

## Efficient Markets and Alienation

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### Abstract

Efficient markets are alienating if they inhibit us from caring about one another in our productive activities. I argue that efficient market behaviour is both exclusionary and fetishistic. As exclusionary, the efficient marketeer cannot manifest care alongside their market behaviour. As fetishistic, the efficient marketeer cannot manifest care in their market behaviour. The conjunction entails that efficient market behavior inhibits care. It doesn't follow that efficient market behavior is vicious: individuals might justifiably commit to efficiency because doing so serves the common good. But efficient market systems nevertheless have significant opportunity costs. This serves as a corrective to the prevailing assumption amongst welfare state capitalists, liberal egalitarians and market socialists that resolving distributive objections to markets will resolve this relational objection.

### Section One: Introduction

In his *Notes on James Mill*, in 1844, Karl Marx complained that:

...the mediating process between men engaged in exchange is not a social or human process, not human relationship; it is the abstract relationship of private property to private property...men engaged in exchange do not relate to each other as men.

And here's Friedrich Engels (1845):

The relation of the manufacturer to his operatives has nothing human in it; it is purely economic.

I offer a contemporary version of this old objection to markets. I argue that efficient markets alienate us from one another by inhibiting care in market contexts.

Alienation objections to markets have surprisingly few defenders in contemporary moral or political philosophy – certainly as contrasted with distributive objections or concerns about exploitation.<sup>1</sup> One explanation of the waning influence of

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<sup>1</sup> For a sense of the richness of these other discussions, see Cohen (2008), Roemer (2017), Anderson (1993), and Satz (2010). As for the alienation objection: Liberal egalitarians generally avoid critiquing economic motives beyond the basic structure (for discussion, see Scheffler (2010, ch. 4), and Cohen (2008, chs. 1 and 3)). Libertarians are satisfied with exchanges that respect basic rights (cf. Friedman 1970, Brennan and Jaworski 2015).

alienation objections to markets is a problematic inference from the fact that individuals can enter into exchanges for lots of different kinds of reasons. You can sell your cow to help yourself, to help the buyer, or perhaps to help the cow. It is often presumed to follow that any motives that might be required to avoid alienation can be encouraged in market contexts without altering the organizational infrastructure of the market system.<sup>2</sup>

But mere exchange - a voluntary transfer for consideration<sup>3</sup> - cannot have been what Marx and Engels had in mind, nor, for that matter, Philip Wicksteed, when he famously said that (1910, 180):

The economic relation does not exclude from my mind everyone  
but me, it potentially includes everyone but you.

For such a substantive economic relation, we need to turn to the arguments *for* markets. In particular, we need to consider the ethical arguments based on Smithian efficiency models.<sup>4</sup> These ethical arguments provide justification for behavior in conformity with the presuppositions of the efficiency models. A certain social motivational profile is a constituent of the economic systems envisaged by these arguments. As I will argue, motives in efficient market systems have two features – being exclusionary and being fetishistic – that inhibit a range of desirable modes of engagement.

It is often alleged to be an empirical question which motives predominate in which circumstances.<sup>5</sup> But this is an *a priori* result, based on the presuppositions of the efficiency-based arguments for market participation, and drawing on some pertinent developments in moral psychology and normative theory. My critique is directed at any economic system that has justificatory support from the ethical efficiency argument for market systems. The conclusion is that the efficiency benefits of markets necessarily come with a certain cost.

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Discussions among socialists tend to be either uncritical of market alienation (Cohen (2001, 81); Honneth (2017, 16)); or unduly optimistic that the basis for would-be alienation in market relationships can be compensated by other areas of social and political life (Miller 1989, ch. 8; Carens 1981, 204-6). There are two exceptional accounts of Marxian alienation: Brudney 1998 and Kandiyali 2020. However, these theorists do not engage directly with the arguments *for* markets. Meanwhile, a related alienation objection to impartial moral theories has been extremely influential in contemporary moral philosophy: especially Williams 1973, Railton 1984, Wolf 2012b. There are no applications of these contemporary discussions of alienation in moral philosophy back to political economy.

<sup>2</sup> For discussions of this 'mixed motive' defence, see Folbre & Nelson (2000), Sudgen & Bruni (2008), Brennan and Jaworski (2015), Sverdlik (2011), Velleman (2006), van Staveren (2009, 33), Stark (1993), Di Norcia and Tigner Larkins (2000), Lehmann Nielsen and Parker (2012), Jeurissen (2007).

<sup>3</sup> This is the standard definition; for discussion see Brown & Maguire (2019).

<sup>4</sup> It is common (following Sen (1985) to distinguish consequentialist and deontological (freedom or rights-based) arguments for markets. I'll mostly set aside the latter. Among the former, some concern the inculcation of virtues or the egalitarian advantages of markets. I'll mostly set these aside as well. I will focus on that large class of Smith-style invisible hand arguments according to which there is a domain of market activity the nature and point of which justifies a choice principle for participants. Important instances include Heath (2014), McMahon (1981), Jensen (2002), Sen (1977, 1984), Hansmann and Kraakman (2000), Boatright (2000). On the relation between such domain-specific justifications for profit-oriented behavior and 'stakeholder' theories, see Heath (2014) and Hansmann and Kraakman (2000).

<sup>5</sup> And for their part, sociologists tend to restrict themselves to such empirical questions; see, for instance, Callon (1998); Fourcade and Healy (2007).

This cost is not an intrinsic disvalue, or an inherent vice, in market systems. On the contrary, I allow that market motives in market systems, given suitably benign political and social institutions, could manifest mutual respect and a certain kind of community. However, they are incompatible with caring about one another in market contexts – and, as I shall suggest, they also undermine the meaningfulness, authenticity, and prospects for recognition in our productive lives. I think this opportunity cost is very significant. For if there is some alternative economic system that better enables caring productive relations, this could improve the quality of our lives together very significantly. By analogy, consider walking through the Scottish Highlands without looking at the view, or reading *Ulysses* just so you could say you did.

My conclusion falls short of constituting an argument for abolishing markets, because we don't yet have a satisfactory sense of what they might be replaced with. On this point, here's G.A. Cohen (2009):

...the principal problem that faces the socialist ideal is that we do not know how to design the machinery that would make it run. Our problem is not, primarily, human selfishness, but our lack of a suitable organizational technology: our problem is a problem of design.

The present argument is a contribution to our understanding of the socialist ideal. I do not know whether there is any feasible economic system that yields a better balance of all the values that ought to bear on such a thing. That question awaits more interdisciplinary research. I'll say one or two helpful things at the end. But even if there is no feasible non-market economic system, it is important to be clear-eyed about the shortcomings of market systems – not least, so that we can attempt to mitigate them.

## Section Two: Alienation

I will assume that alienation is the state of being problematically inhibited by certain kinds of psychological or social structures from certain kinds of positive engagements.<sup>6</sup> To spell this out more precisely, we would need an account of the following four components: (a) the relevant kinds of positive engagements; (b) which kinds of psychological or social structures inhibit these engagements; (c) how these structures inhibit these engagements; and (d) the respects in which this inhibition is problematic.

