Economic Inequality – CLUJP
Talk on Sandel's *What Money Can't Buy*
By John S. Peale, October 13, 2015

[I] Introduction

As I read Michael Sandel's book, *What Money Can't Buy*, what strikes me most are his concerns with what he calls economic or market thinking. Michael is also the author of a book called *Justice*: What's The Right Thing to Do, and that focuses on moral philosophy in the making. His main concern, it seems, is that economic or market thinking "crowds out" moral philosophical thinking, and that is, for him, a lamentable situation. The same for me. I have worried about this problem for some time now, and I want to talk through Sandel and my own ideas towards its resolution.

For me moral argument is the focus of this talk and of my take on the problem of Economic Inequality is moral argument. As I read it moral argument is the main thing also for Michael Sandel, and his very good and helpful book, and in this I heartily agree.

Sandel writes about what money can buy, and this is almost anything. I could rent out the space on my forehead and become a walking billboard, displaying for my world an ad for Pepsi. This would satisfy my preference for more money, and thus I could live better. Right?

We live at a time when almost everything can be bought or sold. … Markets … No other mechanism for organizing the production and distribution of goods has proved as successful at generating affluence and prosperity. … 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. (See Sandel, WMCB, p. 5-6)

[I.2] The Winding Down of the Era of Market Triumphalism

Sandel thinks that this era began in the early 1980s, with when Ronald Reagan and Margaret Thatcher proclaimed [that] their conviction that markets, or government, held the key to prosperity and freedom." It was at this point in time Sandel thinks, that Markets became understood as "the primary means for achieving the public good. (See Sandel, WMCB, p. 6)

Public good – did you hear me say this? Are market thinkers concerned with the public good? Perhaps they think rather of what is good for them or for the individual. Greed seems to reign. Sandel's book *Justice* has a powerful chapter on public good, as does the book of Bill May's that he spoke about to us sometime back.

Today Sandel thinks that there is reason for doubt and worry about this affirmation. Some people, think that "markets have become detached from morals and that we need somehow to reconnect them. … Some say that the moral failing at the heart of markets triumphalism was greed, which let to irresponsible risk taking. The solution … is to rein in greed. … greed … something bigger is at stake. … we need to rethink the role that markets should play in our society." (See Sandel, WMCB, p. 6-7)

[I.3] Everything for Sale – Why Worry?

For Sandel, there are two reasons to worry. These reasons point to two powerful kinds of reasons or moral arguments: one is about inequality; the other is about corruption. He consider inequality. In a society where everything is for sale, life is hardly for those of modest means. The more money can buy, the more affluence (or the lack of it) matters. … Where all good things are bought and sold, having money makes all the difference in the world. It's unfair, and we need to further understand this unfairness. (Sandel, WMCB, p. 8))

The second reason is about what Sandel calls the corrosive or cheapening or corrupting tendency of markets. Putting a price on the good things of life can corrupt them. What do I do to myself and my sense of worth when I allow a Pepsi ad to be plastered prominently on my forehead?

Paying kids to read books might get them to read more, but also teach them to regard reading as a chore rather than a course of intrinsic satisfaction. … Economists often assume that markets are inert, that they do not affect the goods they exchange. But this is untrue. … 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." (See Sandel, WMCB, p. 9)

Here is a preview of the answer I hope to offer: when we decide that certain goods may be bought or 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. The most obvious example is human beings. … 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." (See Sandel, WMCB, p. 9-10)

When I think of dignity and respect, I often think of Kant, and the "second version" of his categorical imperative, to wit: So act as to treat human beings as an end, and not as a means only. Treating people as an ends suggests involves thinking of them as worthy of respect, which, for Kant, meant that all people are free, rational and autonomous. Of course, we would have to unpack these ideas to finish off this worthy 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 good in question," e.g. health or education … without ever deciding to do so, we drifted from *having* a market economy to *being* a market society. … The great missing debate in contemporary politics is about the role and reach of markets. Do we went a market economy or a market society? … Where should money's writs not run? … These are the questions this book seeks to address. … I can't promise definitive answers. But I do hope at least to prompt public discussion." (See Sandel, WMCB, p. 10– 11)

[I.4] Rethinking the Role of Markets

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. (See Sandel, WMCB, p. 11–22)

Perhaps this is as good a time as any to take a moral reckoning of market or economic thinking. People still have faith in the market to produce goods to contribute to the good (happiness) of people. Sandel is contributing a moral philosophical evaluation of this type of thinking.

