ECONOMIC INNOVATION GROUP

THE NEW BAZAAR

July 24th, 2026

SEX, DRUGS, AND DEATH

ALVIN ROTH ON MORALLY CONTESTED MARKETS

CARDIFF GARCIA: Hi, I'm Cardiff Garcia, and this is *The New Bazaar*.

A couple of years ago, the behavioral psychologist and economics Nobel Prize winner Danny Kahneman took a vacation with his family to celebrate his 90th birthday. He went to Paris, by all accounts had a great time, and then afterwards he flew to Zurich to end his life.

Switzerland is one of the few countries that allows medical aid in dying, and the provision of medical aid in dying is an example of a morally contested market. It's controversial. Some people have religious objections to it, or they think of it as premeditated murder, or they worry that allowing it will compel people to use it when they're just going through hard times they might still get through.

Others, advocates of medical aid in dying, believe that people should have the right to decide how they end their own lives, especially if they're in great pain. For them, this is a freedom issue, an autonomy issue. The transaction is between them and the company that provides the service, and since it doesn't affect anybody else, mind your own business.

Today's guest is economist Al Roth, himself a winner of the Economics Nobel back in 2012 for his work on market design. And he has a new book out that's all about these morally contested markets. It's called *Moral Economics: From Prostitution to Organ Sales, What Controversial Transactions Reveal About How Markets Work*.

The book is fantastic, and it's also a really great way to understand how markets interact with the law, politics, social norms, income inequality, human psychology — so much more than just monetary exchange.

I couldn't wait to have this chat with Al about some of these markets, especially those like sports gambling and performance-enhancing drugs that in recent years have changed so much because of technology, so much that new moral considerations have also begun to surface.

Here's the chat.

Al, welcome to *The New Bazaar*.

ALVIN ROTH: Thank you.

CARDIFF: So I think a good place to start is with the story of Danny Kahneman.

Okay. You introduce the concept of repugnance in economics, which is a little bit different from the way that normal people discuss the concept of repugnance. And it seems like the market for medical aid in dying is an example of a repugnant market.

So why don't you explain how that works to start?

ALVIN: So I'm interested in controversial markets generally, but one subset of controversial markets has to do with transactions that the participants would like to engage in, but other people, who aren't obviously directly harmed, think they shouldn't be allowed to.

So that's what I call a repugnant transaction: a transaction that people want to engage in and other people think they shouldn't, even though it's hard to identify what the measurable harms are that the objectors have.

CARDIFF: It's not just that. You write that it isn't just that the people who object to those markets existing wouldn't be affected by them. They may not even hear about the transaction ever at all, and yet they would like those kinds of transactions to still be barred.

So in this case, you have someone like Danny Kahneman, or somebody seeking medical aid in dying. They voluntarily, assuming they're of sound mind, want to end their lives. And then you have a company that provides that service. They engage in the transaction, and then that's it.

And so you'd think, well, okay, other people not involved — what would they care? But actually, this is a hugely controversial market itself.

Let's go through some of the trade-offs of this specific market. What are they?

ALVIN: Well, you could worry that vulnerable people will be harmed even if you are not harmed. And we have a lot of laws designed to protect vulnerable people — consumer protection laws, for example.

You could worry that the trust between medical institutions, doctors, and patients will be diminished if you have to wonder whether the service your doctor would like to provide for you is not lengthening your life but shortening it.

So you could worry that parts of the social fabric will become undone.

And I think that's often what people are concerned about when they worry that, as a society, we're at a delicate equilibrium and we might be perched above a slippery slope. And if we started to weaken social norms of various sorts, we might slide down that slope into a less orderly society.

CARDIFF: I want to also be clear that Danny Kahneman himself sort of took pains to show people that he was still of sound mind when he made his decision.

So he said in an email before his death — I'm reading it, and I took this from your book — "The miseries and indignities of the last years of life are superfluous."

He also said that he was still active and enjoying many parts of his life, but that his kidneys were in bad shape. He was having more frequent mental lapses. And then he wrote — and this is a quote — "It's time to go."

I thought of this as I was reading it, and I thought back to my extremely Catholic upbringing, where the concept of suicide is a mortal sin, and a really bad one too. I mean, even within the realm of mortal sins, suicide is really bad.

So I can imagine that a lot of the objections to this market are religious in nature. A lot of them are also, I think, based in what people might worry is a moral example that they don't want to spread to the rest of society.

So you're looking at a situation where, okay, yeah, that transaction doesn't affect anybody else. Danny Kahneman is saying it's an autonomy issue. I'm choosing to do this voluntarily.

But others are thinking, well, but the very existence of this market might have these other cascading effects, so that, I don't know, maybe it leads to people devaluing life generally. Maybe people see that, and they start thinking, well, young people might think, "Yeah, good point. I don't want to be here either. And also, I don't want to have kids because I'm bringing them into this terrible world,"

or something like that — that you might have this sort of cascading effect on other things.

And your book seems to be about the ways that market design interacts with these other sorts of considerations.

ALVIN: So this August, New York State will become, I think, the 13th jurisdiction in the United States that allows medical aid in dying.

But unlike Switzerland, in the United States, I think in all the places where medical aid in dying is legalized, the patients who can access it have to have a diagnosis that they'll be dead in any event within six months.

So Danny Kahneman didn't fit into that category. He was a healthy 90-year-old.

But rules like that are market-design rules that are designed to prevent some of the things you're worried about — that young people who don't want children might also decide they want to commit suicide.

CARDIFF: And to be clear, I meant that young people will choose not to have children because they're thinking, yeah, life's not worth too much, and that idea is contributed to by the existence of medical aid in dying. I didn't mean that 30-year-olds would start committing suicide. I hope not.

ALVIN: Although there are— well, so Canada has a medical aid-in-dying law that does not require a terminal diagnosis. It requires that you're in great pain and there's no cure.

So I think 30-year-olds might be eligible in Canada if they faced a terrible life that they wanted to end.

You mentioned that the Catholic Church doesn't approve of suicide. It also doesn't approve of assisting in suicide.

So Supreme Court Justice Amy Coney Barrett, before she was a judge — or maybe before she was a justice — has an article that's titled something like "The Responsibility of Catholic Judges." And it has a line in it that says medically assisted suicide is more clearly wrong than capital punishment or war.

So that takes a very strong view.

CARDIFF: Yeah. And so much of this also seems to be about the design of the market itself.

And for example, out of Canada, you just mentioned, there have been some horror stories about how the medical system works there. And so people who otherwise might be given a lifesaving treatment, if it costs too much money, now they're being told, "No, just go kill yourself."

Things like that. I don't know. You just made a face like, "Nah, it's not really the way it works there."

So tell me about the market design and how it's really working in practice.

