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Markets, Interpersonal Practices, and Signal Distortion

Barry Maguire & Brookes Brown

Stanford University & Clemson University

They do not love that do not show their love.
William Shakespeare, *Two Gentlemen of Verona*

> … if through a *living expression* of yourself as a loving person you do not make yourself a *beloved one*, then your love is impotent — a misfortune.
>
> Karl Marx, 1844 Manuscripts

1. Semiotic Arguments

Semiotic objections to market exchange of goods or services maintain that such markets signal an inappropriate attitude to the goods or to associated individuals, and that this provides a weighty reason against having or participating in such markets. Such objections are to be distinguished from more familiar worries, for instance that markets in particular goods lead to exploitation (e.g. markets in prostitution or child labor), promote harmful behavior (e.g. markets in chemical weapons), or violate people's rights (e.g. markets in slaves). Semiotic objections focus on the meaning, signal, or expressive significance of an exchange. According to Michael Walzer, for example, "… when medieval Christians condemned the sin of simony, they were claiming that the meaning of a particular social good, ecclesiastical office, excluded its sale and purchase."[1] Elizabeth Anderson has said that "prostitution is the classic example of how commodification debases a gift value and its giver." Similar claims have been advanced with reference to a wide variety of goods by scholars like Debra Satz, Michael Sandel, David Archard, Peter Singer, Margaret Radin, and others.[2]

Recently, Jason Brennan and Peter Jaworski have developed an important argument that aims to undermine all semiotic arguments against markets in one fell swoop.[3]

1. Walzer (1982, 9).
2. Singer (1973), Radin (1987), Archard (2002), Satz (2010), Sandel (2012).
3. Brennan and Jaworski (2015a, 2015b).

The first step in Brennan and Jaworski's argument is to argue that any semiotic norm underwriting the significance of a market exchange is contingent.[4] That is, it is not necessary that this norm obtain, and if it had not obtained, a market exchange of the good in question would not have had the relevant significance. By analogy, there is a semiotic norm operative in swaths of the United States according to which raising a middle finger expresses contempt. But without this norm, raising a middle finger might have meant nothing, or something else entirely. In parts of the United Kingdom, two fingers (middle and index) are required to convey the same thing.

The second step concerns the consequential value of market exchanges. Tens of thousands of lives might be saved each year if people with money and no kidneys could enter into market exchanges with people who have kidneys but not money.[5] There are different ways this argument might go. One thought is that *individual* market exchanges are always *positive sum* games; another is that *markets* — systems of market exchanges — produce a range of distributive benefits. The former thought is dubious. Indeed, if I would be expectably better off with one more kidney and less money, and you with one kidney fewer and more money, then, other things equal, the relevant market exchange will make both of us better off. But this is dubious as a universal hypothesis. There is nothing built into the *nature* of market exchange that rules out the possibility that you and I can voluntarily agree to terms that make both of us worse off and neither of us better off.[6] In any case, the more active thought for our purposes is the latter, concerning the systemic values produced by markets. This one is, by contrast, important and uncontroversial. Markets have "accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals."[7] There is a range of ways in which markets produce value. We'll introduce some of these later on. We'll call this broader claim — that markets are sources of considerable value — the *productivity* thesis. This thesis forms the basis of the case against semiotic objections to markets.

Brennan and Jaworski's third and most controversial step is to argue that, given the productivity thesis and absent some further rationale, anti-market semiotic norms have no ethical significance.[8] As they point out, their conclusion is also plausible regarding various other kinds of semiotic norms. It applies, for instance, to the norms according to which it is unladylike to lift weights, or unmanly to express emotions, which impose costs without any evident gain. These norms have little to no weight in ethical assessments of behavior.

On these grounds, Brennan and Jaworski conclude that semiotic arguments against markets fail. They don't really argue for any particular consequentialist analysis of norms. Instead, they spend their time on the offensive. There is so little to be said for such arguments, they suggest, that it is reasonable to believe many advocates are just rationalizing disgust.[9] Indeed, they contend that making a semiotic case against markets is not just mistaken, but actively immoral.[10]

We certainly don't agree with these last two claims, and we are agnostic about whether some kind of consequentialist analysis has the final say in this part of ethics.[11] However, we are happy to accept that a

4. Strictly speaking, their claim is that in the absence of non-semiotic objections to markets, any objectionable semiotics are contingent.

5. Brennan and Jaworski (2015a).

6. To defend the thesis that market exchange is always positive sum (at least in the short term, ignoring externalities), it would need to be the case that people only ever entered into contracts that are in their best interest. To defend this, in turn, it would need to be argued that voluntary actions maximize the satisfaction of an agent's preferences, and that satisfying an agent's preferences improves her well-being. Both principles are highly questionable. People regularly act for no reason, or perverse reason, or altruistic reason, or through weakness of will.

7. Marx and Engels (1848).

8. Brennan and Jaworski (2015a; 2015b, part V).

9. Brennan and Jaworski, (2015b, 1077).

10. They hold that it is "morally objectionable to maintain a meaning system that imbues a practice with negative meanings" when the practice would alleviate harms, as they believe markets do (Brennan and Jaworski 2015b, 1077).

11. For instance, one of Brennan and Jaworski's most formidable opponents, Elizabeth Anderson (1993) has argued on first principles against consequentialism.

harmful semiotic norm in the absence of any rationale has little, if any, ethical significance — even if that practice is very difficult to change.[12] Our goal is to provide one such missing rationale for anti-market semiotic norms.

