What Money Can't Buy: The Moral Limits of Markets
Michael J. Sandel. 2012. New York: Farrar, Straus and Giroux. ISBN 978-0374203030. $27.00.

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Many books have been written which question the morality of market economic systems. This is not the approach that Michael Sandel takes in *What Money Can't Buy.* Sandel, a political philosopher at Harvard University, recognizes that markets are a good and appropriate method of organizing commercial activity. His concern is not the production and allocation of material goods, but rather "the expansion of markets, and market values, into spheres of life where they don't belong" (p. 7). For Sandel, the key difference is between a society which has a market economy and a market society where everything is for sale.

Sandel gives two reasons why the expansion of markets and of market values into new areas of society may not be desirable. The first reason is inequality—he claims that expansion of markets harms the poor. When more of the good things in life must be bought, the ability to buy becomes more important. The second reason is corruption. Sandel argues that placing a price on goods changes how we value them. Specifically, market values crowd out nonmarket values.

What Money Can't Buy is written in a conversational tone. In each chapter, Sandel describes several dubious markets, organized around a broad theme. He generally does not condemn specific markets; instead he raises questions about the desirability of each market and allows the reader to determine whether individual markets are harmful. He frequently refers to economists, citing academic research as well as the ethical reasoning of economists. Most of his references are fair and accurate. In the cases in which he refers to a generic "economist" instead of a specific individual, he falls short.

The book begins with a brief introduction that outlines the arguments made in later chapters and calls for public discourse on the moral limits of markets. Chapter one considers markets related to queues. Among others, this chapter discusses fast passes at amusement parks, concierge doctors, professional line standing and ticket scalping. Sandel rejects willingness to pay as a definitive measure of value, noting that "there is no reason to assume that willingness to pay is a better measure of its value to a person than the willingness to wait" (p. 32).

The focus of chapter two is incentives such as sterilization payments,

monetary rewards for good grades in school, cash-for-green cards and tradable pollution permits. Sandel also criticizes economists for expanding the use of monetary incentives and rejects the notion of economics as a value free science. In particular, he objects to the implicit practice of giving all preferences equal weight. When comparing goods such as health or environmental protection, the moral worth of the preferences being satisfied matters.

The third chapter contains the bulk of Sandel's argument that markets can corrupt moral and civic goods. He uses specific examples where the introduction of a market has crowded out existing nonmarket norms. One of his examples is the solicitation of charitable donations by Israeli students examined in Gneezy and Rustichini (2000). The students were assigned into three groups. The first group was not given any monetary incentive, the second group was offered a monetary incentive equal to one percent of donations collected, and the third group a ten percent incentive. While the ten percent incentive group collected more donations than the one percent incentive group, the group with no monetary incentive collected the most (although not a statistically significant different amount from the ten percent group). Sandel documents similar results in other markets–more daycare parents pick up their children late when the daycare introduces a fine for late pickups, Swiss villagers are less likely to accept a nuclear waste depository when offered monetary compensation, and the example of lawyers who refuse to work at a discounted rate, but are willing to work pro bono. In each case, Sandel argues that market norms crowd out nonmarket norms.

In chapter four, Sandel addresses "markets in life and death" (p. 131). The main market discussed is life insurance, particularly when the beneficiary is not related to the insured. He begins by considering policies on employees and moves on to the viatical settlements, where investors buy policies from terminally ill patients. Death pools, terrorism prediction markets and stranger originated life insurance are also considered. The common factor in each of these markets is that they result in individuals having a financial interest in the death of another person. Advertising is the theme of chapter five. Naming rights for sports stadiums, advertising space in jails, product placement in books, and corporate sponsorship of school curriculum receive attention.

Sandel spends relatively little space expounding his fairness critique. Presumably, he thinks that his basic argument needs little elaboration: "When all good things are for sale, having money makes all the difference in the world" (p. 8). Yet, it is not clear that this necessarily harms the

poor. Markets for goods previously allocated by nonmarket mechanisms result both in the poor having more to buy and in the poor having more opportunities to sell. In many cases, markets for goods that had previously been considered immoral to buy and sell have greatly benefited the poor. For example, credit markets were long constrained on moral grounds, but access to credit has greatly improved the welfare of the poor and increased social and economic mobility. A similar case could be made for labor market opportunities for women. Sandel briefly suggests that some markets may harm the poor since they are not truly voluntary. He uses the example of a peasant who agrees to sell a kidney in order to feed his starving family and is effectively coerced by the economic necessity. This is an odd definition of coercion. Would the same peasant be coerced if he takes a difficult and unpleasant job in order to feed his family? Even if the peasant is coerced, the coercion may not cause him net harm. What happens to his family if he is prohibited from selling a kidney?

The corruption argument against market imperialism receives considerably more attention than the fairness argument, and is much more convincing. Commercialization certainly has the potential to change how we value goods. The introduction of extrinsic motivation does have the potential to crowd out intrinsic motivations. Sandel makes this point quite convincingly. However, he neglects two aspects that are important to consider. First, markets do not always crowd out social motivations. Bowles and Polania-Reyes (2012) survey fifty experimental studies of how economic incentives affect pro-social behavior (for example, contribution to public goods). In many cases low-level incentives did crowd out social motivations. But, in thirty-one percent of the studies surveyed, economic incentives reinforced social motivations. A non-experimental example of market incentives complimenting social norms is the Irish plastic bag levy described in Convery and McDonnell (2007) where a small fee (0.15€ per bag) resulted in a greater than ninety percent reduction in plastic bag usage. Presumably, the levy was so effective because it highlighted the environmental damages caused by plastic bags. Second, even when markets crowd out nonmarket motivations, nonmarket motivations may not be morally superior to market motivations. For example, market competition can crowd out (at least in part) racial preferences in labor markets (see Bodvarsson and Pettman, 2002, for the specific case of free agency in major league baseball). In such cases, the ability of markets to crowd out non-market values can be beneficial.

Conspicuously absent from this book is any discussion of right or wrong. For Sandel, some markets are undesirable—not because the act

of buying or selling is wrong, but because the existence of these markets has undesirable results, either in the form of greater inequality or in the form of important social values that are lost. For a Christian economist, the lack of right and wrong language may prove somewhat unsatisfying. A possible demarcation between moral and immoral markets could be based on property rights. It is wrong to sell what one does not own (and wrong to buy from someone who does not own what he sells). For example, it is wrong for parents to sell their children, because children are not their property, but their trust.

In *What Money Can't Buy,* Michael Sandel has managed the difficult task of writing a book that is simultaneously entertaining, thought provoking, and easy to read. Apart from Sandel's philosophical arguments, the book serves as a type of travelogue of unusual and inventive markets. For anyone with an interest in markets, it is worth reading for that aspect alone. For a Christian economist, who is interested in connecting faith and economic practice, it has much more value. Sandel convincingly demonstrates that markets are not morally neutral—they affect the way we value goods. This fact forces us to evaluate for ourselves when markets are beneficial and when they are corruptive.

I would recommend this book to anyone. No prior knowledge of economics or of political philosophy is needed. As such, I expect it will be of particular interest to teachers. I have used shorter pieces written by Sandel in the classroom in the past. Those pieces have been a useful way to introduce moral questions and have been popular among students. I expect this book will be just as successful in the classroom. The entire book could be read in a class focused on ethical issues in economics, while the introductory chapter would work well in other courses.

References

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