ALVIN: So I read a recent story where some elderly lady who had broken a bone in her back came to the emergency room with back pain and was asked, "Are you here to seek medical aid in dying?"

And she was horrified. She was there because she was in great pain because something had just happened to her back. And she, of course, was fully cured and went on to have a fine life.

But that's an error in administration. So that's the kind of thing where people shouldn't be immediately asking people in the emergency room who are in great pain, "Did you come here to die?"

CARDIFF: Oh, sure. But to the point in your book, which is that we should confront fully the trade-offs, there are going to be errors in administration.

ALVIN: Absolutely.

CARDIFF: If the market isn't clearly designed and enforced, you're going to have problems with this.

ALVIN: But we might be willing to tolerate that.

People sometimes choke in restaurants, but we don't ban restaurants. So we should also expect that if people are choking in restaurants, you should be training your waitstaff in the Heimlich maneuver.

So obviously there are things that they can be doing in Canada, but their rules are different than our rules. And they have a higher rate of people registering for medical aid in dying than we do in Oregon or California or places where it's legal.

Some of that, though — and this is a theme I talk about for many markets — is that when you have a ban, that doesn't mean that medical aid in dying doesn't happen

where it's not legally authorized because the same medicines that control pain can shorten life.

So when you talk to doctors who deal with people with end-of-life conditions, they're all familiar with cases of medical aid in dying.

And there've been some papers on this in Australia, I think. The estimates of how much medical aid in dying was going on when it wasn't legal are quite high. And that makes some sense.

And this is, of course, an old controversy. In the Hippocratic Oath, right? In ancient Greece, Hippocrates had his students—

CARDIFF: Do no harm, right?

ALVIN: Well, no, no, more than that. He said, "I won't participate in medical aid in dying. I won't help someone end their life even if they ask."

Which means it was controversial even then, because Hippocrates wouldn't have included it in a compulsory oath for medical students if they weren't being asked and if it weren't controversial.

So many of the markets that I talk about in my book have some element of new dimensions introduced by technology, but medical aid in dying isn't really one of them. Medical technologies have changed a whole lot, but if Hippocrates wanted his students not to participate in it, it was already controversial.

CARDIFF: We haven't come too far since hemlock, right?

Yeah. It's interesting because that is a consistent theme in the book, which is that when something is banned, it doesn't mean that the practice just stops. It just ends up either leading to a black market or into what you call the gray market, which is the case with medical aid in dying.

And this, I thought, was very interesting. You write that, for example, it ends up leading to some very unclear conversations between patients and physicians where the physician might be interpreting that a patient wants, for example, enough painkillers to kill them because they're in so much pain, they're near the end of their life, things aren't going well, and then might prescribe an amount of painkillers that will get them there.

Technically, it's a legal transaction because nobody asked for assisted suicide. The doctor didn't say that he or she was participating in assisted suicide. They just gave a prescription for painkillers.

So it is legal in that sense, but it could also lead to a misunderstanding where a patient really just wants painkillers to make the pain go away, and maybe a slightly stronger dosage. And the physician who's trying to be compassionate ends up prescribing them a life-ending prescription, a life-ending dose.

And I just thought it was fascinating that it leads to this lack of clarity when there's a ban, which seems like the most clear thing in the world. Actually, the lack of clarity gets pushed out into these gray areas.

ALVIN: The Canadian Supreme Court, in allowing medical aid in dying, had a very interesting argument.

They said the Canadian Charter guarantees Canadians security in their lives. And in the absence of medical aid in dying, there might be people who are facing a messy death in the future who might feel compelled to take their own lives now while they still can, before they become too disabled to do so.

And having the option of medical aid in dying will preserve them from needing to take their own life now.

CARDIFF: Yeah, this was one of the really interesting — I don't know if I want to say counterintuitive, but unexpected — points made in the book.

The idea that banning assisted suicide might lead to more suicide beforehand.

You mentioned Danny Kahneman again. He might've done this sooner, on his own terms, because he feared the loss of his own physical and mental autonomy later, and then he wouldn't be able to carry it out, so he would do it sooner.

In this case, he had to travel to Switzerland to do it. He was still physically able to do it. If it had existed in the U.S., maybe he would've stuck around a little bit longer.

That also strikes me as something that could be empirically studied now. Is there a way to actually test that hypothesis?

ALVIN: Well, there are certainly different regulations in different American states and in different countries. So yes, I think it can be studied.

It's not a carefully controlled experiment, but I think we have a lot to learn from the experiences of American states, of Canada, of Switzerland, the Netherlands, and Belgium — places with quite different laws.

CARDIFF: A lot of the markets that you discuss in your book have these kinds of either outright bans or these differing bans in different places.

One of them is sex work, where the specific thing that's banned is the exchange of money for sex. This also obviously exists in a lot of other markets as well — narcotics and kidneys, we'll get to the thing that you're associated with.

But in terms of sex work, there's a really, really funny kind of anecdote in there that I want to share with the audience real quick because it was something I just hadn't given much thought to before.

The idea here is that sex work is illegal in the United States — the payment of money for sex — but pornography is not illegal.

So the idea here, according to a court ruling, is that the reason pornography is legal and sex work is not is that technically the money that's being exchanged is for the acting in the pornographic film, not the sex.

If you take that to its logical conclusion, it means that there is a way to legally be paid for sex in the United States so long as you're willing to broadcast it to the world, which from a moral standpoint would seem like a kind of preposterous inconsistency, right?

ALVIN: Well, so California is a big exporter of films. Hollywood is a giant engine of American prosperity, and pornographic films are legal to make, and it's legal to pay the actors.

So that is an example — outside of the few rural counties in Nevada where prostitution is legal — of when it's legal to pay people to have sex in the United States. You're allowed to pay them to have sex in a movie.

CARDIFF: Sex work is also an example you give where the ban on the payment for the exchange ends up leading to a lot of nefarious behavior.

This obviously has a long history in other markets as well, not just sex work, but when we banned alcohol during Prohibition, it led to a huge black market, trafficking, that kind of thing. And it exists in the sex work industry as well.

You favor something that you refer to as the Dutch-Swedish hybrid model, where I think the idea is that you legalize it, but you have some regulations in place that would cut down on trafficking and also make it safer for the sex workers themselves.

Can you just describe how that market would work?

ALVIN: So first, there have been some experiments around the world.

So in the Netherlands, there have been municipalities where they license sex workers. And licensing them allows some regulation. It allows health inspection. It allows checking on their immigration status. And the idea there being partly to make sure that you're talking to voluntary sex workers and not trafficked women and children.

Hold that thought.

In Sweden, they've decided to move some of the opprobrium, some of the illegality, from the sellers of sex to the buyers of sex. So in Sweden, they've decriminalized selling sex but made it a crime to buy sex. So it's the customers who are criminals.

