Why Some Things Should Not Be for Sale: The Moral Limits of Markets
Debra Satz. 2010. New York: Oxford University Press. ISBN 978-0-19-531159-4, $35.00

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What are the limits of a market economy? In addressing this question, Debra Satz focuses on how some markets perpetuate social inequality by making it more difficult for some to fully participate in social life. Her aim is to convince the reader to accept a more "fine-grained view of markets" that recognizes that certain markets undermine relations of freedom and equality between members of a society (p. 11). The animating vision of the book is that of a society organized and governed in such a way as to promote egalitarian social relationships.

The book begins with a discussion of the nature of markets. In chapter one Satz points out that markets are associated with the virtues of efficiency and freedom, but how well these virtues are realized depends on background conditions, which include property rights, the free flow of information, trust, and laws to curtail monopolies. The chapter ends with some examples to illustrate her contention that it is not appropriate to assess market efficiency only in terms of subjective preferences as most economists do. Rather, we should assess efficiency in terms of a "substantive conception of what is important to human welfare" (p. 34).

In chapter two, Satz contrasts the modern view of markets with that of the classical political economists. Classical economists "recognized that markets require limits if a liberal society, based on the equality and freedom of its members, is to be maintained" (p. 39). We have lost sight of the classical economists' emphasis on "the social effects of different markets on human capacities and social relationships and the ways that different markets are socially embedded"(p. 61). She contends that Adam Smith supported some government intervention that would help the laborer. His opposition to government intervention was focused on those regulations that were common under feudalism—those which promoted "the narrow interests of monopolistic merchants seeking to protect their inflated profits" and restricted the economic opportunities of others (pp. 43-44).

In chapter three, Satz critically examines contemporary views about the relationship between markets and equality, focusing on two prominent views. The first view, general egalitarianism, emphasizes that the most efficient way to promote equality is via a system of taxes and transfers, while allowing each person to choose the mix of goods and services to consume. The alternative view, specific egalitarianism, emphasizes that particular scarce goods, such as health care, should not be distributed using a market.

Although she agrees with some of their goals, Satz' critique of markets reflects a different concern than those emphasized by most general or specific egalitarians. She is also critical of any view that emphasizes the moral strength of markets in holding people responsible for their choices. "Markets cannot be used as the fundamental standard by which we determine what resources people are entitled to" (p. 66). Even if resources were distributed equally, if markets, especially for labor, are allowed to function unimpeded, some will be excluded from social life or marginalized. Compensating disabled people to offset the disadvantages they face, as advocated by Ronald Dworkin, is not sufficient to enable them to achieve inclusion as equals in society. Society also must also alter "its physical structures and its social norms and expectations" (p. 71).

Chapter four contains an extended discussion of "noxious markets." The major problem of noxious markets is that "they undermine the conditions that people need if they are to relate as equals" (p. 94). She identifies four basic parameters of noxious markets (pp. 95-97):

> 1. They produce extremely *harmful outcomes* for participants or third parties, both in terms of overall wellbeing and ability to make decisions for themselves.
> 2. They can "be *extremely harmful for society,"* undermining the social framework in which people can interact as equals.
> 3. They "are characterized by *very weak or highly asymmetric knowledge and agency*" of market participants.
> 4. They "reflect the *underlying* extreme *vulnerabilities* of one of the transacting parties."

Satz illustrates these parameters with two examples—the role played by the market in determining access to lifeboats on the *Titanic* and the notion of a market in toxic waste, which was advocated by Larry Summers while he was at the World Bank. Each case involves a group of people who would suffer extremely harmful outcomes over which some of them have little or no control. As the Titanic was sinking, those not entitled to a lifeboat could not interact as equals with those whose tickets enabled them to use one. If governments of poor countries were paid to accept toxic waste, the residents of those countries would be unable to interact as equals with residents of the rich countries where the waste was generated. Travelers on the Titanic in the first case and many residents of poor countries in the second possess limited knowledge of the risks they face and neither group has much impact on decisions that influence their survival or long term health. Extreme vulnerability characterizes one trading party in each case.

Chapters five through nine use the framework of noxious markets to examine particular markets—the markets for women's reproductive labor, prostitution, child labor, bonded labor, and human kidneys. Satz views each one of these markets as generally noxious, but is careful to account for variations in the cultural and economic environment in her discussion of what should be done.

