MICHAEL J. SANDEL

What Money Can't Buy

The Moral Limits of Markets

ALLEN LANE
an imprint of
PENGUIN BOOKS

Introduction: Markets and Morals

There are some things money can't buy, but these days, not many. Today, almost everything is up for sale. Here are a few examples:

- *A prison cell upgrade: $82 per night.* In Santa Ana, California, and some other cities, nonviolent offenders can pay for better accommodations—a clean, quiet jail cell, away from the cells for nonpaying prisoners.[1]
- *Access to the car pool lane while driving solo: $8 during rush hour.* Minneapolis and other cities are trying to ease traffic congestion by letting solo drivers pay to drive in car pool lanes, at rates that vary according to traffic.[2]
- *The services of an Indian surrogate mother to carry a pregnancy: $6,250.* Western couples seeking surrogates increasingly outsource the job to India, where the practice is legal and the price is less than one-third the going rate in the United States.[3]
- *The right to immigrate to the United States: $500,000.* Foreigners who invest $500,000 and create at least ten jobs in an area of high unemployment are eligible for a green card that entitles them to permanent residency.[4]

- *The right to shoot an endangered black rhino: $150,000.* South Africa has begun letting ranchers sell hunters the right to kill a limited number of rhinos, to give the ranchers an incentive to raise and protect the endangered species.[5]
- *The cell phone number of your doctor: $1,500 and up per year.* A growing number of "concierge" doctors offer cell phone access and same-day appointments for patients willing to pay annual fees ranging from $1,500 to $25,000.[6]
- *The right to emit a metric ton of carbon into the atmosphere: €13 (about $18).* The European Union runs a carbon emissions market that enables companies to buy and sell the right to pollute.[7]
- *Admission of your child to a prestigious university: ?* Although the price is not posted, officials from some top universities told *The Wall Street Journal* that they accept some less than stellar students whose parents are wealthy and likely to make substantial financial contributions.[8]

Not everyone can afford to buy these things. But today there are lots of new ways to make money. If you need to earn some extra cash, here are some novel possibilities:

- *Rent out space on your forehead (or elsewhere on your body) to display commercial advertising: $777.* Air New Zealand hired thirty people to shave their heads and wear temporary tattoos with the slogan "Need a change? Head down to New Zealand."[9]
- *Serve as a human guinea pig in a drug safety trial for a pharmaceutical company: $7,500.* The pay can be higher or lower, depending on the invasiveness of the procedure used to test the drug's effect, and the discomfort involved.[10]

- *Fight in Somalia or Afghanistan for a private military company: $250 per month to $1,000 per day.* The pay varies according to qualifications, experience, and nationality.[11]
- *Stand in line overnight on Capitol Hill to hold a place for a lobbyist who wants to attend a congressional hearing: $15–$20 per hour.* The lobbyists pay line-standing companies, who hire homeless people and others to queue up.[12]
- *If you are a second grader in an underachieving Dallas school, read a book: $2.* To encourage reading, the schools pay kids for each book they read.[13]
- *If you are obese, lose fourteen pounds in four months: $378.* Companies and health insurers offer financial incentives for weight loss and other kinds of healthy behavior.[14]
- *Buy the life insurance policy of an ailing or elderly person, pay the annual premiums while the person is alive, and then collect the death benefit when he or she dies: potentially, millions (depending on the policy).* This form of betting on the lives of strangers has become a $30 billion industry. The sooner the stranger dies, the more the investor makes.[15]

We live at a time when almost everything can be bought and sold. Over the past three decades, markets—and market values—have come to govern our lives as never before. We did not arrive at this condition through any deliberate choice. It is almost as if it came upon us.

As the cold war ended, markets and market thinking enjoyed unrivaled prestige, understandably so. No other mechanism for organizing the production and distribution of goods had proved as successful at generating affluence and prosperity. And yet, even as growing numbers of countries around the world embraced market mechanisms in the operation of their economies, something else was happening. Market values were coming to play a greater and greater role in social life. Economics was becoming an imperial domain. Today, the logic of buying and selling no longer applies to material goods alone but increasingly governs the whole of life. It is time to ask whether we want to live this way.

THE ERA OF MARKET TRIUMPHALISM

The years leading up to the financial crisis of 2008 were a heady time of market faith and deregulation—an era of market triumphalism. The era began in the early 1980s, when Ronald Reagan and Margaret Thatcher proclaimed their conviction that markets, not government, held the key to prosperity and freedom. And it continued in the 1990s, with the market-friendly liberalism of Bill Clinton and Tony Blair, who moderated but consolidated the faith that markets are the primary means for achieving the public good.

Today, that faith is in doubt. The era of market triumphalism has come to an end. The financial crisis did more than cast doubt on the ability of markets to allocate risk efficiently. It also prompted a widespread sense that markets have become detached from morals and that we need somehow to reconnect them. But it's not obvious what this would mean, or how we should go about it.

Some say the moral failing at the heart of market triumphalism was greed, which led to irresponsible risk taking. The solution, according to this view, is to rein in greed, insist on greater integrity and responsibility among bankers and Wall Street executives, and enact sensible regulations to prevent a similar crisis from happening again.

This is, at best, a partial diagnosis. While it is certainly true that greed played a role in the financial crisis, something bigger is at stake. The most fateful change that unfolded during the past three decades was not an increase in greed. It was the expansion of markets, and of market values, into spheres of life where they don't belong.

To contend with this condition, we need to do more than inveigh against greed; we need to rethink the role that markets should play in our society. We need a public debate about what it means to keep markets in their place. To have this debate, we need to think through the moral limits of markets. We need to ask whether there are some things money should not buy.

The reach of markets, and market-oriented thinking, into aspects of life traditionally governed by nonmarket norms is one of the most significant developments of our time.

Consider the proliferation of for-profit schools, hospitals, and prisons, and the outsourcing of war to private military contractors. (In Iraq and Afghanistan, private contractors actually outnumbered U.S. military troops.[16])

Consider the eclipse of public police forces by private security firms—especially in the United States and Britain, where the number of private guards is more than twice the number of public police officers.[17]

Or consider the pharmaceutical companies' aggressive marketing of prescription drugs to consumers in rich countries. (If you've ever seen the television commercials on the evening news in the United States, you could be forgiven for thinking that the greatest health crisis in the world is not malaria or river blindness or sleeping sickness, but a rampant epidemic of erectile dysfunction.)

Consider too the reach of commercial advertising into public schools; the sale of "naming rights" to parks and civic spaces; the marketing of "designer" eggs and sperm for assisted reproduction; the outsourcing of pregnancy to surrogate mothers in the developing world; the buying and selling, by companies and countries, of the right to pollute; a system of campaign finance that comes close to permitting the buying and selling of elections.

These uses of markets to allocate health, education, public safety, national security, criminal justice, environmental protection, recreation, procreation, and other social goods were for the most part unheard of thirty years ago. Today, we take them largely for granted.

EVERYTHING FOR SALE

Why worry that we are moving toward a society in which everything is up for sale?

For two reasons: one is about inequality; the other is about corruption. Consider inequality. In a society where everything is for sale, life is harder for those of modest means. 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—political influence, good medical care, a home in a safe neighborhood rather than a crime-ridden one, access to elite schools rather than failing ones—the distribution of income and wealth looms larger and larger. Where all good things are bought and sold, having money makes all the difference in the world.

This explains why the last few decades have been especially hard on poor and middle-class families. Not only has the gap between rich and poor widened, the commodification of everything has sharpened the sting of inequality by making money matter more.

The second reason we should hesitate to put everything up for sale is more difficult to describe. It is not about inequality and fairness but about the corrosive tendency of markets. Putting a price on the good things in life can corrupt them. That's because markets don't only allocate goods; they also express and promote certain attitudes toward the goods being exchanged. Paying kids to read books might get them to read more, but also teach them to regard reading as a chore rather than a source of intrinsic satisfaction. Auctioning seats in the freshman class to the highest bidders might raise revenue but also erode the integrity of the college and the value of its diploma. Hiring foreign mercenaries to fight our wars might spare the lives of our citizens but corrupt the meaning of citizenship.

Economists often assume that markets are inert, that they do not affect the goods they exchange. But this is untrue. Markets leave their mark. Sometimes, market values crowd out nonmarket values worth caring about.

Of course, people disagree about what values are worth caring about, and why. So to decide what money should—and should not—be able to buy, we have to decide what values should govern the various domains of social and civic life. How to think this through is the subject of this book.

Here is a preview of the answer I hope to offer: when we decide that certain goods may be bought and sold, we decide, at least implicitly, that it is appropriate to treat them as commodities, as instruments of profit and use. But not all goods are properly valued in this way.[18] The most obvious example is human beings. Slavery was appalling because it treated human beings as commodities, to be bought and sold at auction. Such treatment fails to value human beings in the appropriate way—as persons worthy of dignity and respect, rather than as instruments of gain and objects of use.

Something similar can be said of other cherished goods and practices. We don't allow children to be bought and sold on the market. Even if buyers did not mistreat the children they purchased, a market in children would express and promote the wrong way of valuing them. Children are not properly regarded as consumer goods but as beings worthy of love and care. Or consider the rights and obligations of citizenship. If you are called to jury duty, you may not hire a substitute to take your place. Nor do we allow citizens to sell their votes, even though others might be eager to buy them. Why not? Because we believe that civic duties should not be regarded as private property but should be viewed instead as public responsibilities. To outsource them is to demean them, to value them in the wrong way.