Sandel write of the "parlous" state of public discourse: "Parlous": (1) perilous or dangerous; (2) obsolete, clever, shrewd. Sandel writes: This parlous state of public discourse is the second obstacle to a debate about the moral limits of markets. … Some see in our rancorous politics a surfeit of moral conviction … The problem with our politics is not too much moral argument but too little. … The moral vacancy of contemporary politics has a number of sources." Perhaps this vacancy is part of an attempt to banish notions of the good life [or the common good] from public discourse … . (See Sandel, WMCB, p. 13)

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. … If someone is willing to pay for sex or a kidney, and a consenting adult is willing to sell, the only question the economists asks is: 'How much?' They don't discriminate between admirable preferences and base ones. … 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 affects many societies today. (See Sandel, WMCB, p. 14))

Do markets and market thinking serve the public good, over and above serving the public good of the richest among us? Remember the good for all, or, for Rousseau, the "General Will'? Perhaps we need a debate about the moral limits of markets, which would "enable us to decide, as a society, where markets serve the public good and where they don't belong. … Moral judgments … lie behind the few limitations on markets we will observe." (Sandel, WMCB, p. 14.3 – p. 15.2)

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. … 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. (See Sandel, WMCB, p. 14-15)

[I.5] How Market Thinking crowds out moral thinking

During the second half of the twentieth century, Paul Samuelson's *Economics* was the leading textbook in the country. … what he took economics to be. He identified economics with its traditional subject matter: 'the world of prices, wages, interest wages, stocks and bonds, banks and credit, taxes and expenditures.' The task of economics was concrete and circumscribed: to explain how depressions, unemployment, and inflation can be avoided, to study the principles 'that tell us how productivity can be kept high' and 'how people's standards of living can be improved.' (See Sandel, WMCB, p. 84-85)

Today … Consider this definition of an economy offered by Greg Mankiw … An economy is just a group of people interacting with one another as they go about their lives.' In this account, economics is about not only the production, distribution and consumption of material goods but also about human interaction in general and the principles by which individuals make decisions. One of the most important of these principles, Mankiw observes, is that 'people respond to incentives'. (See Sandel, WMCB, p. 85))

Talk of incentives has become so pervasive in contemporary economics … In the opening pages of Freakonomics, Steven J. Dubner declare that 'incentives are the cornerstone of modern life' and that 'economics is, at the root, the study of incentives'." (Sandel, WMCB, p. 85.3)

It is easy to miss the novelty of this definition. The language of incentives is a recent development in economic thought. The word 'incentive' does not appear in the writings of Adam Smith or other classical economists. In fact, it didn't enter economic discourse until the twentieth century and didn't become prominent until the 1980s or 1990s. *The Oxford English Dictionary* finds its first use the context of economics in 1943, in *Reader's Digest*: 'Mr. Charles E. Wilson … is urging war industries to adopt 'incentive pay' – that is, to pay workers more if they 'produce more.' The use of the word 'incentives' rose sharply in the second half of the twentieth century, as markets and market thinking deepened their hold. According to a Google book search, the incidents of the term increased by over 400 percent from the 1940s to the 1990s.” (Sandel, WMCB, p. 85-86).

Conceiving economics as the study of incentives does more than extend the reach of the markets into everyday life. It also casts the economist in an active role. The ‘shadow’ prices that Gary Becker invoked in the 1970s to explain human behavior were implicit, not actual. They were metaphorical prices that the economist imagines, posits, or infers. Incentives, by contrast, are interventions that the economist (or policy maker) designs, engineers, and imposes on the world. They are ways of getting people to do many things. Economists love incentives,’ … they love to dream them up and enact them, study them and tinker with them. The typical economist believes the world has not yet invented a problem that he cannot fix if given a free hand to design the proper incentive scheme. (See Sandel, WMCB, p. 86)

This is a far cry from Adam Smith’s image of the market as an invisible hand. Once incentives become ‘the cornerstone of modern life,’ the market appears as a heavy hand, and a manipulative one.