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<sup>6</sup> For excellent discussions of alienation, see Schacht, 1970; Kain, 1982; Wood, 1999; Brudney, 2013, 2014; Jaeggi, 2014; Leopold, 2018, and O'Neill and Gilibert 2019; and Kandiyali 2020. For skepticism that there is any single most prominent rendering of alienation see Schacht 1970. I do not quite insist that only social forces yield something that can properly be called "alienation." For instance, it is plausible that scholars can be alienated by a pandemic from engagement with their intellectual communities. Here the inhibitor is not social. Rather, I think this social structure condition nicely distinguishes an important class of cases. Generally, the significance of my argument is conditional upon the importance of alienation as I characterise it, but not *as* a characterization of alienation – and neither as an interpretation of Marx.

The inclusion of a role for social structures enables us to distinguish separations caused by psychological or social forces, on the one hand, from those caused, for instance, by mountains. This nicely ties together two strands in Marx's alienation critique: both our estrangement in capitalism and the role of social structures in causing this estrangement: "As, in religion, man is governed by the products of his own brain, so in capitalistic production, he is governed by the products of his own hand" (*Capital*).<sup>7</sup> We create and sustain the very social structures that – as I shall argue – inhibit us from a range of desirable forms of engagement. It remains an open question whether it is easier to change these social structures than to move mountains.

On the relevant kind of positive engagement. Discussions among Marxists emphasize serving others, and responding directly to their needs. There is a question about how best to understand this. Suppose that I were to serve you, and seemingly respond directly to your needs, but only because I want something from you. This purely instrumental attitude, that one might have towards an enemy or a machine, is not plausibly the kind of direct responsiveness, or service, that the Marxists have in mind. At this point, I find it helpful to draw upon a tradition in recent feminist theorizing that emphasizes the importance of *caring about* another person.<sup>8</sup> I will work with the following necessary condition for caring about someone. If you care about something or someone, then, facing a set of options, one of which bears on their needs significantly,

FITTING MOTIVE: You are non-instrumentally motivated by the fact that the option would impact their needs.

Something like this condition is widely assumed to be necessary for non-alienation, even among theorists who do not talk about care as such.<sup>9</sup> The operative notion of 'motive' here is conative rather than affective: more like a constituent of one's intention than something one wants. For example, someone who purports to care about the homeless in their neighbourhood, but is not motivated to do anything to help, thereby fails to care. Someone who does help

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<sup>7</sup> These two strands are partly reflected in the different usages of "Entfremdung," for the state of being estranged, and "Entäusserung" for the activity that causes the estrangement. Thanks to [redacted] for discussion.

<sup>8</sup> This emphasis on care is part of a broader campaign to give this attitude a central place in ethical theory. The expression 'equal concern and respect' does garner widespread approval. But discussions in mainstream political philosophy generally focus on respect rather than concern. An important exception is Daniel Brudney's work (*op. cit.*). G.A. Cohen (2009) defines one sense of the value of community in terms of caring relations, but sadly doesn't talk much about care anywhere else. For some background on care, see Diemut Bubeck (1995), Joan Tronto (2013), and [redacted]. It is important to distinguish care *about*, which is the attitude I am concerned with, from care *for*, which is an activity of needs meeting (cf. Wells (2019, ch. 2)). For some discussion of the distinct question of the compatibility of markets and care for, see Sugden and Bruni (2008) and the reply by Folbre and Nelson (2000). I do not assume that all alienation involves the inhibition of care. One might be alienated in virtue being inhibited from respecting someone, or admiring them, or trusting them, or being in on a joke with them. But I will focus on instances of alienation that do involve the inhibition of care.

<sup>9</sup> Here is Cohen (2009): "I serve you not because of what I can get in return by doing so but because you need or want my service, and you, for the same reason, serve me." Here the contrast with instrumental motives is explicit. See also the condition of "meeting the needs of others" in Kandiyali (2020, 565); a basic constituent in completion in Brudney (1998, 169); and the idea of community members being 'for each other' in Honneth (2017, 23).

the homeless, but only in order to gain esteem from others for doing so, also fails to care. I assume that such motives are moderately counterfactually robust. If you care about someone, you will be motivated to help them out even if doing so is burdensome.

In caring about someone, one is not just responsive to their most basic needs – their health, bodily integrity, and most fundamental rights. In friendship, for instance, the spontaneous indulgence of a whim can be just as meaningful as the meeting of a more basic need. Likewise, a pastry chef might show their love by agonizing over tiny details in a cake. I assume that all caring about something is caring about that thing in a particular way, or equivalently, in some particular social role, for instance caring about someone as a baker, a friend, a teacher, a fellow citizen.<sup>10</sup> In part, these different roles will yield different ways of thinking about the kinds of needs one is most responsive to.

However, while all caring is caring *qua* role in this sense, not all caring is part of an ongoing relationship. One can care about a stranger one has just met,<sup>11</sup> and one can do so by playing one's part in a suitably structured institution.<sup>12</sup> However, I do assume that caring about someone is at least *potentially* part of a relationship, in the sense that actions that manifest care are generally signaled as such, and that this signal is ideally recognized by the recipient; the recognition by the agent of this recognition by the recipient in turn "completes" the caring action.<sup>13</sup> I'll say more about this towards the end.

One can care about things other than people, of course – for instance one can also care about products and activities and ideals. The FITTING MOTIVE condition naturally extends to caring about other things for their own sake, with responsiveness to needs substituted by substantive conditions for honouring the value in question (cf. Anderson 1993). A good baker will be responsive not just to nutritive needs but also aesthetic considerations, for instance, and a builder not just to the function of a building but its form.<sup>14</sup>

Let me turn now to the question of why the inhibition of care in productive contexts is problematic. The first part of the answer is that caring about one another in production is an important good in life.<sup>15</sup> But this claim is itself contentious, and calls out for further explanation.

Marx explained this in terms of self-realisation. We can distinguish a stronger and weaker interpretations of this idea.<sup>16</sup> On the stronger view, facts about human nature explain why certain ways of living are good for humans. I'm pretty

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<sup>10</sup> Cf. Slote (2003), Blum (1990).

<sup>11</sup> Bubeck, (1995, 232). Even Nel Noddings, for whom, notoriously, all care is personal, agrees with this point; see (1984, 39).

<sup>12</sup> Cf. Bubeck (1995).

<sup>13</sup> For detailed discussion of this notion of completion, see Brudney (1997).

<sup>14</sup> In part, this point has missed in the ethics of care literature due to a tendency to focus on the narrower notion of caring for, which is more plausibly restricted to basic needs. This is another respect in which the broader notion of caring about is better suited to systematic ethical theory.

<sup>15</sup> I restrict my attention to questions about being problematic in terms of a loss of important values rather than in terms of a conflict with standards of justice. For discussion of the claim that non-alienated labour is a requirement of justice, see Kandiyali (2020, 584).