These examples illustrate a broader point: some of the good things in life are corrupted or degraded if turned into commodities. So to decide where the market belongs, and where it should be kept at a distance, we have to decide how to value the goods in question—health, education, family life, nature, art, civic duties, and so on. These are moral and political questions, not merely economic ones. To resolve them, we have to debate, case by case, the moral meaning of these goods and the proper way of valuing them.

This is a debate we didn't have during the era of market triumphalism. As a result, without quite realizing it, without ever deciding to do so, we drifted from *having* a market economy to *being* a market society.

The difference is this: A market economy is a tool—a valuable and effective tool—for organizing productive activity. A market society is a way of life in which market values seep into every aspect of human endeavor. It's a place where social relations are made over in the image of the market.

The great missing debate in contemporary politics is about the role and reach of markets. Do we want a market economy, or a market society? What role should markets play in public life and personal relations? How can we decide which goods should be bought and sold, and which should be governed by nonmarket values? Where should money's writ not run?

These are the questions this book seeks to address. Since they touch on contested visions of the good society and the good life, I can't promise definitive answers. But I hope at least to prompt public discussion of these questions, and to provide a philosophical framework for thinking them through.

RETHINKING THE ROLE OF MARKETS

Even if you agree that we need to grapple with big questions about the morality of markets, you might doubt that our public discourse is up to the task. It's a legitimate worry. Any attempt to rethink the role and reach of markets should begin by acknowledging two daunting obstacles.

One is the persisting power and prestige of market thinking, even in the aftermath of the worst market failure in eighty years. The other is the rancor and emptiness of our public discourse. These two conditions are not entirely unrelated.

The first obstacle is puzzling. At the time, the financial crisis of 2008 was widely seen as a moral verdict on the uncritical embrace of markets that had prevailed, across the political spectrum, for three decades. The near collapse of once-mighty Wall Street financial firms, and the need for a massive bailout at taxpayers' expense, seemed sure to prompt a reconsideration of markets. Even Alan Greenspan, who as chairman of the U.S. Federal Reserve had served as high priest of the market triumphalist faith, admitted to "a state of shocked disbelief" that his confidence in the self-correcting power of free markets turned out to be mistaken.[19] The cover of *The Economist*, the buoyantly pro-market British magazine, showed an economics textbook melting into a puddle, under the headline WHAT WENT WRONG WITH ECONOMICS.[20]

The era of market triumphalism had come to a devastating end. Now, surely, would be a time of moral reckoning, a season of sober second thoughts about the market faith. But things haven't turned out that way.

The spectacular failure of financial markets did little to dampen the faith in markets generally. In fact, the financial crisis discredited government more than the banks. In 2011, surveys found that the American public blamed the federal government more than Wall Street financial institutions for the economic problems facing the country—by a margin of more than two to one.[21]

The financial crisis had pitched the United States and much of the global economy into the worst economic downturn since the Great Depression and left millions of people out of work. Yet it did not prompt a fundamental rethinking of markets. Instead, its most notable political consequence in the United States was the rise of the Tea Party movement, whose hostility to government and embrace of free markets would have made Ronald Reagan blush. In the fall of 2011, the Occupy Wall Street movement brought protests to cities throughout the United States and around the world. These protests targeted big banks and corporate power, and the rising inequality of income and wealth. Despite their different ideological orientations, both the Tea Party and Occupy Wall Street activists gave voice to populist outrage against the bailout.[22]

Notwithstanding these voices of protest, serious debate about the role and reach of markets remains largely absent from our political life. Democrats and Republicans argue, as they long have done, about taxes, spending, and budget deficits, only now with greater partisanship and little ability to inspire or persuade. Disillusion with politics has deepened as citizens grow frustrated with a political system unable to act for the public good, or to address the questions that matter most.

This parlous state of public discourse is the second obstacle to a debate about the moral limits of markets. At a time when political argument consists mainly of shouting matches on cable television, partisan vitriol on talk radio, and ideological food fights on the floor of Congress, it's hard to imagine a reasoned public debate about such controversial moral questions as the right way to value procreation, children, education, health, the environment, citizenship, and other goods. But I believe such a debate is possible, and that it would invigorate our public life.

Some see in our rancorous politics a surfeit of moral conviction: too many people believe too deeply, too stridently, in their own convictions and want to impose them on everyone else. I think this misreads our predicament. The problem with our politics is not too much moral argument but too little. Our politics is overheated because it is mostly vacant, empty of moral and spiritual content. It fails to engage with big questions that people care about.

The moral vacancy of contemporary politics has a number of sources. One is the attempt to banish notions of the good life from public discourse. In hopes of avoiding sectarian strife, we often insist that citizens leave their moral and spiritual convictions behind when they enter the public square. But despite its good intention, the reluctance to admit arguments about the good life into politics prepared the way for market triumphalism and for the continuing hold of market reasoning.

In its own way, market reasoning also empties public life of moral argument. Part of the appeal of markets is that they don't pass judgment on the preferences they satisfy. They don't ask whether some ways of valuing goods are higher, or worthier, than others. If someone is willing to pay for sex or a kidney, and a consenting adult is willing to sell, the only question the economist asks is, "How much?" Markets don't wag fingers. They don't discriminate between admirable preferences and base ones. Each party to a deal decides for himself or herself what value to place on the things being exchanged.

This nonjudgmental stance toward values lies at the heart of market reasoning and explains much of its appeal. But our reluctance to engage in moral and spiritual argument, together with our embrace of markets, has exacted a heavy price: it has drained public discourse of moral and civic energy, and contributed to the technocratic, managerial politics that afflicts many societies today.

A debate about the moral limits of markets would enable us to decide, as a society, where markets serve the public good and where they don't belong. It would also invigorate our politics, by welcoming competing notions of the good life into the public square. For how else could such arguments proceed? If you agree that buying and selling certain goods corrupts or degrades them, then you must believe that some ways of valuing these goods are more appropriate than others. It hardly makes sense to speak of corrupting an activity—parenthood, say, or citizenship—unless you think that some ways of being a parent, or a citizen, are better than others.

Moral judgments such as these lie behind the few limitations on markets we still observe. We don't allow parents to sell their children or citizens to sell their votes. And one of the reasons we don't is, frankly, judgmental: we believe that selling these things values them in the wrong way and cultivates bad attitudes.

Thinking through the moral limits of markets makes these questions unavoidable. It requires that we reason together, in public, about how to value the social goods we prize. It would be folly to expect that a morally more robust public discourse, even at its best, would lead to agreement on every contested question. But it would make for a healthier public life. And it would make us more aware of the price we pay for living in a society where everything is up for sale.

When we think of the morality of markets, we think first of Wall Street banks and their reckless misdeeds, of hedge funds and bailouts and regulatory reform. But the moral and political challenge we face today is more pervasive and more mundane—to rethink the role and reach of markets in our social practices, human relationships, and everyday lives.

1

Jumping the Queue

Nobody likes to wait in line. Sometimes you can pay to jump the queue. It's long been known that, in fancy restaurants, a handsome tip to the maître d' can shorten the wait on a busy night. Such tips are quasi bribes and handled discreetly. No sign in the window announces immediate seating for anyone willing to slip the host a fifty-dollar bill. But in recent years, selling the right to cut in line has come out of the shadows and become a familiar practice.

FAST TRACK

Long lines at airport security checkpoints make air travel an ordeal. But not everyone has to wait in the serpentine queues. Those who buy first-class or business-class tickets can use priority lanes that take them to the front of the line for screening. British Airways calls it Fast Track, a service that also lets high-paying passengers jump the queue at passport and immigration control.[1]

But most people can't afford to fly first-class, so the airlines have begun offering coach passengers the chance to buy line-cutting privileges as an à la carte perk. For an extra $39, United Airlines will sell you priority boarding for your flight from Denver to Boston, along with the right to cut in line at the security checkpoint. In Britain, London's Luton Airport offers an even more affordable fast-track option: wait in the long security line or pay £3 (about $5) and go to the head of the queue.[2]

Critics complain that a fast track through airport security should not be for sale. Security checks, they argue, are a matter of national defense, not an amenity like extra legroom or early boarding privileges; the burden of keeping terrorists off airplanes should be shared equally by all passengers. The airlines reply that everyone is subjected to the same level of screening; only the wait varies by price. As long as everyone receives the same body scan, they maintain, a shorter wait in the security line is a convenience they should be free to sell.[3]

Amusement parks have also started selling the right to jump the queue. Traditionally, visitors may spend hours waiting in line for the most popular rides and attractions. Now, Universal Studios Hollywood and other theme parks offer a way to avoid the wait: for about twice the price of standard admission, they'll sell you a pass that lets you go to the head of the line. Expedited access to the Revenge of the Mummy thrill ride may be morally less freighted than privileged access to an airport security check. Still, some observers lament the practice, seeing it as corrosive of a wholesome civic habit: "Gone are the days when the theme-park queue was the great equalizer," one commentator wrote, "where every vacationing family waited its turn in democratic fashion."[4]

