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Market Limits Revisited

[1] In recent years, the idea of a free market as the best solution for problems of distribution has been voiced by many minds and has therefore become the go to answer. Whenever a problem involving the exchange of goods arises or is foreseen, the invisible hand of the market is the solution that most economists and, as of late, even laymen jump to. The promise of a process that requires no administrative oversight yet somehow manages to provide for all participants in a fair and logically acceptable way is too tempting for most people to dismiss. The question soon arises, though, of whether all markets are capable of maintaining the "*moral worth* [emphasis added]" of the goods traded within them (Sandel, "What Money Shouldn't Buy" 93). This is the question Michael J. Sandel explores in his essay titled "What Money Shouldn't Buy." He argues that there exist certain "moral and civic goods that markets do not honor and money cannot buy" (97). Essentially, though markets are effective at distributing goods to those who need them, they are inherently unaware of the "moral worth of particular human goods" (79). This unawareness, or "moral [bound] of markets" as Sandel calls it (77), means that in addition to the objection from "coercion," an objection against markets that are unfair, there exist an equally valid objection from "corruption," an objection against the "degrading effect of market valuation … on certain goods and practices" (78). Sandel argues that even if the coercive aspect of an unethical market can be corrected by making sure that all participants are treated equally, a market can nonetheless remain unethical if it allows the

exchange of certain, priceless goods. This is due to the fact, Sandel emphasizes, that giving "a moral and civic good" a price must necessarily "corrupt or degrade [that] good" (86). Therefore, Sandel concludes, no matter the perceived benefits of such markets, they are unacceptable because they "do not honor…the moral and civic goods" exchanged within them (93). From Sandel's point of view, market valuation can only be ethical if the goods exchanged can be given a price without decreasing their moral worth.

[2] At first glance, striving for ideal markets which are neither coercive nor corruptive, as proposed by Sandel, appears to be a logically sound approach to the issue of what can be sold and what shouldn't be. However, when we turn to something more concrete, such as the debate over compensated organ donation as depicted by L.D. de Castro in his essay "Commodification and exploitation: arguments in favour of compensated organ donation," the limits of Sandel's theory slowly come to light. De Castro makes clear that "the exploitation that is [currently] perpetrated" because "payment [for organs] is [presently] against the law" is already prevalent (de Castro 145). The current system outlawing organ markets, de Castro points out, cannot be maintained for it fosters an environment conducive to the creation of black markets (144). These unregulated black markets are coercive, exploiting the poor and disadvantaged, *and* corruptive. But de Castro also emphasizes that not all markets are this way, and that most legal markets have a lower level of "coercion" (Sandel 78) than those in the underground world. As de Castro outlines in his essay, "when something is given a price tag," as is the case when it is placed in any market and allowed to be traded, "it does not mean" that it necessarily "loses its infinite value" (145) because that loss of perceived value only occurs when it is placed in an illegal market. By providing this distinction between markets, de Castro's case for organ compensation helps delineate the limits of Sandel's theory because it highlights the fact that Sandel's proposed

system for differentiating between ethical and unethical markets is based on a faulty assumption – that of price and value being inseparable characteristics – and doesn't adequately take into account the current situation of markets.

[3] Sandel's argument has as a foundation two main pillars: coercion and corruption. The pillar of coercion, as Sandel himself acknowledges, is one which "points to the injustice that can arise" in markets when people are "coerced… by the necessities of his situation" (78). People can be, and sadly often are, forced to make decisions that don't necessarily benefit them but instead are a form of extortion of one party by another. Sandel depicts the example of a poor, peasant farmer forced to sell his kidney in order to feed his family (78). In this situation, the peasant farmer is coerced into comparatively valuing two goods of infinite intrinsic value – the moral worth of each good is immeasurable. When this comparison occurs, one of the good's apparent value – the value attributed to it by the exchange - must decrease because one good must be given up for another. It isn't difficult to imagine many other examples in which the *value* one individual attributes to a good is disproportional to the "true" value of that good. Fundamentally, coercion forces a mismatch between the value of a good in the eyes of one individual (in Sandel's case the decreased value of the peasant's kidney due to the coercive circumstances), and the true, inherent value of that good (priceless, in the case of human organs). Since this occurs within an exchange, the perceived value of a good can easily be described by the price that is assigned to it. For example, in the case of the peasant farmer, the value that the farmer places on his kidney will be reflected by the price for which he sells it.