2. Deontological and Consequentialist Semiotic Objections

Many semiotic arguments against markets — including those quoted above — have a deontological flavor. Such arguments maintain that buying and selling goods communicates *disrespect* towards the goods or services being exchanged, or towards stakeholders in the exchange.

Many of these arguments are derivative upon other objections. For instance, if a market is exploitative, then one's knowing participation in that market will express, other things equal, one's lack of concern for this exploitation. Or if the distribution of disposable income is unjust, one's willingness to actively acquire goods which this injustice makes unavailable to others (concierge doctors, Hamilton tickets) may convey one's disinterest in the wrong.

Perhaps the fact that this type of derivative semiotic complaint is so common explains why there has not been any attempt to defend a semiotic objection to markets on its own terms. Such claims about disrespect are the focus of much of the debate, and the clearest target of Brennan and Jaworski's argument. But we set such deontological semiotic objections aside.[13]

We are interested in a broadly consequentialist semiotic objection.[14] The basic worry is that markets undermine a range of valuable social practices. This is a prominent theme in Marx's early writings. In the *1844 Manuscripts*, elaborating Shakespeare, he said that '… money … appears as this distorting power both against the individual and against the bonds of society."[15] A few years later, the *Communist Manifesto* proclaimed that the market had "torn away from the family its sentimental veil, and has reduced the family relation to a mere money relation."[16] The focus of this argument is not, in the first instance, on what market exchanges signal, but on what they *fail* to signal in the semiotic *opportunity costs* of expanding markets. There are incompatibilities between what *productive* markets signal and what various other social practices do.

The key point is that the contingency thesis — which pertains to semiotic norms in isolation — is consistent with a wide range of important constraints on semiotic norms. In particular, there are various constraints on *combinations* of semiotic norms. Even if it is true that any piece of behavior might have signaled S1, and it is true that any piece of behavior could have signaled S2, it doesn't follow that the same piece of behavior might have succesfully signaled both S1 and S2. If 'da da' means everything, it means nothing. Or imagine if traffic lights were all the same color.

There is a variety of types of signal distortion. Here is one example: The (likely apocryphal) story goes that as the election was called in his favor, the newly elevated John F. Kennedy turned to the people in the room and said, "I will never make another friend." His point was that he would no longer have good evidence that any apparent signal of friendship was genuine. Here's another example: Jack reads Jill's book, and loves it. Jack wants to express his admiration to Jill. But, as they both know, to signal politeness he would be required to signal admiration. These overlapping signals make it impossible for Jack to express his genuine admiration, and for Jill to have any uptake.[17]

12. Compare the helpful analogy with gendered norms in Brennan and Jaworski (2015a, 1070).
13. Except to say this: If our argument succeeds, it will provide a consequentialist rationale for a norm sustaining expressive opposition to certain markets — namely, those which threaten important social practices.
14. For non-semiotic consequentialist objections to markets, see Titmuss (1971), Singer (1973), and Satz (2010).
15. Marx (1844).
16. Marx and Engels (1848). Compare Anderson (1993, 142–143) and Archard (2002, 95).
17. Signal overlap involves a cost in these two cases. But such overlap can also be helpful. The shared features of signals that indicate sadness or joy permit cognitive economy, e.g. when a hug indicates both greeting and affection. Signal overlap also makes for great comedy.

We focus on the signaling behaviors that play a crucial role in a range of interpersonal social practices — in particular care, testimony, and esteem — rather than the goods familiar from debates about commodification: prostitution, surrogacy, sales of kidneys. You signal your love for Jones, or your confidence that *p*, or your admiration for the performance, in various ways in your behavior: with a kiss, or an assertion, or applause. Markets in these behaviors would distort these signals in various ways.

These costs must be considered in any consequentialist defense of marketization. The most obvious cost is that such markets would make it harder for there to be signal *uptake*. For instance, once it becomes known that people are paid to attend funerals of strangers, or paid to argue that tobacco isn't all that harmful, or paid to applaud arias, it will be harder for the family of the deceased to know how many audience members attended to express their respect for the dead, and harder for the public to trust cigarette-related science, and harder for the singer, or the pundits, or the audience to know how well the aria was received. Markets also make it harder for these attitudes to be *expressed* at all. The genuinely appreciative members of the audience will be less able to effectively signal their enthusiasm. Genuine science may be impugned. Or to take another of Brennan and Jaworski's examples, once it becomes known that authors routinely cite in their acknowledgements whoever pays most for the privilege, it will be much harder for you to genuinely acknowledge the friend who helped you with your project.

These signaling failures are significant. It is important, for various reasons, to signal that we care about things, admire things, believe things. As William Shakespeare and Karl Marx both point out, signaling is a crucial part of many personal relationships and social practices. These, in turn, are sources of significant contributions to well-being, they have substantial consequential benefits, and they are plausibly intrinsic sources of value in their own right. At the limit, many of these practices would be impossible without effective semiotic norms. At the end of the day, the consequentialist analysis will have to be undertaken with an eye to a range of different systemic costs and benefits — from markets, as the productivity thesis notes, but also from these non-market social practices.

An important methodological point: Our strategy is to appeal to the features of markets that are necessary for the productivity advantages, and to argue that those very features are responsible for a range of signal distortions. We intend thereby to side-step the 'markets-schmarkets' objection, according to which for any objectionable feature of markets there is another system of exchange, just like markets but lacking this feature, which is unobjectionable.[18] Our conclusion is that there will inevitably be trade-offs between the productive advantages of markets and these semiotic opportunity costs. Importantly, we will not be making the case for any given good. In the spirit of Anderson and Walzer, we provide a semiotic rationale for protecting a "sphere" of behavior from marketization.

