Goods That People Buy But Wish Did Not Exist

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Abstract

People buy some goods that they do not enjoy and wish did not exist. They might even be willing to pay a great deal for such goods, whether the currency involves time or money. One reason involves signaling to others; so long as the good exists, nonconsumption might give an unwanted signal to friends or colleagues. Another reason involves self-signaling; so long as the good exists, nonconsumption might give an unwanted signal to an agent about himself or herself. Yet another reason involves a combination of network effects and status competition; nonconsumption might deprive people of the benefits of participating in a network, and thus cause them to lose relative position. With respect to real-world goods (including activities) of this kind, there is typically heterogeneity in relevant populations, with some people deriving positive utility from goods to which other people are indifferent, or which other people deplore. Efforts to measure people’s willingness to pay for goods of this kind will suggest a welfare gain, and possibly a substantial one, even though the existence of such goods produces a welfare loss, and possibly a substantial one. Collective action, private or public, is necessary to eliminate goods that people consume but wish did not exist. Legal responses here are limited, but they might be contemplated when someone successfully maneuvers people into a situation in which they are incentivized to act against their interests, by consuming a product or engaging in an activity they do not enjoy, in order to avoid offering an unwanted signal.

I.

Imagine that there is a party next Saturday night. Imagine too that many of your friends will be there. Imagine finally that you have two options: (1) attend the party or (2) skip the party. Contingent on there being a party, you might choose (1). In fact your preference might be both clear and strong. You might be willing to pay a great deal to attend the party. At the same time, you might prefer another option: (3) the party does not take place. You might wish, on reflection, that the party had not been arranged in the first place. Or you might hope that the party will be canceled. Your preference ordering is: (3), (1), and (2).

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Why is that an imaginable preference ordering? A general answer is “fear of missing out,” but that phrase is ambiguous. What does it mean? It is often understood to mean that if you miss something, there is some probability that you will lose something of importance—which suggests that you should prefer (1) to either (2) or (3). The question remains: Why would you prefer (3) to (1), but (1) to (2)?

One possibility is that if you do not attend the party, you will give a signal that you would prefer not to give. The signal might be that you do not like parties, that you do not like your friends, or that you do not like the host. The cost of giving any of those signals might seem very high. You might jeopardize or lose friendships, or compromise relationships. But if the party is canceled, you can avoid an event that you prefer to avoid without giving the undesired signal. Note that a crucial feature of your thinking is the social meaning of failing to attend the party. You might not intend the received meaning (you do like your friends; you do like your host), but you have little or no control over it. This, then, is a possible reason for the preference of (3) to (1), and (1) to (2): The unwanted signal that is given by refusing to go to the party.

There is another possibility. You might think that if the party happens, there will be opportunities for relationship-building. You might not much care about those opportunities; if you did, you would not want the party to be canceled. Still, you might think that if other people take advantage of the opportunities and if you do not, you will be at a comparative disadvantage. (This is one conception of “fear of missing out.”) If the party is canceled, you do not have to go, which is good (very good!), and you also will not be at a disadvantage, which is good (very good!) as well. You go to the party to avoid that disadvantage, but without the party, you would be better off.

Now suppose that you go to the party, and they have alcohol. You have two choices: (1) drink or (2) do not drink. You might choose (1), even though you would prefer it if (3) no alcohol is served at the party. You might choose (1) over (2) for the same reason that you went to the party in the first place. A possible problem is the signal of (2). You might fear that people would wonder: Are you an alcoholic? Are you a puritan? Do you hate fun? Why can’t you loosen up?