Interestingly, amusement parks often obscure the special privileges they sell. To avoid offending ordinary customers, some parks usher their premium guests through back doors and separate gates; others provide an escort to ease the way of VIP guests as they cut in line. This need for discretion suggests that paid line cutting—even in an amusement park—tugs against a nagging sense that fairness means waiting your turn. But no such reticence appears on Universal's online ticket site, which touts the $149 Front of Line Pass with unmistakable bluntness: "Cut to the FRONT at all rides, shows and attractions!"[5]

If you're put off by queue jumping at amusement parks, you might opt instead for a traditional tourist sight, such as the Empire State Building. For $22 ($16 for children), you can ride the elevator to the eighty-sixth-floor observatory and enjoy a spectacular view of New York City. Unfortunately, the site attracts several million visitors a year, and the wait for the elevator can sometimes take hours. So the Empire State Building now offers a fast track of its own. For $45 per person, you can buy an Express Pass that lets you cut in line—for both the security check and the elevator ride. Shelling out $180 for a family of four may seem a steep price for a fast ride to the top. But as the ticketing website points out, the Express Pass is "a fantastic opportunity" to "make the most of your time in New York—and the Empire State Building—by skipping the lines and going straight to the greatest views."[6]

LEXUS LANES

The fast-track trend can also be seen on freeways across the United States. Increasingly, commuters can buy their way out of bumper-to-bumper traffic and into a fast-moving express lane. It began during the 1980s with car pool lanes. Many states, hoping to reduce traffic congestion and air pollution, created express lanes for commuters willing to share a ride. Solo drivers caught using the car pool lanes faced hefty fines. Some put blow-up dolls in the passenger seat in hopes of fooling the highway patrol. In an episode of the television comedy *Curb Your Enthusiasm*, Larry David comes up with an ingenious way of buying access to the car pool lane: faced with heavy freeway traffic en route to an LA Dodgers baseball game, he hires a prostitute—not to have sex but to ride in his car on the way to the stadium. Sure enough, the quick ride in the car pool lane gets him there in time for the first pitch.[7]

Today, many commuters can do the same—without the need for hired help. For fees of up to $10 during rush hour, solo drivers can buy the right to use car pool lanes. San Diego, Minneapolis, Houston, Denver, Miami, Seattle, and San Francisco are among the cities that now sell the right to a faster commute. The toll typically varies according to the traffic—the heavier the traffic, the higher the fee. (In most places, cars with two or more occupants can still use express lanes for free.) On the Riverside Freeway, east of Los Angeles, rush-hour traffic creeps along at 15–20 miles an hour in the free lanes, while the paying customers in the express lane zip by at 60–65 mph.[8]

Some people object to the idea of selling the right to jump the queue. They argue that the proliferation of fast-track schemes adds to the advantages of affluence and consigns the poor to the back of the line. Opponents of paid express lanes call them "Lexus lanes" and say they are unfair to commuters of modest means. Others disagree. They argue that there is nothing wrong with charging more for faster service. Federal Express charges a premium for overnight delivery. The local dry cleaner charges extra for same-day service.

And yet no one complains that it's unfair for FedEx, or the dry cleaner, to deliver your parcel or launder your shirts ahead of someone else's.

To an economist, long lines for goods and services are wasteful and inefficient, a sign that the price system has failed to align supply and demand. Letting people pay for faster service at airports, at amusement parks, and on highways improves economic efficiency by letting people put a price on their time.

THE LINE-STANDING BUSINESS

Even where you're not allowed to buy your way to the head of the line, you can sometimes hire someone else to queue up on your behalf. Each summer, New York City's Public Theater puts on free outdoor Shakespeare performances in Central Park. Tickets for the evening performances are made available at 1:00 p.m., and the line forms hours in advance. In 2010, when Al Pacino starred as Shylock in *The Merchant of Venice*, demand for tickets was especially intense.

Many New Yorkers were eager to see the play but didn't have time to stand in line. As the *New York Daily News* reported, this predicament gave rise to a cottage industry—people offering to wait in line to secure tickets for those willing to pay for the convenience. The line standers advertised their services on Craigslist and other websites. In exchange for queuing up and enduring the wait, they were able to charge their busy clients as much as $125 per ticket for the free performances.[9]

The theater tried to prevent the paid line standers from plying their trade, claiming "it's not in the spirit of Shakespeare in the Park." The mission of the Public Theater, a publicly subsidized, nonprofit enterprise, is to make great theater accessible to a broad audience drawn from all walks of life. Andrew Cuomo, New York's attorney general at the time, pressured Craigslist to stop running ads for the tickets and line-standing services. "Selling tickets that are meant to be free," he stated, "deprives New Yorkers of enjoying the benefits that this taxpayer-supported institution provides."[10]

Central Park is not the only place where there's money to be made by those who stand and wait. In Washington, D.C., the line-standing business is fast becoming a fixture of government. When congressional committees hold hearings on proposed legislation, they reserve some seats for the press and make others available to the general public on a first-come, first-served basis. Depending on the subject and the size of the room, the lines for the hearings can form a day or more in advance, sometimes in the rain or in the chill of winter. Corporate lobbyists are keen to attend these hearings, in order to chat up lawmakers during breaks and keep track of legislation affecting their industries. But the lobbyists are loath to spend hours in line to assure themselves a seat. Their solution: pay thousands of dollars to professional line-standing companies that hire people to queue up for them.

The line-standing companies recruit retirees, message couriers, and, increasingly, homeless people to brave the elements and hold a place in the queue. The line standers wait outside, then, as the line moves, they proceed inside the halls of the congressional office buildings, queuing up outside the hearing rooms. Shortly before the hearing begins, the well-heeled lobbyists arrive, trade places with their scruffily attired stand-ins, and claim their seats in the hearing room.[11]

The line-standing companies charge the lobbyists \$36 to \$60 per hour for the queuing service, which means that getting a seat in a committee hearing can cost $1,000 or more. The line standers themselves are paid $10–$20 per hour. *The Washington Post* has editorialized against the practice, calling it "demeaning" to Congress and "contemptuous of the public." Senator Claire McCaskill, a Missouri Democrat, has tried to ban it, without success. "The notion that special interest groups can buy seats at congressional hearings like they would buy tickets to a concert or football game is offensive to me," she said.[12]

The business has recently expanded from Congress to the U.S. Supreme Court. When the Court hears oral arguments in big constitutional cases, it's not easy to get in. But if you're willing to pay, you can hire a line stander to get you a ringside seat in the highest court in the land.[13]

The company LineStanding.com describes itself as "a leader in the Congressional line standing business." When Senator McCaskill proposed legislation to prohibit the practice, Mark Gross, the owner of the company, defended it. He compared line standing to the division of labor on Henry Ford's assembly line: "Each worker on the line was responsible for his/her specific task." Just as lobbyists are good at attending hearings and "analyzing all the testimony," and senators and congressmen are good at "making an informed decision," line standers are good at, well, waiting. "Division of labor makes America a great place to work," Gross claimed. "Linestanding may seem like a strange practice, but it's ultimately an honest job in a free-market economy."[14]

Oliver Gomes, a professional line stander, agrees. He was living in a homeless shelter when he was recruited for the job. CNN interviewed him as he held a place in line for a lobbyist at a hearing on climate change. "Sitting in the halls of Congress made me feel a little better," Gomes told CNN. "It elevated me and made me feel like, well, you know, maybe I do belong here, maybe I can contribute even at that little minute level."[15]

But opportunity for Gomes meant frustration for some environmentalists. When a group of them showed up for the climate change hearing, they couldn't get in. The lobbyists' paid stand-ins had already staked out all the available seats in the hearing room.[16] Of course, it might be argued that if the environmentalists cared enough about attending the hearing, they too could have queued up overnight. Or they could have hired homeless people to do it for them.

TICKET SCALPING DOCTOR APPOINTMENTS

Queuing for pay is not only an American phenomenon. Recently, while visiting China, I learned that the line-standing business has become routine at top hospitals in Beijing. The market reforms of the last two decades have resulted in funding cuts for public hospitals and clinics, especially in rural areas. So patients from the countryside now journey to the major public hospitals in the capital, creating long lines in registration halls. They queue up overnight, sometimes for days, to get an appointment ticket to see a doctor.[17]

The appointment tickets are a bargain—only 14 yuan (about $2). But it isn't easy to get one. Rather than camp out for days and nights in the queue, some patients, desperate for an appointment, buy tickets from scalpers. The scalpers make a business of the yawning gap between supply and demand. They hire people to line up for appointment tickets and then resell the tickets for hundreds of dollars—more than a typical peasant makes in months. Appointments to see leading specialists are especially prized—and hawked by the scalpers as if they were box seats for the World Series. The *Los Angeles*

Times described the ticket-scalping scene outside the registration hall of a Beijing hospital: "Dr. Tang. Dr. Tang. Who wants a ticket for Dr. Tang? Rheumatology and immunology."[18]

There is something distasteful about scalping tickets to see a doctor. For one thing, the system rewards unsavory middlemen rather than those who provide the care. Dr. Tang could well ask why, if a rheumatology appointment is worth $100, most of the money should go to scalpers rather than to him, or his hospital. Economists might agree and advise hospitals to raise their prices. In fact, some Beijing hospitals have added special ticket windows, where the appointments are more expensive and the lines much shorter.[19] This high-priced ticket window is the hospital's version of the no-wait premium pass at amusement parks or the fast-track lane at the airport—a chance to pay to jump the queue.

