

with the same green electrode gel, cheerfully asks, “Ready for the next step?” You say nervously, “As ready as I can be.” You’re hooked up to the machine again, and the shocks begin. As before, you record the intensity of the pain after each shock. But this time it’s different. It must be the Veladone-Rx! The pain doesn’t feel nearly as bad. You leave with a pretty high opinion of Veladone. In fact, you hope to see it in the neighborhood drugstore before long.

Indeed, that’s what most of our participants found. Almost all of them reported less pain when they experienced the electrical shocks under the influence of Veladone. Very interesting—considering that Veladone was just a capsule of vitamin C.

FROM THIS EXPERIMENT, we saw that our capsule did have a placebo effect. But suppose we priced the Veladone differently. Suppose we discounted the price of a capsule of Veladone-Rx from \$2.50 to just 10 cents. Would our participants react differently?

In our next test, we changed the brochure, scratching out the original price (\$2.50 per pill) and inserting a new discount price of 10 cents. Did this change our participants’ reaction? Indeed. At \$2.50 almost all our participants experienced pain relief from the pill. But when the price was dropped to 10 cents, only half of them did.

Moreover, it turns out that this relationship between price and placebo effect was not the same for all participants, and the effect was particularly pronounced for people who had more experience with recent pain. In other words, for people who had experienced more pain, and thus depended more on pain medications, the relationship was more pronounced: