



## S05E05: What can't money buy?

Richard: Hello and welcome to Crossing Channels, I'm Richard Westcott. What can't money buy? That's the subject of the latest in our collaboration between the Bennet School of Public Policy at the University of Cambridge and the Institute for Advanced Study in Toulouse at the Toulouse School of Economics. As ever, we're going to draw on the interdisciplinary strengths of both institutions to explore a complex issue where market logic runs into moral limits. How prices, incentives and even policy metrics can change the meaning of what we value and what it takes to build the trust, legitimacy and decision-making processes needed when values genuinely conflict and pricing it isn't an option. To explore these issues today we have Anna Alexandrova from Cambridge University. Anna, start us off, what does your research focus on?

Anna: As a philosopher, I study how scientists bring empirical evidence to bear on questions of moral and political significance to us as communities and individuals.

Richard: Joining us from the IAST and TSE, have Léo Fitouchi. Léo, remind us of your main research interests.

Léo: So I'm a psychologist and I study in particular moral cognition, is the cognitive mechanisms that produce our sense of right and wrong. So I'm studying the workings of the cognitive mechanisms by which people judge that some actions are right while others are wrong, that some distributions are fair while others are unfair, and how we think some people have the authority to command others, etc. So all these questions that involve moral concepts in the human mind are my topical stuff.

Richard: Money is often seen as shorthand for value. Higher incomes mean higher growth and a better life. But in practice, many of the things people care most about can't be bought or sold. Dignity, trust, meaning, friendship and love all sit uneasily with prices and markets.

Over the past decade, these tensions have become more visible as policymakers have looked beyond GDP and income towards measures of wellbeing, happiness and quality of life. But this shift has also raised difficult questions about what should be measured and whose values they reflect. So in this episode we ask, if money can't buy everything that matters, how should we think about value, wellbeing and the limits of measurement?

Okay, what's for sale and what isn't then? Anna, in your research, you argue that wellbeing is a morally charged target for science and policy and it can't be treated as a neutral object in the way some other scientific targets can. So when we ask what can't money buy, where do you think the biggest conceptual mistake happens?

Anna: I think money can't buy X. People attach different meanings to this expression. Sometimes they mean that you cannot commensurate how valuable dignity of life is to how valuable housing is or access to consumer goods. And that's perfectly correct. People have all sorts of complex ways of valuing things. But sometimes they mean some kind of critique of capitalism that if you trade everything in the market, then things get devalued, which is also, I suppose, true. But I think literally, money can't buy X means that there is no way in which you could spend your financial resources in a way that would affect our levels of wellbeing. And that's definitely not true. So I think the biggest conceptual mistake is people attaching all sorts of different meanings to this expression. And some of this are just incorrect. So I think there is a sense in which money can buy X, where X are all these great things that you've mentioned.

Richard: Could you give an example of that? Because when I think you talked about dignity, for example, well, if you've got a job and a house and then you feel like you have dignity, so you've sort of bought the dignity in my mind.

Anna: Absolutely, or well, measures of public health or good infrastructure in the city, infrastructure that doesn't exclude people or infrastructure that enables meaningful human connection. All of those things are things that we can invest in. And in that sense, does buy dignity, happiness, quality of life.

Richard: Now Léo, you explore some trade-offs, hit moral red lines, things people feel are simply not for sale. Why do those boundaries arise and what tends to happen when policy tries to push past them with prices or incentives?

Léo: Yes, so great question. Actually, moral psychologists have known for a long time that some things trigger, like you said, very strong moral reactions when you suggest buying them or selling them. So the typical example is organs, for example. Most people feel more allowed to age at the idea that we could have organ markets where everyone could sell and buy other people's organs. And what's striking about this fact is that this reaction persists even when you tell people that allowing organs sales or organs market would save many more lives than not having them, given the severe shortage of organ transplants. So what's striking about that is that people seem to have a strong negative feelings about some things being for sale that is not related only to efficiency or overall efficiency. Rather, they care also about fairness. So they think typically that it would be unfair to allow for poor people to sell their parts of their body to survive, that they don't morally deserve that. So we have clear moral intuitions in the human mind that seem to clash with the monetization of some

particular things. So another example is buying votes. If you allow people to buy votes, people have the very clear intuitions that that would give unfairly all the political power to the rich and again this clashes with some basic intuitions of fairness and moral rights in people's cognition.

Richard: It's interesting you mention organ selling actually. My daughter's just done a philosophy course at university and has been talking about this as one of the examples. And you don't think about it in normal life. When you actually raise the sort of moral elements of it, it's more complex than it sounds, isn't it? It's very easy to be outraged at the start, but actually there are pros as well in some ways.