And representatives of Swedish sex workers say that this isn't working so well for the sex workers. And part of it has to do with the fact that street solicitation — streetwalking for sex, prostitution — is one of the most dangerous jobs in the world, including homicides.

So the problem with making it a crime to solicit sex for money is one of the ways sex workers defend themselves on the street is by flirting. That is, someone approaches a sex worker, and she tries to talk to him for a little while to determine if he's crazy or just a customer for sex.

But if it's a crime to engage in the conversation — to say, "I'd like to pay you for sex. Get in the car." — then the customers don't want to linger and have a long conversation.

So that cuts down the ability of the sex workers to decide whose offer they want to decline, and that makes their work more dangerous.

My colleague Petra Persson, an economist at Stanford, has proposed this hybrid model. And her idea is that we could make it safer for voluntary sex workers while still trying to diminish the market for trafficked women and children.

And the idea is that we would license voluntary sex workers, with licensing procedures meant to reassure us that they're voluntary, and then make it a crime to engage with unlicensed prostitutes.

So it would become safer for voluntary sex workers, who could now, if bad things were happening to them, if someone was threatening them, go to the police because they wouldn't be criminals, they'd be workers.

And we might diminish the demand for unlicensed sex workers, for having sex with trafficked women and children, because that would be a crime.

So that's the kind of thing I would like to see experiments on. For instance, I would be glad if the city of Las Vegas tried to enforce rules like that because already in Nevada, in some rural counties, prostitution is legal — not in the city of Las Vegas — but you could try this and see how it worked.

We'd learn how to modify it, what things weren't working well, how maybe some trafficked women and children were slipping through and getting licensed, something like that. And if you saw that, you'd want to make the licensing procedures more careful and stringent.

CARDIFF: You'd have to iterate your way, in some sense, towards a licensing system that actually worked. So you could see what the unintended consequences of the licensing would be as well, right?

ALVIN: Absolutely. That's what you'd have to see.

And if it worked — if it did things that legalizing prostitution has done elsewhere, like reduce the spread of sexually transmitted diseases and assaults, and there's some evidence from various places that those are effects of legalizing prostitution — then we could expand it.

So that's what I'd like to see because part of the problem with prostitution, which I don't think has ever been abolished anywhere, although for millennia it's been condemned—

CARDIFF: And— but not abolished. It has existed everywhere.

ALVIN: Yes, absolutely. But it goes into the criminal world, and it's criminals regulating it — pimps and gangsters.

So it would be good to protect voluntary sex workers from that, but we also need to protect involuntary sex workers. Trafficked women and children.

So we have to tackle both those things. And I think that it's possible that they can be tackled together. It's not that you have to criminalize everyone.

I think John Oliver once had a piece in which he said, "There's no Hallmark card in which you thank your arresting officer."

So we're not doing favors to people by making them criminals.

CARDIFF: By turning them into criminals. Sure.

Yeah. This is, again, another market where I think there are a lot of people who would say, "Wait a minute. I just have a straightforward moral objection to this," even though, again, a market like that may not ever affect my life.

And for this, you have an interesting counterproposal for the people who take a very absolutist stance on markets like this, which is, okay, if you're going to make that claim, at the very least, you should have to acknowledge the trade-offs.

Which is: I object to sex work being allowed, even though it will lead to many women, many children being trafficked into this horribly ugly business, and it will remain a terribly dangerous thing for a lot of people, and it will continue hurting a lot of people.

That is sort of your framework for people who say, "I have a moral or a religious objection to this, no matter what the outcomes are."

Okay, but you should have to acknowledge the outcomes.

ALVIN: So that's right.

So my feeling on morality and economics isn't entirely consequentialist. I don't think we need to judge the morality of what we do entirely by the consequences.

I am aware of deontological arguments, they're called, which say some things are simply wrong.

But many things that we ban, particularly when they're repugnant transactions in the sense that some people want to do them even though other people have a moral objection, are going to have holes in the bans.

And we should be prepared to consider those consequences, whether or not we think the consequences have moral content, the way our objection to the transaction does.

So one of the things I ask in the book is: Why is it so easy to buy drugs but so hard to hire a hitman?

And the idea there is we actually treat drug dealers and hitmen — contract killers — very similarly in our criminal code. When we catch them, we send them to prison for as long as we can.

And our prisons are full of drug dealers, but hardly any hitmen, because hitmen as a market has been pretty much abolished. Not 100%, but not enough to make it into the— there aren't enough contract killings to make it into the national crime statistics.

And incidentally, there are fewer homicides of any sort — many fewer homicides of any sort — than there are drug overdose deaths.

So we've been pretty successful in eliminating the commercial part of murders, but not at all successful in eliminating the sale of heroin.

So we have overdose deaths and addicts, and we should be thinking about how to deal with them, even though we would like there to be none of them.

CARDIFF: Who are the people who raise the biggest objections to the themes in your book?

Is it cultural conservatives, I would imagine? Social conservatives? People who say, "I want society to look a certain way."

And you're describing all of these consequences of these bans or of how the markets might work given the bans.

But this, I think, is a society that's based around these very specific, clearly defined moral stances— is a better overall society.

Is that where you get the most pushback?

ALVIN: So I think that's where I get the most pushback, but not exclusively. And sometimes the balance shifts.

So I talk about marriage and adoption in the book. It's social conservatives who were against interracial marriage or same-sex marriage, but it's often social progressives who are against interracial adoption.

And they feel that communities have rights and that adoption might be sort of colonialist. You're taking a child from a different—

CARDIFF: A child from a different background or a poor background and a different racial or ethnic background.

ALVIN: And raising him as a suburban American, prosperous Protestant, whatever, and that you've torn him out of his culture.

Again, I think the people who were, before *Loving v. Virginia* was decided by the Supreme Court, against interracial marriage thought of themselves as cultural conservatives. And the people who were against interracial adoption thought of themselves as cultural progressives protecting vulnerable communities.

CARDIFF: I want to turn now to the section in your book that's on emerging controversies, starting with what's known as plural marriage, which is marriages where more than one person — it's more than just a pair. It's three or four people all married together or living together. I guess they're not legally recognized as married yet.

By the way, I'm going to pause to just acknowledge that my very Catholic family members who are listening to this episode have all had a stroke by now. (CHUCKLES)

ALVIN: Okay.

CARDIFF: Because we're talking about, first, medical aid in dying, sex work. Now we're going to polygamy or polyamory or all these other different arrangements.

So this is very interesting, but the markets specifically that you're worried about — the arrangements that you're worried about — because there's no recognition of these kinds of cohabitations or marriages, are, number one, how do you handle divorce? And then second, the protection of children.