[4] The second pillar, that of corruption, rests on a similar foundation. In this case, Sandel argues that "market valuation and exchange," or in other words the act of pricing an item, "degrades or corrupts important values" related to the goods exchanged (85). Here, Sandel is

taking the idea of the perceived value of an item determining its price and reversing it so that the price assigned to that item determines its perceived value. At first glance, it might seem that Sandel's argument is that the corruption of a good occurs because markets "[poses] a moral limit" and can't correctly value the good, but his argument goes further (82). Markets actively "degrade" the goods because there is a direct relationship between price and value. Markets not only affect the perceived value of a good, but directly influence the intrinsic value of a good. Essentially, then, Sandel's argument, and therefore his ideal solution, is founded on the idea that the price of a good is directly related to the value of the good. In the case of the argument from coercion, the price assigned to the good reflects the corrupted value due "to markets that operate against a background of inequality… creat[ing] coercive bargaining conditions," (78) while in the case of the argument from corruption, the act of assigning a price to a good, because the price is directly related to the value, changes the perceived value or moral worth of that good, affecting its actual value, and therefore degrading it. It seems that both of Sandel's pillars rest on a single base. Therefore what matters most is the connection between this base and each individual pillar.

[5] Intuitively, it might seem that the relationship between price and value as assumed by Sandel is a safe assumption. After all, there are markets in which value and price are intimately connected. For example, in coercive exchanges one of the parties, be it the buyer or the seller, is forced to devalue a certain good. In the example of the farmer, this devaluing is brought about by extreme external conditions. When the value of the family is weighed against the value of the kidney, the kidney's value inherently decreases. Not only is the kidney sold at a price, but from the perspective of the seller, the kidney just isn't *worth* as much when compared to his family. Yet, while in coercive exchanges there is no difference between price and value (since the value the seller is forced to attribute to the good is reflected by the price), there also exist markets in

which there *can* be a difference. De Castro provides multiple examples of said markets, such as the exchange that occurs when a "person who renders…risky services…accepts a monetary reward" from society (143). This monetary reward is something which society voluntarily offers to the hero but which is almost, if not completely, unrelated to the value of the hero's actions. The true and perceived value of his courageousness are both infinite, while the amount of money rewarded must necessarily be finite. Other more common place examples are also abundant. As de Castro describes, a community can give "monetary rewards to outstanding citizens…, monetary incentives to… [contributors of] information leading to arrests," and the list goes on, yet "it does not usually cross our mind" that this monetary pricing of an action or good will "diminish the value" of the good or action (143). Clearly, there are situations under which the value and the price of a good can differ from one another.

[6] One clear and specific market exchange in which this occurs is that of compensated organ donations, as described by de Castro. Essentially, "compensated donation" of any kind "and altruism are not [inherently] incompatible" because the exchange of money for a good doesn't equal commodification (142). More specifically, "offering compensation for organs does not necessarily lead to exploitation" (142). If we take a minute to consider the implications of this claim, we realize the exchange of money isn't always tied to some type of degradation even when the good exchanged possess infinite value. De Castro provides a direct example of this when he mentions the possibility of "a poor housemaid offering a kidney of her brain dead husband…to her ailing employer" or "a Muslim offering a kidney…to a Christian neighbor" (144). Even if we assume no further benefit other than the gift of the organ, these exchanges all seem acceptable because they are altruistic. If there is no exchange of money, and the organ is donated in good will for the benefit of another, then there is no "corruption" of the organ itself.

The exchanges would still remain acceptable even if those "giving" the organs were to somehow be compensated by the recipient, possibly as a show of thanks. Would it really be corruption if someone who is saved because another donated their organ turns to the donor and gives him a few thousand dollars? This is basically how our current system of organ transfers works – an organ is donated with no expectation of payment, yet payment is nonetheless usually offered, sometimes monetary payment, other times emotional payment. Therefore, this exchange of an organ for money seems to escape "the degrading effect of market valuation and exchange" (Sandel "What Money Shouldn't Buy" 78) that Sandel describes in his essay. This is only a basic example, but by looking at de Castro's case about organ markets, the subtle fact arises that the relationship between "market valuation" and its "degrading effect" (82) doesn't seem to always occur.