Léo: Yeah, the pros actually, they often pertain to efficiency. So the idea that we can increase the total amount of benefits that is produced in the society. So if you allow organs to be sold, many more people will have organ transplants. But then people seem to also calculate that there are downstream consequences that could be unfair. Like the fact that some people then, particularly those who don't have a lot of money, will sell their organs, which is a use cost to them that they don't necessarily deserve. Again, the big clash here is about fairness between fairness and efficiency.

Richard: If money is one way of turning things into something comparable, measurement is another. So we can't always buy well-being, but we often try to manage it through numbers. Anna, in your writing on measurement, you show that deciding what to count is also deciding what counts. When governments build well-being dashboards or targets, how can measurement choices end up narrowing or redefining what doing well means rather than simply describing it?

Anna: Measurement is fundamentally about comparability and commensuration of different goods. So it is hard to even imagine measuring something without there being something you measure it against, without a standard. So one of the greatest challenges in broadening our conception of what's socially valuable beyond just, for example, gross domestic product is figuring out when you broaden this list, what exactly are you comparing it against? In what sense is this measurement? So you could put on a national dashboard of wellbeing all sorts of fantastic goods, such as sense of security and safety, life satisfaction, your satisfaction with your neighbourhood, your ability to connect with people, your political participation. And then you put this as a dashboard and it looks beautiful and it looks pretty and it represents the diversity of human values. But then it comes to decision making and you have to collapse it into one number. Well, do you have to? I mean, I suppose you do if your vision of decision making is maximizing some good, right? If your vision of decision making is not maximizing some good where that good can be represented by one number then you don't have to collapse at all into one quantity. And I think that's the biggest conflict that governments and other bodies have been having since trying to broaden our indicators. Broadening it by itself is enough, but then thinking; do I collapse them into one? Do I weigh them all the same? On what basis? Do I try to outsource the weighing to the people and try and figure out by surveys? What it is that they would weight with? And then through some complex calculation in this way arrive at a single number. All of those questions carry huge risks, moral risks, in exactly the same way as Léo described, risks that tend to represent unfaithfully the psychology and kind of the features of our social life.

Richard: It's interesting you mentioned surveys. I was going to ask about that. I was going to say when you go out to people, what do they say? What do they all presumably, people have very different values. So how do you, how do you, you can't please everyone.

Anna: One of the ways in which social scientists have tried to get around this problem is by asking very, very general questions. Are you satisfied with your life as a whole? And the thought is that when you ask questions that broad, then you presume that people would have already made the calculation in their head how valuable is health versus safety versus political participation versus peace at home, et cetera. And therefore, some of the movements in happiness economics have been to kind of outsource these tough decisions by asking these very general questions that are supposedly very democratic. In fact, they're not, because when people are asked such general question, and perhaps Léo as a psychologist can tell us, what happens in people's mind is not that complex calculation of what matters to me really. What happens is, I don't know, something just a random number that depends perhaps on your mood or something like that. So surveys of life satisfaction do not always help with that question.

Richard: Yeah, Léo, what is going on in someone's mind when they're answering 1 to 10? How happy are you with life?

Léo: That's a great question. I'm not a happiness scientist, so I cannot confidently answer that question. One thing I would tend to think is that in general when we ask people surveys, we hope that on the whole, the fact that you ask many people a thing, the noise that you get from the measure for each individual not being exactly what happens in their head will be cancelled out by the many numbers that you have, and so that on the whole you will capture something that is close to people's mean or average intuition that happens in their head. That is one way to justify self-admeasures, but I completely agree with a lot of things that Anna said that of course many calculations that happen in the mind are more complex. And in fact, you need other types of measures and to make them converge in order to have a reasonable idea of what is happening.

Richard: Well, sticking with you, Léo, you show that institutions can make reputational pressures and social incentives much stronger. Can you give us a simple example? And what does it tell us about alternatives to paying for good behaviour?

Léo: So maybe without going into all the intricacies of the question of institutions, one important lesson from research on the psychology of cooperation and morality is that paying for good behavior with money or monetary incentives sometimes, not always, but sometimes can backfire in the sense that we can take a simple example that is very classic and famous is that people seem to have shown that when you pay people for blood donations, for example, in fact, you get is that blood donations go down rather than up, which seems to contradict the idea that when you incentivize something with money, that behavior will tend to increase or to happen more often. And so this is supposed to show something important about human behavior, which is that many cooperative or pro-social behavior that people do for the public good are not primarily motivated by money or immediate self-interest, captured in monetary incentives, rather some of them are motivated by a sense of moral duty or moral identity. So the idea that you want to do the right thing or to see yourself as a good person or being seen as a moral or trustworthy person. And so when you put a price on the thing that

you are trying to incentivize, sometimes you can crowd out these more moral motivation because now the action that we are talking about, for example, giving blood is not frames anymore in terms of I am donating because it's the right thing to do or because I'm a good person rather now it becomes I'm giving money because I want selfishly to get money. And so this decreases the pro-social motivations that people have otherwise when they are thinking that they are doing something out of moral duty or because it's the right thing or because that's for the common good or because they are a good person.