What happens when, I don't know, it's a biological child of one of the people in the group or of two of the people in the group, but there's a bigger group, and there are emotional connections and all that stuff? How do you handle that?

And there's no contractual protection in place because those contracts are not allowed right now.

Is that the problem? Is that the idea here?

ALVIN: Well, it's part of the idea.

Let's go back to same-sex marriage, which was very contentious in the United States and may still be.

When the current Supreme Court struck down *Roe v. Wade*, the idea that there were individual women's rights to abortion under some circumstances, Clarence Thomas, in his concurring opinion, said we should also go back and fix what he regarded as the errors of same-sex marriage, consensual sex between adults, and allowing contraception to be sold.

And when same-sex marriage was allowed by the Supreme Court in the *Obergefell* decision, Justice Roberts, in his dissent, said, "If we're going to allow same-sex marriage, surely polygamy is not far behind. There's, after all, historical traditions of polygamy in some societies, so that's surely coming."

So I hate to give legal advice to a Supreme Court justice, but I think he's mistaken about it being actually easier to legalize polygamy than same-sex marriage.

Marriage is a bundle of contracts that we give to married couples that allow them to more easily take control of each other's medical care and give them some tax advantages and some estate—

CARDIFF: Inheritance advantages, things like that.

ALVIN: We recognize them as a unit.

And to extend that to same-sex couples was not simple. It was a long, political, complicated process. But essentially, what we said is that whatever bundle of contracts the states give to marriages between a man and a woman, they will now also give to two men or two women.

So the bundles, which differ from state to state a little bit, just get transferred to more people.

But polygamy traditionally wasn't what, in modern terms, is being called polyamory. Polygamy was traditionally a contract between a man and each one of his multiple wives. So it was a bilateral contract. The man was married to more than one woman, but the women weren't married to each other, and there wasn't another man.

Polyandry, which is one woman being married to several men, hasn't taken root in any large-scale human society, though there are places in the Himalayas that—

CARDIFF: Well, small-scale ones you pointed to in your book.

ALVIN: Yeah.

I think if plural marriage comes to be acceptable legally in the United States, it won't be traditional biblical polygamy between one man and each of many different women.

It will be more like a group of lawyers or a group of dentists—

CARDIFF: Like an organization. A firm or whatever, right?

ALVIN: A partnership.

And the thing about partnerships is we have contracts that make partnerships legal. And if someone wants to resign from his partnership, it doesn't dissolve the whole partnership. There's a way to sell your shares back to the other partners and leave and stop doing business with them because you stopped wanting to do business with them.

But as you point out, what I say is the special thing about partnerships that are plural marriages, with multiple men and multiple women all married to each other, is not only do we have to take care of some of the rules about how they can take care of each other, but we have to worry about divorces. And divorces have to worry about child custody, and that has to worry about who is the parent of whom.

And if some of the women are investment bankers and others are doing childcare in the home, the children may very well think of the ones doing childcare as their mothers, and the mothers may think of them as their children.

And we can't just tear them apart when the marriage falls apart, as we don't tear mothers and fathers away from their children when traditional marriages fall apart.

So I think that we're going to need new kinds of contracts, and we might as well start experimenting with them.

There are a few towns and cities that allow multiple domestic partnerships for things like renting a house, so that you can have a polyamorous family renting a house, and they're not a brothel. So you needed laws like that, it turns out, because places had laws that put limits on how many people could live under the same roof.

So we should start experimenting. We should start to see what kind of contracts work and what don't, and maybe we can consensually offer protection to family

groups that want to have particular kinds of contracts. We can recognize them in some way.

And over time, as those contracts develop, maybe one day they will take a standard form. And if you have a polyamorous marriage in New York, you'll use the New York form, the way you get the New York marriage rights when you get married in New York. And if you're in California, you'll get the California form, and they'll be recognized.

My wife and I were married in New York, but we live in California now, and we're legally married in California because we were legally married in New York.

So I think that might be a direction we're heading. But my advice to Justice Roberts is not to worry that it'll happen quickly or easily because we don't have those contract forms yet. And protection of children is going to be one of the big things that marks these contracts as different from a partnership of lawyers.

CARDIFF: The approach that you mention in your book is to decriminalize first.

And decriminalizing is a little different from saying, "Now we're going to have this whole new arrangement" right away, at least, and then play with the templates for these contractual arrangements that you just described.

ALVIN: And I think that's a good plan.

CARDIFF: I bet the social conservatives love you for that one. (CHUCKLES)

ALVIN: Not only for that one.

Incidentally, I think the social conservative idea, which I have a good deal of sympathy with, is that the current social equilibrium is not so bad, and we might be on a slippery slope if we start messing with it. We might slide down.

And the progressive idea is not so dissimilar. It says the social equilibrium is not so good, and we can tinker with it and try to improve human welfare and gradually make life better.

So it's sort of an optimistic and pessimistic idea of what happens as you loosen some of the boundaries that we presently impose.

CARDIFF: Do you ever self-define as one or the other — social conservative, social liberal — in how you think about these topics?

When somebody says, "Oh, what are you? Center-right, center-left, far left, whatever, far right?" what is your own kind of self-understanding of your default toward these markets and toward these societal considerations?

ALVIN: I like fiscal responsibility and democracy. So one of those makes—

CARDIFF: Then politically liberal, economically conservative. That's different from a lot of what we're talking about here, but that's what it sounds like to me.

ALVIN: Yeah, that might be. And not terribly.

CARDIFF: Lowercase liberal. I don't mean lefty. I mean lowercase — pro-democracy.

By the way, we are going to get to kidney transplants, which is, I think, maybe the single thing you're best known for. But first, I want to cover a couple of these other emerging controversial markets, if that's okay.

The next one is one I have a particular interest in, which is sports gambling.

I'm a huge sports fan. And I'll tell you this right now: I've followed the debate over the legalization, in most states at this point, of sports gambling via these new online platforms, these smartphone platforms.

But to me, it has been so much fun to be able to sit down with some friends on a Saturday full of college football games and bet 20 bucks on each game or something like that, and only do it a few times a year.

It adds so much fun to the day's events. And then if it works out, great — we buy ourselves dinner. And if it doesn't work out, okay, that's too bad, but it wasn't like it broke the bank. I don't have an addictive personality for these kinds of things.

So I also understand why some people are so against it. They're so worried about it. Even though, again, if I make these bets with my money and I have a good time and I keep it under control, why should I be denied the right to do that?

But this one's tough because it also leads to what you refer to as sinister interests, which is if there's a lot more gambling, then you also have possibly players doing things like little niche point-shaving ideas where they try to affect the outcome of a game because people they know are betting on the game, or they themselves are betting on the game, that kind of thing.

So many things have come up. This is still less than a decade old. It's so interesting.

What is your sort of stance on the emergence of this controversy and how we should be regarding the trade-offs?

