

Please answer **ONE** of the following questions

Question 1: Ticket-scalping and paid line standing

Should ticket-scalping and paid line standing be permitted or prohibited in allocating the following goods:

- (a) Tickets to free performances of Shakespeare in Central Park?
- (b) Seats to attend oral arguments in the U.S. Supreme Court?

Answer with reference to the arguments presented in the following excerpt from Michael J. Sandel, *What Money Can't Buy: The Moral Limits of Markets*, pp. 21-24, 28-30:

Each summer, New York City's Public Theater puts on free outdoor Shakespeare performances in Central Park. Tickets for the evening performances are made available at 1:00 p.m., and the line forms hours in advance. In 2010, when Al Pacino starred as Shylock in *The Merchant of Venice*, demand for tickets was especially intense.

Many New Yorkers were eager to see the play but didn't have time to stand in line. As the *New York Daily News* reported, this predicament gave rise to a cottage industry—people offering to wait in line to secure tickets for those willing to pay for the convenience. The line standers advertised their services on Craigslist and other websites. In exchange for queuing up and enduring the wait, they were able to charge their busy clients as much as \$125 per ticket for the free performances.

The theater tried to prevent the paid line standers from plying their trade, claiming "it's not in the spirit of Shakespeare in the Park." The mission of the Public Theater, a publicly subsidized, nonprofit enterprise, is to make great theater accessible to a broad audience drawn from all walks of life. Andrew Cuomo, New York's attorney general at the time, pressured Craigslist to stop running ads for the tickets and line-standing services. "Selling tickets that are meant to be free," he stated, "deprives New Yorkers of enjoying the benefits that this taxpayer-supported institution provides."

Central Park is not the only place where there's money to be made by those

who stand and wait. In Washington, D.C., the line-standing business is fast becoming a fixture of government. When congressional committees hold hearings on proposed legislation, they reserve some seats for the press and make others available to the general public on a first-come, first-served basis. Depending on the subject and the size of the room, the lines for the hearings can form a day or more in advance, sometimes in the rain or in the chill of winter. Corporate lobbyists are keen to attend these hearings, in order to chat up lawmakers during breaks and keep track of legislation affecting their industries. But the lobbyists are loath to spend hours in line to assure themselves a seat. Their solution: pay thousands of dollars to professional line-standing companies that hire people to queue up for them.

The line-standing companies recruit retirees, message couriers, and, increasingly, homeless people to brave the elements and hold a place in the queue. The line standers wait outside, then, as the line moves, they proceed inside the halls of the congressional office buildings, queuing up outside the hearing rooms. Shortly before the hearing begins, the well-heeled lobbyists arrive, trade places with their scruffily attired stand-ins, and claim their seats in the hearing room.

The line-standing companies charge the lobbyists \$36 to \$60 per hour for the queuing service, which means that getting a seat in a committee hearing can cost \$1,000 or more. The line standers themselves are paid \$10–\$20 per hour. *The Washington Post* has editorialized against the practice, calling it “demeaning” to Congress and “contemptuous of the public.” Senator Claire McCaskill, a Missouri Democrat, has tried to ban it, without success. “The notion that special interest groups can buy seats at congressional hearings like they would buy tickets to a concert or football game is offensive to me,” she said.

The business has recently expanded from Congress to the U.S. Supreme Court. When the Court hears oral arguments in big constitutional cases, it’s not easy to get in. But if you’re willing to pay, you can hire a line stander to get you a ringside seat in the highest court in the land.

The company LineStanding.com describes itself as “a leader in the Congressional line standing business.” When Senator McCaskill proposed legislation to prohibit the practice, Mark Gross, the owner of the company, defended it. He compared line standing to the division of labor on Henry Ford’s assembly line: “Each worker on the line was responsible for his/her

specific task.” Just as lobbyists are good at attending hearings and “analyzing all the testimony,” and senators and congressmen are good at “making an informed decision,” line standers are good at, well, waiting. “Division of labor makes America a great place to work,” Gross claimed. “Line-standing may seem like a strange practice, but it’s ultimately an honest job in a free-market economy.”

Oliver Gomes, a professional line stander, agrees. He was living in a homeless shelter when he was recruited for the job. CNN interviewed him as he held a place in line for a lobbyist at a hearing on climate change. “Sitting in the halls of Congress made me feel a little better,” Gomes told CNN. “It elevated me and made me feel like, well, you know, maybe I do belong here, maybe I can contribute even at that little minute level.”

But opportunity for Gomes meant frustration for some environmentalists. When a group of them showed up for the climate change hearing, they couldn’t get in. The lobbyists’ paid stand-ins had already staked out all the available seats in the hearing room. Of course, it might be argued that if the environmentalists cared enough about attending the hearing, they too could have queued up overnight. Or they could have hired homeless people to do it for them...

Is there anything wrong with hiring people to stand in line, or with scalping tickets? Most economists say no. They have little sympathy for the ethic of the queue. If I want to hire a homeless person to queue up on my behalf, they ask, why should anyone complain? If I’d rather sell my ticket than use it, why should I be prevented from doing so?

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.

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. The fact that my line stander and I strike a deal proves that we are both better off as a result. Paying \$125 to see the Shakespeare play without having to wait in line must make me better off; otherwise I wouldn't have hired the line stander. And earning \$125 by spending hours in a queue must make the line stander better off; otherwise he or she wouldn't have taken the job. We are both better off as a result of our exchange; our utility increases. This is what economists mean when they say that free markets allocate goods 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.