Now suppose that you are in the midst of a conversation. It is not a terrible conversation; you are not suffering; it is pleasant enough, even though you are bored and a bit restless. You have two choices: (1) continue the conversation and (2) stop the conversation and

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1 There is also the “joy of missing out,” which might arise because the activity or good on which one is missing out is terrible, or because one has a preference for the kind of mini- or maxi-rebellion that missing out reflects. Some people like missing out as such.
3 Note that a great deal depends on the informational environment in which one is acting. If people know that you like them, but do not like parties, you might be able to say that you are not going to the party without offering the unwelcome signal.
move on. You choose (1), even though you would prefer it if (3) the host interrupted you, such that you had no choice but to stop the conversation. You might choose (1) over (2) for the same reason that you went to the party in the first place. In fact people often engage in conversations for longer than they wish, perhaps above all because terminating a conversation gives a signal that people do not want to give.⁵

What is true of purely social events might also be true of charitable or political activities. Suppose that there is a fundraising event on Tuesday night or a protest of some kind. You might show up for one or another, perhaps because you do not want to signal that you do not care about the relevant cause. In the extreme case, you actually do not care about that cause, or perhaps you even despise it.⁶ But the personal costs of not showing up might loom very high. You might wish that the event were not occurring or that it would be canceled, but if it is on, you are there. You might well focus, in such cases, on self-signaling; you do not want to signal, above all to yourself, that you do not much care about some cause that, on reflection, you approve. What kind of self-image can you retain, if you give yourself that embarrassing or even shameful signal?

Note that in such cases, it is possible that people’s desire not to give an unwelcome signal to others or to oneself is solving a collective action problem: The group benefits from widespread participation even though there is an individual incentive to defect (and stay home). A beneficial social norm might be in place: Go to events that involve relevant fundraising activities or protests. On reflection, you might celebrate the norm. I will return to this point.

Suppose that you are not happy with your job, and that you have another opportunity that you would prefer. Suppose that you like and admire your boss and your coworkers, which means that you are highly reluctant to quit your job; you would feel guilty and a bit ashamed. As between quitting your job and continuing, you prefer to continue, because of how you would feel if you quit. But if your position were magically terminated, for reasons independent of your performance – if you did not have the option of continuing with your job – you would be happier still. You might have this preference ordering: (1) your position is terminated, (2) you stay in your job, (3) you leave your job. (For obvious reasons, you do not want option (4): to be fired.) Here you are focused on the signal given by leaving, and also the potential rupturing of relationships.

Now imagine that there is a competition of some kind, and you might turn out to be the winner. Suppose that you very much hope that you will win. Suppose that you would pay a great deal to win, and also that you would pay something to have a 1/X chance of winning, even if X is a pretty big number. Even so, it is possible that you would prefer that the competition did not exist. The reason is that you are likely to lose, and if you lose, you will be very sad. It may be

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that everyone, or almost everyone, who is eligible for the prize feels the same way that you do. The basic problem has to do with competitiveness: Some competitors hate to lose, which means they also do not like to compete; and if a competition is on, they badly want to win.

The various examples I have are not the same, but they are overlapping. The shared characteristic is that they involve some good that people consume, or some activity in which people engage, even though they wish that good or activity did not exist. The reasons for their preference ordering vary. The problem might involve signaling to others; it might involve networks and comparative disadvantage; it might involve self-signaling; it might involve competitiveness. (This is not meant as an exhaustive list.)

2.

A great deal of work attempts to elicit people’s valuation of social media platforms. If people are asked how much they would demand to stay off (say) Instagram or YouTube for a month, they state a significant amount, often in the vicinity of $50.\(^7\) Findings of this sort suggest that social media platforms produce a substantial consumer surplus.\(^8\) But we might want to hesitate before accepting that conclusion. People might demand a great deal to stay off a social media platform for a month, supposing that everyone else who is relevant will be on that social platform for that month. But what exactly does that tell us? It might tell us that people benefit from being on the platform, in the sense that it provides them with a variety of goods. It might tell us that people enjoy or otherwise benefit from being part of a network. But does it tell us that they are glad that the platform exists? If they could push a button and abolish the platform, would that do that, if their only concern was their own welfare?