But regardless of who cashes in on the excess demand, the scalpers or the hospital, the fast track to the rheumatologist raises a more basic question: Should patients be able to jump the queue for medical care simply because they can afford to pay extra?

The scalpers and special ticket windows at Beijing hospitals raise this question vividly. But the same question can be asked of a subtler form of queue jumping increasingly practiced in the U.S.—the rise of "concierge" doctors.

CONCIERGE DOCTORS

Although U.S. hospitals are not thronged with scalpers, medical care often involves a lot of waiting. Doctor appointments have to be scheduled weeks, sometimes months, in advance. When you show up for the appointment, you may have to cool your heels in the waiting room, only to spend a hurried ten or fifteen minutes with the doctor. The reason: Insurance companies don't pay primary care doctors much for routine appointments. So to make a decent living, physicians in general practice have rosters of three thousand patients or more, and often rush through twenty-five to thirty appointments per day.[20]

Many patients and doctors are frustrated with this system, which leaves little time for doctors to get to know their patients or to answer their questions. So a growing number of physicians now offer a more attentive form of care known as "concierge medicine." Like the concierge at a five-star hotel, the concierge physician is at your service around the clock. For annual fees ranging from $1,500 to $25,000, patients are assured of same-day or next-day appointments, no waiting, leisurely consultations, and twenty-four-hour access to the doctor by email and cell phone. And if you need to see a top specialist, your concierge doctor will pave the way.[21]

To provide this attentive service, concierge physicians sharply reduce the number of patients they care for. Physicians who decide to convert their practice into a concierge service send a letter to their existing patients offering a choice: sign up for the new, no-wait service for an annual retainer fee, or find another doctor.[22]

One of the first concierge practices, and one of the priciest, is MD² ("MD Squared"), founded in 1996 in Seattle. For a fee of $15,000 per year for an individual ($25,000 for a family), the company promises "absolute, unlimited and exclusive access to your personal physician."[23] Each doctor serves only fifty families. As the company explains on its website, the "availability and level of service we provide absolutely necessitates that we limit our practice to a select few."[24] An article in *Town & Country* magazine reports that the MD² waiting room "looks more like the lobby of a Ritz-Carlton than a clinical doctor's office." But few patients even go there. Most are "CEOs and business owners who don't want to lose an hour out of their day to go to the doctor's office and prefer instead to receive care in the privacy of their home or office."[25]

Other concierge practices cater to the upper middle class. MD-VIP, a for-profit concierge chain based in Florida, offers same-day appointments and prompt service (answering your call by the second ring) for $1,500 to $1,800 per year, and accepts insurance payments for standard medical procedures. Participating physicians cut their patient rolls to six hundred, enabling them to spend more time with each patient.[26] The company assures patients that "waiting will not be a part of their health care experience." According to *The New York Times*, an MDVIP practice in Boca Raton sets out fruit salad and sponge cake in the waiting room. But since there is little if any waiting, the food often goes untouched.[27]

For concierge doctors and their paying customers, concierge care is everything medicine should be. Doctors can see eight to twelve patients a day, rather than thirty, and still come out ahead financially. Physicians affiliated with MDVIP keep two-thirds of the annual fee (one-third goes to the company), which means a practice with six hundred patients makes $600,000 per year in retainer fees alone, not counting reimbursements from insurance companies. For patients who can afford it, unhurried appointments and round-the-clock access to a doctor are luxuries worth paying for.[28]

The drawback, of course, is that concierge care for a few depends on shunting everyone else onto the crowded rolls of other doctors.[29] It therefore invites the same objection leveled against all fast-track schemes: that it's unfair to those left languishing in the slow lane.

Concierge medicine differs, to be sure, from the special ticket windows and the appointment-scalping system in Beijing. Those who can't afford a concierge doc can generally find decent care elsewhere, while those who can't afford a scalper in Beijing are consigned to days and nights of waiting.

But the two systems have this in common: each enables the affluent to jump the queue for medical care. The queue jumping is more brazen in Beijing than in Boca Raton. There seems a world of difference between the clamor of the crowded registration hall and the calm of the waiting room with the uneaten sponge cake. But that's only because, by the time the concierge patient arrives for his or her appointment, the culling of the queue has already taken place, out of view, by the imposition of the fee.

MARKET REASONING

The stories we've just considered are signs of the times. In airports and amusement parks, in the corridors of Congress and the waiting rooms of doctors, the ethic of the queue—"first come, first-served"—is being displaced by the ethic of the market—"you get what you pay for."

And this shift reflects something bigger—the growing reach of money and markets into spheres of life once governed by nonmarket norms.

Selling the right to cut in line is not the most grievous instance of this trend. But thinking through the rights and wrongs of line standing, ticket scalping, and other forms of queue jumping can help us glimpse the moral force—and moral limits—of market reasoning.

Is there anything wrong with hiring people to stand in line, or with scalping tickets? Most economists say no. They have little sympathy for the ethic of the queue. If I want to hire a homeless person to queue up on my behalf, they ask, why should anyone complain? If

I'd rather sell my ticket than use it, why should I be prevented from doing so?

The case for markets over queues draws on two arguments. One is about respecting individual freedom; the other is about maximizing welfare, or social utility. The first is a libertarian argument. It maintains that people should be free to buy and sell whatever they please, as long as they don't violate anyone's rights. Libertarians oppose laws against ticket scalping for the same reason they oppose laws against prostitution, or the sale of human organs: they believe such laws violate individual liberty, by interfering with the choices made by consenting adults.

The second argument for markets, more familiar among economists, is utilitarian. It says that market exchanges benefit buyers and sellers alike, thereby improving our collective well-being, or social utility. The fact that my line stander and I strike a deal proves that we are both better off as a result. Paying $125 to see the Shakespeare play without having to wait in line must make me better off; otherwise I wouldn't have hired the line stander. And earning $125 by spending hours in a queue must make the line stander better off; otherwise he or she wouldn't have taken the job. We are both better off as a result of our exchange; our utility increases. This is what economists mean when they say that free markets allocate goods efficiently. By allowing people to make mutually advantageous trades, markets allocate goods to those who value them most highly, as measured by their willingness to pay.

My colleague Greg Mankiw, an economist, is the author of one of the most widely used economics textbooks in the United States. He uses the example of ticket scalping to illustrate the virtues of the free market. First, he explains that economic efficiency means allocating goods in a way that maximizes "the economic well-being of everyone in society." He then observes that free markets contribute to this goal by allocating "the supply of goods to the buyers who value them most highly, as measured by their willingness to pay."[30] Consider ticket scalpers: "If an economy is to allocate its scarce resources efficiently, goods must get to those consumers who value them most highly. Ticket scalping is one example of how markets reach efficient outcomes . . . By charging the highest price the market will bear, scalpers help ensure that consumers with the greatest willingness to pay for the tickets actually do get them."[31]

If the free-market argument is correct, ticket scalpers and line-standing companies should not be vilified for violating the integrity of the queue; they should be praised for improving social utility by making underpriced goods available to those most willing to pay for them.

MARKETS VERSUS QUEUES

What, then, is the case for the ethic of the queue? Why try to banish paid line standers and ticket scalpers from Central Park or Capitol Hill? A spokesperson for Shakespeare in the Park offered the following rationale: "They are taking a spot away and a ticket away from someone who wants to be there and is eager to see a production of Shakespeare in the Park. We want people to have that experience for free."[32]

The first part of the argument is flawed. Hired line standers do not reduce the total number of people who see the performance; they only change *who* sees it. It's true, as the spokesperson claims, that the line standers take tickets that would otherwise go to people farther back in the queue who are eager to see the play. But those who wind up with those tickets are also eager to see the play. That's why they shell out $125 to hire a line stander.

What the spokesperson probably meant is that ticket scalping is unfair to those who can't afford the $125. It puts ordinary folks at a disadvantage and makes it harder for them to get tickets. This is a stronger argument. When a line stander or scalper gets a ticket, someone behind him or her in the queue loses out, someone who may be unable to afford the scalper's price.

Free-market advocates might reply as follows: If the theater really wants to fill its seats with people eager to see the play and to maximize the pleasure its performances give, then it should want tickets to go to those who value them most highly. And those are the people who will pay most for a ticket. So the best way to pack the house with an audience that will derive the greatest pleasure from the play is to let the free market operate—either by selling tickets for whatever price the market will bear, or by allowing line standers and scalpers to sell to the highest bidders. Getting tickets to those willing to pay the highest price for them is the best way of determining who most values a Shakespeare performance.

But this argument is unconvincing. Even if your goal is to maximize social utility, free markets may not do so more reliably than queues. The reason is that the willingness to pay for a good does not show who values it most highly. This is because market prices reflect the ability as well as the willingness to pay. Those who most want to see Shakespeare, or the Red Sox, may be unable to afford a ticket. And in some cases, those who pay the most for tickets may not value the experience very highly at all.