The growing use of incentives in contemporary life, and the need for someone deliberately to invent them is reflected in an ungainly new very that has gained currency of late: ‘According to the OED, to incentivize is ‘to motivate or encourage (a person, especially an employee or customer) by providing a (usually financial) incentive.’ The word dates to 1968 but has become popular I the last decade … has entered the parlance of presidents … {G W Bush, and Barack Obama, and Britain’s prime minister, David Cameron. (See Sandel, WMCB, p. 87)

Despite their new incentivizing bent, most economists continue to insist on the distinction between market reasoning and moral reasoning. Economics ‘simply doesn’t traffic in morality,’ Levin and Dubner explain. “Morality represents the way we would like the world to work, and economics represents hos it actually does work.” … The more markets extend their reach into noneconomic spheres of life, the more entangled they become with moral questions. (See Sandel, WMCB, p. 88)

Consider economic efficiency. Why care about it? Presumably for the sake of maximizing for the sake of maximizing social utility, understood as the sum of people’s preferences. … Why maximize social utility? But utilitarianism is open to some familiar objections. The objection most relevant to market reasoning asks why we should maximize the satisfaction of preferences regardless of their moral worth. If some people like opera and others like dogfights or mud wrestling, must we really be nonjudgmental and give these preferences equal weight in the utilitarian calculus. … But when Market reasoning is applied to sex, procreation, child rearing, education, health, criminal punishment, immigration policy, and environmental protection, it’s less plausible to assume that everyone’s preferences are equally worthwhile. … So when market reasoning travels beyond the domain of material goods, it must ‘traffic in morality’, unless it want blindly to maximize social utility without regard for the moral worth of the preferences it satisfies. (See Sandel, WMCB, p. 88-89)

At this point, the economist might concede that, in order to explain the world, he or she must engage in moral psychology or another anthropology, to figure out what norms prevail and how free markets will affect them. … (See Sandel, WMCB, p. 89-90) Moral philosophy must enter the picture. Where markets erode the nonmarket norms, the economist (of someone) has to decide whether this represents a lost worth caring about. Should we care whether parents stop feeling guilty for picking up their children late and come to view their relationship with the teachers in a more instrumental sense? Should we care if paying children to read books leads them to view reading as a job for pay and diminishes the joy of reading for its own sake? The answer will vary from case to case. But the question carries us beyond predicting whether a financial incentive will work. It requires that we make a moral assessment. What is the moral importance of the attitudes and norms that money may erode or crowd out? … The answer will depend on the purpose and character of the activity in question and the norms that define it. … To decide whether to rely on financial incentives, we need to ask whether those incentives will corrupt attitudes and norms worth protecting. To answer this question, market reasoning must become moral reasoning. The economist has to 'traffic in morality' after all." (See Sandel, WMCB, p. 90-91)

[I.6] Two Objections to Markets

Now to the arguments in moral philosophy, for Sandel and for me. Sandel writes that there two kinds of arguments, standing as objections to market thinking. "The fairness objection asks about the inequality that market choices may reflect; the corruption objection_asks about the attitudes and norms that market relations may damage or dissolve. (See Sandel, WMCB, p. 110.2)

Note that Sandel links fairness to inequality, and later fairness to justice and unfairness to injustice. We will need to unpack the notion of fairness, together with justice and injustice, and this I will be doing in a paper on the development of a comprehensive position in ethics.