3. Signals, Norms, and Evidence

Consider a few paradigm cases of signaling: a kiss, a wave, a public vote, a slap on the face. These behaviors are not essentially signals for what they are signals for, i.e. in virtue of their natures. They are signals in virtue of their relationship to semiotic norms operative in the context. A *semiotic norm* is a norm in a context that associates a piece of behavior in some situation with some signal or expressive significance.[19]

Semiotic norms are not merely abstract rules. They obtain in a context in virtue of certain psychological facts and some kind of epistemic condition in particular. At the least, a goodly number of people in the context need to believe that the behavior in question has the

18. Brennan and Jaworski (2015a, 55). Compare Enoch (2006).

19. We do not mark any significant distinctions between signaling and expressing. We certainly do not assume that signaling must be intentional. For the state of the art in speech act theory, see Fogal et al (2018). For discussion of related issues in legal theory, see Adler (2000), Anderson and Pildes (2000).

relevant significance, in order for the behavior indeed to have that significance.[20]

We don't assume that the intention to signal that S is sufficient for signaling S. Though the village idiot believes that drinking a latté expresses a love for the devil, it doesn't. This follows from the social nature of semiotic norms. We also don't assume that the intention to signal that S is necessary for signaling S. You can inadvertently insult someone by failing to be apprised of local semiotic norms.

For a signal to be correctly interpreted by some observer, she must have evidence of the signal and what it signals, and she must update rationally based on this evidence. Let's assume that observers are rational, so that they update correctly based on their evidence. Then what some event signals for a given observer is a function of the server's evidence bearing on the event. Part of the evidence bearing on the event is not evidence about the event, but evidence about pertinent semiotic norms. If everyone apart from you knows that behavior B signals disrespect, but you have no evidence about this (through no fault of your own), then you will not take behavior B — as performed by someone else in the context — to signal disrespect. Moreover, since the obtaining of a norm is sensitive to whether people believe it obtains, if enough people fail to believe that some behavior has expressive significance, it may thereby fail to have that expressive significance.

4. The Significance of Market Exchange

So what does a market exchange signal, if anything? Let's start by asking what a market exchange involves. Following Brennan and Jaworski and the convention in legal theory, we will say that a market exchange is a voluntary exchange for consideration.[21] The exchange is undertaken on the basis of a voluntary (usually implicit) contract, the terms of which the parties to the exchange (usually implicitly) accept. If I give you an apple in the morning and you give me an orange in the afternoon, we need not have engaged in a market exchange. Neither the apple nor the orange was a *quid* exchanged on the condition of the relevant *quo*.

Similarly, though a little more subtly, I can perform a service for you knowing that you will give me money afterwards for doing so, without performing the service for the money — even if I really need the money. Perhaps I know that you really need the service performed, but your pride would permit it only if you provided consideration. This is a case of a service provided with consideration but not *for* consideration. I did not perform the service on the condition that you give consideration. For instance, when you spend your weekend helping a friend's child with her homework, you might expect to receive a bottle of wine in return, but you don't do it for the bottle of wine (in most cases).

The consideration need not be money, gold, or anything substitutable. Exchanging my apple for your orange could be a form of exchange for consideration. The consideration also needn't be objectively valuable. It doesn't even really need to be subjectively valuable, that is, an object of desire. The fact that I have voluntarily agreed to exchange my apple for your orange does not entail that I desire an orange (absent further assumptions). The consideration just needs to be something the agent is voluntarily willing to contractually exchange.

There are, however, some restrictions on what can count as consideration in order for the exchange to be recognizable as a market exchange. The consideration is not merely the benefit the service provides for the recipient. For then, one would be selling one's life when one dived on the grenade to save one's friends. The consideration needs to be a good or service put at the disposal of the seller (who may request the good to be given to a third party, or simply destroyed). The seller receives property rights in the consideration as part of the exchange. It is then up to the seller's discretion what they do with those property rights.

20. This condition is likely not a strong as the "common knowledge" requirement in Lewis (1969); compare the discussion in Binmore (2008).

21. Here, we follow a long history in legal theory whereby exchanges for consideration are distinguished (among other things) from 'gratuitous promises' undertaken without contracted *quid pro quo* (see the seminal opinion in *Mills v. Wyman*, 20 Mass. 207, [Mass. 1825]).

So described, market exchanges need not take place in a market. It will be important to discuss markets soon enough, but our argument will be more compelling if we focus on individual market exchanges for now.

According to a familiar complaint, market exchanges are necessarily self-interested. But this is clearly a mistake.[22] For one thing, you might voluntarily exchange A for some B out of benevolent concern for my financial circumstances, or to give me business, or to promote my line of work (perhaps fair-trade merchandise). Or perhaps you exchange your beloved heirloom for a guitar that you give to a talented penniless youth; or perhaps you exchange that heirloom for money to donate to disaster relief; or perhaps you spend the proceeds on marshmallows and pornography. The point is that these further matters are left entirely open by the exchange itself.

Let's suppose that Angela exchanges some A for B with Mildred. Further suppose that the terms of the exchange are *adequate* in the following sense: The consideration fully compensates Angela for the good and any costs of exchanging it (e.g. bringing it to market).[23]

Here is the key question for now: What does the fact that Angela exchanges A for B signify about Angela's attitudes *towards Mildred*? Here, it is important that we are asking just about the semiotic properties of a complete description of the event *qua* market exchange. The exchange does not signify that Angela is indifferent towards Mildred. It does not signify that Angela desires to profit at Mildred's expense, or anything like that. Neither does it signify benevolence towards Mildred. Presumably, it signals a minimal amount of respect for Mildred as a potential participant in a market exchange. In one important respect, this is a key point in the history of markets as an egalitarian institution (more on this later).[24] But otherwise the exchange (considered just as such) signals *precisely nothing* about any personal attitude of Angela's towards Mildred.