Leonardo Bursztyn and collaborators tried to answer that question.\(^9\) They found that on average, users would demand $59 to deactivate TikTok for a month, and $47 to deactivate Instagram for the same period. From those findings, we might conclude that the two platforms make people much better off. But in sharp contrast, users would be willing to pay $28 to have all of the world, including themselves, deactivate from TikTok for a month, and $10 to do the same for Instagram. Almost two-thirds of active TikTok users appear to lose welfare from the existence of the platform, and the same is true for almost one-half of active Instagram users. It appears that many people would demand significant money to stop using a product that they wish did not exist. Notably, there is heterogeneity on this count; some people truly gain from the existence of both platforms. But a very large number believe that they lose.

\(^7\) See Hunt Allcott et al., The Welfare Effects of Social Media, 110 AM. ECON. REV. 629 (2020); Cass R. Sunstein, Valuing Facebook, 4 BEHAV. PUB POL’Y 370 (2020).
\(^8\) See Allcott et al., supra note 4.
It is important to note that an ex ante prediction of the welfare effects of deactivation may not measure the actual welfare effects of deactivation.\textsuperscript{10} People might be willing to pay something for a good from which they lose welfare, even apart from the network effects. People might not be willing to pay something for a good from which they would gain welfare, even apart from the network effects. But if people are willing to demand payment to give up a good for whose abolition they would also be willing to pay, we have good reason to think that people simultaneously benefit from having access to it, contingent on its existence, and would benefit from eliminating it, if only they could. Bursztyn et al. find evidence consistent with this conclusion.\textsuperscript{11}

Note that these findings, and my major claims thus far, have not involved precommitment strategies, at least not on the level of individual choice. This is not a situation of Ulysses and the Sirens.\textsuperscript{12} People do not say that they would like to commit themselves in advance not to make certain choices. They want to make those choices. The problem is not their own recklessness or impulsiveness, or some form of akrasia. We are not dealing with a disparity between planners and doers. The problem is that not having access to the relevant good creates a loss, given that the good is available to others.

The central findings here are in a sense the mirror image of a plausible hypothesis about willingness to pay to protect the environment.\textsuperscript{13} Suppose that people are asked how much they are willing to pay to save an endangered species or a pristine area. Suppose too that the amount is trivially small and that if aggregated across a large population, it remains relatively small. We might think that people do not much care about the relevant good. But it is possible that people are willing to pay little to protect the environment unless they are assured that other people will pay as well. People might think: “My own payment will do little or nothing. But if everyone is paying that admittedly small amount, we can achieve a great deal. I would pay a great deal, supposing that everyone else is doing so.”

3.

Return to the example with which I began and suppose that someone has decided to have a party this Saturday night. Suppose that people are willing to go, given that the party is occurring, but that all or most people would prefer that the party not occur. The ambivalent partygoers face a prisoner’s dilemma. If they could coordinate and agree not to go to the party, they would be better off (unless the signal given by their collective action imposes costs; perhaps the party-giver has power over them). But how can they do that? Such coordination might be very difficult.

\textsuperscript{11} See Bursztyn et al., supra note 7.
Companies can maneuver consumers into analogous situations. Suppose that there is a product that consumers want to have, contingent on its existence, but whose existence consumers do not welcome and might deplore. If so, the product is akin to the Saturday night party. Companies might market a product by emphasizing (1) that people will feel ashamed or bad if they do not have it (because of the negative signal given by not having it) or (2) that people will lose some status by not being part of a network. We can readily imagine products that fall in this category.

We might call this the Barbie Problem. Notwithstanding the success of the (terrific) 2023 movie, and with apologies to anyone who really loves Barbie, we might speculate that many children, and even more parents, wish that there was no such thing as Barbie, even if children play with Barbie, and even if parents purchase Barbie. Not having a Barbie might provide an unwanted signal. Not having a Barbie might produce exclusion from a relevant network (and a loss of relative position). In the example with which I began, the dinner party is a Barbie, and so is alcohol, and so is a dull conversation.

Or consider wearing ties: Many men have worn ties even though they derive no pleasure from doing so, and might wish that ties had never been invented. Ties are Barbies. Or concern high-heeled shoes: Women might wear such shoes even though they find them uncomfortable and wish they did not exist. A great deal of fashion might be characterized as Barbies.

