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ECONLOG POST

Jul 21 2005

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The Economics and Philosophy of the Cruise Ship

Bryan Caplan

 The Economics and Philosophy of the Cruise Ship

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By Bryan Caplan, Jul 21 2005

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POST:



I've taken cruises to Bermuda, the Bahamas, and in the Mediterranean and Black Seas. And of course I'm not one to just sit back and enjoy the food. My mind soon wanders back to economics and philosophy. Tyler Cowen's [recent post on cruising](#) has inspired me to share my reflections.

At least on the cruises I've been on, passengers *never see* cruise employees off-duty. How is that possible? Simple: According to their terms of employment, the workers have to return to their decks if they aren't doing their job. The upshot is that the workers divide their time between the sunlit upperworld where they wait on the spoiled passengers, and their [Morlockian](#) below-the-waterline home.

Who would take such an offer? The answer, almost invariably, is people from Third World countries. The captains, officers, and managers come from Europe and America, but virtually no one else. Someone from India, Thailand, Indonesia, or Cuba might be willing to endure these hardships for as little as **\$350 a week**, but not too many Americans would.

I have no doubt those most passengers on cruise ships would feel sick if they spent much time thinking about the lives of the people who serve them. How can they sit there ordering second lobsters and sunning themselves when fellow human beings on board cannot even enjoy the sunlight or the evening breeze after completing a 14-hour day?

However, a little economics can put most of this angst to rest. Yes, the cruise workers' lives are hard compared to what Americans are used to. But their lives are quite good compared to what they can expect back in their home countries. An unskilled Indian could easily earn ten times as much money on a ship as he could in his village.

Furthermore, if you stopped cruising out of moral indignation, you would hurt the workers, not help them. Your behavior would make it harder to get a job on a cruise ship, which means that more people will be stuck in their native countries earning one-tenth as much. Some favor.

Nevertheless, labor economics 101 did not completely put my mind at rest. Yes, the workers are better off than they would be at home. But then it struck me: Many of these workers are far more qualified than Americans who earn as much money as they do without having to live like Morlocks. Cruise ships employ world-class waiters, who would fit in at the fanciest restaurant in New York. The only thing stopping them from getting these jobs is U.S. immigration law.

Undoubtedly most of my fellow passengers fully supported our immigration laws. So when I looked at their faces, I couldn't help thinking: You people *really do exploit and oppress* the employees of this cruise ship. As **consumers**, you expand the workers' job options and help them build a better life for themselves. But as **voters**, you have done everything you could to keep these poor people from competing in First World labor markets on equal terms. In a just world, your diligent assistant waiter from India might be your boss.

READER COMMENTS

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Jim Bim



Jul 21 2005 at 6:20pm

Bryan, you really are a smug one, aren't you? In a just world maybe you would have to work for a living and provide some real value, but instead you get to sit up in your Libertarian Ivory Tower and provide all the answers. Aren't we lucky.

Deb McAdams



Jul 21 2005 at 6:57pm

Fewer than 1% of the population of wealthy countries today see restrictions on labor mobility as the evil it is.

One day there may be guns or votes or money in support of the idea that villagers from third world countries should be able to compete on level terms with citizens of rich countries, but that day is not today.

Maybe you, Brian, are ahead of your time.

Bernard Yomtov



Jul 21 2005 at 7:12pm

So we should feel no indignation about these workers' living conditions because, after all, they would be worse off at home?

Jim Bim's use of "smug" doesn't begin to do this attitude justice.

Ashish Hanwadikar



Jul 21 2005 at 8:20pm

You really hit this on the right spot! Talk about unintended consequences! This bleeding hearts do not want to allow immigrant workers here. They will not take services from them because according to them they are getting exploited by their employers. They will support putting high labor standards as a part of free trade agreements causing wide spread unemployment in third world countries. Then they will perpetuate the poverty in the third world countries by egging on World Bank and governments of the developed countries to send aid to the third world countries. The aid will only support mad dictators who will take

turns to commit genocide of their own population. Worse, when the dictators go out of control, they will support sanctions further screwing up the local population. And then, when they realize sanctions are killing children they will support programs like oil-for-food furthering corruption and nepotism!

Is there anything else that can be done to screw the people in the third-world countries? Is it possible?

Lawrence Cinamon

Jul 22 2005 at 1:57am

Jim Bim: Do you have anything helpful to add to this discussion? Which part of Caplan's post is incorrect in your opinion?