The exchange does, however, signal *something* about Angela's attitude towards A and B. The exchange signals that Angela is willing to exchange A for any consideration at all (which could be very significant if A is her wedding ring, for instance); that she is willing to exchange A for B; that she believes she is entitled to exchange A on such terms; and that she believes the other party has matching attitudes.

At this point, there isn't much more we can say about what a market exchange signals *just as such*, ignoring, so far as we can, all other background facts, including background norms. In any real-world case, the significance of an event involving a market exchange will almost always advert to a range of *contrastive* facts. Did Angela exchange A for B with Mildred *rather than* someone else? Or with Mildred for B *knowing she could have gotten far more*? Or for B *knowing it would cost Mildred tremendously to exchange at that rate* (even though the exchange at that rate would be better for Mildred than no exchange at all)? Such facts as these are available to play key signaling roles. For instance, Angela can signal her care for Mildred *while* exchanging for consideration by accepting different terms, e.g. by exchanging A for less than B. We'll elaborate on this shortly. For now, the point is to show by contrast that exchange for adequate consideration, without such contrasting facts, fails to signal much of anything on its own.

At this point, we can introduce the first clear case of a semiotic norm bearing directly on market exchanges. In order for prices to be effective in signaling supply and demand, individual exchanges have

22. Cf. Wicksteed (1910).

23. As noted above, not all exchanges outside of a microeconomic context are adequate. Set aside two complications. Firstly, when you sell your watch to help pay for your mountain bike, you are worse off in one respect. You loved that watch. You are better off *overall*, but a little worse off as far as having a watch goes. Following microeconomic tradition, we'll ignore such local costs. Secondly, if you are suitably virtuous, helping others may *increase* your well-being. To side-step this, we restrict the notion of adequacy to one's interest *narrowly construed*.

24. It is plausible that by participating with each other in a market exchange, two agents thereby signal their acceptance of the practice and their respect for each other as participants, at least in these restricted circumstances. But this is a pretty minimal kind of respect — not much different from the respect we pay to vending machines. And importantly, it is not personal; it is consistent with the norms of substitutability we'll discuss later.

to be taken to signal a more general willingness to exchange at a given rate. The relevant semiotic norm pertaining to many market exchanges is that a market exchange at a market price, absent other defeaters, signals the participant's more general willingness to exchange those goods at those rates of exchange. This is a contingent semiotic norm. It is clearly not essential to market exchanges, not least because a market exchange need not involve anything like a market price. But while market prices, or their associated norms, are not essential to market exchange, they play a key role in explaining many of the productive advantages of markets.[25] An effective price system solves Hayek's knowledge problem, rendering knowledge of the millions of little explanations of need and provision unnecessary for effective distribution.[26] Prices are a function of facts about the willingness to exchange of situated individuals, and these facts are signaled by their individual exchanges. The number of cinema tickets to see *Frozen* signals that people liked the movie — which they did. The price of townhouses in Greenwich Village signals that these living spaces are desired — which they are.

It is common to think of prices as playing both this informational function and a motivational function.[27] Indeed, when Brennan and Jaworski talk of the advantages of commodification, they rely on just this latter feature of market relations. They write of kidney markets, for example: "you aren't kind enough to give away your extra kidney to a stranger, but you might do it for $100,000."[28] Consequently, the fact that someone is willing to exchange A at some rate is also evidence that they are motivated to exchange A at that rate. It is not evidence that they would exchange A for less, but it is evidence that they would exchange A for more. Of course, these facts may be false of some individuals' motivational profile. As we have said, perhaps Angela knew she could have exchanged A for more than B, but demurred for benevolent reasons. But as a rule of thumb, the assumption about incentives is warranted. And since it is known that this is warranted, if one wished to avoid signaling one's willingness to exchange more generally, it would behoove one somehow to signal this by recourse to some additional signal underwritten by some additional semiotic norm.

25. As Greg Mankiw has written, "the price system is the baton that the invisible hand uses to conduct the economic orchestra" (Mankiw 2012, 83).

26. Hayek (1945).

27. Meade (1964). For an application to market socialism, see Carens (1981).

28. Brennan and Jaworski (2015a).

5. Other Norm-Governed Interpersonal Practices

5.1 Caring

At this point, we can introduce a key feature of caring practices. An important signal of the fact that you care about someone is that you are willing to serve them — to do something that benefits them — at some cost to yourself. This is why it is significant that you drop everything to see your friend in hospital, or that you go to great lengths to bake your father's favorite cake, or that a runner sacrifices his own victory to help his brother across the finish line.[29] The behavior that intentionally incurs such a great personal cost is a very effective signal of care for someone, other things being held equal.

This is not the only way to signal that you care about someone. Your emotions also play important signaling roles. The fact that you were really upset when the bad thing happened to me, or really pleased when the good thing happened, signals that you care, absent defeaters. You also signal (without cost) your care by the simple fact of expressing a thought about someone — perhaps sending a text to wish them luck in their 5k or their business meeting, or to ask whether their child has recovered from the flu. Again, this presumes the absence of defeaters. If I have evidence of insincerity (perhaps I am on your review committee), then the text will signal not care, but sycophantism.

Of course, you can also simply tell someone that you care about them. But after all, talk is cheap. The most compelling way to signal that you are willing to serve someone at some cost to yourself is to serve them at some cost to yourself. You can tell someone you'll be

29. Cf. Mather (2016).

there for them, but that won't provide as much evidence as actually putting yourself out for someone in a situation where it is perfectly clear you don't have any ulterior motive.