Now we need to clarify these two arguments for the moral limits of markets. “The fairness objection points to the injustice that can arise when people buy and sell things under conditions of inequality or dire economic necessity. According to this objection, market exchanges are not always as voluntary as market enthusiasts suggest. A peasant may agree to sell his kidneys or cornea to feed his starving family, but his agreement may not really be voluntary. He may be unfairly coerced, in effect, by the necessities of his situation. (See Sandel, WMCB, p. 111)

The corruption objection is different. It points to the degrading effect of market valuation and exchange on certain goods and practices. According to this objection, certain moral and civic goods are diminished or corrupted if bought and sold. The argument from corruption cannot be met by establishing fair bargaining conditions. It applies under conditions of equality and inequality alike.” (See Sandel, WMCB, p. 111)

The long-standing debate about prostitution illustrates the difference. Some people oppose prostitution on the grounds that those who sell their bodies for sex are typically coerced, whether by poverty, drug addiction, or the threat of violence. This is a version of the fairness objection. But other object to prostitution on the grounds that it is degrading to women, whether or not they are forces into it. According to this argument, prostitution is a form of corruption that demeans women and promotes bad attitudes toward sex. The degradation objection doesn’t depend on tainted consent; it would condemn prostitution even in a society without poverty, even in cases of upscale prostitutes who like the work and freely choose it. (See Sandel, WMCB, p. 111-112)

Each objection draws on a different moral ideal. The fairness argument draws on the ideal of consent_or, more precisely, the ideal of consent carried out under fair background conditions. One of the main arguments for using market to allocate goods is that markets respect freedom of choice<u>. This is the Libertarian argument</u>. They allow people to choose for themselves whether to sell this or that good at a given price.” (See Sandel, WMCB, p. 112)

But the fairness objection points out that some choices are not truly voluntary. Market choices are not free choices if some people are desperately poor or strapped and lack the ability to bargain on fair terms. So in order to know whether a market choice is a free choice, we have to ask what inequalities in the background conditions of society undermine meaningful consent. At what point do inequalities of bargaining power coerce the disadvantaged and undermine the fairness of the deals they make? (See Sandel, WMCB, p. 112)

The fairness argument and the corruption argument point to different sets of moral ideals. It appeals not to consent but to the moral importance of the goods at state, the ones said to be degraded by the market valuation and exchange. So to decide whether college admissions should be bought and sold, we have to debate the moral and civic goods that colleagues should pursue, and ask whether selling admission would change those goods. To decide whether to establish a market in babies up for adoption, we need to ask what norms should govern the parent-child relationship, and ask whether buying and selling children would undermine those norms. (See Sandel, WMCB, p. 112-113)

The fairness and corruption objections differ in their implications for markets: The fairness argument does not object to marketizing certain goods on the grounds that they are precious or sacred or priceless; it objects to buying and selling goods against a background of inequality severe enough to create unfair bargaining conditions. It offers no basis for objecting to the commodification of goods (whether sex or kidneys or college admission) in a society whose background conditions are fair. (See Sandel, WMCB, p. 113)

The corruption by contrast, focuses on the character of the goods themselves and the norms that should govern them. So it cannot be met simply by establishing fair bargaining conditions. Even in a society without unjust difference of power and wealth, there would still be things that money should not buy. This is because markets are not mere mechanisms; they embody certain values. And sometimes, market values crowd out nonmarket norms worth caring about. (Sandel, WMCB, p. 113)

[1.7] Market Reasoning

Stories we've just considered are signs of the times. '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." (Sandel, WMCB, p. 28)

Is there anything wrong with hiring people to stand in line, or with scalping tickets? Most economists say no. … 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. (See Sandel, WMCB, p. 28-29)

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. … [an example] free markets allocate good 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. (See Sandel, WMCB, p. 29)

Sandel's colleague Greg Mankiw, an economist, is the author of one of the most widely used economic 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. … If the free-market argument is correct, ticket scalpers and line-standing companies should not be vilified for violating 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." (See Sandel, WMCB, p. 29-30)

[I.8] Two Tenets of Market Faith

The first [tenet] is that commercializing an activity doesn't change it. On this assumption, money never corrupts, and market relations never crowd out nom-market norms. If this is true, then the case for extending markets into every aspect of life is hard to resist. If a previously untraded good is made more tradable, no harm is done. Those who wish to buy and sell it can do so, thereby increasing their utility, while those who regard the good as priceless are free to desist from trafficking in it.