I've noticed, for example, that the people sitting in the expensive seats at the ballpark often show up late and leave early. This makes me wonder how much they care about baseball. Their ability to afford seats behind home plate may have more to do with the depth of their pockets than their passion for the game. They certainly don't care as much as some fans, especially young ones, who can't afford box seats but who can tell you the batting average of every player in the starting lineup. Since market prices reflect the ability as well as the willingness to pay, they are imperfect indicators of who most values a particular good.

This is a familiar point, even an obvious one. But it casts doubt on the economist's claim that markets are always better than queues at getting goods to those who value them most highly. In some cases, the willingness to stand in line—for theater tickets or for the ball game—may be a better indicator of who really wants to attend than the willingness to pay.

Defenders of ticket scalping complain that queuing "discriminates in favor of people who have the most free time."[33] That's true, but only in the same sense that markets "discriminate" in favor of people who have the most money. As markets allocate goods based on the ability and willingness to pay, queues allocate goods based on the ability and willingness to wait. And there is no reason to assume that the willingness to pay for a good is a better measure of its value to a person than the willingness to wait.

So the utilitarian case for markets over queues is highly contingent. Sometimes markets do get goods to those who value them most highly; other times, queues may do so. Whether, in any given case, markets or queues do this job better is an empirical question, not a matter that can be resolved in advance by abstract economic reasoning.

MARKETS AND CORRUPTION

But the utilitarian argument for markets over queues is open to a further, more fundamental objection: utilitarian considerations are not the only ones that matter. Certain goods have value in ways that go beyond the utility they give individual buyers and sellers. How a good is allocated may be part of what makes it the kind of good it is.

Think again about the Public Theater's free summer Shakespeare performances. "We want people to have that experience for free," said the spokesperson, explaining the theater's opposition to hired line standers. But why? How would the experience be diminished if tickets were bought and sold? It would be diminished, of course, for those who'd like to see the play but can't afford a ticket. But fairness is not the only thing at stake. Something is lost when free public theater is turned into a market commodity, something beyond the disappointment experienced by those who are priced out of attending.

The Public Theater sees its free outdoor performances as a public festival, a kind of civic celebration. It is, so to speak, a gift the city gives itself. Of course, seating is not unlimited; the entire city cannot attend on any given evening. But the idea is to make Shakespeare freely available to everyone, without regard to the ability to pay. Charging for admission, or allowing scalpers to profit from what is meant to be a gift, is at odds with this end. It changes a public festival into a business, a tool for private gain. It would be as if the city made people pay to watch the fireworks on the Fourth of July.

Similar considerations explain what's wrong with paid line standing on Capitol Hill. One objection is about fairness: it's unfair that wealthy lobbyists can corner the market on congressional hearings, depriving ordinary citizens of the opportunity to attend.

But unequal access is not the only troubling aspect of this practice. Suppose lobbyists were taxed when they hired line-standing companies, and the proceeds were used to make line-standing services affordable for ordinary citizens. The subsidies might take the form, say, of vouchers redeemable for discounted rates at line-standing companies. Such a scheme might ease the unfairness of the present system. But a further objection would remain: turning access to Congress into a product for sale demeans and degrades it.

From an economic point of view, allowing free access to congressional hearings "underprices" the good, giving rise to queues. The line-standing industry remedies this inefficiency by establishing a market price. It allocates seats in the hearing room to those who are willing to pay the most for them. But this values the good of representative government in the wrong way.

We can see this more clearly if we ask why Congress "underprices" admission to its deliberations in the first place. Suppose, striving mightily to reduce the national debt, Congress decided to charge admission to its hearings—$1,000, say, for a front-row seat at the Appropriations Committee. Many people would object, not only on the grounds that the admission fee is unfair to those unable to afford it but also on the grounds that charging the public to attend a congressional hearing is a kind of corruption.

We often associate corruption with ill-gotten gains. But corruption refers to more than bribes and illicit payments. To corrupt a good or a social practice is to degrade it, to treat it according to a lower mode of valuation than is appropriate to it. Charging admission to congressional hearings is a form of corruption in this sense. It treats Congress as if it were a business rather than an institution of representative government.

Cynics might reply that Congress is already a business, in that it routinely sells influence and favors to special interests. So why not acknowledge this openly and charge admission? The answer is that the lobbying, influence peddling, and self-dealing that already afflict Congress are also instances of corruption. They represent the degradation of government in the public interest. Implicit in any charge of corruption is a conception of the purposes and ends an institution (in this case, Congress) properly pursues. The line-standing industry on Capitol Hill, an extension of the lobbying industry, is corrupt in this sense. It is not illegal, and the payments are made openly. But it degrades Congress by treating it as a source of private gain rather than an instrument of the public good.

WHAT'S WRONG WITH TICKET SCALPING?

Why do some instances of paid queue jumping, line standing, and ticket scalping strike us as objectionable, while others do not? The reason is that market values are corrosive of certain goods but appropriate to others. Before we can decide whether a good should be allocated by markets, queues, or in some other way, we have to decide what kind of good it is and how it should be valued.

Figuring this out is not always easy. Consider three examples of "underpriced" goods that have recently given rise to ticket scalping: campsites at Yosemite National Park, open-air masses conducted by Pope Benedict XVI, and live concerts by Bruce Springsteen.

Scalping Campsites at Yosemite

Yosemite National Park, in California, attracts more than four million visitors a year. About nine hundred of its prime campsites can be reserved in advance, at a nominal cost of $20 per night. The reservations can be booked, by telephone or online, beginning at 7:00 a.m. on the fifteenth of each month, up to five months in advance. But it's not easy to get one. Demand is so intense, especially for the summer, that the campsites are fully booked within minutes of becoming available.

In 2011, however, *The Sacramento Bee* reported that ticket scalpers were offering Yosemite campsites for sale on Craigslist for $100 to $150 per night. The National Park Service, which prohibits the resale of reservations, was flooded with complaints about the scalpers and tried to prevent the illicit trade.[34] According to standard market logic, it's not clear why it should: If the National Park Service wants to maximize the welfare society derives from Yosemite, it should want the campsites to be used by those who most value the experience, as measured by their willingness to pay. So rather than try to defeat the scalpers, it should welcome them. Or it should raise the price it charges for campsite reservations to the market-clearing price and eliminate the excess demand.

But the public outrage over the scalping of Yosemite campsites rejects this market logic. The newspaper that broke the story ran an editorial condemning the scalpers under the headline SCALPERS STRIKE YOSEMITE PARK: IS NOTHING SACRED? It saw the scalping as a scam to be prevented, not as a service to social utility. "The wonders of Yosemite belong to all of us," the editorial stated, "not just those who can afford to fork over extra cash to a scalper."[35]

Underlying the hostility to scalping campsites at Yosemite are actually two objections—one about fairness, the other about the proper way of valuing a national park. The first objection worries that scalping is unfair to people of modest means, who can't afford to pay $150 a night for a campsite. The second objection, implied by the editorial's rhetorical question ("Is nothing sacred?") draws on the idea that some things should not be up for sale. According to this idea, national parks are not merely objects of use or sources of social utility. They are places of natural wonder and beauty, worthy of appreciation, even awe. For scalpers to auction access to such places seems a kind of sacrilege.

Papal Masses for Sale

Here is another example of market values colliding with a sacred good: When Pope Benedict XVI made his first visit to the United States, demand for tickets to his stadium masses in New York City and Washington, D.C., far exceeded the supply of seats—even in Yankee Stadium. Free tickets were distributed through Catholic dioceses and local parishes. When the inevitable ticket scalping ensued—one ticket sold online for more than $200—church officials condemned it on the grounds that access to a religious rite should not be bought and sold. "There shouldn't be a market in tickets," a church spokeswoman said. "You can't pay to celebrate a sacrament."[36]

Those who bought tickets from scalpers might disagree. They succeeded in paying to celebrate a sacrament. But the church spokeswoman was trying, I think, to make a different point: although it may be possible to gain admission to a papal mass by buying a ticket from a scalper, the spirit of the sacrament is tainted if the experience is up for sale. Treating religious rituals, or natural wonders, as marketable commodities is a failure of respect. Turning sacred goods into instruments of profit values them in the wrong way.

The Market for Springsteen

But what of an event that is partly a commercial enterprise and partly something else? In 2009, Bruce Springsteen performed two concerts in his home state of New Jersey. He set the highest ticket price at $95, even though he could have charged much more and still filled the arena. This price restraint led to rampant ticket scalping and deprived Springsteen of a lot of money. The Rolling Stones had recently charged $450 for the best seats on their concert tour. Economists who studied ticket prices at an earlier Springsteen concert found that, by charging less than the market price, he had forgone about $4 million that evening.[37]

So why not charge the market price? For Springsteen, keeping ticket prices relatively affordable is a way of keeping faith with his working-class fans. It is also a way of expressing a certain understanding of what his concerts are about. They are moneymaking ventures, to be sure, but only in part. They are also celebratory events whose success depends on the character and composition of the crowd. The performance consists not only in the songs but also in the relationship between the performer and his audience, and the spirit in which they gather.