Or consider a new IPhone: You might not want to keep using an IPhone from a few years ago, even if you quite like it, if you know that a newer model is available, even if you would be happier if no newer model existed. Bursztyn et al. find evidence consistent with this conclusion. They find that people would prefer less frequent new product launches, even though they would buy the relevant product, given frequent product launches. The reason for this distribution of preferences is not self-evident. Perhaps people are satisfied with the current product and anticipate (and regret) their own impulsiveness (the Ulysses and the Sirens problem). Perhaps people know that they will be embarrassed for others to see that they do not have the latest model, and so they wish that the latest model were not released so often. New IPhones might be Barbies.

In some of these cases, the structure of the problem is that some person P engages in some action (e.g., holds a party, serves alcohol, markets a product) that forces another person Q to make a choice (attend or not, purchase or not) that reveals information about Q that Q does not want to disclose, and that requires Q to decide whether to give a signal that Q would prefer not to give. In many cases, Q’s dilemma does not arise by accident. It is a product of P’s clever, mischievous, or self-interested action action. If P is an employer, it might ask employees to reveal their political leanings, including, for example, whether they would want to unionize.

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14 See Bursztyn et al., supra note 7.
15 I am grateful to Eric Posner for focusing on this point.
If P is a government, it might give citizens the choice whether to take a loyalty oath (or to decline, politely).

4.

We have seen that norms might do the work of law; they might prevent people from defecting from some endeavor from which the group benefits. People might contribute to some shared task – for example, moving office equipment, giving blood, giving to charity, contributing in one or another way to national defense – even though they would like to defect, were the norm not in place. When a norm solves a collective action problem, it makes people better off, even if each individual would prefer to defect and allow the problem to be solved by others. On reflection, people should welcome the norm.

These cases are not my concern here. I am focused on the Barbie problem – on cases in which people do not, on reflection, welcome the relevant norm. They do not think that it solves a collective action problem. They think that they have been maneuvered into, or trapped in, a situation that they dislike or deplore.

5.

There has been a great deal of discussion of the difference between positional and nonpositional goods. Health is plausibly a nonpositional good; people want to be healthy, whether or not most people are healthy or not. Motor vehicles are plausibly positional goods; you might want what now counts as a very good car, or a fancy car, only because of the current vehicle mix. This might be true for three different reasons. The first involves signaling: You might want to signal something good about yourself, or at least you might not want to signal something bad about yourself. Motor vehicles are, among other things, signals. The second reason involves your self-image: Even if no one else would know what car you drive, you might not want to think of yourself as the kind of person who drives a less-than-very-good car.

The third reason, and the most interesting, is that the current vehicle mix provides the frame of reference against which you measure your own car. If the mix were greatly inferior to what it now is, you might like a greatly inferior car; you would not experience it as greatly inferior. But if the mix is much better than it was (say) twenty years ago, your experience of a car from that period would not be very positive. You might find that car to be hopelessly primitive in multiple ways. This is so even if your experience of the car, at the time when it was released, was or would have been exceptionally positive. Positional goods give rise to positional

17 See note supra.
externalities: If some people purchase a new car, they impose a cost on those who do not have that car.\textsuperscript{20}

Positional goods are among the category of goods that people consume but wish did not exist. Certainly this is true if people consume such goods to avoid giving an unwanted signal, or to avoid a form of unpleasant self-signaling. The frame of reference issue must be analyzed differently. It is hard to unthink what one knows, and if you know about an amazing current motor vehicle, you will not easily wish that everyone had less-than-amazing vehicles from twenty years ago.

6.

Some people struggle with addictions. They might be addicted to cigarettes, alcohol, heroin, or social media.\textsuperscript{21} The characteristic feature of an addiction is that people experience (1) lower intrapersonal benefits from consumption over time and (2) higher intrapersonal costs from nonconsumption over time.\textsuperscript{22} The welfare cost comes because people increasingly suffer from nonconsumption, which means that they wish, on reflection, they had not started consuming the good in the first place.\textsuperscript{23} People might even wish that the relevant good did not exist in the first place, even as they consume it. They might adopt a precommitment strategy to deprive them of access to goods that they would freely choose.

