CRITICAL REFLECTION ON THE MORAL LIMITS OF MARKETS

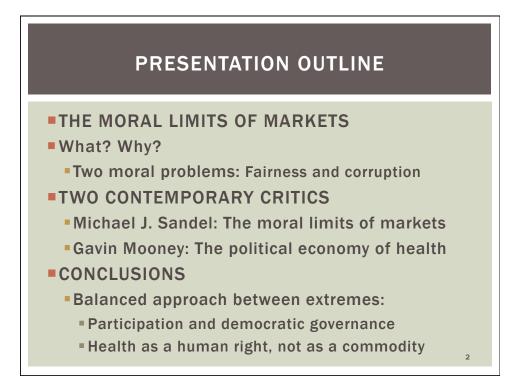
INSTITUTIONS IN CONTEXT: THE FREE MARKET WORKSHOP

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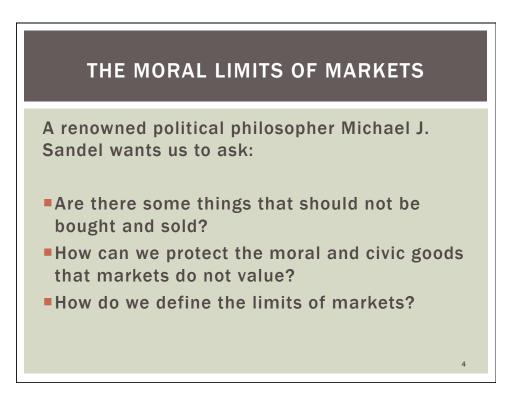
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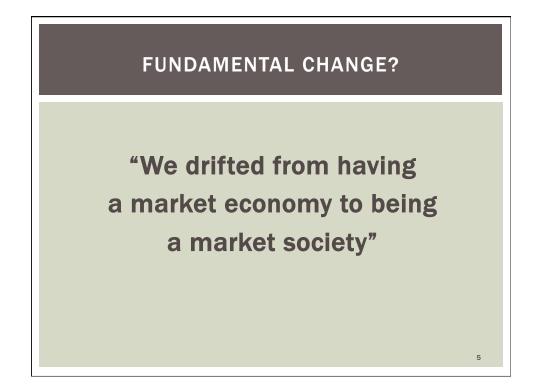


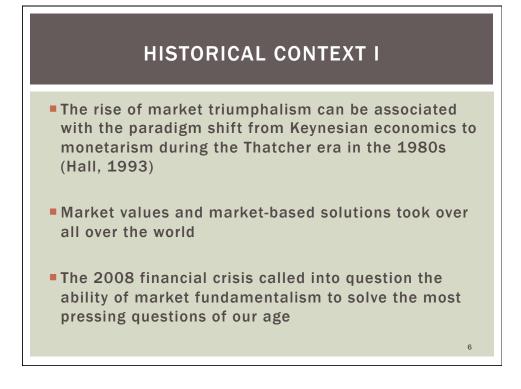


Argument: These days almost everything is up for sale and this has significant moral implications:

- A price tag can be placed on a jail cell upgrade, carbon-dioxideemissions, or obtaining permanent residency in the US
- Rich westerners can hire an Indian surrogate to bear a child for them
- Businessmen can go to Africa to shoot an endangered black rhino
- Second-graders are given financial incentives for school success
- One can buy access to a carpool lane while driving solo
- Professional lobbyists can hire line standers to gain access to a congressional hearing (Washington DC)







HISTORICAL CONTEXT II

- It has been argued that the crisis was caused by greed and irresponsible risk-taking, and therefore the solution should be greater responsibility and increased regulation
- Michael J. Sandel:
 - What if this is only a partial diagnosis and something bigger is going on?

HISTORICAL CONTEXT III

- Michael J. Sandel: the market paradigm has become the dominating framework that is used to understand and solve societal problems (especially in the US and other liberal welfare states)
- 30 years ago it was unheard to use markets to allocate <u>'health, education, public safety, national security,</u> <u>criminal justice, environmental protection, recreation,</u> <u>procreation, and other social goods</u>'. Nowadays this is an everyday activity
- This development has had a significant influence on our lives and according to Sandel this change has been more fundamental than we might think at first sight

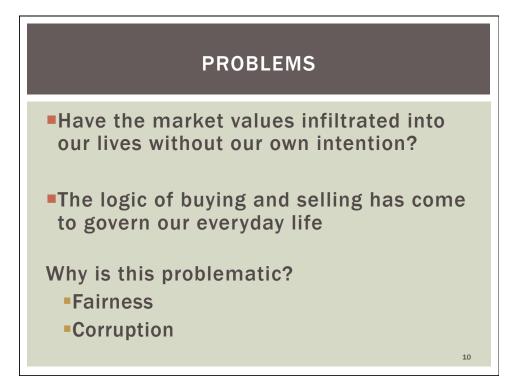
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COMMODIFICATION

The central concept is 'commodification'