[7] De Castro makes the statement in his essay that "it is not fair to lump [every market exchange] under the category of selling," (de Castro 144) which is true, but extending that further it becomes clear that it is not fair to lump all unethical markets under just two categories – coercive and corruptive. We've seen an example of an exchange in which the good and the compensation aren't really related, and therefore the good isn't corrupted – our current legal organ donation system. This is not to say that Sandel's theory is completely off base when it makes the argument from corruption, though. Let's take the compensated organ donation market and slightly modify so that the good "gifted" is, instead of an organ, a baby. The very idea causes every human individual to immediately recoil in disbelief. Sandel offers us with a succinct explanation in his theory of corruption: "treating children as commodities degrades them by [not treating them] as persons worthy of love and care" (Sandel, "What Money Shouldn't Buy" 82). . Even if we imagine an exchange in which there exists a fair market condition, and to go further,

we imagine an exchange in which a baby is given away for *no* compensation and there is no attempt to price him or her, somehow there still exists a sense of corruption. This is because the baby, the "good" for a lack of a better word, is corrupted. Thinking about this example, it becomes clear that the "good" is corrupted because its human consciousness is being ignored. *People* can't be treated as goods because that would be "an attempt to quantify…the whole thing" not just "some aspect of [it]" (de Castro 145). Anytime an entire person is quantified and given a price, there exist corruption because in order to do that the *person* has to be "degraded" to a non-human object. Therefore, a market which exchanges babies, no matter how fairly or non-coercively it does it, is inherently corruptive as Sandel's theory accurately describes.

[8] But the question to be asked is: what is different about these two markets other than the good being traded? Sandel would make the claim that both markets are the same and that "the worry about corruption cannot be laid to rest simply by establishing fair background conditions," (79) but in fact this relies deeply on the assumption that price and value are the same across both markets. If price and value were the same, then it would make sense that any market placing a price on a value of infinite good is inherently corrupting it, but as we've seen so far that only holds for markets which begin as coercive or markets which attempt to price a person. A market on life insurance policies for employees taken out by their employers, for example, is in the simplest sense of the idea neither coercive nor corrupting. The corrupting factor does not arise until these life insurance policies become what is "known in the business as 'janitor insurance' or 'dead peasants insurance'" (Sandel, *What Money Can't Buy* 132) In those cases, the market shifts and becomes corruptive because "few workers [are] aware that their companies…put a price on their heads" (133). Once again the fact that these people are human is being ignored since their *lives* are being traded almost as if they didn't belong to them. It would

in no way be corruptive if the family of the employee was the one taking out the life insurance. It is common place and acceptable for the family to be the beneficiary of a life insurance policy on the family's breadwinner. In that case, the market isn't corruptive because the owner of the life being insured *knows* about it – the exchange, in a sense, acknowledges his personhood. Therefore, it is the unawareness of the employee in the case of "janitor insurance" that causes the market to be corruptive. This clarifies the fact that if there is no direct relation between price and value, then the pricing of a good doesn't necessarily corrupt the good.

[9] Does that answer the question of what is the fundamental difference between corruptive and non-corruptive markets, then? Looking more broadly at the examples presented in de Castro's essay, from the compensated hero to an organ donation system, it becomes evident that they all have one thing in common. De Castro points to the fact that "there is nothing inherently suspicious to money changing hands," (143) but the reason that it is not suspicious is because the money is changing hands in a completely voluntary, non-coercive, and transparent way that acknowledges all market participants. This is similar to one of Vivian Zelizer's categories from her essay, "Payment and Social Ties." In her essay, Zelizer makes it clear that "monetary payments fall into three categories – gift, entitlement, and compensation," each of which is essentially different (Zelizer 481). By keeping Zelizer's categorization in mind, it is easy to see how de Castro's examples are all gifts – what Zelizer defines as "one person's *voluntary* bestowal on another [emphasis added]" (482) – with the additional characteristic of recognizing personhood. This categorization is also helpful in the sense that it allows us to see when price and value are most divorced and when market attempt to value the entire person instead of just "some aspect of usage" (de Castro 145). For one, the more voluntary the exchange of an item is, the less the price and the value are related to one another. Gifts to a friend are more

about the thought behind the present than about the actual value. A volunteer does a job more for its intrinsic reward than for any possible explicit compensation. Secondly, the more transparent the exchange the less likely it is for the market to ignore the value of a person. If everyone is informed about the exchanges, then they'll be able to accurately represent and advocate for their value. Despite the fact that these seemingly nit-picky categorizations of markets add much more complexity to Sandel's theory, they are nonetheless necessary so that the risk of accidently banning non-corruptive markets is decreased. Yet, some might ask the question if why it's even necessary to bother with these nuances. If a market has the chance of being corruptive, then why not just outlaw it and be done. Why not reach for a world in which all markets are uncorrupted? Here, de Castro helps broaden the limit already found in Sandel's theory.