ALVIN: So gambling is old — ancient. It's difficult to control.

When I matriculated at Columbia University in 1968, on the edge of Harlem, there was a big illegal numbers game. You could bet on the daily number, and you could bet a nickel and earn $30 if your number came up, or larger amounts.

CARDIFF: It had a one-in-a-thousand chance of getting it right or something like that. It was like you had to bet the day's number between zero and 999 or something.

ALVIN: Yeah. I think it was probably 10,000.

CARDIFF: Oh, 10,000? Okay.

ALVIN: Four digits.

CARDIFF: Long odds. (CHUCKLES)

ALVIN: But it was popular. It employed a lot of people.

And around that time, New York State had just legalized a lottery, but it took a long time for the legal lottery to outcompete the illegal lottery because the illegal lottery was well designed. You got to pick your own number.

I think when the New York State Lottery first began, they generated a number for you, which is actually not a bad way to participate in a lottery, but people like to pick their own number.

But of course, if people pick the same number, then they have to share the winnings. So picking your own number based on something that happened in the news is actually not such a good strategy.

CARDIFF: It gives you a sense of control, though. You pick a number that's related to your birthday or whatever.

ALVIN: Absolutely.

CARDIFF: People like doing it that way. Sure.

ALVIN: Absolutely.

So there had been a big black market. It took a long time for it to recede.

Sports gambling — there was always betting on the racehorses. That hadn't been illegal.

And in fact, the daily number — the thing about running a black market lottery is you have to have a way to make people believe that the number is random and that you're not picking a number that just involves a low payout after you've seen all the numbers.

And what they did in New York City was there was a racecourse — I forget which one — that published its take each day. And the last four digits of the take were the daily number.

So there was a connection between sports betting and the numbers game.

But there were widespread laws against gambling on sports, and some of them had to do with point-shaving scandals, things like that, which always have the danger of turning sporting events into things more like commercial wrestling, which is more a show than a sporting contest.

So you don't want the—

CARDIFF: Predetermined.

ALVIN: Yes.

CARDIFF: The fixes.

ALVIN: You want the athletes trying to win and being all out.

And the thing about score shaving was you could approach athletes, asking them not to win by too much. And that was a way of saying to them, "Your teammates won't mind as long as you win. But if you—"

CARDIFF: Just don't cover the spread.

ALVIN: Don't cover the spread.

CARDIFF: Win by five if the spread is seven, or whatever.

ALVIN: So, there are two new elements now that the Supreme Court struck down those bans on sports gambling, and a lot of sports gambling is on your phone.

There are two new elements it brings.

One is you don't just bet on the game before the game and then collect your winnings when the game is over. You can bet during the game, on the next serve, on the next free throw, on what will happen.

CARDIFF: Really small, niche bets, like, "Will one specific player score more than five points?" or something like that.

ALVIN: Or, "Will you make your second free throw if you made your first one?"

That has two difficulties associated with it that we're starting to see.

One is it seems to be more addictive. That is, you can bet multiple times and then win or lose, bet again and again and again. And you might bet more than you wanted to. Sometimes we have self-control problems, and that's part of the nature of addiction.

And the other exposes the sinister interests to every moment of the game.

You can say to some player who's your friend, "I'm betting that after you've made your first free throw, you'll miss your second one. Please do."

And that can be hard to observe, and it might not affect the outcome of the game very much, but it affects something fundamental about the game. If you're playing to this specific audience of particular bettors, you're doing something different than playing ball.

So both of those are things that I think there's an interest in curbing.

With addiction, which is a very real thing — it doesn't affect most gamblers, I presume, but some it affects in very dire ways — you could imagine having a regulation that says if you are selling an app that allows people to bet during a game, you should give them the option of, at some point before the game or early in the game, saying, "If my losses get to more than $100, I want you to shut the app off."

So I'll have trouble not trying to make my money back by betting more, but—

CARDIFF: Tying yourself to the mast. In a sense.

ALVIN: Yeah. I would like to have the option to tie myself to the mast.

If it's self-imposed, if it's me deciding to put a limit on my own betting, I don't think that is undoable. I would think that's a kind of regulation that might get a lot of support and might save some people who would otherwise bet much more than $100 and lose it in the game.

In terms of the sinister interests, I think there will have to be increased enforcement efforts, and some of them have to do with particular patterns of bets.

And indeed, there have been some players banned from the NBA, for example.

CARDIFF: Oh, recently — Jontay Porter, specifically. This was a huge scandal.

And I'm a big NBA fan, by the way.

He was busted because he essentially said — or he had told his colleagues, so to speak — that he would score fewer than a certain number of points in a game.

And to ensure that he did that, he essentially feigned illness while he was on the court to get himself taken out of the game to ensure that he would not score a certain number of points.

He was busted. But I got to tell you, I'm more optimistic about the sinister interests problem, about solving that, than about the addiction issue.

Because when it comes to the sinister interests issue of people trying to affect the outcomes of sporting events, yes, the technology and the widespread gambling might make the attempt more likely, but it also makes it so much easier, as you just noted, to catch them.

You can track the betting patterns so much more easily now that everything's basically digitized that I just think it'd be really hard to get away with a really big issue, a really big scandal.

So we just busted this guy for scoring fewer than, I don't know, a few points per game. I forget exactly the arrangement.

Imagine trying to pull off something like this for the outcome of the Super Bowl or something like that. It just doesn't seem possible to me at this point.

The technology — the same technology that makes it more likely that people would try to pursue these sinister interests — also makes it way more likely they'll get busted, and people know that.

I'm just not as pessimistic about that.

On the addiction issue, I do worry about that. That seems hard.

The specific remedies that you mentioned, I think, are good ideas. I just don't know that they would be enough.

More disclosure requirements, telling people what the average returns are, which for most people is going to be negative. That's why these platforms exist. They're going to make money.

So, anyway, let me stop there and get your response to both things.

So first, on the sinister interests point, you raised an eyebrow skeptically when I said it'd be easier to catch.

ALVIN: So sometimes it's easier to catch. The ones we've caught have been the ones that were easy to catch.

CARDIFF: (CHUCKLES)

ALVIN: We're seeing at least some speculation that something similar is going on with prediction markets.

It turns out if you happen to know what the next post is going to be on Truth Social, you might be able to make money by betting on whether the president of Venezuela will still be in office tomorrow.

And indeed, there are people who have been prosecuted for betting on that with inside information of various sorts.

If you thought the Strait of Hormuz might be closed tomorrow, you could make money on prediction markets by betting on that.

And maybe we can identify those in just the way you say. But if you thought the Strait of Hormuz were going to be closed tomorrow, you could make a lot more money on the big, thick commodity market for Brent crude.