<sup>16</sup> Compare the distinction between narrow and broad perfectionism in Hurka (1993, 4).

skeptical about appeals to human nature in the theory of value. It is not clear what 'human nature' refers to, if anything. And the most plausible candidates get the extension wrong – it seems to be part of human nature that we do all sorts of ghastly things. A weaker view appeals to 'autonomously chosen activities featuring people's development and exercise of their creative and productive capacities in cooperation with others' (Gilabert & O'Neill 2019; Elster 1986). This definition clearly makes sense of Marx's emphasis on individuals being able to work creatively, flexibly, and spontaneously – for their work to become 'a prime want.' But it doesn't quite explain the connection between self-realisation and value, either in caring about others or in caring about the 'laws of beauty.' Kandiyali gets closer to capturing both the subjective and the objective aspect: on his interpretation "one realizes oneself by providing others with the goods and services they need for their self-realisation" (2020, 576). This seems more extensionally plausible. But I'm not convinced there is a single fundamental idea here, rather than several. My argument does not depend upon the details of any specific way of thinking about self-realisation, or really, about anything distinctively involving self-realisation at all.

The important point, dialectically, is there are a number of values at stake in production, that may or may not admit of some further systematisation.<sup>17</sup> Firstly, there is what we might call *meaningfulness*: the value of caring about those one is serving, and being directly responsive to their needs as such, and the related value of caring about aesthetic and other values in one's productive activities. These are instances of meaningfulness as Wolf (2012a) understands it, and perhaps also virtue, as Hurka understands that (2001).<sup>18</sup> Secondly, the *authenticity* in producing creatively and spontaneously, and being responsive to one's own values (cf. Blum 1990). This applies both to caring about others, and also caring about one's craft as such.<sup>19</sup> And finally, various different kinds of *recognition*: recognition that someone cares about meeting your needs; recognition that someone recognizes your care; and recognition that we all care about working together in ways that realise all these different kinds of values. These are all substantive conjectures in value theory, and I cannot say more to defend them here. I'll suggest that all of these values, in different ways, are inhibited by efficient markets. To keep things manageable, I'll mostly focus on caring about those one serves.

### Section Three: The Ethical Efficiency Argument and the Alienation Objection

#### 3.1 Marxist Objections to Capitalism

I presume that 'capitalism' picks out that subset of market systems in which one class disproportionately owns the means of production, and the other, in virtue of that fact, systematically earns less than the value of their labour.<sup>20</sup> The primary

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<sup>17</sup> In fact, I think that Cohen's notion of community (2009) better systematizes these values, but I won't press the point here.

<sup>18</sup> It is not a coincidence that Hurka (1993) criticizes perfectionism, and Hurka (2001) develops this powerful alternative (see his discussion of this point in 2001, vii).

<sup>19</sup> Here's Marx in the *Grundrisse*: "...external ends become stripped of the semblance of merely external natural necessity, and become posited as ends which the individual itself posits—hence as self-realization, objectification of the subject, hence real freedom, whose action is, precisely, labor. (Gr 505/611)

<sup>20</sup> This is the first condition of capitalism in Fraser (2014, 57), Cudd (2012, 6), and Gilabert & O'Neill (2019). See also see also Elliot (1976, 165).

motivation for market-based socialisms is to retain the consequential benefits of market systems while avoiding capitalist inequality and exploitation. I remain neutral about whether the market socialists are right about this – that these broadly distributive injustices can be resolved, at least in principle, in the context of non-capitalist market systems (cf. Miller 1989, Carens 1981, Roemer 2017). However, I think the alienation objection applies to all efficient market systems. In this sense, the alienation objection cuts deeper than the inequality and exploitation objections. The version of the argument I develop is compatible with the presumption of robustly socialist background institutions – and indeed, I will presume them in what follows.<sup>21</sup>

### 3.2 The Ethical Efficiency Argument

My argument targets the behavior that would be justified by the efficiency argument. The ethical efficiency argument takes Smith-style invisible hand efficiency models as a premise, as it were, and advocates the kind of behavior, in the relevant role-specific contexts, that would realise Pareto efficiency. This is a domain-specific indirect consequentialism, with a very restricted axiology. This principle does not direct individuals to perform efficiency-maximising actions. Rather they are directed to conform to their roles in the efficiency-promoting system.

The most significant version of such an ethical theory has been developed by Joseph Heath (2014; see also McMahon 1981). Heath focusses on the manager in a mid-sized firm. Each manager is directed to promote the profit of their own firm, within a range of ‘beyond compliance’ constraints: in addition to being respectful of contracts and basic legal infrastructure, managers ought not engage in monopolistic behavior, for instance by colluding to keep prices higher than the market clearing price, and they ought not to exploit informational asymmetries, for instance by misrepresenting the quality of their products. The rationale for these constraints is provided by reflection on the ideal functionality of the market system, namely to use price-responsiveness to allocate scarce valued resources across the system efficiently. Call this commitment to pursuing the profit of their firm subject to the constraints their *commitment to profitability*.

An individual marketeer might have such a commitment for different reasons. Importantly, they might have this commitment precisely on the basis of the indirect consequentialist justification. Assume that they do. This justification is not one of their first-order motives; it is a higher-order justification for the principle that issues in these motives. But it is not morally idle. Such a benevolent marketeer might be reliably disposed not to participate as an efficient marketeer if they come to believe that doing so would not conform to an optimal rule (either on the ethical grounds that this was not the right rule, or on the economic or psychological grounds that the conjunction of the various assumptions didn’t hold).<sup>22</sup> Indeed, the whole community might be known to accept the authority of market principles on this basis; this might be a source of considerable solidarity and mutual respect.<sup>23</sup>

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<sup>21</sup> This is clearest with the Carens’ scheme, in which individuals are explicitly directed to earn as much pre-tax income as possible in private firms, in order to do their social duty.

<sup>22</sup> Cf. Miller (1989, 221); Brennan (2012); Thomas (2011, 1126).

<sup>23</sup> Compare Miller (1989/2002, 221). Hence G.A. Cohen hyperbolized when he said that the market is “intrinsically repugnant” (2009). Likewise Marx (1844): “The only wheels which [capitalism] sets in motion are *greed* and the *war of the avaricious – competition*.”

The target is that general class of economic systems characterized by the kind of behavior that would be justified by the efficiency argument for markets. Not all economic systems characterized by this behavior are efficient, since other conditions for the efficiency arguments might not be satisfied. And the extensiveness of his behavior will always be a matter of degree. It is this behavior that constitutes the social structure that inhibits care in productive contexts.<sup>24</sup> Since the extensiveness of this behavior in a society is a matter of degree, the extent to which caring behavior is inhibited in a market system is a matter of degree, and hence the extent of alienation in such a society will be a matter of degree. This will be significant when we come to think about institutional recommendations.

### 3.3 The Exclusion-Fetishism Argument

In my view, the primary instance of alienation is the owner-manager's relationship with customers, employees, and competitors.<sup>25</sup> I focus on owner-managers of mid-sized firms in competitive markets. Grant all the assumptions needed to support the indirect consequentialist justification of their commitment to profitability, and assume managers and other economic participants accept this justification for their commitment. Assume the most benevolent of background political and social institutions.