That is true and important, and it has strong implications for law. For example, it supports a ban on smoking,\textsuperscript{24} perhaps limited to people born after a certain year,\textsuperscript{25} to recognize the current existence of addiction and to prevent further cases of addiction. People consume addictive goods even when they wish those goods did not exist in the first place. Addiction is a cousin to my primary interest here, but it is only that. It is not a Barbie problem.\textsuperscript{26}

7.

What are the implications for policy and law? For addictive goods, the answer is relatively well-understood. People might be informed or warned; people might be nudged; the

\textsuperscript{20} See Frank, \textit{Positional Externalities}, supra note 15.
\textsuperscript{23} We can quibble with this formulation. We need to know more about the benefits and costs of consumption, over time, to know whether people wish, on reflection, that they had not started. Compare a romance with a strong start, a period of addiction, and a terrible end.
\textsuperscript{24} See ROBERT GOODIN, \textit{NO SMOKING} (1989).
\textsuperscript{26} By this I mean that people’s consumption of addictive goods is not motivated by 1) a desire to avoid signaling or 2) a desire to avoid comparative disadvantages from not consuming addictive goods while everyone else does. At least, let us hope that is the case.
relevant goods might be taxed,\textsuperscript{27} the relevant goods might be regulated\textsuperscript{28} or even banned. For positional goods, the answer is also well-understood. Such goods might be taxed,\textsuperscript{29} or people might be nudged not to buy them. A progressive income tax might be thought to be the best response to positional externalities.\textsuperscript{30}

What about the Barbie problem? What about goods that people consume so as not to give an unwanted signal, or so as not to be disadvantaged in some network or some status competition? It should be clear that so long as the relevant goods exist, a nudge, a warning, or a tax would not be a good idea. Should people really be warned about Barbies, ties, or high heels? Why warn people not to go to parties that they (rationally) want to attend, given the existence of those parties? Should Barbies, ties, or high heels be taxed?

The best route for solving the problem lies in voluntary action on the part of those who are stymied or trapped, perhaps through consumer pressures or the creation of a new norm of some kind.\textsuperscript{31} But we could imagine cases in which legal action might be considered. Recall the possibility that some agent has deliberately engineered a situation in which people must either (a) consume a product they do not like or engage in an activity they do not enjoy or (b) offer a signal that they would greatly prefer not to offer, or disclose a fact that they would like to keep private. If the result is to cause serious welfare losses\textsuperscript{32} or to intrude on protected rights,\textsuperscript{33} legal intervention\textsuperscript{34} ought not to be out of the question. We might have, in such cases, a basis for rethinking the law of consumer protection, and considering a new category for potential action.

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\textsuperscript{29} See Armenak Antinyan et al., \textit{Curbing the Consumption of Positional Goods: Behavioral Intervention versus Taxation}, 179 J. ECON. BEHAV. & ORG. 1 (2020); \textit{see also} Frank, \textit{Positional Externalities, supra} note 15 (discussing but rejecting this idea on grounds of administrability).
\textsuperscript{30} See Frank, \textit{Positional Externalities, supra} note 15.
\textsuperscript{31} I know someone who adopted a norm in government: All meetings will be limited to fifteen minutes. I know someone who adopted a rule for her family on Christmas: No presents for adults, ever. A suggestion of collective action, from consumers, is a fair reading of Bursztyn et al., \textit{supra} note 7, in light of the significant welfare losses.
\textsuperscript{32} See Bursztyn et al., \textit{supra} note 7.
\textsuperscript{33} An example might be a case in which a public employer gives employees an opportunity to support an incumbent politician, or to come to a holiday celebration associated with a specific religious tradition, or to pray together on Monday mornings.
\textsuperscript{34} Constitutional protections of certain kinds seem to follow this logic.
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