That is, you don't have to go to a prediction market. Oil commodity prices respond very vigorously to tweets on Truth Social, to announcements out of Iran, and to news about whether ships have been hit.

CARDIFF: Yeah. I will just interrupt real quick — that makes sense in financial markets because one event can have these reverberating effects in other markets, in other financial markets.

Sports seem a little bit more self-contained in a way. If somebody says they're going to score fewer than a certain number of points, it doesn't tell you a lot about what the eventual outcome of the game itself is going to be.

And even then, couldn't you still find the betting pattern? I don't know where the leak-out would be.

If you bet on this guy in the NBA, that doesn't say anything about who's going to win the Super Bowl or something else in a totally different sport, in the way that financial markets are not self-contained. You can have a third-order, a fourth-order effect that you can bet on, as you just said.

ALVIN: Well, so that's right. I think financial markets are more connected than sports markets.

But if you have some low-level interference with the game, even if not at the Super Bowl, that might affect which teams get to play the Super Bowl.

I think we need to be gathering evidence about this. It opens up the possibility.

CARDIFF: Yeah. I don't want to get complacent about it, but I'm more optimistic that the same tools that are creating these perverse incentives to affect the outcomes are also pretty good at catching people, in my opinion.

ALVIN: So I don't think that we have to go back to blanket bans on sports betting, which incidentally didn't make sports betting — and didn't make sinister interests — go away.

But I think we have to be alert. I think that's the nature of markets: markets and technologies adapt, and regulations and precautions have to adapt as well.

CARDIFF: Yeah.

In terms of addiction, this applies obviously to so many other markets — alcohol, drugs, and so forth.

What lessons can we take from those markets to how we regard the addiction effects of sports gambling markets?

ALVIN: Well, during Prohibition in the 1920s, we tried to outlaw the sale of most alcoholic beverages.

And then in 1933, we repealed the constitutional amendment that instituted Prohibition, and we said, "Forget that. It goes back to the states."

And the reason was Prohibition didn't diminish alcohol consumption as much as we thought it was going to, and it gave rise to organized crime.

Now, legalizing the sale of alcoholic beverages does not make the problems of alcohol go away. There's still alcoholism. There's still drunk driving.

There are more premature deaths associated with alcohol than there are with heroin, and there are still more premature deaths associated with tobacco than there are with either alcohol or heroin.

So we do deal with legalized markets of substances that you can become addicted to. Both nicotine and alcohol can be addictive. I think nicotine is very addictive.

CARDIFF: Not *can* be.

ALVIN: And alcohol—

I think it’s attributed to Mark Twain, the quote that says, "Quitting smoking is easy. I've done it a thousand times."

CARDIFF: Yeah (CHUCKLES).

ALVIN: Although the problems of alcohol haven't gone away, you can no longer buy whiskey from gangsters.

The Scotch whisky industry is expensive. It's professional. It doesn't involve machine guns. But it's still dangerous to some people, though it also produces good whisky that people enjoy.

So that's a set of trade-offs we're used to.

We have laws about how old you have to be. We have laws about which restaurants can get liquor licenses.

So we have quite a lot of regulation about alcohol, and we live with the problems that it causes because we also recognize that banning it created new problems.

CARDIFF: Created even bigger problems. Sure.

ALVIN: So I think those are the kinds of awarenesses we have to have.

Alcoholics Anonymous, the association of people dealing with alcohol addiction, was born right after the end of Prohibition. I mean, they're almost twins, I think.

And there's Gamblers Anonymous. There's a very similar organization that tries to help people with gambling.

And we should be thinking about how to ease that and how to prevent people from falling into traps they can't control.

The word paternalism has mostly negative connotations when we think about government action, but it doesn't have negative connotations when we think about child-raising.

If you have children, you should behave paternalistically toward them. And if you don't — if you don't sometimes stop them from doing things they want to do, like play in the street or stay up late or eat only candy — you might be neglecting them.

That's part of your job as a parent: to help your little children make good decisions, which they're not always able to make for themselves.

So there's a whole field now, a whole subset of economists who think of themselves as behavioral economists and experimental economists.

And the question that behavioral economics asks is: How about those of us who are former children and have had enough birthdays to be legal adults?

When we were — just before our 18th birthday, it was understood that we didn't have all the self-control needed to buy alcohol or things like that. 21st birthday, excuse me.

CARDIFF: (CHUCKLES)

ALVIN: Nowadays. During the Vietnam War, it was 18th birthday.

And we have consumer protection agencies that protect you from certain kinds of hard sells and scams of various sorts.

So, how about paternalism for us, to protect us from our poor judgment?

And we have markets like prescription drug markets, which say there are some drugs that might really be useful for you if you had certain illnesses, but you need expert advice before choosing what we think of as a prescription drug, because a doctor should tell you that this would be a good drug for you. You shouldn't do it by yourself.

And many of us, at some point, have availed ourselves of financial advice, for instance, because financial contracts can be very complicated, and planning for retirement has tax consequences that are not easy to understand.

It's one thing to read the tax code. It's another thing to be able to understand its second- and third-order consequences and how you should organize your affairs.

So we have plenty of situations in which we think people need advice. Their own judgment and self-control might not be sufficient.

And so I think that's true also of gambling.

We don't hesitate to regulate alcohol. We shouldn't hesitate to regulate some kinds of gambling that seem to be harming vulnerable people.

CARDIFF: I want to turn to the global kidney exchange.

And for people who don't know your background, this is, again, I think maybe the thing that you're most associated with.

It's also an example of an idea — an economic idea — that has done so much good in the real world. I really admire your work on this. It's amazing.

And the way, in very simple terms, we should explain to the audience how it works is this: there's not always an obvious match between somebody who needs a kidney and the person who wants to donate a kidney.

How do you find the match, given that in most places, in most countries, you still can't pay for organs? You can't pay kidney donors, and so there's a shortage.

So, how do you find the matches between the donors and the patients who need the transplant?

And you came up with this very clever design.

Why don't you actually just start with the very basics? How does kidney exchange work? And then we'll go into the controversies.

ALVIN: Okay.

So first of all, kidney disease — kidney failure — is one of the top 10 causes of death in most countries in the world now.

And the treatment of choice is transplantation.

And you can get a transplant either from the kidneys of a deceased donor or a living donor, because healthy people have two kidneys and can remain healthy with one. But there's a terrible shortage.

So in the United States, we have 130,000 new cases of kidney failure each year, but we do fewer than 30,000 transplants.

So most people who might benefit from a kidney transplant will die without receiving one.

In the U.S., we have about 7,000 transplants a year from living donors.

A living donor has to be healthy enough. Not everyone really has two healthy kidneys. Some people only have one, and some people's kidney function isn't sufficient for them to give a kidney.