So what this suggests is that institutions don't always need to pay if they want to increase a good behavior, rather often insisting on reputational incentives.

Léo: For example, making visible that people are making a blood donation so that they get the feeling that they will be seen as a good person or that they are a good person can sometimes, not always, but sometimes increase pro-social or public good related behaviors, sometimes more than just incentivizing it directly with money. Again, there are many complex parameters that go into these equations and many times incentivizing stills is a good way to increase a behavior with money. It's just that other times it doesn't.

Richard: I'm a bit staggered by that. It actually puts people off going in even a small amount of money and that's not outweighed by the people who think actually I could do with a few extra pounds and I'll go and give blood. I mean that's fascinating. It actually takes away the moral sense that they have that they're doing something good by paying them.

Léo: Yeah, I mean, that's the supposed lesson of these kinds of experiments. Now, I think we should be as always cautious with experimental results like that, because when people try to replicate it with larger sample, it's not completely clear that we find the same results. So as you say, with surprising results like that, I think it's good to remain cautious and I think there are conditions where this kind of moral sense of motivation is more important than monetary incentives, but in many conditions, monetary incentives still seem to be, perhaps sadly or not, efficient.

Richard: Yeah, well people will always like money. Exactly. Anna, the sort of thing we've heard Léo just describe there, that sort of phenomenon, are we also seeing that in social measurement?

Anna: Absolutely, because Léo gave us some good evidence about the importance people attach to framing situations in ways that emphasize certain values such as dignity, altruism, being a good citizen. And being perceived as a recognized citizen with genuine priorities is also really important for our relations with governance. We don't want our governments to treat us as just numbers, as receptacles of utility who just need to get a lot of stuff, more stuff than before to be well. People want to be treated as citizens who participate in decision-making, who make our communities better. And for that reason, it is really important that cost-benefit analysis at social level isn't just about experts deciding that a certain policy maximizes utility, but also about people endorsing a decision, making it their own. And this is why some of the more recent trends of co-production of policies and involving people in a participatory way in creating new institutions and sustaining them is so important for, you know, on psychological grounds that Léo described.

Richard: So I'm quite interested here. Do you mean, and this could be for both of you, if say I give blood and just the nurse or doctor says to me, what you've done is fantastic, is that where I'm getting my satisfaction from? Or do you mean that it really helps if people are seen by their peers in society to have done these good things? Or is it a mixture of both?

Léo: So I think it's both, but I think visibility, there is very strong evidence that visibility by their peers and by a maximum amount of people possible, whether we like it or not, has a very strong or at least more reliable effect on people's pro-social behavior. So actually one of the very function of pro-social behavior in the human species is to get a good reputation as someone who is trustworthy, a good person, et cetera. And so when you increase the reputational incentives for many pro-social behaviors, in fact, they tend to be more frequent, etc. Whether we like it or not, that doesn't mean that intuitively we are cynical. It means that you can both be genuinely convinced that you are doing something for the common good and at the same time, the cognitive mechanisms that is giving you that feeling being unconsciously responsive to reputational incentives, if that makes sense.

Anna: I think it's more than just getting brownie points, whoever you get those brownie points from. It's about thinking that institutions created in your name and policies that affect and shape your life, they're yours as well. That you own them, that they represent, they express your value stance onto life. We are given one life, we want to leave something behind. I would like to leave behind, for example, a more inclusive way of doing research in my community. I would like to do that because I have one life to live, not because it's going to give me brownie points.

Richard: And when trust is lost between people and institutions, for example, how do you get that trust back then? Is it to include people in the decision-making, for example, rather than money?

