ECONOMY / FINANCES

Mice, maser, markets, morals

What is the price for a mouse's life? €5.10. At least this is the finding of an experiment two German economists conducted. Armin Falk and Nora Szech wanted to find out if markets kill the moral. So they compared individual behaviour with the behaviour in a market setting – in both situations the life of a group of laboratory mice was on stake. First it was just one man, one mouse, as well as 10 Euro (or of course one woman, one mouse). The participants of the experiment could decide to save the mouse from certain death, spending the money. Or they could keep it – having to answer for the murder of a mouse. 46 % of the people choose the money.

In the market setting a certain number of sellers and buyers had the possibility to trade. The buyers had 20 Euros, as soon as a price with one of the sellers was agreed on – a mouse was killed, the money was split to seller and buyer. If no deal took place, one of the mice was saved. The result of the market setting: more than 70% of the mice were sent to death for some Euros. The overall average price level for a mouse was just a little more than five Euros.

This is an impressive demonstration that markets tend to lower ethical concerns. "In the experiment, subjects were fully aware of the consequences of their decisions in that they could save the life of a mouse if they refused to accept a monetary amount. Our findings therefore suggest that appealing to morality has only a limited potential for alleviating negative market externalities", the researchers conclude from their results. Therefore the experiment can also help to explain why most people refuse child labour but buy discounted clothes, or why people are against factory farming but pack the cheapest meat into their supermarket trolley.

Pop up windows and medical input

"But what can be done to re-establish moral values within the markets?" wondered Michael Kirchler from the financial department at University Innsbruck. Is it just the market context, where you can get rid of direct responsibility? Are the consequences too far away, since you will neither be present while a mouse is killed nor while a 10-year-old is sewing your jeans? Is it about anonymity, or perhaps just about the money? Together with some colleagues Kirchler set up a similar experiment with added interventional elements to test their hypotheses.

“Instead of a research laboratory we started a cooperation with Unicef,” Kirchler explains. The participants could trade with 100 doses of a maser vaccine. Price: €21.40 – either for the health of Third World’s children or the own pocket. The team around Kirchler established several control groups.

In the first one the participants had to confirm a pop up window on their screens before conducting a transaction. It said: “If you go on now, there will be no donation of vaccines made.” “This was meant to appeal to the sense of responsibility of the people,” Kirchler explains. The second group got a ten-minute lecture from a member of Doctors without Borders, who explained the dangers of maser and the positive impact of the vaccination. For the third group, anonymity of the market was cancelled. “In the other settings the deals were made anonymous by digital communication – now it was made public who just sold the health risk of 100 children.”

Only financial punishment has an impact

In a further variation two additional persons were included who could take some money from those who finished a deal. “This was meant to imitate a monetary punishment,” says Kirchler. Finally there was a fifth setting with a different shaping of the market – in this condition the number of sellers and buyers was equal. A result of this should be a little less competition in the marketplace.

So what were the results? Could the different measures help to remind the participants of their moral values? In the basic treatment without any further influence 84 % took the money and thereby refused to donate to Third World – so this was the number the effects had to be compared with. “Then we have been really surprised,” Kirchler says. “Pop-up-windows, the medical input, even the publicity of the deals – none of them could, remarkably, change the quote,” he summarises the results. “Only the financial punishment as well as the shift in the market variables had a significant impact.” They reduced the rate of those selling the donation to nearly 70 per cent – “still a high rate in my point of view,” says Kirchler.

So what does this mean in real life? It definitely puts into question many campaigns promoting better working conditions. Most fair trade labels probably have very little effect. “The challenge we are facing now is, how we can establish more effective measures into market system,” Kirchler summarizes. “And we should rethink carefully if we should launch markets without the option of regulation.”

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