Some people have a disease that suggests that in the future they might have kidney failure, so they're not good candidates. And some people have had cancer, so they're not good candidates.

But there are plenty of good candidates to donate a kidney.

You might be such a good candidate, and you might love someone who's suffering from kidney failure and who's therefore dying of kidney failure. You might love them enough to give them one of your kidneys, but you still might not be able to because kidneys have to be well-matched.

One common example of people who sometimes have trouble getting kidneys from the people who love them is women who have had children, because, in childbirth, sometimes their immune system can develop antibodies to the paternal antigens — to the proteins that their children inherit from the father.

And in that case, if the mother's immune system develops these antibodies, those antibodies are sitting there ready to attack kidneys that have the father's proteins, or therefore the children's proteins, if the kidney shows up.

So your immune system could identify a family member's kidney as a foreign object since it doesn't have the same proteins that you have in your body.

CARDIFF: So none of those loved ones can then donate a kidney to—

ALVIN: So it could be that you want to give a kidney to someone you love. I want to give a kidney to someone I love.

And neither of us can do it.

But I could give a kidney to your patient, and you could give a kidney to my patient.

So that's a basic kidney exchange.

Now, to do a kidney exchange like that is an economically complicated thing because it's against the law to give valuable consideration for a kidney.

So you can't write a contract on kidneys.

CARDIFF: Valuable consideration like money—

ALVIN: Like money.

CARDIFF: Or some other kind of—

ALVIN: "Consideration" is a contract term.

So you can't write a contract that says, "We'll give you guys a kidney today, and you give us one tomorrow."

So if we're doing an exchange between two patient-donor pairs, we do four surgeries essentially simultaneously to make sure that no pair gives a kidney but doesn't get one.

So that's really helpful. It creates two additional transplants that wouldn't otherwise have been possible, but it's—

CARDIFF: To be clear for the audience that may not be following, let's say I'm sick. I need a kidney. My wife is a bad match for me, but she's willing to donate. She would give me her kidney if she could.

So we are now a donor pair. We enter into the exchange.

My wife will still donate a kidney if there's a match out there with another pair whose kidney I can then take from their pairing.

ALVIN: Yes.

So she donates a kidney—

CARDIFF: We enter it as a pair.

ALVIN: Right.

She donates a kidney so that you get one.

She's saved your life. Or, in particular, she's saved you from the long, hazardous wait for a deceased-donor kidney, which might never produce a kidney for you.

CARDIFF: And by the way, a long and pretty agonizing time on dialysis.

ALVIN: Absolutely.

Dialysis is pretty brutal. Average longevity is five years.

So dialysis keeps you alive, but it's not a cure.

We also have non-directed donors in the U.S. — people who want to give a kidney to someone but don't have a particular person in mind.

And so we can sometimes start chains of kidney donation that can be pretty long, in which the first donation is made by the non-directed donor to a patient in a patient-donor pair waiting for exchange.

Then that donor passes it forward to another pair, who passes it forward to another pair, and so you can get a cascade of kidney transplants.

But still, in the United States — and in every country that does kidney exchange — there are some patients who are very hard to match.

They have a lot of antibodies. They've had maybe a previous kidney transplant. A living-donor kidney might last 20 years, and then you need another one.

So there are some people who have developed a lot of antibodies to human proteins, and it's hard to find a compatible kidney for them.

And that's particularly true in small countries where there isn't a big pool of patient-donor pairs, or even in bigger countries where they just don't have a lot of kidney exchange.

One of the things I got to do, which was fun, is I went to the United Arab Emirates in the 2020s, not so long ago, in connection with the first kidney exchange between the United Arab Emirates and Israel.

As you can imagine, they had to overcome a lot of obstacles — not just the medical obstacles — but it made a lot of sense for them because they both have populations of about 10 million.

So when they have hard-to-match pairs, it's hard to find them domestically.

Now, it turns out that not only do a lot of countries have laws against paying kidney donors, the World Health Organization and some transplant organizations also believe that countries should be self-sufficient in transplantation.

So they don't like cross-border kidney exchange.

The thing that I've been called an organ trafficker for is that we sometimes invite foreign patient-donor pairs to take part in American kidney exchange chains.

And when that happens, the patient-donor pair comes, and they're treated essentially like an American pair. That is, they give a kidney, and they get a kidney.

Sometimes it allows a hard-to-match American to be matched who we couldn't find a match for in the U.S., and it allows this foreign pair, who couldn't find a match domestically, to get a pair.

So it's a very nice thing.

And it turns out that this is the kind of thing healthcare systems can afford because transplantation is not only the best available treatment right now for kidney failure, it's also the cheapest.

Dialysis is much more expensive than transplantation, as well as not being as good.

CARDIFF: You mentioned that a transplant, I think, costs about as much as one year on dialysis. But of course, dialysis — you have to do it the second, third, fourth, fifth year, whereas the transplant, ideally, you just have it the one time.

ALVIN: Right. And then afterward, you have immunosuppressive drugs, but they're much cheaper.

CARDIFF: I think it's worth laying out, by the way, the actual moral controversy involved here because you do get into it in the book.

The idea behind why monetary payment for kidneys is banned in the first place is partly because there's a worry that this will be exploitative of lower-income people, poor people.

Essentially, you would end up with a scenario where it would be the rich people who receive the kidneys and the poor people who would be the ones donating the kidneys.

And so there's an income inequality aspect to the controversy. It's thought to be, in some sense, coercive of lower-income people.

And so that stops what would otherwise be a mutual exchange. Somebody says, "Yes, I know the risks. I'm aware of the risks. I'm selling my kidney for money."

So it ends up being banned.

So that is why it is banned in the first place, or at least that's one of the reasons why.

Did I leave any out here?

ALVIN: Well, no. That's, I think, one of the important reasons.

And I think when we talk about repugnant transactions and what makes some transactions repugnant is the addition of money. We're worried about coercing the poor, and there'd be a lot less repugnance of that sort if there were no income inequality.

So the thing about kidney exchange that makes it so special is we're able to increase the number of transplants without paying donors.

CARDIFF: Yeah, no payment.

I was just going to say kidney exchange was essentially you acknowledging that the repugnance element to it — and the ban — would probably remain in place, at least for now, because it takes a long time for these kinds of legal and social norms to change.

So what can we do in the meantime to alleviate a kidney shortage?

And then, global kidney exchange is the idea that you are essentially extending the market. You are making it bigger so that there's more of a chance for people who have a tough match. They get a better chance to find that match.

But that then ended up coming with its own pushback from some places.

I think you mentioned the WHO. There's been some other folks inside of specific countries — I think health ministers and people like that — who have essentially said, "Well, we don't like kidney exchange to take place between two countries of differing socioeconomic status."