There are two ways the marketeer's motives in market contexts might meet the FITTING MOTIVE condition: either if they have fitting motives alongside their market motives, or if their market motives are themselves fitting motives. I argue against these in turn. The commitment to profitability is exclusionary. This rules out FITTING MOTIVES alongside market motives. And market motives are fetishistic. This prevents market motives themselves from meeting this condition. I argue for these two claims in the next two sections. In the final section, I respond to three objections.

One further restriction is important. The ethical efficiency argument for markets is, to some extent, constrained by the 'problem of the second best' (Lipsey & Lancaster 1956), according to which, if the optimal conditions for some outcome don't obtain, it doesn't follow that approximating those conditions will

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<sup>24</sup> An alternative view, which is consistent with this but not entailed by it, is that the ideology that supports efficient market behaviour is alienating. This is more directly analogous to the alienation objections to consequentialism.

<sup>25</sup> In virtue of these alienated relationships, managers are also alienated from their product (insofar as they are not guided by the meeting of needs as such, but by the prospect of exchange at market prices), and their own activity (assuming they have the right values). This relation of alienation is symmetric with other profit-oriented competitors. Customers are derivatively alienated from profit-oriented managers, and from their products, insofar as the manager's commitment to profitability is sufficient to preclude a certain relationship of caring recognition between them (more on this later). Customers may also be alienated non-derivatively from products and producers insofar as they exchange products precisely in response to the maximization of their household's narrow material interest (as required to avoid 'consumption externalities'); but I do not address this question directly here. Employees may also be non-derivatively alienated in the same way, e.g. in a willingness to switch from one job or community or product to another just on the basis of income-maximisation. (Here I'm distinguishing the alienated manager deciding to sell inferior widgets from the alienated worker readily disposed to make them.) For reasons of space, I also do not address the fiduciary relationship between shareholders and managers, and between managers and employees.

approximate the outcome. It follows that the ethical efficiency argument does not, as such, provide support for a system of mixed commitments – to profitability and other pertinent ‘stakeholders.’ It is unclear what becomes of the ethical efficiency argument when individuals are systematically representing a range of different interests in their price-oriented behavior.<sup>26</sup> I’ll consequently restrict the discussion to unmixed commitments. It is a task for future work to consider ethical arguments for mixed commitments in second-best market systems.

## Section Four: Part One: The Exclusionary Argument

### 4.1 Exclusionary Commitments

For a commitment to be exclusionary is for that commitment to be inconsistent with being motivated by a certain class of reasons in the relevant context.<sup>27</sup> Exclusionary commitments are rather common. Perhaps you promise your partner to decide which school to send your child to just on the basis of your child’s education, and hence not on cost, or impacts on others, or nostalgic preference (Raz 1976). A good teacher will grade a paper on its merits, unmotivated by the impact on the student’s career prospects. A good judge would be unmotivated by their personal relationship with the accused.

There are three earmarks of exclusionary commitments. Firstly, these other considerations – e.g. concerning the impacts of your school choice on other children – are still reasons, in some relevant sense. Relating to this, secondly, one may well be affectively responsive to them: perhaps regretful about these implications. And thirdly, one might be motivated by these considerations in counterfactual contexts. Perhaps one sends an email, expressing regret that one couldn’t bend the rules in this case. But still, one will not be *motivated* by these reasons in the context of deciding about school choices.

### 4.2 The Commitment to Profitability is Exclusionary

The commitment to profitability is exclusionary. The efficient marketeer will make decisions – about which products to sell to whom under what circumstances, about hiring and firing, about which products to produce or discontinue, which factories to open and close – all on the basis of what will best promote the profitability of their firm, and not on the basis of loyalty to staff, or a sense of pride in making beautiful clocks.

The rationale for this is given by the efficiency argument itself.<sup>28</sup> Marketeers ought not engage in monopolistic behavior, for instance by colluding to keep prices higher than the ‘market clearing’ price. This rules out not just self-interested behavior to keep prices high, but also putatively altruistic behavior on behalf of

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<sup>26</sup> On this point, see especially Sen 1984; see also Matthews (1981), Heath (2014); Hansmann and Kraakman (2000).

<sup>27</sup> Raz (1976). In Raz’s work, *being exclusionary* is a normative property stating a normative relationship between one reason and some others, according to which the first reason – the ‘higher-order’ reason – makes it the case that one ought not respond to the others – the first-order reasons. I am introducing a psychological analogue of this normative relationship.

<sup>28</sup> A separate argument for exclusion maintains that managers have fiduciary duties to shareholders (cf. Friedman 1970), and that such duties are themselves exclusionary. I continue to set aside such deontological approaches to market ethics.

other firms. Imagine one firm saying to another: “We won’t lower our [firm A’s] prices, to capture your [firm B’s] market share, since that would mean that you [in firm B] would need to cut your salaries.” It is an open question whether the market at large will be better served by having firm B producing the same gizmos less efficiently; with firm B’s production process being valued by the market more highly than it should be; with the price of gizmos being higher than it should be; which in turn might lead to consumers buying more gadgets rather than gizmos, even though gadgets produce less utility, etc. In short, the ‘kindness’ to firm B is naïve in this case. Imagine firm B says in turn, “thanks, we will return the favour by reducing our production of widgets so that you can capture more market share at your higher production price.”

In the efficient market system, in responding to prices one already takes into account the impact of one’s market behavior on peoples’ interests. To attend separately to those interests on their own terms would involve a kind of ‘double counting’. Attending to those interests separately would involve – so the argument maintains – a kind of naivety about the systemic nature of the decision-making context. For by giving this good to this person below market price, you are expectably depriving some needier person of the same resource or expectably creating less with more – either way misallocating scarce social resources. Any sensible economic ideal – an ideal that avoids ‘romantic anti-capitalism’<sup>29</sup> – will require individuals to have some sensitivity to the social value of the scarce resources they employ in their productive activities, which in turn will require one to follow some kind of information-responsive allocation principle. The market provides such a principle.

Significantly, all three features of exclusion apply to efficient marketeers. Firstly, the commitment to profitability involves not being motivated by the excluded first-order reasons in market contexts; it doesn’t entail that these other considerations are not reasons. The prospect of a loyal elderly employee’s subsequent financial troubles – call him ‘Morrie’<sup>30</sup> – and the fact that he has been loyal to the company for many years are bona fide reasons. The commitment to profitability excludes motivation by these reasons. Secondly, the commitment to profitability does not entail that the marketeer in charge will be indifferent to Morrie’s plight altogether. It may be that the efficient marketeer has a range of affective (rather than motivational) attitudes that someone who cared would have. Perhaps the marketeer greatly regrets having to make this decision; wishes it were otherwise. The marketeer may also manifest caring motives towards Morrie outside the market context. But the efficient manager would not show preferential treatment, for instance by allowing Morrie to work for an extra month until he is eligible for retirement. Nor would the efficient marketeer, considered just as such, be in any way motivated to do so, since doing so would only hinder profitability. And thirdly, were it not for the exclusionary commitment, the agent might well be motivated to help. This is compatible with caring about the other more generally – and might well be common knowledge between the two of them. The marketeer might well be motivated to help Morrie in other contexts, and perhaps to apologise that economic imperatives forced the choice in this case.