In a *New Yorker* article on the economics of rock concerts, John Seabrook points out that live concerts are not thoroughgoing commodities, or market goods; to treat them as if they were is to diminish them: "Records are commodities; concerts are social events, and in trying to make a commodity out of the live experience you risk spoiling the experience altogether." He quotes Alan Krueger, an economist who has studied the pricing of Springsteen concerts: "There is still an element of rock concerts that is more like a party than a commodities market." A ticket to a Springsteen concert, Krueger explained, is not only a market good. It is in some respects a gift. If Springsteen charged as much as the market would bear, he would undermine the gift relation with his fans.[38]

Some may see this as mere public relations, a strategy to forgo some revenue today to preserve goodwill and maximize earnings in the long term. But this is not the only way to make sense of it. Springsteen may believe, and be right to believe, that to treat his live performance as a purely market good would be to demean it, to value it in the wrong way. In this respect at least, he may have something in common with Pope Benedict.

THE ETHIC OF THE QUEUE

We've considered several ways of paying to cut in line: hiring line standers, buying tickets from scalpers, or purchasing line-cutting privileges directly from, say, an airline or an amusement park. Each of these transactions supplants the ethic of the queue (waiting your turn) with the ethic of the market (paying a price for faster service).

Markets and queues—paying and waiting—are two different ways of allocating things, and each is appropriate to different activities. The ethic of the queue, "First come, first served," has an egalitarian appeal. It bids us to ignore privilege, power, and deep pockets—at least for certain purposes. "Wait your turn," we were admonished as children. "Don't cut in line."

The principle seems apt on playgrounds, at bus stops, and when there's a line for the public restroom at a theater or ballpark. We resent people cutting in front of us. If someone with an urgent need asks to jump the queue, most people will oblige. But we'd consider it odd if someone at the back of the line offered us $10 to trade places—or if the management set up express pay toilets alongside the free ones, to accommodate affluent customers (or desperate ones).

But the ethic of the queue does not govern all occasions. If I put my house up for sale, I'm under no obligation to accept the first offer that comes along, simply because it's the first. Selling my house and waiting for a bus are different activities, properly governed by different norms. There's no reason to assume that any single principle—queuing or paying—should determine the allocation of all goods.

Sometimes norms change, and it is unclear which principle should prevail. Think of the recorded message you hear, played over and over, as you wait on hold when calling your bank, HMO, or cable television provider: "Your call will be answered in the order in which it was received." This is the essence of the ethic of the queue. It's as if the company is trying to soothe our impatience with the balm of fairness.

But don't take that recorded message too seriously. Today, some people's calls are answered faster than others. You might call it telephonic queue jumping. Growing numbers of banks, airlines, and credit card companies provide special phone numbers to their best customers or route their calls to elite call centers for prompt attention. Call center technology enables companies to "score" incoming calls and to give faster service to those that come from affluent places. Delta Airlines recently proposed giving frequent flyers a controversial perk: the option of paying $5 extra to speak to a customer service agent in the United States, rather than be routed to a call center in India. Public disapproval led Delta to abandon the idea.[39]

Is there anything wrong with answering the calls of your best (or most promising) customers first? It depends on the kind of good you're selling. Are they calling about an overdraft fee or an appendectomy?

Of course, markets and queues are not the only ways of allocating things. Some goods we distribute by merit, others by need, still others by lottery or chance. Universities typically admit students with the greatest talent and promise, not those who apply first or offer the most money for a place in the freshman class. Hospital emergency rooms treat patients according to the urgency of their condition, not according to the order of their arrival or their willingness to pay extra to be seen first. Jury duty is allocated by lottery; if you are called to serve, you can't hire someone else to take your place.

The tendency of markets to displace queues, and other nonmarket ways of allocating goods, so pervades modern life that we scarcely notice it anymore. It is striking that most of the paid queue-jumping schemes we've considered—at airports and amusement parks, at Shakespeare festivals and congressional hearings, in call centers and doctors' offices, on freeways and in national parks—are recent developments, scarcely imaginable three decades ago. The demise of the queue in these domains may seem a quaint concern. But these are not the only places that markets have invaded.

2

Incentives

CASH FOR STERILIZATION

Each year, hundreds of thousands of babies are born to drug-addicted mothers. Some of these babies are born addicted to drugs, and a great many of them will suffer child abuse or neglect. Barbara Harris, the founder of a North Carolina–based charity called Project Prevention, has a market-based solution: offer drug-addicted women $300 cash if they will undergo sterilization or long-term birth control. More than three thousand women have taken her up on the offer since she launched the program in 1997.[1]

Critics call the project "morally reprehensible," a "bribe for sterilization." They argue that offering drug addicts a financial inducement to give up their reproductive capacity amounts to coercion, especially since the program targets vulnerable women in poor neighborhoods. Rather than help the recipients overcome their addiction, critics complain, the money subsidizes it. As one promotional flyer for the program states, "Don't Let a Pregnancy Ruin Your Drug Habit."[2]

Harris concedes that, more often than not, her clients use the cash to buy more drugs. But she believes this is a small price to pay to prevent children from being born with drug addictions. Some of the women who accept the cash for sterilization have been pregnant a dozen times or more; many already have multiple children in foster care. "What makes a woman's right to procreate more important than the right of a child to have a normal life?" Harris asks. She speaks from experience. She and her husband adopted four children who were born to a crack-addicted woman in Los Angeles. "I'll do anything I have to do to prevent babies from suffering. I don't believe that anybody has the right to force their addiction on another human being."[3]

In 2010, Harris took her incentive scheme to Britain, where the idea of cash for sterilization met strong opposition in the press—an article in the *Telegraph* called it a "creepy proposal"—and from the British Medical Association. Undaunted, Harris has expanded to Kenya, where she pays HIV-positive women $40 to be fitted with intrauterine devices, a form of long-term contraception. In Kenya and South Africa, where Harris plans to go next, health officials and human rights proponents have voiced outrage and opposition.[4]

From the standpoint of market reasoning, it's not clear why the program should provoke outrage. Though some critics say it reminds them of Nazi eugenics, the cash-for-sterilization program is a voluntary arrangement between private parties. The state is not involved, and no one is sterilized against her will. Some argue that drug addicts, desperate for money, are not capable of making a truly voluntary choice when offered easy cash. But if their judgment is that severely impaired, Harris replies, how can they possibly be expected to make sensible decisions about bearing and raising children?[5]

Viewed as a market transaction, the deal produces gains for both parties and increases social utility. The addict gets $300 in exchange for giving up her ability to have children. For their $300, Harris and her organization receive the assurance that the addict will not produce any more drug-addicted babies in the future. According to standard market logic, the exchange is economically efficient. It allocates the good—in this case, control over the addict's reproductive capacity—to the person (Harris) who is willing to pay the most for it and who is therefore presumed to value it most highly.

So why all the fuss? For two reasons, which together shed light on the moral limits of marketing reasoning. Some criticize the cash-for-sterilization deal as coercive; others call it bribery. These are actually different objections. Each points to a different reason to resist the reach of markets into places where they don't belong.

The coercion objection worries that when a drug-addicted woman agrees to be sterilized for money, she is not acting freely. Although no one is holding a gun to her head, the financial inducement may be too tempting to resist. Given her addiction and, in most cases, her poverty, her choice to be sterilized for $300 may not really be free. She may be coerced, in effect, by the necessity of her situation. Of course, people disagree about what inducements, under what circumstances, amount to coercion. So in order to assess the moral status of any market transaction, we have to ask a prior question: Under what conditions do market relations reflect freedom of choice, and under what conditions do they exert a kind of coercion?

The bribery objection is different. It is not about the conditions under which a deal is made but about the nature of the good being bought and sold. Consider a standard case of bribery. If an unscrupulous character bribes a judge or government official to gain an illicit benefit or a favor, the nefarious transaction may be entirely voluntary. Neither party may be coerced, and both may gain. What makes the bribe objectionable is not that it's coercive but that it's corrupt. The corruption consists in buying and selling something (a favorable verdict, say, or political influence) that should not be up for sale.

We often associate corruption with illicit payoffs to public officials. But as we saw in chapter 1, corruption also has a broader meaning: we corrupt a good, an activity, or a social practice whenever we treat it according to a lower norm than is appropriate to it. So, to take an extreme example, having babies in order to sell them for profit is a corruption of parenthood, because it treats children as things to be used rather than beings to be loved. Political corruption can be seen in the same light: when a judge accepts a bribe to render a corrupt verdict, he acts as if his judicial authority were an instrument of personal gain rather than a public trust. He degrades and demeans his office by treating it according to a lower norm than is appropriate to it.

This broader notion of corruption lies behind the charge that the cash-for-sterilization scheme is a form of bribery. Those who call it bribery are suggesting that, whether or not the deal is coercive, it is corrupt. And the reason it is corrupt is that both parties—the buyer (Harris) and the seller (the addict)—value the good being sold (the childbearing capacity of the seller) in the wrong way. Harris 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. This is the moral force of the bribery charge. Like corrupt judges and public officials, those who get sterilized for money sell something that should not be up for sale. They treat their reproductive capacity as a tool for monetary gain rather than a gift or trust to be exercised according to norms of responsibility and care.