My colleague Greg Mankiw, an economist, is the author of one of the most widely used economics 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.” Consider ticket scalpers: “If an economy is to allocate its scarce resources efficiently, goods must get to those consumers who value them most highly. Ticket scalping is one example of how markets reach efficient outcomes . . . By charging the highest price the market will bear, scalpers help ensure that consumers with the greatest willingness to pay for the tickets actually do get them.”

If the free-market argument is correct, ticket scalpers and line-standing companies should not be vilified for violating the 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.

Question 2: Tradable procreation permits

Which is a more objectionable means of population control: a fixed quota (as in China's one-child policy) or a tradable procreation permit?

Answer with reference to the arguments presented in the following excerpt from Michael J. Sandel, *What Money Can't Buy: The Moral Limits of Markets*, pp. 69-72:

Consider this controversy over the sometimes blurry line between a fine and a fee: in China, the fine for violating the government's one-child policy is increasingly regarded by the affluent as a price for an extra child. The policy, put in place more than three decades ago to reduce China's population growth, limits most couples in urban areas to one child. (Rural families are allowed a second child if the first one is a girl.) The fine varies from region to region but reaches 200,000 yuan (about \$31,000) in major cities—a staggering figure for the average worker but easily affordable for wealthy entrepreneurs, sports stars, and celebrities. One account from a Chinese news agency tells of a pregnant woman and her husband in Guangzhou who “strutted in” to their local birth control office, threw the money on the desk, and said, “Here is 200,000 yuan. We need to take care of our future baby. Please do not come to disturb us.”

Family-planning officials have sought to reassert the punitive aspect of the sanction by increasing fines for affluent offenders, denouncing celebrities who violate the policy and banning them from appearing on television, and preventing business executives with extra kids from receiving government contracts. “The fine is a piece of cake for the rich,” explained Zhai Zhenwu, a professor of sociology at Renmin University. “The government had to hit them harder where it really hurt, at their fame, reputation, and standing in society.”

The authorities regard the fine as a penalty and want to preserve the stigma associated with it. They don't want it to devolve into a fee. This is not mainly because they're worried about affluent parents having too many children; the number of wealthy offenders is relatively small. What's at stake is the norm underlying the policy. If the fine were merely a fee, the state would find itself in the awkward business of selling the right to have extra children to those able and willing to pay for it.

Tradable Procreation Permits

Oddly enough, some Western economists have called for a market-based approach to population control strikingly similar to the fee-based system the Chinese officials are trying to avoid. These economists have urged countries that need to limit their population to issue tradable procreation permits. In 1964, the economist Kenneth Boulding proposed a system of marketable procreation licenses as a way of dealing with overpopulation. Each woman would be issued a certificate (or two, depending on the policy) entitling her to have a child. She would be free to use the certificate or sell it at the going rate. Boulding imagined a market in which people eager to have children would purchase certificates from (as he indelicately put it) “the poor, the nuns, the maiden aunts, and so on.”

The plan would be less coercive than a system of fixed quotas, as in a one-child policy. It would also be economically more efficient, since it would get the goods (in this case, children) to the consumers most willing to pay for them. Recently, two Belgian economists revived Boulding’s proposal. They pointed out that, since the rich would likely buy procreation licenses from the poor, the scheme would have the further advantage of reducing inequality by giving the poor a new source of income.

Some people oppose all restrictions on procreation, while others believe that reproductive rights can legitimately be restricted to avoid overpopulation. Set aside for the moment that disagreement of principle and imagine a society that was determined to implement mandatory population control. Which policy would you find less objectionable: a fixed quota system that limits each couple to one child and fines those who exceed the limit, or a market-based system that issues each couple a tradable procreation voucher entitling the bearer to have one child?

From the standpoint of economic reasoning, the second policy is clearly preferable. The freedom to choose whether to use the voucher or sell it makes some people better off and no one worse off. Those who buy or sell vouchers gain (by making mutually advantageous trades) and those who don’t enter the market are no worse off than they would be under the fixed quota system; they can still have one child.

And yet there is something troubling about a system in which people buy and sell the right to have kids. Part of what’s troubling is the unfairness of

such a system under conditions of inequality. We hesitate to make children a luxury good, affordable by the rich but not the poor. If having children is a central aspect of human flourishing, then it's unfair to condition access to this good on the ability to pay.

Beyond the fairness objection is the question of bribery. At the heart of the market transaction is a morally disquieting activity: parents who want an extra child must induce or entice other prospective parents to sell off their right to have a child. Morally, it's not much different from buying a couple's only child after it has been born.

Economists might argue that a market in children, or in the right to have them, has the virtue of efficiency: it allocates kids to those who value them most highly, as measured by the ability to pay. But trafficking in the right to procreate promotes a mercenary attitude toward children that corrupts parenthood. Central to the norm of parental love is the idea that one's children are inalienable; it is unthinkable to put them up for sale. So to buy a child, or the right to have one, from another prospective parent is to cast a shadow over parenthood as such. Wouldn't the experience of loving your children be tainted if you acquired some of them by bribing other couples to remain childless? Might you be tempted, at least, to hide this fact from your children? If so, there is reason to conclude that, whatever its advantages, a market in procreation permits would corrupt parenthood in ways that a fixed quota, however odious, would not.