

The New York Review of Books

Where Money & Markets Don't Belong

AUGUST 16, 2012

Jeremy Waldron

What Money Can't Buy: The Moral Limits of Markets

by Michael J. Sandel

Farrar, Straus and Giroux, 244 pp., \$27.00



Dennis Stock/MagnumPhotos

James Dean signing autographs during a Valentine's Day dance at his old high school, Fairmount, Indiana, 1955

1.

Pecunia non olet, we are told. Money doesn't stink. All it does is open up the way to making exchanges; it's a liberating medium for connecting one set of preferences to another. But doesn't money taint the goods it is exchanged for, when those goods have not normally been distributed in the marketplace?

It's hard to generalize, but we can think of some obvious examples. Baby-selling is one. Some people are desperate for children and others would quite willingly list their kids on eBay. But a suggestion some years ago by Richard Posner and a colleague that we might

look into the prospect of establishing a market for the adoption of babies to put the demand side into more efficient contact with the supply side struck many people as obscene.¹ As the Supreme Court of New Jersey said, when it banned commercial surrogacy in the famous “Baby M” case: “There are, in a civilized society, some things that money can not buy.”²

As with babies, so with sex. Why do we ban, or try to ban, prostitution? The old taboos about unmarried sex have faded but surely it remains illegal because we think that the selling of sex degrades the meaning of ordinary unmonetized intimacy between two people as the consummation of their love. And this tainting of an activity applies also to goods of the spirit. At the beginning of the sixteenth century, a man could go to a prostitute and then pay the church for remission of some of the punishment waiting for him in the hereafter. “When money in the coffer rings, the soul from purgatory’s fire springs.” But isn’t contrition tainted when redemption is purchased in this way? Or never mind plenary indulgences, right now a Manhattan firm offers this service for a fee to its corporate clients:

Sorry should not be the hardest word, not least because acknowledging poor service can actually enhance customer or staff loyalty. We can provide an appropriately structured corporate apology programme that matches the reward to the circumstances, and builds advocacy among those who may otherwise become hostile to your organisation.

If I pay your firm to be sorry on my behalf, doesn’t the exchange of money undermine the sincerity of “my” apology?

Coming downmarket now from these high-minded moral concerns, what about baseball autographs? Kids used to hang out at spring training, leaning on the rails for hours to get the autograph of their favorite player. Now dealers follow the players in their cars, intercepting them at stores and restaurants, to get signatures that they can then sell on eBay for big bucks. (Or sometimes a dealer will hire an appealing-looking kid to make his autograph request for him.) Doesn’t this affect the way the customer thinks of his autograph collection?

But money must be good for something, mustn’t it? When I buy a cup of coffee, the meaning of the beverage is not sullied by the transaction in the way that sex is sullied by the market on the streets. Even though I can look at the price that coffee commands as a commodity (coffee futures are down 25 percent from their January peak), even though I pay too much for my *caffè latte* (the one in front of me cost \$4.05), it is still delicious. I enjoy it even though I know that without a money economy—linking me with a store in

lower Manhattan, with some commodity traders, and indirectly with a grower in Colombia—this particular delight would be impossible. The involvement of money doesn't seem to have flattened its quality. So what's the difference? What makes something more like sex and less like coffee?

2.

Michael Sandel's new book presents, by my count, more than a hundred examples like the ones I have given, of what appear to be intrusions of money and markets into parts of life where they do not belong. Many of these examples I had never heard of before, though they are culled mainly from newspapers. Some of them are quite disturbing and I think they are presented by Sandel for that reason.

There are, for instance, cities in California that offer prison cell upgrades for as much as \$127 per night—clean, one-person cells away from the general prison population (most of whom cannot dream of affording that amount). “Our sales pitch at the time was, ‘Bad things happen to good people,’” Janet Givens, a spokeswoman for the Pasadena Police Department, told *The New York Times*, and other jail officials added that the typical pay-to-stay client is a man in his late thirties who has been convicted of driving while intoxicated.

Another example: an outfit called LineStanding.com offers clients in Washington, D.C., a “premier concierge service where standers wait at a designation of your choosing until they are able to rendezvous with you, the attendee.” Congressional hearings are open to the public, but space is limited on a first-come first-served basis. Many Capitol Hill lobbyists say that they are too busy to wait in line: queuing, it is said, “discriminates in favor of people who have the most free time.” The “standers,” apparently, are mostly retirees or, increasingly, homeless people. They accept \$15–\$20 an hour to wait in line and then, as the time arrives for the hearing to begin, their suited clients hook up with the them, and many ordinary citizens who have been patiently waiting for a seat are crowded out by the well-funded lobbyists.