According to this logic, allowing market transactions makes some people better off without making anyone else worse off – even if the good being bought and sold is human blood. As Arrow explains: 'Economists typically take for granted that sine the creation of a market increases the individual's area of choice it therefore leads to higher benefits. Thus, if a voluntary blood donor system we add the possibility of selling blood, we have only expanded the individual's range of alternatives. If he derives satisfaction from giving, it is argue, he can still give, and nothing has been done to impair the right. (See Sandel, WMCB, p. 125-126)

This line of reasoning leans heavily on the notion that creating a market in blood does not change its value or meaning. Blood is blood, and it will serve its life-sustaining purpose whether gifted or not. Of course, the good at stake here is not only blood but also the act of donating blood out of altruism. Titmuss attaches independent moral value to the generosity that motivates the gift. But arrow doubts that even this practice could be damaged by the introduction of a market: 'Why should it be that the creation of a market for blood would decrease the altruism embodied in the giving blood." (See Sandel, WMCB, p. 126)

The answer is that commercializing blood changes the meaning of donating it. For consider: In a world where blood is routinely bought and sold, is donating a pint of blood at your local Red Cross still an act of generosity. Or is it an unfair labor practice that deprives needy persons of gainful employment selling their blood? If you want to contribute to a blood drive, would it be better to donate blood yourself, or do donate $50 that can be used to buy an extra pint of blood from a homeless person who needs the income? A would-be altruist could be forgiven for being confused." (See Sandel, WMCB, p. 126)

The second tenet of market faith that figures in "Arrow's critique is that ethical behavior is a commodity that needs to be economized. The idea is this: we should not rely too heavily on altruism, generosity, solidarity, or civic duty, because these moral sentiments are scarce resources that are depleted with use. Markets, which rely on self-interest, spare us from using up the limited supply of virtue. So, for example, if we rely on the generosity of the public for the supply of blood, there will be less generosity left over for other social or charitable purposes. "If, however, we use the price system to generate the blood supply, people's altruistic impulses will be unavailable, when we really need them. 'Like many economists,' Arrow writes, 'I do not want to rely too heavily on substitute ethics for self-interest. I think it best on the whole that the requirement of ethical behavior be confined to those circumstances where the price system breaks down … We do not wish to use up recklessly the scarce resources of altruistic motivation.' (See Sandel, WMCB, p. 126-127)

It is easy to see how this economistic conception of virtue, it true, provides yet further grounds for extending markets into every of life, including those traditionally governed by nonmarket values. If the supply of altruism, generosity, and civic virtue is fixed, as if by nature, like supply of fossil fuels, then we should try to conserve it. The more we use it, the less we have. On this assumption, relying more on markets and less on morals is a way of preserving a scarce resource. (See Sandel, WMCB, p. 127)

[I.9] Economizing Love

The classic statement of this idea was offered by Sir Dennis H. Robertson, a Cambridge University economist and former student of John Maynard Keynes, in an address at the bicentennial of Columbia in 1954. The title of Robertson's lecture was a question: 'What does the economist economize?' He sought to show that, despite catering to 'the aggressive and acquisitive instincts' of human beings, economists nonetheless serve a moral mission." (See Sandel, WMCB, p. 127)

Robertson began by conceding that economists, concerned as it is with the desire for gain, does not deal with the noblest human motives. 'It is for the preacher, lay or clerical,' to include the higher virtues – altruism, benevolence, generosity, solidarity, and civic duty. It is the humbler, and often the invidious, role of the economist to help, so far as he can, in reducing the preacher's task to manageable dimension." (See Sandel, WMCB, p. 127-128)

How does the economist help? By promoting policies that rely whenever possible, on self-interest rather than altruism or moral considerations, the economist saves society from squandering its scarce supply of virtue. 'If we economists do [our] business well,' Robertson concludes, 'we can, I believe, contribute mightily to the economizing … of the scarce resource of Love,' the 'most precious thing in the world. (See Sandel, WMCB, p. 128.)

How do we argue for the view that virtue and love are scarce resources? Or the view that they are not. See Mencius's view of altruism, and benevolence as seeds which can be nurtured by education. And Aristotle or Plato on virtue.