When you serve someone for adequate consideration, you do not thereby serve them at some cost to yourself. The welfare value of the consideration is equal to the loss in welfare value in the good or service provided together with any associated costs of the exchange. So this exchange (considered just as such) cannot signal the fact that you care.

Minimally, what we are saying is that behavior that would otherwise have played a signaling function — namely serving Mildred — does not do so when the behavior is (openly) exchanged for adequate consideration. We are not claiming that the fact that Angela exchanged the good for consideration is evidence that she does not care about Mildred. We are saying it is *not* evidence that she *does* care. To state the point more abstractly: Assuming the recipient of some service has decisive evidence that the service was performed for adequate consideration, then that very service, taken just as such, cannot signal that the server cares about the served. The exchange lacks the significance it might otherwise have had. As we might say, the caring signal is defeated.

Take an example from Brennan and Jaworski. Imagine that the daughter of a wealthy person tells people she will pay them $10,000 each to come to the funeral. Showing up at the funeral then loses its effectiveness as a signal for the popularity of the deceased — the size of the gathering tells us little about how much people cared for him. This is true even if (as it turns out) the people who show up *really do care* and would have come for free. Since it is reasonable to believe they would come for the pay even if they did not care, the signal is no longer effective.

The key fact here is just that the service doesn't cost the server anything. It just so happens that certain market exchanges (specifically, those that are at least adequate) have this property. Note, other behaviors can also have this effect. Suppose I have an extra ticket to the concert. You are the only person who might want one, and I'll be charged extra unless I give it to someone. So I give it to you. It cost me nothing to give this to you, and it would have cost me something not to. My giving this to you is not a market exchange. But these situational facts play the same role in defeating the signal that my giving you a ticket to a concert might otherwise have had. My giving you the ticket in this situation doesn't signal much of anything apart from my preference for giving you the ticket and avoiding the additional fee rather than neither.[30] Our point is not that market exchanges are unique in this feature. It is simply that market exchanges have this effect in expressions of caring. Behaviors that result from paradigmatic cases of market exchange cannot effectively signal care.

Indeed, there can be cases in which we both know that you are receiving a reward for your service, but not performing the service *for* the consideration. I might know that you would have come to help me even at great personal opportunity cost, yet it might be obvious to us both that if there is a reward on offer, you should take it. But here the service is not conditional, even counterfactually, on the consideration. It is not clear that this is a market exchange at all.

5.2 Testimony

Marketization can interfere with the broader class of testimonial expressions, just as it does with expressions of care. Start with the fact that Brennan and Jaworski sold inclusion in the acknowledgments of their book. For differential amounts, you could be listed in silver, gold, or platinum acknowledgements. This choice involved clear signaling costs. Reading the final pages of the book and learning that these acknowledgements were sold, readers cease to believe the authors are actually "thanking" those acknowledged in the silver, platinum, and gold tiers, all parasitic signaling behavior to the contrary.

30. As in the case of markets, this exchange may signal the absence of certain discriminatory attitudes towards you.

In this case, the defeat is narrow — Brennan and Jaworski fail to successfully signal the kind of appreciation typically associated with acknowledgments. But if the practice became known more generally, the cost would be higher. Were the practice of selling inclusion in one's acknowledgements to become widespread and widely known, the practice of acknowledging would become ineffective, even for those who did not commodify the act. It's the same if it became known that people sold citations, or even arguments.

It is no coincidence that many viral marketing campaigns or lobbying efforts track the signals used in non-market human interaction, such as recommendations by acquaintances or friends. The goal is to trigger responses that would be appropriate because we think you are a *friend* and not a *salesperson*, though your actual role and intentions reflect the latter. Similarly, an obvious worry arises when surgeons are incentivized to perform costlier, but more dangerous, operations.[31] Once this becomes well known, a patient would be well advised not to take the surgeons' advice at face value. This can be true even in a case where people are just being friendly, or using their best judgment. A rational observer would do well to lower her credence in recommendations, making it more challenging for even the best intentioned to effectively testify.

5.3 Esteem

In the case of esteem, we have a range of positive and negative attitudes that we express towards the behaviors of others. We thereby incentivize good behavior and disincentivize bad behavior. We endorse achievements of various kinds — ethical, aesthetic, physical, intellectual — and oppose unethical behavior. We can do this directly by cheering, or more indirectly by writing, for instance, about these semiotic arguments, and thereby expressing our sense of their importance.

To function successfully as a signal for esteem, a behavior must be evidence of the relevant evaluative attitude. Evidence that a person is responding to incentives when they undertake a behavior associated with honoring will reasonably lower others' credence in the signal. Philip Pettit and Geoffrey Brennan make a similar point in *The Economy of Esteem*: "If I do these things [acts of esteeming] in a situation where I manifestly stand to gain … then it will be difficult for me to persuade anyone … that I sincerely hold such beliefs."[32] The existence of a market in a behavior associated with the giving of esteem — for instance, words of praise, a blurb on a book, or a positive peer review — would lower the ability of that action to operate as a signal of esteem even if the actor genuinely holds esteem. This, in turn, would make it harder for these practices to exist. Since esteeming is central to our moral lives, this, in turn, could have very significant consequences indeed. In the words of Peter Strawson:

> The central commonplace that [we] want to insist on is the very great importance that we attach to the attitudes and intentions towards us of other human beings, and the great extent to which our personal feelings and reactions depend upon, or involve, our beliefs about these attitudes and intentions.[33]

5.4 Summarizing: Norm-Governed Interpersonal Practices

In each of these cases, we have social practices in which expressive events play important, perhaps even constitutive, roles. Such events are expressive in virtue of two things: the obtaining of some semiotic norm, and behavior that meets the condition specified by the semiotic norm.[34]

An observer is warranted in taking some behavior to have the pertinent significance only if the following three epistemic conditions are

31. Fader et al (2016) write: "… current U.S. payment structures may perversely incentivize open surgery and financially reward physicians who do not necessarily embrace newer or best minimally invasive surgery practices."