Or a third: Project Prevention is a charity organized by a North Carolina woman, Barbara Harris, devoted to reducing the number of children born to drug-addicted mothers. (Harris is the adoptive parent of a crack-addicted baby.) It offers what it calls “cash incentives to women and men addicted to drugs and/or alcohol to use long term or permanent birth control.” More precisely, the deal is that a drug-addicted woman gets \$300 in return for being sterilized. The charity and its supporters say they are not worried that the women will spend the \$300 on drugs: “I don't care what they do,” said one donor, “as long as they get their tubes tied.” But Sandel is adamant in his denunciation: the program's

founder, he writes, “treats drug-addicted and HIV-positive women as damaged baby-making machines that can be switched off for a fee. Those who accept her offer acquiesce in this degrading view of themselves.”

There are scores of other examples in this book of degrading and distorting uses of money, ranging from police cars in North Carolina “covered, NASCAR-style, with ads and commercial logos” to investors in insurance policies taken out on the lives of strangers who are old or who have AIDS. The purchasers of these policies wait like buzzards for their investments to mature, and many of them report what they call “horror stories” of the deaths they have invested in being unacceptably postponed. One company in this market went out of business as a result of the breakthrough in retroviral drugs.

3.

Sandel’s sense is that there has been a considerable increase in recent years in the momentum of these monetary intrusions into areas where money doesn’t belong. Not everyone concurs in his condemnation. Many economists will say, even for the examples just discussed, that markets and market incentives simply add extra options to human affairs. They put more of us in touch with one another, they offer us choices we hadn’t expected to enjoy, they satisfy more of our existing preferences, or—better still—they enable us to develop new preferences against a larger and more varied background of opportunity.

But the economists’ optimism is not self-certifying. The disturbing nature of the examples Sandel cites is at least a warning that something may be wrong; and if it is, we had better find ways of thinking about the mark that markets leave on the transactions they facilitate. If this is controversial, then we had better find ways of debating it, and ways of responding socially or legally where there is a consensus that important values are being corroded.

Michael Sandel is the right person to embark on this debate. He is a political philosopher at Harvard, associated in the 1980s with communitarian criticism of modern liberalism—insisting that ties of family and community must be taken into account in any theory of justice. His first book was about the corrosion of meaning in people’s lives by an overly abstract and individualistic rights-based approach to ethics and society.³ These days he is known as the teacher of one of the world’s most successful college courses—*Moral Reasoning 22: Justice*, in the Government Department and the Kennedy School at Harvard (the first Harvard course to be made freely available online and on public television, and the subject of a remarkably well-written and popular book).⁴ He is just the person to get to the bottom of the tangle of moral damage that is being done by markets to

our values, if only because he is less coy than many of his colleagues about engaging directly with what people value when they think about what makes life worth living.

4.

One thing Michael Sandel does not do in *What Money Can't Buy* is loom over the examples he cites as a sort of philosophical censor, announcing on his own authority that this or that intrusion of money and markets into human affairs is wrong. He has his opinions and he expresses them: I quoted earlier his rather severe denunciation of Project Prevention (the program to sterilize crack addicts). But mostly I think he wants to open the discussion up rather than nail it down; he is insistent only when there is a real possibility that certain aspects of value, or the very presence of values of a certain sort, will be altogether neglected.

One case he cites involves ordinary people (rather than Harvard philosophers) kicking back against the monetizing of their affairs. In the 1990s, the government of Switzerland identified a small mountain village called Wolfenschiessen as a possible location for a nuclear waste repository. There was to be a local referendum on the issue, but before that some economists conducted a survey. They asked the residents: Would you vote to accept a nuclear waste repository in your community if the Swiss parliament voted to put it there? A bare majority said they would. Then the economists asked another question: Would you vote to accept the repository if the parliament voted to pay each resident of the village monetary compensation—quite a lot of money: as much as the equivalent of several thousand dollars per annum, higher than local monthly per capita income—for locating it there? In response to this question, support for the repository collapsed from 51 percent to 25 percent. The citizens of Wolfenschiessen said this was a matter on which they should not be bribed.

Of course those offering the compensation would resist that description. But whether you call it bribe or compensation, a monetary payment threatened, in Sandel's words, to transform a civic question into a pecuniary one, leaving no room for any sense that this was simply a civic duty. And without the help of philosophical intervention, the villagers saw it this way from the start and responded accordingly. The siting of the repository is still under consideration.