In the chapters on pregnancy contracts and prostitution, she emphasizes how each contributes to gender inequality. She also emphasizes the vulnerability of the children born via pregnancy contracts, noting the consequences for children if couples do not fulfill their contract to pay the surrogate mother.

In discussing voluntary slavery, Satz does an excellent job of considering two opposing views—the libertarian view and the argument that bonded labor is Pareto optimal. She doubts whether a libertarian regime that permits bonded labor is stable in the long run because children who are in bondage or whose parents are in bondage may develop self-conceptions that result in their lacking the dispositions and capacities to sustain a libertarian society. Although it may be Pareto optimal, allowing bonded labor alters the distribution of power and influences the kind of people those who sell themselves become. Because preferences are endogenous, higher principles, such as the importance of achieving a certain quality of life as measured by objective standards, can be used to argue against voluntary slavery.

Satz does not advocate a one size fits all approach, such as government prohibiting all noxious markets. For example, outlawing prostitution may do more harm than good. She acknowledges that in some cases the state may do more to protect the rights and status of women by permitting prostitution, while enforcing laws that protect women from being coerced to have sex and that prohibit brokers, particularly men, from profiting from the sale of women's sexual capacities.

Families should play a role in deciding if and when to permit their children to sell their labor. Some labor by children might not harm them and may be necessary to the wellbeing of their families. Children have an obligation to contribute something to their families, but their need for education so they can participate as equals in society should put limits on how much labor they supply. For this and other reasons the state should sometimes intervene on behalf of children. Although income from child labor may make an individual family better off, it may make families worse off in the aggregate because a large supply of child labor will reduce the wage of competing adult workers.

It is hard to quibble with Satz' contention that the state should establish and enforce background laws that promote social equality, particularly laws to regulate or prohibit transactions that characterize noxious markets. Her vision of equality is much broader than the recommendations she makes for the five kinds of markets she identifies as noxious. Many of the broader implications of her vision, which are explicitly stated in some of the earlier chapters and in the conclusion, are problematic. She agrees with those who argue that the state should play a major role in pursuing a more egalitarian distribution of income, sometimes through regulating markets, other times through subsidizing particular groups. Just because something is desirable does not mean it should be mandated by the state or funded via coercive taxation.

Her egalitarian views are so pervasive that she fails to acknowledge God-ordained differences in people's role in society or that some hierarchies are appropriate. She speaks disparagingly of the gendered division of labor in the family, implying that women should be paid more for child care in spite of their willingness to perform such work outside the market or for low wages. The implication is that the state should expand its intervention via subsidies and regulations to eliminate or offset anything that may contribute to inequality in income or social status between men and women.

Some of the policies Satz advocates would make it harder to achieve the goal of equal social status for everyone. For example, she supports a minimum wage in order to promote workers' health and safety and skill development. Economic theory, however, reveals that a minimum wage results in fewer job opportunities for unskilled workers, making it harder for them to gain the skills needed to earn a decent wage over the long run. By contrast, labor markets with unregulated wages could contribute to economic and social equality by providing opportunities for the disadvantaged to learn basic skills and work habits from employers who would risk hiring them if they could initially hire them for a low wage. Entitlement policies intended to offset the disadvantages of the poor and disabled can marginalize them by reducing their incentives to put forth the effort required to overcome some of their weaknesses or disabilities.

Satz assumes that democracy is the ideal political system that gives everyone an equal voice and that markets should be subservient to a democratically elected government. The problem with this view is that when politicians and bureaucrats regulate markets they often pursue the interests of politically favored groups, which leads to increased economic and social inequality.

Because it emphasizes social equality and how it is influenced by markets, something most economists do not think much about, this book is worth reading and discussing. Christian economists could benefit from reflecting on Satz' discussions of how markets impact people's ability to participate fully in social life. We should also be concerned about how participation in certain markets hinders the ability of people to make decisions for themselves. Even those who are skeptical of the state's role in promoting equality will find this book helpful in its discussion of normative principles businesses and nonprofit organizations should consider applying so as not to marginalize certain groups of people.

It is hard to dispute the assertion that noxious markets, which prevent people from participating fully in the economic and social life of the community, should be regulated, stigmatized, or prohibited. Thus, many of Satz' specific recommendations in chapters five though nine deserve serious consideration. We should be cautious, however, about giving the state too much role in this or in supporting the coercive policies to redistribute income and regulate other markets that would be consistent with her broader vision of social equality.

Reference

Dworkin, R. (2000). Sovereign virtue: The theory and practice of equality. Cambridge, MA: Harvard University Press. ■