Jim Bim

Jul 22 2005 at 5:54am

Nothing particularly helpful. It's just Bryan's whole dogmatic libertarian approach to things that bugs me. Government is *us* — it doesn't work very well in many ways right now but it's there for a reason. It's grown up with us flawed humans over thousands of years. We're still flawed and I don't believe we can solve all our problems in the free market. Caplan himself is benefitting from a broken higher education system and his judgement of others who are concerned about their own livelihoods sounds petty. I like my libertarianism mixed with a good dose of pragmatism. I think that extreme libertarians are people that are making a comfortable living off the current system and have no idea what it would be like if we actually tried practicing what they preach. I don't think they'd like it very much. But I'm rambling.

Abhi

Jul 22 2005 at 8:34am

I believe one of the assumptions that those indignant make is they don't think third worlders make rational decisions. The truth is that there are really few alternatives. Why would the workers get 'exploited' when they can do something else?

N.

Jul 22 2005 at 8:41am

I, too, call out Mr. Bim. If you see a problem here, what policy – if any – would you suggest to correct it?

Joe Horton

Jul 22 2005 at 9:43am

Yes, and that in a just world this assistant waiter might be their boss is exactly why as voters people vote to keep them out of competition for first world jobs. Public Choice lives. As always, a brilliant analysis!

Tony Vila

Jul 22 2005 at 10:08am

I agree with everything Bryan wrote here, but I take umbridge at the commenters who accuse this as the fault of bleeding heart liberals. Real liberals see immigration laws for the evils they are, and it's the need to win elections at home or get the support of labor unions that make the Democratic party still support them.

There isn't a Democrat who's threatening to spoil the next Presidential election over immigration and xenophobia. Whereas, there is a Republican.

<http://www.freedomdemocrats.org/node/56>

Bernard Yomtov

Jul 22 2005 at 1:24pm

Hey people. The whole world is not economics. It is not the beginning and end of morality and humanity.

Yes. Bryan's arguments make some sense, though his typical "libertarianism solves everything" is pretty silly. I personally agree that we should have a more liberal immigration policy. I think it would benefit both the new immigrants and the country as a whole. (And by the way, note that positions on immigration do not really follow standard left-right patterns.)

But let's suppose that everything he says here about the economics of the situation is absolutely correct. Why does that mean we shouldn't feel sympathy for the people who, in his words, "cannot even enjoy the sunlight or the evening breeze after completing a 14-hour day?"

Why does the fact that this may be the best job available to the staff members mean we should smugly shrug off their unpleasant circumstances and order up another martini? It doesn't.

I hope Bryan tips generously on his cruises.

spencer

Jul 22 2005 at 1:28pm



For Bryan to be correct in his observations that cruise ship employees are exploited he would have to demonstrate that they are not paid their marginal product – at least that is what he teaches in his economic class when he tries to demonstrate that minimum wage legislation can only lead to increased unemployment.

but he produces no evidence that they are not paid their marginal product or that their marginal product would be higher in the domestic economy.

He is guilty of very sloppy economics.

Phil

Jul 22 2005 at 2:07pm



There is a reason that the crew is never allowed to be seen off-duty – and it must have something to do with customer preferences.

What does it say about the preferences of the cruise patrons that their experience would be less valuable if they saw the crew relaxing after a 14-hour day?

Steven McMullen

Jul 22 2005 at 2:43pm



Thank you Bernard, very well said.

What Bryan says is true, immigration law is a huge barrier to potential gains for millions of people born on the wrong side of a border, and our discussions about development and inequality ought to include this dimension. It is too easy, however, to simply condemn immigration law as **THE** barrier between these people and happiness, when removing that barrier has such huge consequences.

Lets talk about ways to bring down immigration restrictions as efficiently as possible.

Bill

Jul 23 2005 at 1:16am

I'd much rather hear from the "oppressed" workers themselves than any of you. You sound like a bunch of spoiled brats. Have any of you ever had a real job? I suppose you were all spoiled rotten by your parents, which would explain your total lack of perspective about the working conditions of these cruise-ship employees. Growing up in the US, I've worked in similar conditions to these people. It wasn't oppression; it was a way to get out of the (relative) poverty into which I was born.

**Deb McAdams**

Jul 23 2005 at 6:38am

Very good point Phil

The prohibition on crew relaxing above board is something that can and should be changed by bleeding heart liberals.

And as others have mentioned, bleeding heart liberals are as much or more of the constituency that supports reducing immigration restrictions as conservatives while the constituency to increase and enforce immigration law more vigorously contains nearly no bleeding heart liberals.