MagnumPhotos

Amsterdam, 1982; photograph by Elliott Erwitt. His most recent book, Sequentially Yours, was published last year by teNeues.

5.

The other way in which Sandel helps get a debate underway is by identifying a number of distinct lines of thought that often get tangled up in our misgivings about money and markets.

One line of thought focuses on the voluntary nature of transactions. Economists tell us that markets just add choices and opportunities: no one forces anyone to take them. But consider again Project Prevention. When a crack-addicted woman signs the consent form, is she really acting voluntarily? No one is holding a gun to her head. But given her condition, she may be, as Sandel says, “coerced, in effect, by the necessity of her situation.” We might have worries of this kind, too, about desperately poor people being offered money for their children or their reproductive services or their kidneys.

A second set of concerns is about unfairness. When scarce or quality goods are allocated, should they always go to the highest bidder? Should poor people be crowded out? Sandel implies at one point that the fairness objection and the coercion objection are the same. But they are not, though they are related. There is no issue of coercion in the prison cell upgrade scheme, for example, except the background coercion that’s involved in incarceration in the first place. What is objectionable is the municipalities’ creation of two tiers of treatment within the criminal justice system, and also of course its failure to do anything to remedy the dire conditions of imprisonment for those too poor to pay.

Sandel makes an excellent point in this regard, when he says that in a society where

everything is for sale, life is much harder for the poor:

The more money can buy, the more affluence (or the lack of it) matters. If the only advantage of affluence were the ability to buy yachts, sports cars, and fancy vacations, inequalities of income and wealth would not matter very much. But as money comes to buy more and more...the distribution of income and wealth looms larger and larger.

The effects of economic inequality of wealth or income are mitigated by the fact that some goods are provided on a basis that has nothing to do with money. It need not be egalitarian or collective provision, but just a shared sense that an unequal distribution won't always reflect inequality in income. That's the point about the line for the congressional hearings. Some get in and some don't, but it is not mainly determined by what money you can offer, at least until linestanding.com enters the picture.

I wish Sandel had said more to connect his thinking on this point to work that Michael Walzer did, almost twenty years ago, in his book *Spheres of Justice*.⁵ Walzer developed a distinctive approach to distributive justice based on the idea that different goods have different social meanings and that social meanings affect the way the goods are appropriately distributed: coffee has one sort of meaning; plenary indulgences another; prison cells yet another. Money operates, however, as a sort of universal pander—cross-cutting the meaning of one good with the meanings of all sorts of other goods and of goods generally.

The danger with this is that money becomes what Walzer calls a “dominant” good—a good whose possession enables the individuals who have it to command a wide range of other goods. A person who has money can buy a nice house, good coffee, and an exotic vacation; but he can also secure a better education for his children or influence the outcome of an election. So long as money is dominant, it matters tremendously who has it. Walzer's purpose was to tame the inexorable dynamic of a market economy, “to make money harmless,” as he put it, “or, at least, to make sure that the harms experienced in the sphere of money are not mortal, not to life and not to social standing either.”

Money enables us to define ourselves in a world of diverse things, commodities, and comforts. As Walzer puts it, spending money allows “individual men and women to choose for themselves the things they find useful or pleasing and to...shape and symbolize their identities over and above the membership they share.” But it can do that only if the basics of social membership are secure, and only if communal provision of goods like basic health, security, and subsistence is walled off from the influence of monetary inequality.

Walzer's philosophical approach is not exactly the same as Sandel's but their discussions complement each other, and it would have been good for Sandel to refer to the earlier account. Apart from anything else, it requires some adjustment in his claim that this is "a debate we didn't have during the era of market triumphalism." We started to have it in 1983, and it would be good to pick the threads of that beginning.

6.

Working more explicitly in the company of Walzer would also enrich Sandel's elaboration of the third and most important set of concerns about "marketization."

This is the idea that some of the goods we enjoy are degraded or corrupted by being bought and sold in markets or by being marketed in the wrong sort of way. They become different goods in effect, or the enjoyment of them becomes different. This is obvious enough in the sex-for-money example. It's less glaring in some other cases Sandel mentions. A child reading a book is a good thing; but it is a subtly different sort of good thing when children are paid \$2 by a foundation for every book they read. We might respond: "Well, the kids still have the experience of the reading" (and indeed they are tested by the fee-paying foundation to make sure they get it). But is it the same sort of experience as reading for the intrinsic pleasure of it? Isn't there a danger that the monetary incentive will crowd out these other reasons for reading?