32. Pettit and Brennan (2005)

33. Strawson (1962).

34. Of course, we don't mean to suggest that anyone would be able to say what the condition is. Much of this will be 'physiognomic' (Taylor, *op. cit.*).

met: (i) her evidence supports the obtaining of the semiotic norm; (ii) her evidence supports the fact that the behavior meets the conditions specified by the norm; and (iii) there is no evidence for the obtaining of any defeating considerations.

If the observer has evidence that the behavior is exchanged for adequate consideration, this constitutes a defeater. The mere availability of an alternative explanation for the behavior is enough to lower your credence. That is our main concern. But this may also constitute evidence against the obtaining of the semiotic norm, since that norm obtains only to the extent that individuals believe the behavior has the pertinent significance.

Disruptions to these signals threaten serious costs. Social practices of care, esteem, and testimony are sources of tremendous value in our lives. Caring about and being cared for by others, learning about our environment and sharing information with those around us, expressing blame, praise, admiration, and honor are significant aspects of our way of moving through the world. They represent significant projects, profound elements of our identity, and serious features of how we experience, create, and locate meaning in the world. As such, they have both instrumental and intrinsic value. In turn, a variety of expressions are valuable as central parts of these practices.

Indeed, the costs extend beyond what we can say to the world to touch on how we can be in the world. Caring, for example, is not merely an internal attitude. It is an interpersonal relation. To have a caring relationship is to have a relation with another person who knows that you care, and where in turn you know they care about you. As Shakespeare and Marx remind us in the epigraphs, this publicity is an important feature of the relation. Successful expressions of care are both something we have reason to value when we are in caring relations — we want to undertake acts of caring for those about whom we care, and we wish to tell those we care about that we care — and a prerequisite for entering into and maintaining such relationships.

Here is a potential reply: These interpersonal attitudes can be signaled some other way. Consider a variation on the funeral example. Perhaps a further norm emerges, according to which those who attend the funeral to pay their respects wear a green shirt, and those who are paid to attend wear polka dots. All that is fine as far as it goes. But the problem would reassert itself if people were paid to wear green shirts to the funeral, as they likely would be. Then, on-lookers could no longer rely on these signals as further evidence of affection. Or recall Jack and Jill and JFK. It isn't a mere coincidence that the signals in those cases were distorted. In Kennedy's case, the sycophants have an ulterior motive. In the case of Jack and Jill, the etiquette norm has as its satisfaction conditions compliance with the admiration norm. In both these cases, the tracking behavior is *parasitic* on the signal for the underlying interpersonal practice. Markets and market actors do this too, adeptly and quite deliberately. Think of the infamous case of the Trader Joe's employee fired for having an insufficiently "sincere" smile.

6. In Praise of Market Norms (and Non-Market Norms)

At this point, bearing in mind the productivity advantages of markets, the question arises whether we could signal these interpersonal attitudes *while* exchanging for adequate consideration.

What if there were a semiotic norm according to which one only enters into a market exchange (for some class of goods) with people one cares about? This norm would enable us to use selling things as a way to start a relationship with someone — just as a teenager might help someone with their homework as a way to spend time with their sweetheart.

There could indeed be such a norm. But this would be consequentialistically *dreadful*. To see this, let us sing the praises of some more familiar market norms. These are contingent, to be sure. But in each case, these are norms that serve the productive purpose of markets, and other purposes besides.

First, market exchanges are a kind of closed interaction. That is to say, such exchanges are a species of *quid pro quo* exchange. Once the terms of the contract are fulfilled, neither party owes anything to the other in virtue of the exchange having taken place. The conditions of the exchange are implicitly stated in the contract, and when each party has fulfilled these terms, there is no normative residue. The exchange leaves the parties where they were beforehand, normatively speaking. Perhaps one is more inclined to trust someone with whom one has engaged in a successful market exchange than a stranger, on the margins. But this is an epistemic difference, not a normative difference.[35] Closed interactions entail completion of extant duties, not an invitation to further ongoing obligation-generating interactions. This has the valuable consequence of allowing each party to feel perfectly justified in walking away. The actor Charlie Sheen notoriously said when asked why he hired a prostitute: "I don't pay them to sleep with me, I pay them to go away."

There are also prevailing norms according to which markets are impersonal in various ways, and these norms provide a range of important benefits. Impersonal relationships reduce transaction costs, making it possible for each of us to acquire valuable goods more easily, and, for similar reasons, increasing the efficiency of production in a way that maximizes available goods. This is tremendously beneficial, especially in today's massive interconnected societies. Some goods we would rather not have people know we buy (sex machines, hemorrhoid cream, Tina Turner records), and some goods (lattés, train tickets, laundry detergent) are best procured without having to engage in the social pleasantries that enjoyably accompany personal intercourse. This is not because we want to minimize enjoyable personal intercourse, but rather because we prefer to disaggregate the procurement of laundry detergent from any kind of non-negligible social engagement.[36]