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<sup>29</sup> Miller (1989/2002, 208).

<sup>30</sup> Morrie Cohen was “dismissed because it no longer paid the boss to pay him” (Cohen, 2000, 181).

These exclusions only apply in the appropriate contexts. One's commitment to being a good teacher only constrains one's motives qua teacher. If you are grading your son's paper, your commitment to being a good teacher excludes facts about his prospects from motivating you. But these facts can reasonably motivate you when he falls sick during class. The exclusionary nature of efficient exchange does not mean that buyers and sellers cannot care about each other at all. It means that the efficient buying and selling cannot manifest<sup>31</sup> their caring about each other.

This is important. I'm not arguing that you cannot care about someone with whom you interact on efficient terms in market contexts. I'm arguing that your efficient market interactions cannot manifest your care about each other, given that care involves the FITTING MOTIVE condition. That is all I need for my argument. Excluding care-based motives in a context is not incompatible with manifesting care in other contexts. But it is incompatible with manifesting care in this context alongside one's market motives.

### 4.3 Exclusion in Non-Ideal Contexts

It is important to reiterate that the exclusionary nature of the commitment to profitability manifests itself in non-ideal contexts (so long as they are not *too* non-ideal<sup>32</sup>). To see this, just think about other exclusionary activities. I am no perfect teacher, and I do not operate in a perfect educational system. But I still omit to give students grades on the basis of need rather than merit. And, in doing so, I am often not motivated at all by their need. The footballer for a small club playing against a large club decides whether to pass or shoot just on the basis of what will most likely result in a goal. That footballer is utterly unmoved by the thousands of opposing fans whose days will thereby be ruined. The exclusionary nature of promising, requesting, planning, etc., also clearly persist in non-ideal contexts. Similarly, in deciding who to fire, who to hire, who to buy from, who to sell to, on the basis of profitability, one is thereby not (first-order) motivated at all by the welfare of implicated individuals (compare Wicksteed (1910, 180; Heath, 2014, 102).<sup>33</sup>

## Section Five: Part Two: The Fetishism Argument

### 5.1 The Fetishism Argument

The exclusion argument purports to establish that one cannot manifest care in addition to efficient market motives in one's participation. But this leaves open the question whether one's market participation might *itself* manifest care for one's co-participants. For comparison, the promise only to consider one's child's welfare in choosing which school to send them to, while exclusionary, is clearly compatible with manifesting care for one's child. In this section, I'll argue that the motivations of efficient marketeers are fetishistic and so fail to meet the FITTING MOTIVE

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<sup>31</sup> I intend 'manifest' to mean something like 'partially constitute' here, rather than the sense of 'manifest' in which it is consistent with the possibility of insincere signaling.

<sup>32</sup> Under *sufficiently* non-ideal conditions I permit welfarist considerations to influence my grading. And likewise with efficient markets. But then we encounter second-best problems, as noted above.

<sup>33</sup> It is an interesting question for another time how the exclusionary nature of efficiency connects with the exclusionary nature of property more generally, which latter is also clearly significant in non-ideal contexts.

condition. Of course, the central point here isn't exactly that the end is fetishistic – and as it will turn out, that term has a somewhat slippery meaning. Rather, the point of the discussion of fetishism is to draw out the contrast with FITTING MOTIVES.

We can start with this. Caring about an end for its own sake, and hence, *inter alia*, being motivated by its interests as such – is fetishistic if the end is not valuable in itself.<sup>34</sup> It may still make perfect sense to adopt the end. Trying to score more goals than the other team, or bag all the Munros, or start work at 9am would be fetishistic if one cared about these things for their own sakes.

Consider an analogy with ecological systems. We might aim to increase ecosystem health, not because we care about the ecosystem, but because we care about the individual animals in the ecosystem and aiming to increase ecosystem health is the best way to help all the affected animals given either our ignorance about the holistic dynamics of the ecosystem or the difficulties and risks in intervening accurately. As this example suggests, it might make perfect sense to have a fetishistic end in a sufficiently complex system given a sufficiently challenging epistemic situation. And indeed, this is a decent metaphor for the kind of epistemic challenges presented by the standard Hayek-style knowledge arguments (cf. Hayek, 1945), building on a Smith-style market system.

The efficient marketeer's orientation is fetishistic. The efficient marketeer *qua* marketeer is directed - by the terms of the efficiency models, their own functional role, and the associated ethical arguments – to promote profit in market contexts. This end, the profitability of their firm, is not itself non-instrumentally valuable. Even efficiency as such – the avoidance of social waste – is not non-instrumentally valuable. Rather, it is the state of having avoided certain opportunity costs. I'm eating a banana and you an orange when we would prefer to have switched; but I still really like bananas.

Of course, sometimes giving someone a bonus, or retaining an inefficient elderly employee, or improving safety standards, will improve overall productivity. Happier and safer and more secure workers are generally more productive. The profit-maximising marketeer will be motivated to provide such a bonus. Strictly speaking, though, the marketeer's motive is of the form 'this happiness-inducing action will make these workers more productive,' not simply 'this happiness-inducing action will make these workers happier.' Not only do facts about persons fail to appear in the content of the efficient marketeer's motives, facts about their welfare also fail to appear.<sup>35</sup> Furthermore, the efficient marketeer will abandon any motivation to take the option that benefits some salient individual (whether an employee, customer, or what have you, and irrespective of their non-market relationship) in a market context whenever doing so ceases to contribute to profitability (subject to the constraints). Just as enlightened self-interest isn't altruism (being nice to someone's mother so they'll go out with you isn't a way of caring about their mother), so enlightened profitability does not manifest care for co-participants.<sup>36</sup>

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<sup>34</sup> Cf. Smith 1994, 75; Frankfurt (1988). Marx uses 'fetish' slightly differently; for discussion see Leopold 2018.

<sup>35</sup> Cf. McMahan (1981, 269) on the irrelevance of 'proper names' in market decisions.

<sup>36</sup> For further discussion of 'enlightened' behavior in market contexts, see Jensen (2002, 245) and Heath (2014, 79). This applies to both of two schools of thought – the Walrasian

The argument here is analogous to, but cuts deeper than, the objection to impartial moral theories that they yield unduly abstract motives in friendly contexts. The Act Consequentialist can avoid some of these concerns because they can be motivated by considerations bearing on an individual's welfare *as a way* of caring about the general welfare. But the marketeer's objective is not to promote the general welfare, nor even to promote a part of the general welfare. They are at least two removes from that objective. They are aiming to promote the profitability of their own firm, thereby to promote efficiency, which can contribute to the general welfare. Facts about the good of individuals don't play any role in their first-order reasoning at all.

