



“Summary of article by Elizabeth Anderson: The Ethical Limitations of the Market” in Frontier Issues in Economic Thought, Volume 3: Human Well-Being and Economic Goals, Island Press: Washington DC, 1997. pp. 36-40

Social Science Library: Frontier Thinking in Sustainable Development and Human Well-being

“Summary of article by Elizabeth Anderson: The Ethical Limitations of the Market”

Why not put everything up for sale? One answer is that we value goods in many ways that cannot be expressed in markets. This paper argues that a liberal commitment to freedom and autonomy that acknowledges a plurality of values justifies more stringent ethical limits on the market than previously recognized by liberal theory.

PLURALISM AND FREEDOM

Pluralism about values says that goods are properly valued in fundamentally different ways: for example, some goods are most properly respected, others merely used. To be able to value goods in different ways, people must produce, exchange, or enjoy these goods in different social spheres governed by distinct social norms and ideals. The market is just one social sphere, which enables us to value goods as private, exclusive use-values but not to value them in other ways, people need to place these goods in nonmarket social settings.

These facts imply that to enjoy freedom and autonomy, people must place limits on markets. If the market governed the production and circulation of all goods, people would lose freedom by losing opportunities to value goods in nonmarket ways. For example, libertarian proposals to “divide (privatize) the commons” eliminate the public spaces of civil society that are needed for citizens to enjoy the shared goods of civic interaction on terms of equality and open access. If the market wholly governed the way people treat goods embodied in the person, such as freedom of action, people would lose autonomy when they sold these goods. The liberal concern to protect autonomy thus requires that we make some goods embodied in the person inalienable through the market.

Liberal pluralism requires limits on the market, not its elimination. But the limits can be drawn only if market settings are distinguished from other institutional settings within civil society. These settings can be differentiated by identifying the norms, goods, and values distinctive of each, along the lines described in Michael Walzer’s *Spheres of Justice* (see summary in Chapter 7).

MARKETS AND ECONOMIC GOODS

Market relations are structured by norms with five characteristic features that express attitudes concerning use and embody the ideal of economic freedom, i.e., greater choice. Market norms are impersonal, so that each party to a transaction views the other as an instrument to one’s own

ends. Egoism governs those market relations in which parties to a transaction are presumed to take care of their own. Economic goods are exclusive since their benefits go only to the purchaser, and individual wants are determined without consideration of others interests. As a want-regarding institution, the market responds only to effective demand and pays no attention to the reasons why people may want a good. It overlooks the distinctions between urgent need and intense desire between a priori desire and a posteriori satisfaction. Consumers influence provision and exchange primarily through “exit” not “voice.” They have no voice in the design of products, except through willingness to pay.

A pure economic good is governed by the five market norms, and its value is realized through use. Other goods are only partially commodified, and belong to non-market spheres of life, such as civil society, personal life, and politics.

CIVIL SOCIETY AND THE MARKET

Civil society includes markets as well as many other institutions, including profit-making firms and non-profit organizations such as schools, labor unions, professional associations, and political parties. Given her concern for freedom, which clearly allows for the sale of professional products and services, the liberal pluralist is faced with the challenge of articulating the proper relation of the market to these other institutions.

The profit and non-profit institutions of civil society establish internal norms of excellence regarding conduct and achievement. Professionals such as doctors, lawyers, academics, athletes, and artists, pursue standards of excellence that are set by their respective institutions. Adherence to these norms may be costly in terms of foregone opportunities to make money; e.g., good doctors will not perform medically unwarranted but profitable services. “Sphere differentiation should not be confused with complete sphere segregation.” (147) There are obvious advantages to the availability of a market sphere through which artists, doctors, etc., can sell their services - rather than relying on the patronage of the wealthy or of the state. However, if market norms are allowed to overwhelm institutional norms, we face the dangers of greed, diminished autonomy, artistic pandering to popular taste, and worse. One remedy is to maintain employment opportunities in both profit and non-profit institutions.

