs to do is wait in line, that are being bought and sold for ridiculous prices because of our changed attitudes concerning the application of market thinking. Whether it is doctor's appointments, tickets to a theatre show or access to various governmental meetings, if the thing being distributed is technically for free and people just have to stand in line for it, then there will always be somebody who is willing to stay in line for you if you pay them enough. According to Sandel (2013: 21), there are entire companies that employ retirees and even homeless people to stand in line for the lobbyist who wants a seat at one or other important government meeting. So once again we are in a situation where willingness to stand in line does not accurately reflect the greatest desire, since money is allowed to change the situation and those with more money to start with gain an unfair advantage over those with less money.

The other side of allowing market rules to govern all sorts of social issues is that people who are not economically well-off might end up being effectively coerced into certain transactions (Sandel 2013: 45). Of course it is technically correct to say that drug addicts who allow themselves to be sterilized for money (Sandel 2013: 43) or people who would sell their organs (if it were legal) enter into those transactions voluntarily; nobody is putting a gun to their head. But given that they are (or likely are) in very dire economic circumstances their choice is not really free: people are completely able to live with only one kidney and if the sum offered for it is large enough then it would be irrational for a person in their situation not to take it. Thus their choice to sell something of theirs would in effect be coerced, just like prostitutes in most cases are coerced into selling their body by their circumstances (Sandel 2013: 111). The third side to this argument is that when people are paid to lose weight or quit smoking. Regardless of whether this is even an effective means to achieve public health goals, this is unfair to the rest of us who are living a healthy life from our own internal motivations, since they are being rewarded for their past bad behaviour (Sandel 2013: 57-58).

The aim of this argument is to show that there is something wrong with the practise

of selling and buying things on the grounds of inequality and fairness. Now, the only reason for thinking that transferring inequalities from one sphere into another is problematic is that those initial inequalities themselves are problematic. But that does not show that there is something intrinsically wrong with any such practises. If we would live in a society which is just (according to one or other theory of justice), then we would have no reason to worry about the problematic cases of selling things Sandel discusses since every person would be justly situated to take part in the selling and buying of that thing. So any existing inequalities that are being transferred from one sphere to another should not bother us since the initial inequalities are considered just, thus the other inequalities should be considered just as well. Also if the society is just, then we need not worry about the coercion issue since we can assume that people never find themselves in circumstances where they are forced into selling their kidney or selling their body for sex since they have other options. So when they do decide to do those things, then we can know that they had other viable options and their choice was truly free (assuming that there was no manipulation).

In other words, what Sandel achieves in showing us is that taking the world as it is (unjust according to most, if not all, of the well-known and familiar theories of justice) and combining it with practises described earlier you get something that is morally troubling, thus something would need to be changed. If you keep either of those elements constant, you would have to change the other in order to fix the problem. Given Sandel's proposal of changing the practises, it seems that he keeps the unjustness of the world as a constant, but that need not be the case.

Sandel even seems to admit that the problems of fairness and inequality could be dealt with without having to abolish the system of selling and buying everything. For example he suggests that if the lobbyists drive up the price of in-line standing to a degree that ordinary citizens cannot afford (since the time they would have to spend in line is too long and they do not have the money to pay for a stand-in), then we can remedy the inequality by taxing the lobbyists and then using that money to create public fund which ordinary citizens can use (Sandel 2013: 34). Sandel (2013: 111) also notes that his second argument "cannot be met by establishing fair bargaining conditions" meaning that the first one could be.

A problem with the coercion part of the unfairness argument is that Sandel fails to show how the drug addict or the hypothetical organ seller is coerced any differently from somebody who is forced to sell their house to pay for unexpected large medical bills. In other words, each day people sell their property and services technically voluntarily because either somebody made them an offer they could not refuse or they are just desperate to make some money. If it is morally unproblematic for somebody to sell their real-estate because they were coerced by their circumstances², then it should also be morally unproblematic that drug addicts are coerced into sterilizing themselves; unless there is a fundamental difference between those situations. Sandel, of course, is not committed to claiming that the former is morally unproblematic, but the opposite position – that somebody selling their property or services "because they need the money is troubling" – seems to make a lot of transactions taking place every day morally problematic, which is not a very attractive outlook.

So it seems correct to conclude that the inequality and fairness argument cannot really show that there is something *intrinsically* wrong in selling and buying everything, only that, given the existing unjust inequalities of the actual world, buying and selling everything would transfer those inequalities to other areas.

