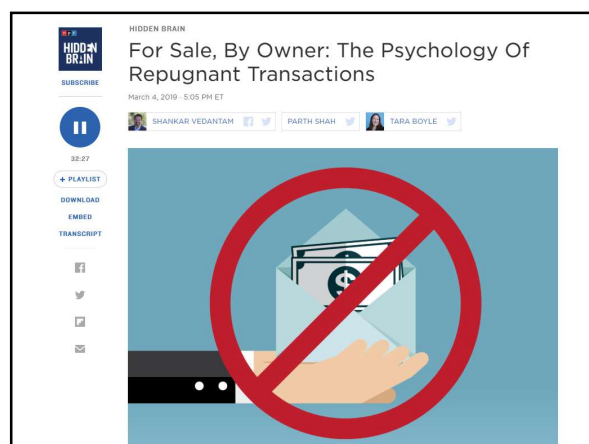


Repugnant Transactions

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Al Roth



- Nobel Prize in Economics 2012
- Stanford University professor

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Repugnant transaction =

- Some people want to engage in it
- Other people don't think they should be allowed to.

Taboo trade-off =

- A trade-off between a sacred and secular value
 - Sacred value = something you would never give up no matter how large the benefit
 - Secular value = something you would trade-off

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Baby M

- Couple contracts with surrogate
 - Using surrogate's egg and father's sperm
- Surrogate claims custody
- Court sides with the intended parents, against the surrogate
- NY State outlaws surrogacy in aftermath
- Standard practice is now to use a donor egg with surrogacy
 - Why is this less repugnant?

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Repugnance as a Constraint on Markets

Alvin E. Roth

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Repugnant transactions

- Sale of horse meat for human consumption
- IVF, gestational surrogacy
- Dwarf tossing
- Life insurance
- Kidney sales
- Prostitution
- Indentured servanthood
- Price gouging
- Terrorism prediction markets
- Kidnapping insurance

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Why are these repugnant?

- Externalities
 - Effects on 3rd parties
- Nosey preferences
 - I want you to have my preferences
 - It's for your own good / you'll thank me someday.
- Coercion
 - The transaction is not really voluntary
 - E.g., addiction, human trafficking
- Objectification: devalues the sacred
- Slippery slope: sets dangerous precedent

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Inconsistencies

- Kickbacks are bad, but frequent flyer miles are fine
- Adoption payment to a birthmother is taboo, but payment to egg and sperm donors and to gestational carriers is routine
- Cross-bred crops are fine, but genetically modified crops are not

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In-kind transactions

(to avoid repugnance)

- Bringing wine to dinner (not cash)
- Exchanging favors
- Wedding registries
- Organ chains
 - Exchange kidney for kidney
 - Or liver for kidney

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Implications

- Is repugnance rational? A good heuristic?
- What does repugnance tell us about the role of money in decision making? In the study of decision making?
- How to encourage kidney donation without repugnance?

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