Impersonal norms and closed relationships also permit *substitutability*: I don't know the name of the barista who served me this morning in the Starbucks at Grand Central Station. There are great efficiency benefits to the fact that I can walk away from my relationship with CVS if I learn Walgreens sells shampoo at a lower price. Indeed, an effective competitive market depends on such impersonal relationships, and market structuring features like the legal theory of efficient breach are designed to promote these relations for this reason. So long as I don't develop a personal relationship with my plumber or barista or mechanic, I can switch when my preferences or the prices or the quality of the goods changes. This, in turn, improves the effectiveness with which the price system signals general supply and demand, and redistributes resources where they are most effective, ignoring market failures of various kinds. As David Schmidtz has said in discussing Debra Satz:

> … in a market … workers have a right to walk away. This formal right to walk away changes everything — in principle and in historical practice — liberating people from abject dependence on one powerful person by allowing them to sustain themselves through exchanges with thousands of anonymous and indifferent customers.[37]

These market norms are also anti-discriminatory.[38] As long as I have the money, I can buy groceries. Neither my popularity, nor my sexuality, nor my political ideals impact my ability to get what I need — no one needs to know and no one needs to care. I can even order online and not have to talk to anyone at all.

35. There are also related questions about one's obligations vis-à-vis the object exchanged after it has been sold. If the object breaks immediately, does the seller retain some culpability? Compare the discussion of the distinction between rights and trusts (Anderson 1993). These issues are structurally analogous to questions about obligation-creating versus normatively 'closed' interactions.

36. It doesn't follow, of course, that you are not still obliged to be respectful of the shop owner or sales assistant when buying any of these things; market norms don't completely trump background moral norms.

37. Schmidtz (2011,42). Though see Anderson (2017), who argues that the significance of this 'right to exit' is greatly exaggerated.

38. For some remarks on the history of the market as an institution promoting certain egalitarian principles, see Satz (2010, chapter 3) and Anderson (2017).

We have lots of different impersonal institutions, and they all have their place. We look for impersonal exchange in systems of peer review, in the judiciary, in competitive sports — and correspondingly, there are impersonal norms in all these cases.[39] We would criticize you for privileging your sister in peer review, or on trial, or in a tennis championship. Remember, our thesis is not that there is anything bad about markets or market norms. Markets are extremely productive, and the norms that facilitate that productivity have their own merits.

But they have important limits. There is also a consequentialist case for a sphere of behavior that is protected from markets. There are benefits to having *both* of these norm-governed domains of interaction: market-based exchanges, and non-market-based norm-governed practices of various kinds.

We've considered the value of the norms that track effective markets. As a contrast, personal exchanges — spending time with friends, doing things for our children or partners, helping out in our community centers and churches — have a very different character from these impersonal exchanges in all these respects. When your friend gives you a birthday present, and you accept, you are often thereby obligated to give them one back. Similarly, when you enjoy a dinner party, you are obliged to return the favor. These gifts create obligations to reciprocate. But neither the birthday present nor dinner party is given *in order to* get a present or a meal back. That misunderstands the logic of the exchange.[40] There are two importantly separate signals. Firstly, the gift itself expresses the giver's interest in improving the well-being of the recipient — the fact that she cares about the recipient. But secondly, and more pertinently, the gift expresses the giver's openness to a commitment-based relationship with the recipient. This second signal is sent with an R.S.V.P.: an implicit request for ratification.[41] This is why it is sometimes appropriate to refuse a gift on the ground of being unwilling to ratify this new level of mutual commitment.

The standing commitments that constitute a personal relationship are often *general* in various respects. They are sustained across a range of activities, not just giving birthday presents. We want to know if our friend is trying to learn the guitar, if their child is struggling with third grade geography, if they are considering a divorce, if and how they are going to prank their boss. Moreover, many of us want to know the politics, culture, perhaps even religion of those with whom we enter into personal relationships. We care about whether our friends keep their promises, treat people well, and support gay rights. This point should not be exaggerated. After all, some of our best friends are nihilists, and personal relationships come with boundaries of all sorts. The point is that we accept such more expansive norms for *some* of our relationships; this is sufficient to draw the relevant comparison.

The second respect in which such relationship-constituting commitments are general is that they are *open-ended*. The fabric of obligations is not dissolved by a return of the birthday present the following year, or by a successful dinner party on home turf. If anything, these reciprocal actions strengthen the expectation of ongoing exchanges and the underlying commitment to each other. Additional signals are required to express that you are easing off your level of commitment. Giving a gift in this context is a signal that you embrace these terms and hope the recipient does, too.

Having personal relations raises the costs of a transaction. The people we love are not, in the relevant sense, *substitutable*.[42] If each of us restricted ourselves to buying things from and working with people who we would also accept as close personal friends, and by doing so subject ourselves to ongoing moral obligations and concerns for their well-being, we would not be willing to switch to different suppliers

39. See Canon 28 of the Code of Conduct for United States Judges.

40. We are indebted here to many fruitful conversations with Geoff Brennan. The locution is due to Anderson (1993, 151).

41. We borrow this use of R.S.V.P. from Stephen Darwall, who has maintained in various places that blame comes with such an R.S.V.P., an implicit request for accountability (e.g. Darwall 2006).

42. Compare Kolodny (2003).

when their goods improved or their prices reduced. We might as well be back in the pre-industrial days.

By contrast, market behavior is more efficient when providers of goods and services (including labor services) are substitutable. There are advantages to having a norm according to which market exchanges are permissibly impersonal: This facilitates faster transactions, allows for anonymity, and mitigates a range of discriminatory behaviors.

