

## CHAPTER 1

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# The *Economics* of Beauty

**M**odern man is obsessed with beauty. From the day we are old enough to recognize our faces in a mirror until well after senility sets in, we are concerned with our looks. A six-year-old girl wants to have clothes like those of her “princess” dolls; a pre-teenage boy may insist on a haircut in the latest style (just as I insisted on my crew cut in 1955); twenty-somethings primp at length before a Saturday night out. Even after our looks, self-presentation, and other characteristics have landed us a mate, we still devote time and money to dyeing our hair, obtaining hair transplants, using cosmetics, obtaining pedicures and manicures, and dressing in the clothes that we spent substantial amounts of time shopping for and eventually buying. Most days we carefully select the right outfits from our wardrobes and groom ourselves thoroughly.

The average American husband spends thirty-two minutes on a typical day washing, dressing, and grooming, while the average American wife spends forty-four minutes. There is no age limit for vanity: Among single American women age seventy and older, for some of whom you might think that physical limitations would reduce the possibility of spending time on

grooming, we find forty-three minutes devoted to this activity on a typical day.<sup>1</sup> Many assisted living facilities and nursing homes even offer on-site beauty salons. For most Americans, grooming is an activity in which they are willing to invest substantial chunks of their time.

We not only spend time enhancing our appearance—we spend large sums of money on it too. In 2008, the average American household spent \$718 on women's and girls' clothing; \$427 on men's and boys' clothing; \$655 on infants' clothing, footwear, and other apparel products and services; and \$616 on personal care products and services.<sup>2</sup> Such spending totaled roughly \$400 billion and accounted for nearly 5 percent of all consumer spending that year. No doubt some of this spending is necessary just to avoid giving olfactory or visual offense to family members, friends, and others whom we meet; but that minimal amount is far less than we actually spend on these items.

There is nothing uniquely modern or American about concerns about dress and personal beautification. Archaeological sites from 2500 BCE Egypt yield evidence of jewelry and other body decoration, and traces of ochre and other body paints are readily available even earlier, from Paleolithic sites in southern France. People in other industrialized countries early in the twenty-first century show similar concerns for their appearance and beauty: For example, in 2001 German husbands spent thirty-nine minutes grooming and dressing, while German wives spent forty-two minutes in these activities, quite close to the American averages. This similarity is remarkable, since you would think that cultural differences might lead to different outcomes.<sup>3</sup> It suggests the universality of concerns about beauty and its effects on human behavior.

The public's responses to beauty today are fairly similar across the world. The Chinese producers of the 2008 Summer Olympics must have believed this when they put an extremely cute nine-year-old girl on worldwide television to lip-sync the singing of a less attractive child who had a better voice.<sup>4</sup> The same attitudes underlay the worldwide brouhaha about the amateur English singer, Susan Boyle, whose contrasting beautiful voice and plain looks generated immense media attention in 2009.

Our preoccupation with looks has fostered the growth of industries devoted to indulging this fascination. Popular books have tried to explain the biological basis for this behavior or to exhort people to grow out of what is viewed as an outdated concern for something that should no longer be relevant for purely biological purposes.<sup>5</sup> Newsstands in every country are cluttered with magazines targeting people of different ages, gender, and sexual preference, counseling their readers on methods to improve their looks. A typical example from the cover of a lifestyle magazine for women offers advice on "Beauty Secrets of the Season." One of its counterparts counsels men on how to "Get Fit, Strong and Lean in 6 Weeks."<sup>6</sup>

The importance of beauty is evident in the results of a telephone survey in the United States.<sup>7</sup> Among the randomly selected people who responded to the survey, more felt that discrimination based on looks in the United States exceeded discrimination on ethnicity/national background than vice-versa. Slightly more people also reported themselves as having experienced discrimination based on their appearance than reported discrimination based on their ethnicity. Average Americans believe that disadvantages based on looks are real and even that they have personally suffered from them.

All well and good—the time and money that we spend on it should enhance our interest in beauty and its effects, and we are worried about and experience negative feelings if our looks are subpar. But is the concern of economists more than just a prurient one in response to this intriguing topic? Part of the answer to this question stems from the nature of economics as a discipline. A very appealing characterization is that economics is the study of scarcity and of the incentives for behavior that scarcity creates. A prerequisite for studying beauty as an economic issue must be that beauty is scarce. For beauty to be scarce, as buyers of goods and renters of workers' time people must enjoy beauty. If they cannot find sufficient beauty supplied freely, and are therefore willing to offer money to obtain more of it, it must be that beauty is scarce.

Take as given the notion that the scarcity of beauty arises from genetic differences in people's looks, so that by some socially determined criteria some people are viewed as better-looking than others. (I discuss what I mean operationally by "beauty" in the next chapter.) Would beauty still be scarce if we were all genetically identical? Of course, this eventuality is not about to occur, but even under this unrealistic scenario it would still make sense to talk about an economics of beauty. So long as people desire to distinguish themselves from others, some of these hypothetical clones will spend more on their appearance than others in order to stand out from the crowd. Some of Dr. Seuss's *Sneetches*—a tribe of birdlike creatures who look identical—illustrate this desire for distinction along one dimension in the face of boring sameness along all others by putting stars on their bellies. The term "scarce beauty" is redundant—by its nature, beauty is scarce.