So, for example, I think one of the ministers in Spain said they think it's okay for Spain to have an exchange market with Italy, but not with Argentina or a poorer Latin American country, because then we get back into the aspect of, "Well, this is now an unequal exchange," or something like that.

People end up going crazy.

Okay. I'm just going to read a quote from your book now because this is remarkable.

This has to do with a transplant that had been put into, I think, a Filipino patient. I forget where the kidney itself was from — which country — but it was from another country.

ALVIN: So he came to the United States and got an American kidney.

CARDIFF: The U.S. He got an American kidney from somebody—

ALVIN: And his wife passed a kidney forward to another American.

CARDIFF: And his wife did the exchange with an American.

Okay. So here's a quote from your book:

"A Spanish physician who was then the director of transplantation for the WHO argued after my Geneva talk that we had exploited the Philippine patient by transplanting him with a kidney from an American patient. When I replied that the patient would have died otherwise, the WHO director exclaimed, 'He should be dead.' He felt it was inappropriate to transplant a patient whose care should have been determined by the Philippine medical system. The director of Spain's highly regarded National Transplant Organization later described me, in print, as an organ trafficker."

This is remarkable.

This is also, to me, a pretty good example of repugnant thinking distorting common sense, where literally the person is saying the Filipino patient should have died because that would be preferable to having an exchange between the Philippines and the United States.

I'm sorry, this is psychotic, right?

I'm getting outside the scope of the thing. People are going nuts with this stuff.

This is so self-evidently a good thing.

I'm sort of getting annoyed now on your behalf.

ALVIN: Yes, thank you.

CARDIFF: Anyways, how do you respond to something like that? How do you try to change minds, by the way, when it seems like the distaste is so entrenched, as obviously stupid as it is?

ALVIN: The first successful transplant ever was in the 1950s.

So it's still new in human history that we do transplants.

And all the transplant surgeons who have ever done transplants have worked in a situation of scarcity, and some of them think that's normal and maybe even desirable.

But times are changing.

And you ask what I do.

Well, in November, I was asked by different groups of surgeons to co-chair a working group at an international transplant conference in Cairo, Egypt, on international cooperation in transplantation.

And we convened a big group of people, and we formulated recommendations, and we voted on them.

And we're now in the process of submitting papers with those recommendations to medical journals.

And the first paper is going to have 106 authors saying we think it would be a good idea to do this kind of global kidney exchange, to have exchange across borders.

And so we're trying to change the norm. We're trying to make it easier for transplant surgeons in the Middle East, for example, to cooperate with each other across borders.

And the reason there are 106 authors is there are not only the people who actually wrote the paper, but also the many people who voted on it at this conference.

What you want to indicate is that maybe this view that you object to and think is psychotic, maybe it doesn't command the allegiance of all the transplant professionals in the world, who may have simply felt that it was hard to argue against the senior members of their profession who felt this way.

CARDIFF: This gives them a little bit of cover to speak up.

ALVIN: It's going to give, I hope, a lot of cover.

In other words, whether or not the WHO changes its position on this, the fact that a hundred transplant professionals meeting in Cairo say that it would be a good idea to have international cooperation, that will make it easier for people to do it.

So that's my hope, that we're looking toward a change in point of view.

And I'll be one of the plenary speakers in June at an American Transplant Congress in Boston, and I'll speak about these things again.

So that's what I do. That's how I react to this kind of pushback.

CARDIFF: That is an upstanding approach, and probably more effective than my approach of telling the people who object to this idea that they're a bunch of preening troglodytes.

So I want to close on just a couple of general lessons here.

Okay. I hinted at this earlier, but it seems like a lot of the book, and a lot of your work on this generally, is something of an argument against absolutist thinking, absolutist positions.

It's like, listen, there really are trade-offs involved. And if you are going to take a very strong stance — yes, we have to ban alcohol or we have to ban sex work or whatever — you have to be more forthcoming about the trade-offs.

But it does kind of seem like your default stance — and here I'm just reading between the lines of the book — is, "Come on, guys. Some of this is just not sensible. Let's think through some smart ideas for how to limit harms and benefit society the most widely."

Is that an accurate portrayal of your position? Is that sort of one of the maybe latent, hidden messages of the book itself?

ALVIN: Well, I'd say it a little bit differently.

I'm not a moral philosopher. My feeling on moral philosophy is not that we have to use only consequentialist arguments, that we can only think about consequences.

I'm perfectly prepared to engage with people who think that heroin is just a terrible, terrible thing, and we shouldn't have any. But there's a principle in moral economics that says things that you are morally obligated to do have to be things that you can do. And one of the things we've discovered is we can't eliminate heroin.

So it stops being a purely moral question about what should we do about heroin. There's also a practical question.

Even if you think the only moral thing about heroin is to eliminate it, it's putting your head in the sand to think that we've eliminated it by having very punitive laws against it.

We also have to think about how to treat addicts and how to make cities livable in places where there are addicts.

So my feeling is that many of the questions that confront us shouldn't be viewed entirely as moral questions.

Whatever your moral position is, they're also questions about how to govern cities and how to run markets.

And wherever you have scarcity, wherever you have things that are outside of your control, you'll have to think about unintended consequences. And it's moral to think about them.

I'm not condemning people whose morality doesn't include consequences, but we have to acknowledge that there's a lot of heroin, even if we don't like it.

CARDIFF: I like to close these episodes by asking our guests: What is something about your work that tends to be widely misunderstood, badly understood, or missed by the audience?

What is something that you would want to leave people with to make sure that they actually got right, because so often people tend to get it wrong?

ALVIN: Well, the phrase ‘market design’, which is the name that's come to describe the kind of work my colleagues and I do in economics, sometimes sounds as if we can play a more God-like role than we can — that we can set the rules of the market and people will have to follow those rules.

In fact, a better name for what we do might be ‘marketplace design’.

Marketplaces are small parts of markets. They're small parts of larger economic environments.

And one of the big lessons of market design is that people have lots of choices. People have big strategy sets.

So when you design a market, you can't determine how people will play the game.

You have to entice them to come to your marketplace and play by your marketplace's rules.

And I think that's something that is not well understood — that a lot of what market design is is making an attractive marketplace so that people will come to it and use it the way it's intended to be used, as opposed to doing something else.

And just as marketplaces have to attract people, bans have to not cause people to go around the ban, or not in such numbers that they cause a lot of harm.

That's something that isn't always well understood.

The way I say it in the book is: markets need social support to work well, and so do bans on markets.

CARDIFF: Like I said, you probably gave my Catholic family a series of heart attacks, but I think it's a great book.

And the title again is *Moral Economics: From Prostitution to Organ Sales, What Controversial Transactions Reveal About How Markets Work*. It's really highly recommened.

Al Roth, thanks so much for being here. Really appreciate it.

ALVIN: Thank you.