Some have argued that only market norms should govern the sale of professional services -- that whoever pays for a good may refuse to pay for any goods that fail to meet her preferred specifications. This argument has been used to defend government censorship of the arts: it assumes that the state is a customer, who can exit projects that do not satisfy its preferences. This market approach to government funding ignores the fact that for certain projects the state is very unlike a customer -- one of its most important aims is to expand the range of significant opportunities open to its citizens, not to satisfy the majority’s preferences. Government sponsored art, even distasteful art, offers to minority views opportunities for expression that may be foreclosed in market settings.

PERSONAL RELATIONS AND THE MARKET

Market intrusion within the personal sphere tends to disrupt the pursuit of its distinctive ideals: intimacy and commitment. Transactions involving goods proper to the personal sphere are ideally regulated by gift exchange norms rather than market norms. Consumers may exit market exchanges without penalty, but the refusal of an appropriate gift is an insult. Unlike market transactions, which involve the exchange of distinct, impersonal goods, gift exchange affirms the bonds between donor and recipient and aims at realizing a shared good. Also, reciprocity in gift exchange may occur over the long term, while delays in market exchanges are grounds for legal action.

It can be demonstrated that freedom and autonomy are supported when gift exchange norms, rather than market norms, govern human sexuality and conduct within marriages. If this is right, liberal pluralism offers reasons against the legalization of prostitution and extreme efforts to fix the terms of exchange in marriages, e.g., through elaborate contracts.

POLITICAL GOODS AND THE MARKET

Political goods can be secured only through a form of democratic provision that is governed by three types of political norms. First, non-exclusive political norms imply that everyone has access to political goods, not just those who pay. Next, political goods should be distributed according to public principles that are responsive to need rather than to unexamined wants. Finally, political goods emphasize voice (rather than exit). These norms embody the two ideals of social democracy: fraternity and democratic freedom. Provision of political goods through the market mechanism undermines these ideals by diminishing our capacity to value and realize ourselves as fraternal democratic citizens.

LIMITATIONS OF MARKET IDEOLOGIES

Market ideologies, such as libertarianism and welfare economics, claim that most expansions of markets represent gains in freedom and welfare. Against this, the liberal pluralist argues that these gains appear to follow only if freedom and welfare are defined in the same limited terms to which the market responds. Market ideologies are blind to a more robust, adequate conception of freedom and welfare.

This blindness stems from three errors in value theory. The first error is to define freedom as a matter of expressing one's preferences without having to consider others' values. But the freedom to value things as shared goods requires responsiveness to others' values. The second error is the assumption of individualism: that individual autonomy is given prior to market transactions and is preserved in them. This ignores the fact that autonomy can be undermined by social relations of domination created by markets in goods embodied in the person. The third error is the assumption that freedom is expressed only in the use of exclusively owned goods. This ignores the freedoms we can only enjoy through collective action.

“We are not free to pursue the shared goods of deepest significance to human life within the terms of libertarian freedom alone. The personal and political spheres offer different ideals of freedom. In genuinely committed and intimate relationships we are free to reveal ourselves to others, without having our self-disclosure become the object of another's manipulations in

egoistic market-oriented bargaining. In democratic societies we are free to participate in collective decisions that affect everyone. This is the freedom to be included, rather than to exclude others. When exit is impossible, when decisions concern shared goods, or when freedom can be effectively exercised by all only in public spaces of free and equal association, democratic freedom supersedes market freedom.” (165-166)

CONCLUSION

According to liberal pluralism, the value of freedom can be realized only if the market does not dominate all social settings. “The realization of some forms of freedom, autonomy, and welfare demands that certain goods be produced, exchanged, and enjoyed outside of market relations or in accordance with non-market norms.” (166) This requires a deeper understanding of the ways we value goods, the social relations within which we enjoy them, and the ideals these relations are supposed to embody.

“The difficult task for modern societies is to reap the advantages of the market while keeping its activities confined to the goods proper to it.” (167)