4. The Corruption Argument

But Sandel also proposes a second argument why we should be worried about these changes in economic thinking. The central claim of this argument is that putting certain things on sale corrupts their nature, it degrades them, that is, we value them lower than is appropriate given the nature of that thing (Sandel 2013: 34, 110-113). So for example, if we allow hiring line standers for lobbyists, then access to government for the general public becomes a thing to be bought and sold, rather than an opportunity we should have as a matter of principle; or if people are able to buy their way into top universities, then being a student of one of those universities will no longer be a honour signalling person's high academic abilities, but rather an indicator of their parent's wealth. Sandel (2013: 9) claims that buying and selling a thing brings with it an implicit assumption that the thing is a commodity, but surely a baby or the best man's speech at a wedding should not be that. Another example that Sandel (2013: 94-95) uses is buying a Nobel Prize or an Oscar for the

² There is another question about what is the moral character of the fact that they are in such circumstances, but what is under consideration here is the moral character of the actions they are taking because of those circumstances.

Best Picture: in order to get one of those awards, under normal circumstances, you have to achieve something and getting that award brings with it certain recognition, but you cannot simply buy yourself those achievements or recognition. Thus if it were allowed to buy oneself those prizes, then it would degrade them, since those prizes would no longer be the same prizes they used to be³.

And it is not just the things that are being sold or bought that can be corrupted by selling and buying them. Sandel discusses two other worrying implications of the corruption argument. First, there are activities that are considered to be good or useful and there are good reasons to do those things whether for some intrinsic reason of the activity itself or for some intrinsic reason of something else that this activity enables. Reading would be an example of the former, it is good to read books just because reading is a good thing in itself (or at least it is not unreasonable to think so); and doing regular exercise would be an example of the latter, it is good to exercise regularly since that enables one to live a healthy life, which again is valuable for its own sake (or at least it is not unreasonable to think so). Regardless of whether one agrees with those particular examples, I think we can agree with Sandel that there can be certain activities which are of this nature. Now, if economic thinking is applied to public policy, then often that results in additional monetary incentives to do those good things. But more incentives is not always better, finds Sandel (2013: 59-61), since money can crowd out other motives for being healthy, so that people will end up engaging in the good activity for the wrong reasons.

The second implication is that commercialization of everything can lead us to treat fines as fees and this is problematic, since a fine ought to carry a negative evaluation as well as the monetary penalty, but if the fine is taken to be merely a fee, then that negative evaluation dissipates giving the activity a whole new meaning (Sandel 2013: 65). And since usually there are good reasons for having fines for certain things, then it is not good that the negative evaluation for doing that thing goes away. As an example think of speeding: there are good reasons for having speed limits. But if a rich person begins to treat fines he gets as merely fees for being able to drive faster, then the attitude of seeing speeding as a bad thing starts to erode.

The problem I have with this argument is that Sandel tries to make this argument mostly by giving examples. He claims that buying and selling things degrades and corrupts them, and then illustrates his case with an abundance of examples, but he does not ever seem to actually explain this idea of corruption. So when somebody does not share Sandel's intuitions about there being something wrong with treating certain things or activities as something that can be sold then his argument just fails to be convincing. There just are no characteristics that Sandel could point to show that a thing is being corrupted because we do not know what this corruption amounts to. A similar objection can be raised to the idea of commodification: one can readily accept that by being bought and sold a thing it is turned into a commodity, but one would still need to show that it is bad that we are now treating this thing as a commodity.

³ Of course selling the artefact is another matter. The rules of the Academy of Motion Picture Arts and Sciences forbid the recipients to sell the statue except to the Academy itself. But there have been few instances of people selling their Nobel Prize medals.

My claim here is not that this could not be done, although it might prove more difficult in some cases, but just that Sandel does not do it. He just assumes that the intuitive force of the examples he uses is strong enough to convince us that something is being corrupted or something should not be treated as a commodity. In other words, Sandel does not give us a theory of corruption or improper commodification which we could apply to new cases to see if those are also problematic.

This concludes the examination of the two explicit arguments Sandel makes - the fairness argument and the corruption argument - and showing how they fail. The fairness argument does not show the intrinsic wrongness of buying and selling everything, in a completely equal or just world the fairness argument would carry no weight. The corruption argument was mostly made by citing examples without ever providing a definition of what counts as corrupting a thing or an activity, thus the argument does not amount to more than an intuitive appeal. But as I said, one can extract three additional arguments from the book, however, as the following sections will show, those arguments also fail to really prove what Sandel aims to prove, namely that we have good reasons to be worried about the changes described in the first section.