Léo: Yeah, so I think that's a very great question. It speaks to another fundamental dimension of human cooperation and psychology, which is that human cooperation and pro-social behavior is directly and intimately linked with the logic of reciprocity. So by this, mean that people cooperate because they expect others to cooperate in return, and only to the extent that they think that they are not the only one making the effort, while other people are just not doing their part. So trust is precisely at the psychological level the belief that you are not the only one making the effort, that everyone is contributing to the public good. And so when trust is lost, it means that people are less motivated to contribute in turn because they feel that they are exploited, that they are free riders, that they are taking advantage of their own contribution by not themselves paying the cost of cooperating in return. So if you take a simple example, if you suppose citizens discover that political leaders are avoiding taxes, even if you increase the fines for tax evasion, many people will feel nevertheless less motivated to comply. And this is again for moral reasons. Why should I contribute if others, especially the people who are most advantageous in society, don't contribute in return? And so what research shows is that for rebuilding trust often, so apologies do not simply work. What works is a costly credible signal that the person who has cheated or the class of people who have cheated will behave differently in the future. for example, research on apologist shows that people accept to reinstate a cooperative relationship only when the cheater has paid important costs that make it unlikely that he would have paid such costs if he were to cheat again or disinvest in

the relationship. The point is about credible signaling your commitment to the relationship, whether we are talking about relationships with friends or relationships with institutions or political leaders. What matters is credible signals of commitment to treating fairly your cooperative partners.

Richard: That's a really interesting example as a journalist who's interviewed many people apologising over the years for various bad behaviours.

Anna: Big question. So you've specified for policy, but let me start a little bit before that. What's a good decision-making for us as individuals when values conflict? That's hard enough. Modern philosophy often gives us this metaphor of a scale, right? You put things on the scale and you decide which one weighs heavier. And it's kind of, you try to translate the physical process into this moral calculation as well. That often neither works, nor, as Léo demonstrated, is psychologically plausible. Philosophers talk about making impossible choices by figuring out what kind of person do you want to be, what kind of message do you want to convey to the world, not trying to maximize some good, whatever, however attractive that good is. So try and think about what it would mean to do that at the level of society. When we make a difficult choice between life saved or education provided to children as we experienced during the COVID pandemic, one impulse is to do a complex cost benefit analysis, trying to get all the values into one equation. And another one is to try and convey a political decision about what kind of community we are. And that can only be done credibly in a participatory and maximally opened way. I don't want to be too polyannish and optimistic about it. There will be situations when we will not reach a consensus and no good decision can be made. But either way, when people are invested and when they feel like the decision is theirs rather than an expert, however good of an expert it is, that is better.

Richard: Because it does feel like, it feels like we're in a more divided society at the moment. Maybe we're just seeing it more on social media or whatever. So for policymakers trying to come up with decisions based on people who don't agree with each other, it's a very, very difficult, complex process, I would think.

Anna: Impossible situation in some ways. So in that case, you know, they're stuck between pandering to one side versus pandering to the other side. And I would be quite prepared to admit that to losing game, to try and do something good. In that case, you just try to maintain credibility of your institutions, that your institutions are transparent, that your institutions have certain values that they realize and you try not to destroy them by, for example, undermining some core values of your community.

Richard: So basically it's as a politician you're thinking well you might not agree with me but at least you can respect that I'm sticking to my principles basically. Okay we always like to finish by looking ahead into the future. It's never easy. So looking ahead, Léo we'll start with you. What is one rule of thumb you'd give policymakers for recognising the point where prices and incentives are conflicting and a different kind of public reasoning is needed?

Léo: Yeah, that's a great question. I'm not sure I have a clear answer to. I think there are many very complex models and people doing formal models to try to disentangle, as you said, the precise situations where you should price or rather rely on civic virtue. I think one rule of thumb could be like to think again about justice and fairness. The human mind is

really universally calibrated to ask whether an organization of society is fair and not just efficient. And often public policy tends to think a bit, maybe too much about efficiency, that is how much value we can create overall when you sum the well-being of everyone. But in fact, what people are also sensitive to is whether each individual would be better off in that kind of situation. So people are very averse to when some individuals are in a way sacrificed for efficiency. again, I would say the rule of thumb is really think about fairness, think about whether each individual's moral rights are being respected rather than just whether collectively as a whole society would be better off.

Richard: What would be your rule of thumb for policy makers? This podcast is about policy. What should they be thinking about?

Anna: I'm going to be a little bit difficult. A rule of thumb to me invokes solutionism, a philosophy that thinks that there is a certain patch, there is a certain trick you could do to make things work. The best grounds for credible decision-making are strong, inclusive, accountable, transparent institutions. Keep those institutions, protect their independence, protect their respect of principles. And beyond that, any rule of thumb can be gamed, any rule of thumb can be undermined in the public sphere, any rule of thumb can go wrong. But if you have those strong foundations, you will be stronger in the future.

Richard: Well that's all we have time for on this episode. Thanks to Anna Alexandrova from Cambridge University and Léo Fitouchi from the IAST and Toulouse School of Economics for joining us. And thank you for listening to Crossing Channels. We'd love to hear what you think. Your reviews help us shape future episodes and make it easier for new listeners to find the show. If you enjoyed this one, why not explore some of our earlier episodes too?