[10] In his essay, de Castro makes one point very clear. The current market structure cannot be maintained, and any action that needs to be taken "may be regarded as a necessity in efforts to minimize the [current] level of exploitation in the organ procurement system" (142). This is due to the fact that the current market structure through which organs are legally exchanged is "unable to meet the requirement of all patients in need" (142) and therefore "fosters even greater exploitation" (145).This exploitation, which is by definition unethical, is most prevalent in black markets which corrupt the value of the organs themselves because they are murky, unregulated, and coercive. Without regulation or transparency, black markets are inherently coercive and therefore any exchanges that take place within them necessarily decrease the *value* of the goods which means they are also corruptive. There does exist a counterargument to this line of reasoning, as voiced by Donald Joralemon and Phil Cox in their essay "Body Values: The Case Against Compensating for Organ Donation," that in a "world of finite resource…, it is hard to argue that the extraordinary expenditure associated with organ

transplantation constitutes the best possible way to serve the needs of the living" (31). While true that there are finite resources in the world, what this counterargument, as well as Sandel's theory, misses is the fact that the creation of a regulated and legal organ market would more than likely decrease the participation in the current exploitative market. This is an unseen consequence that would benefit society as a whole, possibly even more than the expected results of "shorter periods and waiting lists" (de Castro 142). As de Castro phrases it, "we cannot hope to improve the situation…unless we recognize" all the different ways in which "human organs have already become commodities" (145). Sandel's ideal version acknowledges the ways in which coercive markets don't work and is correct about the existence of markets which are corruptive and therefore shouldn't be allowed, but he's missed assessing the current situation of a market. Due to the fact that his theory doesn't incorporate a way to measure the current situation, it can miss the drawbacks of outlawing a specific market, as is the case with the current organ donation system. The current state of a market is as important as anything when deciding whether or not certain markets should be ethical or not: when deciding what items should be bought and sold.

[10] Therefore, for the current organ system as with any other market, the question evolves into whether it is more acceptable to continue the current system or to attempt to reach the ideal. For the case of compensated market donation, if we consider the fact that black markets are as corruptive, if not more, than similar legal markets, it seems clear that the reasonable choice would be to create a legal, well-regulated, transparent market for organs. Sandel would readily respond, though, that what "this argument misses [is] the dimensions of life that lie beyond consent, in the moral and civic goods that markets do not honor and money cannot buy" (97). He would argue that by legalizing an organ market we would be condoning the corruption of a priceless good. Yet, as de Castro helps us see, that train of thought doesn't always

hold if the current situation is analyzed thoroughly and pragmatically. Certain markets, such as the one he advocates for of compensated organ donation, don't corrupt the goods that are traded within them. Instead the markets are simply an "attempt to quantify some aspect of usage but not the whole 'thing'" (de Castro 145). Since not all markets are the same, and due to the fact that price and value aren't always directly related, it is evident that money isn't always corruptive on its own as Sandel makes it appear. Additional factors, such as unequal circumstances, level of transparency, relation between price and value, etc. must be taken into account in order to judge whether or not a market is degrading the goods. For the specific case of organ donation, today the "the prevailing system of uncompensated organ donation fosters even greater exploitation" (145) by creating an environment perfect for black markets. It cannot be maintained, and therefore something must be done about it. Something that needs to incorporate how the market currently works, and how the proposed solution will work.

[11] When analyzed on its own, Sandel's theory appears to be both logical and solid; it is not until we look at a current example of a market struggling to be defined that the assumptions Sandel makes in his theory become evident. The question of whether price and perceived value are one and the same never arises when Sandel's theory is taken into consideration by itself, but de Castro's argument shows, there exist many examples in which the relationship between price and perceived value can be extremely complex and non-direct, such as is the case in the current organ compensation system in which "the price tag is simply being suppressed" (de Castro 145). Fundamentally, this lack of price and value analysis is a symptom of the deeper limit in Sandel's theory – lacking a way to fully analyze the current situation of market structure. That is not to say that Sandel's theory is wrong, for his understanding of markets as being either corruptive or coercive is right on. Market do have difficulty preserving the moral worth of the good, as his

theory claims, but Sandel's theory is limited in that it simplifies the definition of a corruptive market to the point that the only thing it depends on is on the good traded. This definition is far too broad, and while there do exist certain goods that shouldn't be traded, there are deeper reasons as to why they shouldn't be traded. A complete analysis that includes the price/value relationship, the current level of exploitation and coercion, and the level at which the perceived value affects the actual value is necessary to make an informed decision as to whether a market is ethical or not. The implications of this realization are immediately profound. While Sandel is right in raising concern about the current trend of commodifying as many goods as possible, de Castro illuminates the limits to Sandel's proposed theory and reveals that the future decisions will be far from black and white, right and wrong.

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