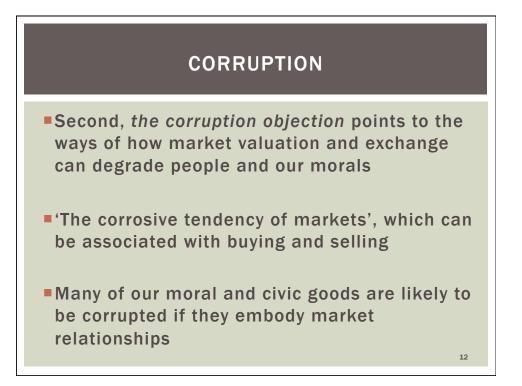
 A practice where market principles and norms are applied in areas that have not traditionally understood in terms of selling and buying products or services

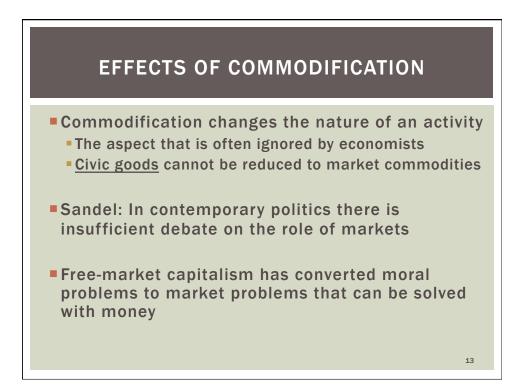
As a political philosopher, Sandel's focus is on the moral and ethical implications of the increased commodification of life



FAIRNESS

- First, the fairness objection refers to the inequality that can arise from buying and selling things under the conditions where people possess different amounts of economic resources
- Poor people might be forced to market exchanges as an economic necessity and the increased commodification can place citizens to the radically unequal positions of power, even more than is currently the case (increased coercion)
- We should aim at reducing inequality, not at increasing it





PUBLIC DISCOURSE I

- For Sandel there is no universal moral codes and systems
- Defining the moral limits of markets requires that citizens reason together
- Active citizens who demand thoughtful action from their elected representatives and other people in positions of power

PUBLIC DISCOURSE II

We cannot have an agreement on every question but the process itself would lead to 'a more morally robust public discourse' and 'healthier public life'

Importantly, a public discourse about the limit of markets would make us more aware of the consequences of 'putting everything on sale'

THE POLITICAL ECONOMY OF HEALTH

Fairness objection and public health: Who said this?

"Capitalism means that there is much more research into male baldness than there is into diseases such as malaria, which mostly affect poor people - - Our priorities are tilted by marketplace imperatives."

TECHNOLOGY

Bill Gates: capitalism means male baldness research gets more funding than malaria ^{By Olivia Solon} 14 March 13



Solar-powered electrochemical toilet wins £64,000 Gates Capitalism means that there is much more research into male baldness than there is into diseases such as malaria, which mostly affect poor people, said Bill Gates, speaking at the Royal Academy of Engineering's Global Grand Challenges Summit.

MARKET FAILURES AND INEFFICIENCES

 The normative theory of market-failures (=market imperfections)

 Partial solutions: Regulations can improve economic efficiency and protect social values (vs. corporate discourse where regulations are almost always considered to have negative effects and lead to decreased efficiency)

- Price mechanism (taxes/subsidies)
- Legislation and force (laws and regulations)

"Market failure occurs when there are too few markets, non-competitive behaviour, or non-existence, leading to inefficient allocations."

- John O. Ledyard, from The New Palgrave Dictionary of Economics, Second Edition, 2008

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FREE MARKETS AND HEALTH

"Health care has been commodified and seen almost solely in the context of <u>the treatment of an individual</u> and the second level, where the concern is with the health-care system as a social institutions, is largely ignored"

"The idea of health care as a social institution – where not only outcomes are valued, but processes might also count"

(Mooney, 2012, p. 12)

What is a good society? - social cohesion, trust, respect, well-being, equality, stable institutions

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HEALTH CARE AS A SOCIAL INSTITUTION

"What all of this market-oriented thinking misses is that health-care systems are <u>social institutions</u> with potentially wider concerns that cannot be encapsulated in market commodities – <u>caring, being cared for,</u> wanting to build a decent society, fairness and so on. It does not attempt to find out what the community view is."

(Mooney, 2012, p. 42)

Compare to Sandel's fairness and corruption objections:

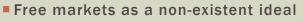
We need citizens who reason together: what is fair?
Civic goods must be voluntary and value-based (otherwise they are not civic goods anymore)

THE CITIZENS' VIEW

A definition of equity established by a citizens' jury in Perth in Western Australia:

"Equal access for equal need, where equality of access means that two or more groups face barriers of the same height and where the judgement of the heights is made by each group for their own group; where need is defined as capacity to benefit; and where nominally equal benefits may be weighted according to social preferences such that the benefits to more disadvantaged groups may have a higher weight attached to them than those to the better off." (Mooney and Blackwell, 2004)

CONCLUSIONS



- Regulation needed to fix market failures
- However, curing one failure can lead to another
- There are things that should not be commercialized?
- Markets do not set their own moral limits
- Humans rights perspective:
 - The State needs to promote, protect, and fulfil our health and other human rights
- Active citizens and democratic institutions
 Civic goods, social institutions, values

No easy solutions or quick fixes