This is not to say that all market exchanges are impersonal. Of course, individuals with ongoing personal relations can interact in a marketplace. Indeed, this is likely to promote trust, which facilitates future trade. In order to mitigate the difference between these two kinds of practices, one might point to the fact that many businesses have ongoing trust-based relationships, with exchanges of information and goods more relaxed than *quid pro quo.* For example, you can run up a tab at your local grocery store. And on the other hand, there is surely some kind of long run accounting of the terms of reciprocation in personal relationships. If you have invited me for dinner four times, and I have only invited you twice, perhaps you hold back on the fifth invitation.

But there is a profound distinction here between being motivated by one's own interest, even if only in the long run, and being genuinely motivated by the interests of others. This distinction is not imperiled by the fact that short-term or medium-term friendly behavior is often in an individual's long-term interest. Indeed, this is an instance of a more general and more familiar kind of signal distortion (here, think about the long-game sycophant).

All of this means that we will generally take a market exchange to signal one kind of relationship, and not others. So, to the extent that we want to leave room for these others, we will need to restrict the scope of markets. Of course, there isn't any deep distinction between whether one pays for the wedding cake and writes the best man speech, or makes the wedding cake and pays for the speech. The point is that the non-marketized activity signals something that the marketized one does not; this signal would be unavailable if *all* of these activities were effectively marketized.[43]

Again we want to be clear. Markets are not the *only* thing that distort signals, making valuable expressions more challenging or costly. Other kinds of incentives can do the same. John might give his horrid great-aunt a kiss hoping to be included in her will. Sara might write flattering comments about a paper she dislikes in a footnote to placate a rival. Even in the absence of incentives, other factors may make signaling more challenging. Recall, for example, Jack who wanted to speak well of Jill's book but could not do so believably since norms of politeness would require him to say the same things he would out of genuine affection. Etiquette norms distort the practice of providing acknowledgments in a similar manner to that of markets.

This is all grist for our mill. What matters for our purposes is that marketization is among the things that can cause such distortions. When we do a consequentialist assessment of the value of market exchanges (as Brennan and Jaworski and others wish to do), these semiotic costs must be included in our calculations.

Conclusion

Caring, testimony, and esteem are each associated with a cluster of features. Caring is associated with doing something at some cost, fortifying ongoing relationships of mutual commitment, and being motivated by concern for the individual for her own sake. Testimony is associated with expressing one's belief, expressing the higher-order expectation that one's testimony in this matter is reliable, and exhorting

43. We add the qualifier 'effectively' here since the mere existence of the market doesn't have much effect when these activities are clearly not exchanged on the market. When prostitution becomes legal in a legislative chamber somewhere, not all sex elsewhere becomes instantly meaningless, as though by metaphysical magic. The market for nurses doesn't interfere with the signal when one friend nurses another (and neither does a nurse). But although signal distortion may not arise in clearly specified contexts, or from a single exchange, distortion will arise from enough exchanges, and in cases without enough further information. Moreover, the productivity thesis relies on there being enough such exchanges.

the observer to come to share the belief. Finally, esteem is associated with not just the fact that one esteems the event in question, but that one signals this esteem, thereby providing one's endorsement of the event itself and perhaps other events sharing pertinent features. This more general endorsement is key to the social and moral organizing function of esteem.

Markets are associated with a different cluster of features: doing something that provides one with a benefit, that leaves no normative residue, and where the good and the recipient of the good are both *substitutable* in the sense that anyone else offering a similar good with the same terms would have done just as well. Of course, not all market exchanges have these features. You can sell something at a loss to a friend, and you can give them a big hug afterwards. But markets' ability to offer personal incentives, their feature of an availability of impersonal exchanges, and the fact that they are normatively closed are powerful sources of the productive advantages yielded by the market.

These market norms are benign. There is nothing bad about expressing one's willingness to do more work for more pay, or about wanting to buy paper towels without making friends. Indeed, it is quite wonderful that if I have the necessary cash, I can buy those paper towels whatever my haircut, religious belief, or sexual preferences are.

But insofar as these practices involve behaviors that serve as signals for one or another practice, they will begin to crowd each other out. Markets in behaviors associated with signaling care, or esteem, or testimony will disrupt and distort these other signals in the first instance by defeating the evidence needed for uptake, but eventually by defeating the standing of the semiotic norm as a norm. Unless alternative signals can be quickly established — and ones that are not themselves subject to further parasitic distortion — these practices will be threatened. This jeopardizes a range of norm-governed interpersonal practices: friendship, expert testimony, and perhaps, if reactive attitudes are constitutive of a moral practice, even morality itself.

This worry thus provides the missing rationale for anti-market semiotic norms. There are trade-offs between the values produced by markets and those that result from other social practices. This worry about markets is semiotic in nature, focusing on the costs of what markets convey, not their further consequences for exploitation or other concerns. But our version of this objection avoids the weaknesses that Brennan and Jaworski took to plague all semiotic claims. It does not rely on the notion that markets or money or goods have essential meanings. Instead, our argument allows that these meanings are contingent. Moreover, with market advocates, our argument celebrates the powerful achievements of markets and embraces the value market exchanges bring to our lives. But such exchanges are desirable *alongside* other kinds of non-market exchanges; this simple fact justifies certain norms limiting the expansion of markets.

This discovery does not end the work of fleshing out this style of semiotic objection. There are plenty of remaining questions about the prevalence of signal distortion, the likelihood that markets will track higher-order disambiguating signals, the extent to which spheres of non-market behavior are genuinely threatened by encroaching marketization, and the costs, in the large, of these distortions on their own and relative to the productive benefits yielded by some of these markets. We cannot broach these questions here, but they are important issues in the broader debates about the ethics of markets.[44]

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