To those not steeped in economics, this way of thinking about the generous virtue is strange, even far-fetched. It ignores the possibility that our capacity for love and benevolence is not depleted with use but enlarged with practice. Think of a loving couple. If, over a lifetime, they asked little of one another, in hopes of hoarding their love, how well will they fare? Wouldn't their love deepen rather diminish the more they called upon it? Would they do better to treat one another in more calculating fashion, to conserve their love for times they really need it? (See Sandel, WMCB, p. 128)

Similar questions can be asked about social solidarity and civic virtue. Should we try to conserve civic virtue by telling citizens to go shopping until their country needs to call upon them to sacrifice for the common good?" Or do civic virtue and public spirit atrophy with disuse? Many moralists have taken the second view. Aristotle taught that virtue is something we cultivate with practice: 'we become just by doing just acts, temperate by doing temperate acts, brave by doing brave acts. (See Sandel, WMCB, p. 128)

Rousseau held a similar view. The more that a country asks of its citizens, the greater their devotion to it. 'In a well-ordered city every man flies to the assemblies.' Under a bad government no one participates in public life 'because no one is interested in what happens there' and 'domestic cares are all-absorbing.' Civic virtue is built up, not spent down, by strenuous citizenship. Use it or lose it, Rousseau says, in effect. 'As soon as public service ceases to be the chief business of the citizens, and they would rather serve with their money than with their persons, the state is not far from its fall.' (See Sandel, WMCB, p. 128-129).

Robertson offers his observations in a lighthearted, speculative spirit. But the notion that love and generosity are scarce resources that are depleted with use continues to exert a powerful hold on the moral imagination of economists, even if they don't argue for it explicitly. It is not an official textbook principle, like the law of supply and demand. No one has proved it empirically. It is more like an adage, a piece of fold wisdom, to which many economists still subscribe.” (See Sandel, WMCB, p. 129)

Almost half a century after Robertson’s lecture, the economist Lawrence Summers, then the president of Harvard University, was invited to offer the morning prayer in Harvard’s Memorial Church. He chose as his theme what ‘economists can contribute to thinking about moral questions.’ Economists, he stated, ‘is too rarely appreciated for its moral as well as practical significance.’ (See Sandel, WMCB, p. 129)

Summers observed that economics place ‘great emphasis on respect for individuals – and the needs, tastes, choices and judgments they make for themselves.’ He then offered a standard utilitarian account of the common good as the sum of people’s subjective preferences: It is the basis of much economic analysis that the good is an aggregation of many individual’s assessments of their own well-being, and not something that can be assessed apart from these preferences on the basis of an independent moral theory. (See Sandel, WMCB, p. 129)

With this, I entirely disagree. Sandel is arguing for an assessment based on moral philosophical reasoning, and that is just what Summers is rejecting.

I would say that Summers is assuming, without argument of any kind, positions such as ethical subjectivism, egoism, and cultural relativism, and each of these positions have fatal flaws.

Summers concluded with a reply to those who criticize markets for relying on selfishness and greed: ‘We all have only so much altruism in us. Economists like me think of altruism as a valuable and rare good that needs conserving. Far better to conserve it by designing a system in which people’s wants will be satisfied ty individuals being selfish, and saving that altruism for our families, our friends, and the many social problems in this world that markets cannot solve.’ (See Sandel, WMCB, p. 130)

Here was Robertson’s adage reasserted. Notice that Summer’s version is even starker than Arrow’s: Reckless expenditures of altruism in social and economic life not only deplete the supply available for other public purposes. They even reduce the amount we have left for our families and friends.” (See Sandel, WMCB, p. 130)

This economistic view of virtue fuels the faith in markets and propels their reach into places they don’t belong. But the metaphor is misleading. Altruism, generosity, solidarity, and civic spirit are not like commodities that are depleted with use. They are more like muscles that develop and grow with exercise. One of the defects of market-driven society is that it lets these virtues languish. To renew our public life we need to exercise them more strenuously. (See Sandel, WMCB, p. 130)