## 5.2 The Sophisticated Marketeer reply

This appeal to the consequentialist literature suggests an alternative response. I have been assuming that the efficient marketeer is always motivated by profit as such. But this assumption is actually rather dubious. Managers who ruthlessly fire staff, close factories, and lower the quality of their products in precise responsiveness to profitability calculations, are probably less successful at promoting the profitability of their firms than managers who exercise compassion, show loyalty, and who *are* guided by the 'laws of beauty.'

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'coordinating' model and the more recent 'creative bargaining' model (Ostroy and Makowski 2001).

The coordinating model assumes (like the welfare theorems) that competitive firms are, by and large, price takers, so that the marketeer is responsive rather than proactive; prices direct activity, in the first instance, and individual market participants merely respond in profit-oriented ways. Managers need not be looking for ways to make profit *at each other's expense*. Rather, they respond to prices as given representations of prevailing social valuation of scarce resources, in ways designed to maximise the profit of their own firm. On this coordinating model, managers can continue to manifest creativity in their choice of what to produce, and their non-market choices, such as the division of tasks, between workers, and between workers and managers.

The coordinating marketeer knows people only make exchanges that benefit themselves relative to social cost. They know that in hiring and firing, buying and selling, their allocations of resources, in also being so responsive to interest and social value, conform to optimal efficiency rules. Everyone just wants resources allocated with maximal efficiency, and everyone knows the rules. So, when the cost of one factor increases, so that employers have to lower wages, they expect to lose a percentage of staff, and the staff know this too. No hard feelings. Similarly, the coordinating marketeer isn't *competing* with the customer either, really. The price is the price, and you have whatever stock you have, and they want it at that price or they don't. There is a sense in which they are competing with their competitors, of course, for each is trying to innovate the production process to capture market share. The proscription on exploiting information asymmetries doesn't require one to share new production techniques.

On the bargaining model, marketeers bargain 'creatively' for the terms of an exchange; and prices reflect this bargaining process. Individuals need to attend carefully to the particular situation of their opposite number, and to the needs and interests of consumers in the future, and they need to respond creatively and dynamically to opportunities that they see and create. Here, individuals are more actively engaged in the market process as adversaries. A defence lawyer might work hard to defend a client they know is guilty only because of their common-good argument for the adversarial trial system. Likewise, the bargaining marketeer might work hard to make a profit at another party's expense only because of their common-good argument for the adversarial market system.

Profitability, like happiness, is not best promoted directly.<sup>37</sup> The standard on motives yielded by the ethical efficiency arguments is even more indirectly consequentialist: have whichever motives most conduce to one's firm's profit-maximisation (within the beyond compliance constraints). Hence, if there were various caring motives that better conduced to profit-maximisation, these would, in fact, be justified by the ethical efficiency arguments. Consequently, the objection continues, the marketeer can, at least in some cases, meet the FITTING MOTIVE condition while complying with the efficiency models. This 'sophisticated marketeer' (modelled on Peter Railton's (1984) 'sophisticated consequentialist') is not simply a long-game profit-hunter. Their motives are conditional rather than instrumental. They really do (take themselves to) care about their customers, their products, and their employees. It is just that these concerns are regulated by a higher-order disposition to retain such a set of commitments in market contexts only if it conduces sufficiently to profitability over some suitable time-horizon.

There are two problems with this defence. The first is that it can't capture all the cases. A manager who is only motivated by loyalty, compassion, and aesthetics might survive for a while in a competitive marketplace. But insofar as they are genuinely responsive to some higher-order condition of long-run profitability, there will be many situations in which they face a choice between these values and their commitment to profitability. Indeed, the main point of the ethical efficiency arguments is to provide a justification for the kinds of deviations from 'ordinary morality' that are likely in competitive market contexts.<sup>38</sup> They have some justification for prioritising profitability in such cases, namely the ethical efficiency argument, together with the presumption of political institutions that provide unemployment benefits, lifelong education, etc. It follows that the sophisticated marketeer will not have sufficiently robust fitting motives.

The second problem concerns their commitments themselves. Consider an analogy from Cocking and Oakley (1995). An ambitious young philosopher befriends an older professor to advance their career. The young philosopher comes to care about the older professor. But the conditionality remains: if the relationship ceased to be professionally advantageous, the younger philosopher would withdraw. This relationship is better than acrimony. But still, there is clearly something problematic about this relationship. According to Cocking and Oakley's diagnosis, the 'governing conditions' of the young philosopher's commitment to the relationship are incompatible with friendship. This explains our inclination to say that the young philosopher doesn't *really* care about the older professor.

Likewise, there is something problematic about our sophisticated marketeer. The problem is not just with their first-order motives, which I grant will sometimes meet the FITTING MOTIVE condition. The problem is rather with their governing conditions – their commitments themselves. They often ask after your children, but they won't consider the impacts on you or them in deciding to switch production knowing you'll lose your job and probably have to move across the country. Again, there is a good rationale for this, and I'm not saying the choice would not be justified all things considered. I'm just drawing attention to a feature of the practical reasoning of the efficient marketeer. Just like the ambitious

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<sup>37</sup> Cf. Railton (1984, p.140 and following)

<sup>38</sup> See especially McMahon (1981).

philosopher, the nature of their commitment, and not just their motives, is in tension with what it is to care about their employees in market contexts.

## Section Six: Three Objections and Some Refinements

I have argued that the exclusionary and fetishistic nature of efficient market participation ensure that participants in efficient systems fail to meet the FITTING MOTIVE condition. I now consider three objections to the conclusion that efficient markets are alienating. The first points out that some exclusionary and fetishistic activities are unproblematic, for instance competitive games. I argue that this analogy is misleading. The second asks whether we might avoid alienation by caring beyond the market by meeting personal needs in our free time and meeting basic needs with non-market systems. I argue that there would remain an opportunity cost to any marketized allocations. The third points out that FITTING MOTIVE is modelled on small-scale interactions and suggests that the commitment to profitability may be a satisfactory way to care about one another as economic participants. I argue that there are too many degrees of distance between service and need in market systems.

### 6.1 The Games – Markets Analogy

Lots of activities are exclusionary and/or fetishistic without being problematic. Exclusion is a common feature of social roles, as illustrated by the examples of judges, teachers, etc. Some activities are both exclusionary and fetishistic: in particular, competitive games. But competitive games seem utterly unproblematic. I have argued that efficient markets are exclusionary and fetishistic, but it doesn't follow that they are in any way problematic.

