trades we make are not necessarily going to be an accurate reflection of the real pleasure or utility we derive from those products. In other words, in many cases we make decisions in the marketplace that may not reflect how much pleasure we can get from different items. Now, if we can't accurately compute these pleasure values, but frequently follow arbitrary anchors instead, then it is not clear that the opportunity to trade is necessarily going to make us better off. For example, because of some unfortunate initial anchors we might mistakenly trade something that truly gives us a lot of pleasure (but regrettably had a low initial anchor) for something that gives us less pleasure (but owing to some random circumstances had a high initial anchor). If anchors and memories of these anchors—but not preferences—determine our behavior, why would trading be hailed as the key to maximizing personal happiness (utility)?

So, WHERE DOES this leave us? If we can't rely on the market forces of supply and demand to set optimal market prices, and we can't count on free-market mechanisms to help us maximize our utility, then we may need to look elsewhere. This is especially the case with society's essentials, such as health care, medicine, water, electricity, education, and other critical resources. If you accept the premise that market forces and free markets will not always regulate the market for the best, then you may find yourself among those who believe that the government (we hope a reasonable and thoughtful government) must play a larger role in regulating some market activities, even if this limits free enterprise. Yes, a free market based on supply, demand, and no friction would be the ideal if we were truly rational. Yet when we are not rational but irrational, policies should take this important factor into account.