5. Inadequacy of Market Thinking

While making his two main arguments Sandel discusses several real world cases where people have tried to apply market thinking to social issues and have either failed or have ended up with results that do not seem to make sense from the standpoint of economic theory. Although Sandel is not explicit about it, one could read those examples as an argument for the inadequacy of market thinking when applied to public policy. But I aim to show in this section that his interpretation of those cases does not in fact show that the market thinking is inadequate, or does not show it necessarily.

One of the cases Sandel discusses is rewarding certain good behaviours (like healthy life-style or good grades) with money. Research shows that this practise usually does not have long lasting effects - over 90% of smokers who were paid to guit started smoking again soon after the monetary rewards stopped (Sandel 2013: 59) - or it does not even have significant effects in the first place (Sandel 2013: 53). This demonstrates that applying economic thinking to certain issues is inadequate since the desired results do not follow. But rather than seeing this as a case of inadequacy of the method applied, one could just as easily interpret this as a case of ineffective incentives. So that the solution is not less economic thinking but more, that there is nothing in principle wrong with the approach taken, just the details need to be worked out better to create incentives with long lasting effects. So the failure of economic approach in these cases does not show failure of the approach but just the particular details.

Another way I think Sandel (2013: 121–123) misinterprets the evidence, when it comes to incentives, is when he discusses the cases where the state offered cash for blood donations (instead of having a fully voluntary system), and where lawyers were asked to do *pro bono* work (instead of doing it for at greatly reduced rate). In both those cases the money ended up being the less effective means: there were fewer people donating blood when the state offered cash for it and lawyers were more reluctant to

work at lower than usual rates compared to when they were asked to do pro bono work. Sandel's conclusion is that we should not be applying economic thinking to solve certain public policy issues since by creating monetary incentives we will end up with a less efficient system since money crowds out better motivations. While it might be true that money is the wrong incentive then clearly economic and market-oriented thinking as such is not at fault, by recommending money as the incentive to increase blood donations it was just misapplied. Thinking in terms of incentives and prices attached to certain activities could still lead us to come up with a system to get people to do more of the good thing, be it giving blood or something else, we just need to figure out what those incentives could be.

Sandel (2013: 115-116) would not agree. Evidence shows that when cash money rewards are attached to certain public goods (such as donating blood, or letting toxic waste buried near one's hometown) people's willingness to do them is much lower than when they are offered some other benefit (for example some new public facility or other piece of important infrastructure). From an economic thinking standpoint this result is baffling since cash money should be preferable to a new library since if the community were given cash they could always pool their money and build the library if they preferred it, but they could not trade in the library for some cash. This is supposed to demonstrate the inadequacy of economic thinking when applied to situations which call for people to do their "civic duty", but it seems to me that Sandel makes an assumption here that he is not entitled to. This argument works only if we take it as given that the non-monetary price that

would be attached to the process of pooling the community resources is very low or non-existent. Only if I think that there is a reasonable chance that the community will agree on the goal and the administration of the pooling of the funds is easy, only then will I prefer the cash over the public good, since I know that I can always trade the cash for the public good. But if I, on the other hand, think that once the members of the community are each given the cash payment the time and effort it would take to convert that into some public good is too much, then choosing the public good over the cash makes much more sense.

A fourth case which Sandel takes to show the inadequacy of market thinking when applied to social issues is the Israeli day-care case: the day-care centres had problems with parents who were late to pick up their child, creating additional work for the day-care teachers. They applied market thinking and decided to raise the price of late pick-ups by instituting a fine: if the price goes up, then according to economic theory consumption should go down, but this did not happen. In fact the late pick-ups increased (Sandel 2013: 64). But I do not think that we should consider this as a failure on part of the economic price theory. At first sight it may seem that attaching a monetary fine to late pick-ups should increase the price of being late, but it is not clear that the overall price actually went up. As Sandel (2013: 89–90) himself notes: the introduction of the fine changed a moral relationship (parent's duty to the day-care teacher not to cause them inconvenience) into a market relationship (parents could now pay for the extra work the teachers had to do). Thus we can say that the "shadow price" of being late went down, since the cost in terms of social currency went down: there was an easy way to redeem being late. If previously the parents were deterred from being late because the price of being late was too high, in terms of the cost to their relationship and social standing with the day-care, then with the new policy of a fine, the price went up in terms of money but it went down in terms of social currency. Therefore the economic price theory can adequately explain this situation.

So even when one tries to read these cases as implicit arguments by Sandel about the inadequacy of economic thinking when applied to social issues, then those arguments fail since the evidence allows for other interpretations. Thus it is not necessarily economic thinking as such that is at fault here or even its inadequacy when it comes to certain social problems, but problems with particular execution in its application.

6. Skyboxification and the Pervasive Nature of Advertisements

In the final chapter of the book Sandel talks about how advertisements have become increasingly pervasive in our lives. He discusses various cases, but two stand out to me: education and baseball. According to Sandel (2013: 196-201), starting from the 90s the schools have been flooded with all sorts of free educational materials from different companies. The aim of those materials is that teachers can use those tools to help kids actually learn something, for example about fossil fuel, but at the same time the kids are exposed to marketing messages. It is quite easy to grasp why somebody could find this practise problematic: a study of these kinds of materials shows that nearly 80% of them are in some way biased or slanted towards certain product or ideological position (Sandel 2013: 200).

But with baseball things are not so obvious. Sandel (2013: 164-172) complains about all sorts of recent changes in baseball related to advertisement: renaming of home stadiums, plugging in commercial messages into the commentary, selling autographs and memorabilia and so on. But at the same time he (Sandel 2013: 188) notes that not all ads are bad, in fact, "[s]ome are fitting, like the signage that has long adorned stadium scoreboards, even outfield walls." But how are we to decide which ads are fitting and which are problematic? From the quote above it may seem that Sandel is making a traditionalist argument: only ads with a longstanding tradition are fitting and these new trends are bad, but surely those same traditions were new once, so how can we really decide between them?

Given that this argument about the advertisements "polluting" our public space does not neatly fit under either of Sandel's main arguments, it does not really get developed, which is a real shame, since I think this argument has a lot of potential in showing why we should be worried about allowing economic thinking to extend into all kinds of spheres of life.

Another argument the seeds of which are present in the text but which does not get fully fleshed out or developed relates to skyboxes and gated living communities. Sandel (2013: 172-176) discusses a fairly recent trend in baseball of building exclusive skyboxes to stadiums which have ridiculously high ticket prices but which are becoming more and more popular among companies (to impress their clients) and private individuals alike. Due to the high market value of the skyboxes they are also very popular with the teams as they are great sources of income: skyboxes make up almost 40% of the ticket revenue while only being a fraction of the total number of seats. But the problem with these skyboxes in baseball and gated living communities is that it creates a barrier between the people with money and those without (Sandel 2013: 173-174). This distance between people and their lives is problematic in the context of democracy since if we all live in the same state as equal citizens, then there is a sense in which we should all live a common life (Sandel 2013: 203). While it is somewhat unavoidable that the rich will be able to afford things those with more modest means cannot, then Sandel is arguing that we should not allow these differences to create separate physical spaces where people live. And it is once again very unfortunate that Sandel dedicates only few pages to this argument since once again it seems to me that this has a lot of potential in showing why we should be worried about allowing economic thinking to extend into all kinds of spheres of life.

Conclusion

Despite the fact that I think that the two main arguments of the book fail to show what Sandel aims to show by using them, and that the secondary arguments also fail or are not fully fleshed out, I do not think that the book is a complete failure. As I said the two last arguments show a lot of potential (even more than the main arguments) and drawing our attention to them is important. The book has also other merits since it provides a good analysis of what has happened in the world with regards to how we approach public policy issues. It is also an excellent documentation of various empirical cases of things being bought and sold which are both an interesting read as well as a great input towards trying to sort out if and why we should be worried about those cases.

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KĄ GALIMA NUPIRKTI UŽ PINIGUS: ATSAKYMAS MICHAELUI SANDELUI

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Santrauka. Pasak Michaelo Sandelo, pastaraisiais dešimtmečiais mes esame savo mąstymo ir elgesio pokyčių liudininkai. Tiksliau sakant, mes imame vis daugiau mąstyti ekonomikos terminais ir imame parduoti ir pirkti daug daugiau dalykų. Sandelas, kurio manymu, tai kelia nerimą, pateikia du argumentus: (1) nelygybės ir teisingumo argumentą, teigiantį, jog tokios praktikos perduoda nelygybes, ir (2) iškraipymo argumentą, teigiantį, jog tokios praktikos perduodan dalyko prigimtį. Šiame straipsnyje parodoma, kad nė vienas iš šių argumentų neveikia taip, kaip Sandelas sumanęs, ir kad geranoriškas skaitymas leidžia aptikti ir implicitinį trečiajį argumentą, tačiau ir jis neveikia. Straipsnis baigiamas trumpai aptariant du argumentus, kurie turi potencialo pagrįsti Sandelo nuomonę, tačiau jis palieka juos neišplėtotus.

Pagrindiniai žodžiai: rinkos moralė, prievarta, korupcija, skaiboksifikacija, Michaelas Sandelas

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