Games are usefully analogous to efficient markets in various respects: both involve intrinsically valueless ends (e.g. getting a small ball into a distant hole) and, at least in the case of competitive games, both are exclusionary (since one ought not be motivated in the relevant context by one's opponent's concern to win). Games have a process-inducing end rather than an intrinsically or consequentially valuable end.<sup>39</sup> This offers another line of defence for efficient markets. A sensible marketeer will recognize that the pursuit of profit is not something valued for its own sake, but rather for the sake of the efficiency benefits that ultimately accrue across the system.<sup>40</sup>

The problem with the analogy is this. Games are, paradigmatically, attempts to engage in otherwise *unnecessary* activities (Suits, 2005). You wouldn't be running around on a court, or hitting a small ball with a metal stick, if you weren't playing tennis or golf. But we would still need to look after elderly people, build houses, educate students, heal the sick, clean our toilets, etc. even if there were no market for these activities. This is true of lots of other institutional activities as well. If we didn't have the institution of 'parent' or 'teacher' or 'judge' or 'marriage' there would still be child rearing and educating and punishing and love.

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<sup>39</sup> Cf. Nguyen (2016, 125); set aside so-called 'serious games' (Flanagan 2013).

<sup>40</sup> Compare the argument in Miller (1990, 221).

It is plausible enough that efficiency is the ‘point’ of a *market* system.<sup>41</sup> But it doesn’t follow that efficiency is the only point of all our economic behavior. The organizational structure of markets – extrinsic motivation, competition between firms and between firms and customers, decentralization information provided in exchange, a certain division of responsibilities, all impartially commensurated across a massive system – is clearly not essential to all the underlying economic activity (even if we attend just to traditionally marketized activities, setting aside reproductive labour, caring labour, state-based economic activity, etc.). This raises the question of what are the relevant values at stake in all this economic activity. Plausibly enough, efficiency is a desirable feature of any economic system, *pro tanto*, and other things being equal. But in the case of economic organization, other things are never going to be equal. And it is not at all plausible that the avoidance of waste (together with certain property rights) is the *only* desirable feature of all this economic activity.<sup>42</sup>

Interestingly, it would be better if economic organization were *more* like the organization of games, in one sense. Games are designed to realise values instantiated in the activity rather than by consequences of the activity. In the case of markets, the opposite is true: the system is not designed to be responsive to values instantiated in the activity at all (beyond respect for voluntary choices). The system is designed consequentialistically, in this sense. But there are many values that can be instantiated in productive activity. This is where there is the potential for a tremendous opportunity cost. Just as the value of friendship is not just the value of the benefits that friends provide for each other, the values realizable by participants in an economic system far outstrip the benefits of efficiency.

I offered a sketch of some of these values earlier, referring to meaningfulness, authenticity, and recognition. The dialectical point, in response to the games-markets analogy, is simply that there are many important values at stake in economic activity, many of which are central to the good life, and many of which are inhibited by efficient market participation. There is, in consequence, a significant opportunity cost to markets. Rather than games, markets are more analogous to activities in which some end is pursued without realizing the values that can be instantiated by alternatives: opaque but moderately efficient bureaucracies, or ‘teaching to the test,’ or walking through the Highlands without looking at the view.

## 6.2 Caring Beyond the Market?

Consider another objection. Even if market interactions themselves fail to meet FITTING MOTIVE and thereby fail to manifest care, the market system is just one part of a larger system of social organization. Individuals are free to manifest care for one another in their personal lives and perhaps in their political lives. (And, their market interactions may well manifest mutual respect.) This line of thought is naturally allied with skepticism about whether care in production is a necessary constituent of the good life. The alternative suggestion is that, insofar as care about others is a constituent of the good life, what matters is that one cares about others

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<sup>41</sup> Compare the title of Heath (2019): “Is the Point of the Market Pareto or Kaldor-Hicks Efficiency?”

<sup>42</sup> It is likely that Joseph Heath would agree, since he understands the end of Pareto optimality as a ‘third best’ solution to the problem of economic organization (2014, ch. 7).

*in certain domains*, and perhaps that one cares about others *enough* across the sum total of one's social interactions.

One thing this argument yields is an ethical justification for *limits* to markets, precisely at the point at which they begin to restrict the scope for individuals to manifest enough care for one another. This is already an interesting result, for this argument is not represented in the contemporary literature on the ethical limits of markets, most of which focusses on specific goods (such as organs or sex), or types of goods (such as 'noxious' goods in Satz (2010)), rather than on the opportunity costs of extensiveness of the commitment to profitability in social life as such.

This connects with another line of defence specific to market socialism. Suppose that our basic needs were guaranteed beyond the market: not just health care and lifelong education, but guarantees of free time, a safe working environment, well-designed recreational spaces and robustly funded public arts. Throw in a comfortable basic income. There are tricky political and economic questions about provisioning this, but set them aside for now. Suppose that market systems were carefully restricted just to the distribution of private resources that we merely want – leather jackets, haute cuisine, and subwoofers. It seems reasonable enough that people ought to trade-off their access to some of these goods with their access to others. Suppose that sufficient overlap might be found between such a restricted market system and the domain of mere wants. Does this offer the prospect of a market without alienation?<sup>43</sup>

I don't think so. There are two key points here. The first point is that we can manifest care not just in the meeting of basic needs but in providing anything of significance to someone. You can manifest the fact that you care about me by fixing either teeth or my speakers. By doing the latter, you can also manifest your care about music appreciation.

The second point is that the non-market values under consideration (meaning, authenticity, recognition) are at stake even in relatively small-scale interactions.<sup>44</sup> My meeting your need and your meeting mine, each out of concern for the other, realizes more value than our exchanging the same items each for our own sake. The opportunity cost is, in that sense, *intrinsic* to an efficient market system of any size. But this value is also accretive. As relationships and institutions based on such mutual care constitute more of our lives together, with them grow relationships of trust<sup>45</sup> and loyalty, and mutual dependency, greater scope for compassion, less vulnerability, and, perhaps, less existential angst. Or to put the point conversely, the degree of alienation plausibly increases with the significance and extent of needs that responded to 'abstractly' rather than directly.

### 6.3 Caring Roles in Organised Institutions

This line of thought relates to a third objection, this time to the necessity of FITTING MOTIVE for care. I relied on the FITTING MOTIVE condition to argue that profit-oriented market behavior is exclusionary and fetishistic. However, the FITTING MOTIVE condition is drawn from paradigmatic cases of caring in *personal* contexts.

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<sup>43</sup> Thanks to [redacted] for this line of reply.

<sup>44</sup> This is implicit in Cohen's 'camping trip' example (2009).

<sup>45</sup> On the contrast between trustworthiness and mere reliability, and some connections between trustworthiness and continuities across one's commitments, see Baier 1991.

As noted earlier, all caring is caring in a particular role. In large institutional contexts, individuals can conform to a specific social allocation rule that itself mediates an individual's responses. It seems plausible that one might care about another by conforming to such a rule, even if one's motives don't thereby meet FITTING MOTIVE. And indeed, this might be the best way to think about conformity to price in a massively integrated economic system. Hence, it may be argued that the FITTING MOTIVE condition is the wrong standard for economic interactions, and furthermore that conformity to the price rule just is how one manifests care for another *qua* economic participant.