It might be argued, in reply, that the analogy is flawed. A judge who accepts a bribe in exchange for a corrupt verdict sells something that isn't his to sell; the verdict is not his property. But a woman who agrees to be sterilized for pay sells something that belongs to her—namely, her reproductive capacity. Money aside, the woman does no wrong if she chooses to be sterilized (or not to have children); but the judge does wrong to render an unjust verdict even in the absence of a bribe. If a woman has a right to give up her childbearing capacity for reasons of her own, some would argue, she must also have the right to do so for a price.

If we accept this argument, then the cash-for-sterilization deal is not bribery after all. So in order to determine whether a woman's reproductive capacity should be subject to a market transaction, we have to ask what kind of good it is: Should we regard our bodies as possessions that we own and can use and dispose of as we please, or do some uses of our bodies amount to self-degradation? This is a large and controversial question that also arises in debates about prostitution, surrogate motherhood, and the buying and selling of eggs and sperm. Before we can decide whether market relations are appropriate to such domains, we have to figure out what norms should govern our sexual and procreative lives.

THE ECONOMIC APPROACH TO LIFE

Most economists prefer not to deal with moral questions, at least not in their role as economists. They say their job is to explain people's behavior, not judge it. Telling us what norms should govern this or that activity or how we should value this or that good is not, they insist, what they do. The price system allocates goods according to people's preferences; it doesn't assess those preferences as worthy or admirable or appropriate to the circumstance. But despite their protestations, economists increasingly find themselves entangled in moral questions.

This is happening for two reasons: one reflects a change in the world, the other a change in the way economists understand their subject.

In recent decades, markets and market-oriented thinking have reached into spheres of life traditionally governed by nonmarket norms. More and more, we are putting a price on noneconomic goods. Harris's $300 offer is an instance of this trend.

At the same time, economists have been recasting their discipline, making it more abstract and more ambitious. In the past, economists dealt with avowedly economic topics—inflation and unemployment, savings and investment, interest rates and foreign trade. They explained how countries become wealthy and how the price system aligns supply and demand for pork belly futures and other market goods.

Recently, however, many economists have set themselves a more ambitious project. What economics offers, they argue, is not merely a set of insights about the production and consumption of material goods but also a science of human behavior. At the heart of this science is a simple but sweeping idea: In all domains of life, human behavior can be explained by assuming that people decide what to do by weighing the costs and benefits of the options before them, and choosing the one they believe will give them the greatest welfare, or utility.

If this idea is right, then everything has its price. The price may be explicit, as with cars and toasters and pork bellies. Or it may be implicit, as with sex, marriage, children, education, criminal activity, racial discrimination, political participation, environmental protection, even human life. Whether or not we're aware of it, the law of supply and demand governs the provision of all these things.

The most influential statement of this view is offered by Gary Becker, an economist at the University of Chicago, in *The Economic Approach to Human Behavior* (1976). He rejects the old-fashioned notion that economics is "the study of the allocation of material goods." The persistence of the traditional view is due, he speculates, "to a reluctance to submit certain kinds of human behavior to the 'frigid' calculus of economics." Becker seeks to wean us from that reluctance.[6]

According to Becker, people act to maximize their welfare, whatever activity they're engaged in. This assumption, "used relentlessly and unflinchingly, form[s] the heart of the economic approach" to human behavior. The economic approach applies regardless of what goods are at stake. It explains life-and-death decisions and "the choice of a brand of coffee." It applies to choosing a mate and buying a can of paint. Becker continues: "I have come to the position that the economic approach is a comprehensive one that is applicable to all human behavior, be it behavior involving money prices or imputed shadow prices, repeated or infrequent decisions, large or minor decisions, emotional or mechanical ends, rich or poor persons, men or women, adults or children, brilliant or stupid persons, patients or therapists, businessmen or politicians, teachers or students."[7]

Becker does not claim that patients and therapists, businessmen and politicians, teachers and students actually understand their decisions as governed by economic imperatives. But that's only because we're often blind to the wellsprings of our actions. "The economic approach does not assume" that people "are necessarily conscious of their efforts to maximize or can verbalize or otherwise describe in an informative way" the reasons for their behavior. However, those with a keen eye for the price signals implicit in every human situation can see that all our behavior, however remote from material concerns, can be explained and predicted as a rational calculus of costs and benefits.[8]

Becker illustrates his claim with an economic analysis of marriage and divorce:

> According to the economic approach, a person decides to marry when the utility expected from marriage exceeds that expected from remaining single or from additional search for a more suitable mate. Similarly, a married person terminates his (or her) marriage when the utility anticipated from becoming single or marrying someone else exceeds the loss in utility from separation, including losses due to physical separation from one's children, division of joint assets, legal fees, and so forth. Since many persons are looking for mates, a *market* in marriages can be said to exist.[9]

Some think this calculating view takes the romance out of marriage. They argue that love, obligation, and commitment are ideals that can't be reduced to monetary terms. They insist that a good marriage is priceless, something money can't buy.

To Becker, this is a piece of sentimentality that obstructs clear thinking. "With an ingenuity worthy of admiration if put to better use," he writes, those who resist the economic approach explain human behavior as the messy, unpredictable result of "ignorance and irrationality, values and their frequent unexplained shifts, custom and tradition, the compliance somehow induced by social norms." Becker has little patience for this messiness. A single-minded focus on income and price effects, he believes, offers social science a sturdier foundation.[10]

Can all human action be understood in the image of a market? Economists, political scientists, legal scholars, and others continue to debate this question. But what is striking is how potent this image has become—not only in academia but also in everyday life. To a remarkable degree, the last few decades have witnessed the remaking of social relations in the image of market relations. One measure of this transformation is the growing use of monetary incentives to solve social problems.

PAYING KIDS FOR GOOD GRADES

Paying people to be sterilized is one brazen example. Here is another: school districts across the United States now try to improve academic performance by paying children for getting good grades or high scores on standardized tests. The idea that cash incentives can cure what ails our schools looms large in the movement for educational reform.

I attended a very good but excessively competitive public high school in Pacific Palisades, California. I occasionally heard of kids being paid by their parents for every A on their report card. Most of us considered this slightly scandalous. But it never occurred to anyone that the school itself might pay for good grades. I do remember that the Los Angeles Dodgers had a promotion in those years that gave free tickets to high school students who made the honor roll.

a C. The top student made a handsome haul of $1,875 for the school year.[15]

- In Dallas, they pay second graders $2 for each book they read. To collect the cash, students have to take a computerized quiz to prove they've read the book.[16]

The cash payments yielded mixed results. In New York City, paying kids for good test scores did nothing to improve their academic performance. The cash for good grades in Chicago led to better attendance but no improvement on standardized tests. In Washington, the payments helped some students (Hispanics, boys, and students with behavior problems) achieve higher reading scores. The cash worked best with the Dallas second graders; the kids who got paid $2 per book wound up with higher reading comprehension scores at the end of the year.[17]

Fryer's project is one of many recent attempts to pay kids to do better in school. Another such program offers cash for good scores on Advanced Placement exams. AP courses expose high school students to challenging college-level material in math, history, science, English, and other subjects. In 1996, Texas launched the Advanced Placement Incentive Program, which pays students from $100 to $500 (depending on the school) for earning a passing grade (a score of 3 or higher) on AP exams. Their teachers are also rewarded, with $100 to $500 for each student who passes the exam, plus additional salary bonuses. The incentive program, which now operates in sixty Texas high schools, seeks to improve the college readiness of minority and low-income students. A dozen states now offer financial incentives to students and teachers for success on AP tests.[18]

Some incentive programs target teachers rather than students. Although teachers' unions have been wary of pay-for-performance a C. The top student made a handsome haul of $1,875 for the school year.[15]

- In Dallas, they pay second graders $2 for each book they read. To collect the cash, students have to take a computerized quiz to prove they've read the book.[16]

The cash payments yielded mixed results. In New York City, paying kids for good test scores did nothing to improve their academic performance. The cash for good grades in Chicago led to better attendance but no improvement on standardized tests. In Washington, the payments helped some students (Hispanics, boys, and students with behavior problems) achieve higher reading scores. The cash worked best with the Dallas second graders; the kids who got paid $2 per book wound up with higher reading comprehension scores at the end of the year.[17]

Fryer's project is one of many recent attempts to pay kids to do better in school. Another such program offers cash for good scores on Advanced Placement exams. AP courses expose high school students to challenging college-level material in math, history, science, English, and other subjects. In 1996, Texas launched the Advanced Placement Incentive Program, which pays students from $100 to $500 (depending on the school) for earning a passing grade (a score of 3 or higher) on AP exams. Their teachers are also rewarded, with $100 to $500 for each student who passes the exam, plus additional salary bonuses. The incentive program, which now operates in sixty Texas high schools, seeks to improve the college readiness of minority and low-income students. A dozen states now offer financial incentives to students and teachers for success on AP tests.[18]

Some incentive programs target teachers rather than students. Although teachers' unions have been wary of pay-for-performance proposals, the idea of paying teachers for the academic achievement of their students is popular among voters, politicians, and some educational reformers. Since 2005, school districts in Denver; New York City; Washington, D.C.; Guilford County, North Carolina; and Houston have implemented cash incentive schemes for teachers. In 2006, Congress established the Teacher Incentive Fund to provide pay-for-performance grants for teachers in low-achieving schools. The Obama administration increased funding for the program. Recently, a privately funded incentive project in Nashville offered middle school math teachers cash bonuses of up to $15,000 for improving the test scores of their students.[19]

The bonuses in Nashville, sizable though they were, had virtually no impact on students' math performance. But the Advanced Placement incentive programs in Texas and elsewhere have had a positive effect. More students, including students from low-income and minority backgrounds, have been encouraged to take AP courses. And many are passing the standardized exams that qualify them for college credit. This is very good news. But it does not bear out the standard economic view about financial incentives: the more you pay, the harder students will work, and the better the outcome. The story is more complicated.