The other part of the answer to this question stems from what I will demonstrate are the large number of economic outcomes related to beauty—areas where differences in individuals' beauty can directly influence economic behavior. Markets for labor of a variety of types, perhaps even all labor markets, might generate premium pay for good looks and pay penalties for bad looks. The measurement of pay premia and penalties in different jobs and for people belonging to different demographic groups is a standard exercise among economic researchers. Doing so in the case of beauty is a straightforward application.

With every effect on the price of a good or service, in these cases wage rates, which are the prices of workers' time, there is an effect on quantity. How a personal characteristic alters the distribution of workers across jobs and occupations is standard fodder for economists; and beauty is surely a personal characteristic that can change the kinds of jobs and occupations that people choose.

If beauty affects behavior in labor markets and generates differences in wages and the kinds of jobs that we hold, it may also produce changes in how we choose to use our time outside our jobs. How we spend our time at home is not independent of how we spend our time at work or of the kinds of occupations we choose. If differences in beauty alter outcomes in the workplace, they are likely to alter outcomes at home too.

A characteristic like beauty that affects wages and employment will also affect the bottom line of companies and governments that employ the workers whose looks differ. Are certain industries likely to be more significantly affected? How does the existence of concerns about beauty affect companies' sales and profitability? How is executives' pay affected by their beauty?

Perhaps most important, how can companies survive if beauty is scarce and thus adds to companies' costs and presumably reduces their profitability?

The more basic question is why these direct effects on labor-market outcomes arise. Whose behavior generates the outcomes that we hope to measure? Aside from allowing us to measure the importance of the phenomenon of beauty in economic behavior, economics as a policy art/science should be able to isolate the mechanisms by which it affects outcomes. It is crucial to know how beauty generates its effects if we are to guard against giving undue importance to its role in the functioning of labor markets. It is also important in weighing the benefits and costs to society of our attitudes about human beauty.

All of these possible economic influences of beauty are direct and are at least potentially measurable. And those measurements can readily be made in monetary terms, or at least converted into monetary equivalents, so that we can obtain some feel for the size of the impacts relative to those of other economic outcomes. Because of the scarcity of beauty, its effects outside markets for labor and goods can also be studied in economic terms. Marriage is just such a market, although husbands and wives are not bought or sold in rich countries today. Yet the attributes that we bring to the marriage market affect the outcomes we obtain in that market, specifically the characteristics of the partner who we match with. Beauty is one of those attributes, so it is reasonable to assume that differences in the beauty that we bring to the marriage market will create differences in what we get out of it. We trade our looks for other things when we date and marry; but what are those other things, and how much of them do our looks enable us to acquire?

Taking all of this together, the economic approach treats beauty as scarce and tradable. We trade beauty for additional income that enables us to raise our living standards (satisfy our desires for more things) and for non-monetary characteristics of work and interpersonal relations, such as pleasant colleagues, an enjoyable workplace, and so on, that also make us better off. Researchers in other disciplines, particularly social psychology, have generated massive amounts of research on beauty, occasionally touching on economic issues, particularly in marriage markets. But economists have added something special and new to this fascinating topic—a consistent view of exchange and value related to a central human characteristic—beauty.

The economics of beauty illustrates the power of using very simple economic reasoning to understand phenomena that previously have been approached in other ways. That power, the time and money that are spent on beauty worldwide, and human fascination with beauty, are more than sufficient reasons to spend time thinking about beauty from an economic point of view. The economic approach to beauty is a natural complement to economic research on less general topics such as suicide and sumo wrestling, sleep and commercial sex.<sup>8</sup>

I concentrate on economic issues, introducing studies from the psychology and other literatures only where they amplify the economics or contribute essential foundations to understanding the economics of beauty. These other approaches are important; they have provided many insights into human behavior and garnered a lot of media attention. But because they do not rest on a choice-based economic approach, they cannot provide the particular insights that economic thinking does.<sup>9</sup>

The economic approach is broad, but not all-encompassing. Economic analysis cannot explain what makes some personal

characteristics attractive and others not—or why the same individual's looks evoke different responses from each different observer. We take the sources of differences in preferences in the same country and at the same time as outside our purview. It does not describe how responses to personal characteristics differ over the centuries or among societies. It treats these too as given. But knowing what human beauty is—what are the attributes that make the typical onlooker view some people as attractive and others as not—is the essential pre-condition for thinking about the economic impacts of beauty. For that reason, the next chapter describes what we know about the determinants of human beauty, a topic that has received a lot of attention from social psychologists and that underlies what economics has to say about the role of beauty.