**Deb McAdams**

Jul 23 2005 at 6:45am

Oh, and let's remember that the source of immigration laws/labor mobility restrictions is nationalism.

Nationalism – the idea that being born to parents of certain national identities should give people different entitlements – is anathema to bleeding heart liberals.

For conservatives – not so much.

If the bleeding heart liberals have their way, nationalist bigotry will go the way of religious or racial bigotry (both defeated by the bleeding heart liberals of their days).

Any volunteers to join the bleeding heart liberals?



spencer

Jul 23 2005 at 7:58am



What kind of liberal bull is this. Maybe Bryan should turn in his libertarian badge.

This is about as true as a free market as you will ever see. there is no minimum wage, they do not have to pay social security and maybe not any taxes. About the only regulation in this free market is the Coast Guard enforcing a few minor safety regulations. I mean if this is not a libertraian wet-dream what is? Yes, the fact that the entire world can not have the capital to employee ratio the US enjoys may play an extremely minor role here – but it is insignificant. The implication in this post is that US anti-immigration law are responsible for world povery– if you believe that I have shares in a bridge out of New York I would like to talk to you about.

Yet, Bryan claims this labor is being exploited –not being paid their marginal product. If you even begin to believe in the libertarian economics that Bryan teaches in his class you have to believe that this can not happen –in a true free market labor is never exploited.

Bryan should turn in his libertarian name tag if he really believes what he is saying in this blog.

dan

Jul 23 2005 at 10:22am



Deb,

I believe Unions are predominantly “liberal” in ideology and are unabashed supporters on anti-immigration legislation.

Though if you would join Kling’s bleeding heart libertarianism, I’d be right there with you.

Tom West

Jul 23 2005 at 11:04am



I think Bryan’s claim is that their marginal product of these employees would be much higher if the US allowed greater immigration.

And it is no doubt true. Productivity is greatly enhanced by the capital available in the US. The decision to restrict the use of that capital to Americans (in as much as possible) can be construed in two ways. If one considers citizenship akin to family membership, there is no

more moral obligation to allow others citizenship than there is for a family to put it's capital to use for a stranger. In that case, the citizens have every moral right to keep citizenship (and the use of capital that implies) to themselves.

On the other hand, if you consider it another way, American citizens are simply "rent-seeking", forcing the capital to be used to promote their productivity rather than those who might use that capital even more efficiently.

The fact that it's pretty difficult to determine in any concrete terms exactly which immigrants would be the most efficient users of available capital also makes complicates the equation.

I suspect that like most things, we've ended up with a compromise between the protecting current citizens regardless of their economic efficiency and attempting to allow others to enter to US market in order to gain the efficiencies that greater access to capital affords.

Bernard Yomtov

Jul 23 2005 at 3:56pm

Spencer,

I think Bryan's point is that these people are **not** operating in a free market because the movement of labor is restricted. If the cruise ship waiter were free to go get a job at a fancy restaurant in the US he would do so, and make more money.

This argument does not suggest that the US is responsible for world poverty. It just suggests that looser immigration laws would have a net positive effect, and that these waiters might be among the beneficiaries.

Tatyana

Jul 23 2005 at 6:06pm

Cruise-ship waiters are exploited because they can't get to enjoy upper decks in a way paying passengers do?

Have you ever seen waiters in upscale NY restaurant (where you think these people belong by level of their professional competence) – would stay in after their shift ended and eat dinner next to a paying customer? Or would you imagine a hotel maid will take a bubble bath after cleaning a guestroom in the W? I don't think so.

Hospitality workers are in **servicing** business. If somebody who's paid \$350 a week doing work that required 4 months of training is going to enjoy same luxuries I'm paying \$350 a day for – those luxuries devalue in my eyes. Cruise ship vacation is different from the hotel in NY only by including water, sun and dolce farniente (sp?) into vacation package – and if I have to pay for all of this in addition to 2nd (or 4th, all's included) martini under blue ocean stars, why somebody who wouldn't be able to afford it (in cruiseship prices) would get it for free?

Bryan's way of thinking looks rather socialist, not libertarian, to me. Besides, if you look from another angle – may be the passengers, who worked 50 weeks (and quite possibly 60 or more hrs a week, as Americans do on average) to get this vacation are exploited by outrageous prices and constant expectation of tips?

Ted



Jul 23 2005 at 11:35pm

Bryan isn't claiming that the cruise ships should be required to provide better working conditions. He's noting that cruise ship workers suffer the poor working conditions at least in part because of artificial constraints on the labor market. But I think Tatyana is correct when she notes that the likely market-clearing price for cruise-ship labor would still keep the servants below decks during their off-hours, as is the case in labor markets where labor supply (as opposed to demand) is artificially restricted.