Consider an example. Suppose it is your job to allocate scarce indivisible medical resources in your community. You need some rule for allocating them. First-come-first-served would permit distributive sensitivity to too many arbitrary considerations. Suppose that you conscientiously decide that only patients with a certain degree of severity will receive the resource. You withhold the resource on this basis. All this is common knowledge. Is your relationship with the patient in any way problematic?

I'm inclined to think not. But take a case in which a patient of yours has less than the requisite degree of severity. You know that due to their other symptoms, in fact their prospects without the resource are poorer than those of the average person with the requisite degree of severity. This is all common knowledge. In this case, you are forced to choose: between the allocative rule that rules out provision, and personal concern that calls for provision. If you choose to follow the rule, you indirectly signal your prioritization of your professional duties over your personal concern. This might be perfectly acceptable – most relationships permit moral conditionality of some kind. But it might start to feel as though the role itself is alienating the patient from the doctor in this case.

Now consider the situation in which you, as merchant, are withholding a medical resource (e.g. ibuprofen, or a preventive dental procedure) from someone unwilling to pay the current market price. Assume that willingness to pay corresponds to need, and that the current price is properly responsive to the balance of supply and demand of the resource (and all the other resources which bear on its production) across the economy. Here, the market price plays the role of allocation rule. You withhold the resource on this basis. All this is common knowledge. Is this sufficient for caring about the patient?

I don't quite think so. Start by thinking about the opening assumption in the first case: that it is your job (alone) to allocate specific resources to a specific population, in response to their needs just for that resource. In the case of the market, the allocation rule is responsive to all resource use across the global economy. It may be true that an individual accepts their role in the market system because everyone's doing so serves the common good. But the choice principle that guides their motives and behavior in particular market contexts leads them to make decisions on the basis of considerations that are too distantly related to the needs of the person they are ostensibly serving. There are various kinds of additional distance.

Firstly, the price of the good is sensitive not just to the supply of this resource and the demand for this resource. It is also sensitive to the supply/demand functions for all the other resources that bear on its production. This sensitivity is, famously, invisible to the individual at the point of withholding a resource. This has a

familiar upside, but also a less familiar downside, since the very invisibility of the mechanisms determining price means that often neither of us can know why you are withholding a good from me in a particular instance. This contrasts with the ideal case of medical distribution where rules will be transparent both to the agent and patient.

Secondly, an individual's willingness to pay a certain amount for a good is a *ratio* of need for this resource and needs for every other marketized good. To show the difference, contrast a single adult with an adult with financial dependents, but with otherwise similar consumption patterns. Assume that the single adult needs the resource slightly less (for an equivalent health outcome). Still, plausibly the adult with dependents will be willing to pay less for the resource. In fact, willingness is not just a ratio of needs, for it is rather than individual's own representation of this ratio, which will be epistemically imperfect, and also susceptible to influence by various pragmatic factors.<sup>46</sup>

Thirdly, the rule-following doctor allocates resources not simply on the basis of a self-report of needs (whether based on a ratio or otherwise). Rather doctors are actively attentive to the needs of the people they are responsible for, over time, and in response not just to their expertise about health but also their knowledge of the community. Efficient marketeers will fail to be responsive as such to the standards of good housebuilding, or good breadmaking, or good public health – or indeed, by any type-specific standards at all. The pressures to maximise market share reward optimization thinking rather than ideal-oriented thinking, which, in turn, lowers trust in aesthetic and engineering expertise. The implications are, by now, proverbial.<sup>47</sup> And even if market pressures lead me to making excellent sourdough loaves, this will be a kind of coincidence, rather than an outcome guided by my own values.

Fourthly, the allocation system will usually itself be larger. The allocating institution in the market case is not the firm but the entire market economy. The logic of invisible hand arguments pushes for more extensive markets: more competition, more substitutes, more flexible factors of production (and including labour), etc. This is also part of the 'logic' of the microeconomic models: the tendency is to bring more phenomena into market contexts – consider the Pigouvian (1920) response to externalities – or at least to use the logic of the market to police its own boundaries – here consider the Coase-ian approach to transaction costs (1960). There is also an assumption of scale in Hayek's 'knowledge' argument (1945); in suitably small collectives, there will usually be better ways to get the information.

These are all degrees of organizational distance between one's work and another's need satisfaction. The greater this distance, the more 'abstract' and less 'direct' one's relationship with the eventual meeting of a need (if there is one). Consequently, the less one can expect recognition for one's work, and the less one is completed by one's task.

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<sup>46</sup> Compare Elster on adaptive preferences (1986, 107).

<sup>47</sup> See, e.g., Marcuse (1964). One interesting implication concerns the relation between the market and activities that take place over a considerable period of time (cf. Tronto (2013, 129).

## Section Seven: Institutional Implications

This discussion has suggested various approaches to mitigating alienation. One is to limit the scope of markets, meeting the most basic needs in some more deliberate way, and distributing on market terms only things that we merely want. This is an instance of a more general strategy. The extent of alienation in society is responsive to a number of gradable properties, in particular the degrees of distance between service and need: the invisibility of the price system, the complexity of trade-offs manifested in market behaviour, the exclusion of non-price-related information, and the overall size of the economic system. The extent of alienation in a society can be mitigated by institutions that are designed to reduce these degrees of distance.

But these reforms will run up against the grain of the efficiency arguments themselves, which, as noted, are constantly pushing to expand the domain of the market and to purify the standing of its own rules in its own domain. It is an open question for further interdisciplinary investigation what will remain of the efficiency arguments when the extent and nature of the market domain is modified this way or that to accommodate alienation concerns.

But market socialism is not the only alternative to a decentralized market system. There is another important class of alternatives, called ‘municipal socialism’ or ‘participatory socialism’ or ‘socialism from below’ (cf. Hahnel & Albert 1991, Guinan & O’Neill 2019, Robertson 2020). Here the emphasis is, in the first instance, on decommodifying the means of production, reallocating control of capital from private corporations to local municipalities. This approach is more directly a response to worries about exploitation and inequality, set aside earlier; but this approach would also address worries about alienation, insofar as individuals and communities are empowered to reorganise production to meet one another’s needs. Furthermore, an economic system that motivates by intrinsic values rather than extrinsic incentives, and that is based on cooperation rather than competition, could even be more efficient than a market system. The emphasis on management ‘from below’ also offers a prospect for addressing Hayek’s ‘knowledge problem’; as noted, plenty of knowledge is underutilized by exclusionary responsiveness to the price system. These are all further questions to be addressed in the pursuit of a more ‘suitable organizational technology’ for socialism.

The central point is that the very depth and complexity of our productive interactions is a tremendous – and currently missed – opportunity to realize a range of important values in our productive lives. It seems worth entertaining the prospect of a more caring alternative: with individual caring relationships that are collaboratively responsive to relevant distributions of abilities and needs, at all levels of organization: the level of a particular service, an individual role, a particular organization, an industry; and that preserves important continuities with the values at stake in our un-marketised commitments – for instance reproductive and domestic labour, aesthetic pursuits, productive traditions and our relationship with the environment.<sup>48</sup>

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<sup>48</sup> Thanks to [many people].

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