The AP incentive programs that have succeeded offer more than cash to students and teachers; they transform the culture of schools and the attitudes of students toward academic achievement. Such programs provide special training for teachers, laboratory equipment, and organized tutoring sessions after school and on Saturdays. One tough urban school in Worcester, Massachusetts, made AP classes available to all students, rather than to a preselected elite, and recruited students with posters featuring rap stars, "making it cool for boys with low-slung jeans who idolize rappers like Lil

Wayne to take the hardest classes." The $100 incentive for passing the AP test at the end of the year was a motivator, it seems, more for its expressive effect than for the money itself. "There's something cool about the money," one successful student told *The New York Times*. "It's a great extra." The twice-weekly after-school tutoring sessions and eighteen hours of Saturday classes provided by the program also helped.[20]

When an economist looked closely at the Advanced Placement incentive program in low-income Texas schools, he found something interesting: the program succeeded in boosting academic achievement but not in a way that the standard "price effect" would predict (the more you pay, the better the grades). Although some schools paid $100 for a passing grade on the AP test, and others paid as much as $500, the results were no better in schools that offered the higher amounts. Students and teachers were "not simply behaving like revenue maximizers," wrote C. Kirabo Jackson, the author of the study.[21]

So what was going on? The money had an expressive effect—making academic achievement "cool." That's why the amount was not decisive. Although only AP courses in English, math, and science qualified for the cash incentives at most schools, the program also led to higher enrollment in other AP courses, such as history and social studies. The Advanced Placement incentive programs have succeeded not by bribing students to achieve but by changing attitudes toward achievement and the culture of schools.[22]

HEALTH BRIBES

Health care is another area where cash incentives are in vogue. Increasingly, doctors, insurance companies, and employers are paying people to be healthy—to take their medications, to quit smoking, to lose weight. You might think that avoiding disease or life-threatening ailments would be motivation enough. But, surprisingly, that's often not the case. One-third to one-half of patients fail to take their medications as prescribed. When their conditions worsen, the overall result is billions of dollars a year in additional health costs. So doctors and insurers are offering cash incentives to motivate patients to take their meds.[23]

In Philadelphia, patients prescribed warfarin, an anti–blood clot medication, can win cash rewards ranging from $10 to $100 for taking the drug. (A computerized pillbox records whether they take the drug and tells them whether they won that day.) Participants in the incentive scheme make an average of $90 a month for adhering to their prescriptions. In Britain, some patients with bipolar disorder or schizophrenia are paid £15 (about $22) to show up for their monthly injection of antipsychotic drugs. Teenage girls are offered £45 (about $68) in shopping vouchers to receive vaccinations that protect against a sexually transmitted virus that can cause cervical cancer.[24]

Smoking imposes big costs on companies that provide health insurance to their workers. So in 2009, General Electric began paying some of its employees to quit smoking—$750 if they could quit for as long as a year. The results were so promising that GE has extended the offer to all its U.S. employees. The Safeway grocery store chain offers lower health-insurance premiums to workers who don't smoke and who keep their weight, blood pressure, and cholesterol under control. A growing number of companies use some combination of carrots and sticks to motivate employees to improve their health. Eighty percent of big U.S. companies now offer financial incentives for those who participate in wellness programs. And almost half penalize workers for unhealthy habits, typically by charging them more for health insurance.[25]

Weight loss is the most alluring if intractable target of cash incentive experiments. The NBC reality show *The Biggest Loser* dramatizes the current craze of paying people to slim down. It offers $250,000 to the contestant who achieves the biggest proportional weight loss during the season.[26]

Doctors, researchers, and employers have tried offering more modest incentives. In one U.S. study, a reward of a few hundred dollars motivated obese participants to shed about fourteen pounds in four months. (Unfortunately, the weight losses proved temporary.) In Britain, where the National Health Service spends 5 percent of its budget treating obesity-related diseases, the NHS tried paying overweight people up to £425 (about $612) to lose weight and keep it off for two years. The scheme is called Pounds for Pounds.[27]

Two questions can be asked about paying people for healthy behavior: Does it work? and, Is it objectionable?

From an economic point of view, the case for paying people for good health is a simple matter of costs and benefits. The only real question is whether incentive schemes work. If money motivates people to take their meds, quit smoking, or join a gym, thus reducing the need for expensive care later, why object?

And yet many do object. The use of cash incentives to promote healthy behavior generates fierce moral controversy. One objection is about fairness, the other about bribery. The fairness objection is voiced, in different ways, on both sides of the political spectrum. Some conservatives argue that overweight people should slim down on their own; paying them to do so (especially with taxpayer funds) unfairly rewards slothful behavior. These critics see cash incentives as a "reward for indulgence rather than a form of treatment." Underlying this objection is the idea that "we can all control our own weight," so it's unfair to pay those who have failed to do so on their own—especially if the payments come, as they sometimes do in Britain, from the National Health Service. "Paying someone to ditch bad habits is the ultimate in nanny state mentality, absolving them of any responsibility for their health."[28]

Some liberals voice the opposite worry: that financial rewards for good health (and penalties for bad health) can unfairly disadvantage people for medical conditions beyond their control. Allowing companies or health insurers to discriminate between the healthy and the unhealthy in setting insurance premiums is unfair to those who, through no fault of their own, are less healthy and so at greater risk. It is one thing to give everyone a discount for joining a gym, but something else to set insurance rates based on health outcomes that many people can't control.[29]

The bribery objection is more elusive. The press commonly calls health incentives bribes. But are they? In the cash for sterilization scheme, the bribery is clear. Women are paid to relinquish their reproductive capacity not for their own good but for the sake of an external end—preventing more drug-addicted babies. They are being paid to act, in many cases at least, against their interest.

But the same can't be said of cash incentives to help people stop smoking or lose weight. Whatever external ends may be served (such as reducing health costs for companies or a national health service), the money encourages behavior that promotes the health of the recipient. So how is it a bribe?[30] Or, to ask a slightly different question, why does the charge of bribery seem to fit, even though healthy behavior is in the interest of the person being bribed?

It fits, I think, because we suspect that the monetary motive crowds out other, better motives. Here's how: Good health is not only about achieving the right cholesterol level and body mass index. It is also about developing the right attitude to our physical well-being and treating our bodies with care and respect. Paying people to take their meds does little to develop such attitudes and may even undermine them.

This is because bribes are manipulative. They bypass persuasion and substitute an external reason for an intrinsic one. "You don't care enough about your own well-being to quit smoking or lose weight? Then do it because I'll pay you $750."

Health bribes trick us into doing something we should be doing anyhow. They induce us to do the right thing for the wrong reason. Sometimes, it helps to be tricked. It isn't easy to quit smoking or lose weight on our own. But eventually, we should rise above manipulation. Otherwise, the bribe may become habit forming.

If health bribes work, worries about corrupting good attitudes toward health may seem hopelessly high-minded. If cash can cure us of obesity, why cavil about manipulation? One answer is that a proper concern for our physical well-being is a part of self-respect. Another answer is more practical: absent the attitudes that sustain good health, the pounds may return when the incentives end.

This seems to have happened in the paid weight-loss schemes that have been studied so far. Cash to quit smoking has shown a glimmer of hope. But even the most encouraging study found that more than 90 percent of smokers who were paid for kicking the habit were back to smoking six months after the incentives ended. In general, cash incentives seem to work better at getting people to show up for a specific event—a doctor's appointment or an injection—than at changing long-term habits and behaviors.[31]

Paying people to be healthy can backfire, by failing to cultivate the values that sustain good health. If this is true, the economist's question ("Do cash incentives work?") and the moralist's question ("Are they objectionable?") are more closely connected than first appears. Whether an incentive "works" depends on the goal. And the goal, properly conceived, may include values and attitudes that cash incentives undermine.

PERVERSE INCENTIVES

A friend of mine used to pay his young children $1 each time they wrote a thank-you note. (I could usually tell by reading the notes that they were written under duress.) This policy may or may not work in the long run. It might turn out that, by writing enough thank-you notes, the children will eventually learn the real point of them and continue to express gratitude for gifts, even when they are no longer paid to do so. It's also possible that they will absorb the wrong lesson, and regard thank-you notes as piecework, a burden to be performed for pay. In this case, the habit won't take, and they will stop writing such notes once they are no longer paid. Worse, the bribes may corrupt their moral education and make it harder for them to learn the virtue of gratitude. Even if it increases production in the short run, the bribe for thank-you notes will have failed, by inculcating the wrong way of valuing the good in question.

A similar question arises in the case of cash for good grades: Why not pay a child for getting good grades or for reading a book? The goal is to motivate the child to study or to read. The payment is an incentive to promote that end. Economics teaches that people respond to incentives. And while some children may be motivated to