I don't think there's anything inconsistent between libertarianism and a personal preference for egalitarianism. The fact that it's possible to pay humans to perform all sorts of self-degrading acts in third-world countries and parts of Nevada doesn't mean that I am either obligated to purchase those services or give moral approval to those who do.

Deb McAdams



Jul 24 2005 at 12:12am

Tom West exposes the great clash between Libertarians and bleeding heart liberals:

If one considers citizenship akin to family membership, there is no more moral obligation to allow others citizenship than there is for a family to put it's capital to use for a stranger.

If one considers race akin to family membership, there is no moral obligation to avoid racial discrimination. If one considers religion akin to family membership, there is no moral obligation to refrain from religious discrimination.

Is there?

One thing about these collectivist arguments is that all of them, including family membership, degrade the allocative advantage of connecting reward to individual effort. That is to say that while decentralized economies are per se more efficient than centralized ones, family/nation/religion/race based economies are less efficient than individual-based economies.

While libertarians take the morality of, for example, family discrimination as a given, liberals do not necessarily. Even if it is prevalent it still stands to be debated.

Two down, two to go. Eventually liberals expect to win the debate about nation and family the way they have won the debate about race and religion.

videlicet



Jul 24 2005 at 9:18am

until they rise up as one and kill all the passengers 😊 mutinies on slave ships were pretty common in the day afterall!

on a more serious note, as PIMCO director paul mcculley sez 😊

There is no free market in passports. Indeed, the very definition of the sovereignty of nations includes the right – at the point of a gun – to define who is and isn't a citizen: entitled to vote; subject to laws of the land, including the obligation to pay taxes and submit to conscription; and eligible for the social safety net funded by fellow citizens...

In turn, sovereign governments – especially democratically-elected governments, but also governments with democratic tendencies – must be responsive to their citizens' needs and wants, not global citizens' needs and wants. Thus, sovereign countries should and do have the ability to print their currencies in sufficient volume to keep them undervalued on purchasing power parity terms. It's called mercantilism. And all developing countries practice it, to some degree, so as to bootstrap themselves to prosperity by exporting goods to developed countries, while importing their superior know how, institutions and political stability.

This is neither good nor bad, just the way it is: developing countries acting in their own perceived best interest, undervaluing their currencies through the power of sovereign-owned printing presses for money. Developed countries do the same thing, just in a different way, overvaluing their passports by restricting their production via sovereign-owned printing presses...

But until the day in which there is free trade in developed countries' passports (like with New York City taxi medallions!), globalization will be a comparative advantage game tilted to the advantage of the haves relative to the have-nots.

cheers!

spencer

Jul 24 2005 at 10:23am

According to the BLS the mean average wage of waiters and waitresses is \$15,390 or a little under \$300 per week.

http://www.bls.gov/oes/current/oes_35Fo.htm

So if the servers on the cruise ship are earning more than a waiter or a waitress does on average in the US – and this does not assume the cruise ship employees get free room and board – how can you jump to the conclusion they are being exploited because of limits on immigration?.

Ted

Jul 24 2005 at 4:37pm

Spencer: the US median includes low-end and middle-end restaurants, and Bryan's position is that the shipboard servers are capable of finding work at the high-end American restaurants.

John S Bolton

Jul 24 2005 at 6:24pm

It would take huge injustice to the net taxpayer to give immigration visas freely to the third world, so long as even the least redistributive policies are in effect. Criminal justice expenditures alone are \$500 per person a year. Would a just society take \$500 per person in taxes from low income people, and turn them away from emergency rooms for lack of insurance? If it wouldn't, there will still be gross injustice against the net taxpayer, whom the economist is very guilty for refusing to acknowledge the existence of. The injustice would then consist of the increase in aggression on the net taxpayer which occurs from immigration visas being granted promiscuously.



Huggy

Jul 26 2005 at 12:06pm

In the best world my “diligent assistant waiter from India” might be my friend/team-mate. With the wealth of today cooperative ventures are best. “The Donald” and his staff are more a team than boss/employees. This will soon be necessary as “governments” are starting to fall apart even in the “first world.” I blame this on the massive wealth of today. Using effort and imagination we will make our world wonderful.

Comments are closed.

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Bryan Caplan

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Arnold Kling

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Jul 21 2005

ECONOMIC AND POLITICAL PHILOSOPHY

The Economics and Philosophy of the Cruise Ship

Bryan Caplan

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