Sandel talks a lot in this book about proper and improper reasons for valuing certain goods. And I think he could go a considerable distance with this notion, though in fact he doesn't take it very far. Money provides new reasons for valuing things, and those reasons tend to bully their way crassly to the forefront, with the result that it is much more difficult for subtler reasons to make their presence felt. After a while, if we become accustomed to valuing something in monetary terms, we may forget what it is like to value it for any other reason, or we become clumsy and hopelessly self-conscious in the older mode of evaluation.

In *Spheres of Justice*, Michael Walzer explored the idea that goods themselves have social meanings, just as individuals have identities. And because the social meanings are sensitive to the circumstances of the goods' production and distribution, what a given good actually amounts to in the hands of the person who eventually enjoys it may be different depending on the role that money has played in its circulation. For example, a kidney transplant may save a person's life; but it is a different kind of lifesaver when the kidney has to be bought, meaning the recipient knows the organ is unavailable to those who cannot pay. Sandel hints at this idea too in one or two places. Again, it would have been good to see it developed.

I don't think that the idea of goods being tainted or corroded by money is just symbolic; or if it is, it may be one of the more important manifestations of symbolism in our lives. People who worry about commodities produced in sweatshops or under unjust economic conditions will say that they can't wear their shoes or taste their bananas in the same sort of way as they could before they had this knowledge. In another case, I have wondered whether security—being secure, say, from terrorist attack—feels the same or is the same sort of good when we know it has been purchased by waterboarding.⁶ (That's one reason we value the rule of law as a background condition, so we can enjoy without shame the goods that the state delivers to us.)

None of this makes much sense from the economist's point of view, for economists have to do their work with very simplified notions of consumption and satisfaction. But in the real world people relate their enjoyment of goods to all sorts of other actions and circumstances. Their cultures set up internal connections here that are deep, qualitative, and far-reaching. And I think that what lies behind our reaction to many of the examples that Sandel and Walzer cite is a sense of these connections coming apart or being brusquely and insensitively shoved aside by simpler and more overbearing incentives.

7.

When Michael Walzer developed these points, a common criticism was that social meanings are contested and volatile, and that it is unclear why people should not experiment with different modes of distribution and exchange in order to establish new social meanings for themselves.⁷ It is a fair point. One only has to look at the debate about same-sex marriage to see the obtuseness of insisting that a certain set of meanings about the proper distribution of state-sanctioned family and companionship should be insulated from change at all costs, simply because it is there.

The problem is that, although social meanings are sort of like public goods—enjoyed in the culture at large—the enjoyments they qualify are largely individual enjoyments. Not only that, but in cases where there is no formal public debate to be had (as there is a debate in the case of same-sex marriage), social meanings will tend to be challenged by individuals on an opportunistic basis. That's why Sandel's book is able to convey a sense of things *getting out of hand*: few people are sticking up for the values and meanings associated with the enjoyment of goods—for example, books—because there is no adequate place or forum for them to do so. Sandel has long held the view that we are impoverishing our social life by our hesitation in bringing forward moral and spiritual convictions in the public square. That's why he thinks we need the debate whose lines he lays out in this book.

Sandel is a baseball fan and, in one last example, he cites the “skyboxification” of our society as an incident of money’s baneful influence. People pay money at ballparks to isolate themselves from others in the experience of watching a baseball game. It is a sort of a metaphor for something more pervasive: “At a time of rising inequality, the marketization of everything means that people of affluence and people of modest means lead increasingly separate lives.” If Sandel is right, that phenomenon is bound to make it harder for us to have the public debate that is called for in this important book.

1. 1
Elisabeth M. Landes and Richard A. Posner, “The Economics of the Baby Shortage,” *Journal of Legal Studies*, Vol. 7 (1978), p. 323. ↵
2. 2
In re Baby M, 537 A.2d 1227, 109 N.J. 396 (N.J. 02/03/1988) ↵
3. 3
Michael Sandel, *Liberalism and the Limits of Justice* (Cambridge University Press, 1982). ↵
4. 4
Michael Sandel, *Justice: What’s the Right Thing to Do?* (Farrar, Straus and Giroux, 2009). ↵
5. 5
Spheres of Justice: A Defense of Pluralism and Equality (Basic Books, 1983). ↵
6. 6
Jeremy Waldron, *Torture, Terror, and Trade-offs: Philosophy for the White House* (Oxford University Press, 2010), pp. 270–271. ↵
7. 7
See Ronald Dworkin’s review of *Spheres of Justice* in these pages, April 14, 1983, and an exchange between the authors, July 21, 1983. ↵

