

# Reclaiming Virtue Ethics for Economics

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**E**conomists have made use of, and have contributed to the development of, many branches of moral theory, including utilitarianism, social contract theory, libertarianism, and maximin and capability theories of justice. In contrast, virtue ethics—the study of moral character—has been an important strand in moral philosophy for literally thousands of years, but has received little attention from contemporary economists. That neglect has not been reciprocated. A significant body of philosophical work in virtue ethics is associated with a radical critique of the market economy and of economics. Expressed crudely, the charge sheet is this: The market depends on instrumental rationality and extrinsic motivation; market interactions therefore fail to respect the internal value of human practices and the intrinsic motivations of human actors; by using market exchange as its central model, economics normalizes extrinsic motivation, not only in markets but also (in its ventures into the territories of other social sciences) in social life more generally; therefore economics is complicit in an assault on virtue and on human flourishing. We will argue that this critique is flawed, both as a description of how markets actually work and as a representation of how classical and neoclassical economists have understood the market. We will show how the market and economics can be defended against the critique from virtue ethics.

Crucially, our response to that critique will be constructed *using the language and logic of virtue ethics*. In this respect, it is fundamentally different from a response that many economists would find more natural—to point to the enormous benefits,

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including income and leisure that can be devoted to intrinsically motivated activities, that we all enjoy as a result of the workings of markets, and to the essential role of economics in explaining how markets work. Set against those benefits, it can be argued, questions about whether market motivations are virtuous are second-order concerns that economists can safely leave to moral philosophers. Thus, for example, responding to the philosopher Michael Sandel's objection to markets in carbon dioxide emissions on the grounds that they express nonvirtuous attitudes to the environment (Sandel 2012, pp. 72–76), Coyle (2012) writes, "I would rather see an effective scheme to reduce greenhouse gas emissions, but then I'm an economist." We are economists too, and have some sympathy with such sentiments. Nevertheless, the virtue-ethical critique of economics is gaining credence in public debate. Many people see it as providing intellectual support for popular attitudes of opposition to capitalism and globalization, and of hostility to economics as a discipline. Philosophically, the critique is grounded in an ancient and respected tradition of ethical thought: it is not something that economics can or should simply brush aside. Our premise is that economics needs a response to this critique that takes virtue ethics seriously.

Another possible reply, made for example by van Staveren (2009) and Besley (2013), is that, *in their critique of economics*, the virtue ethicists fail to recognize the diversity of the discipline. Economics has never been unanimous or unconditional in advocating markets; indeed, it is possible to read the development of normative economics in terms of a continually expanding catalog of market failures and their remedies. In particular, a recent development in economics has been the growth of a literature in which concepts of intrinsic motivation are used to explain individual behavior. Although this work is not explicitly virtue-ethical in the normative sense, it allows economics to model a "crowding-out" mechanism that is similar to the virtue ethicists' account of the corrupting effects of markets. However, pointing to the diversity of economics merely deflects the virtue-ethical critique from economics in general to a particular but surely major tradition of economic thought—that liberal tradition that understands the market as a domain in which socially desirable consequences emerge from the pursuit of private interests. In contrast, our response meets the critique head-on. We aim to show that economists can teach about and defend the market without standing for nonvirtue against virtue.<sup>1</sup>

The logic of our response requires that we use the modes of argument of virtue ethics. We write as philosophically and historically inclined economists, hoping to be read both by philosophers and by our fellow economists. For the benefit of the economists and with apologies to the philosophers, we assume no prior knowledge of virtue ethics on the part of the reader. Thus, we begin with a brief introduction

<sup>1</sup> In this respect, our approach has more in common with McCloskey's (2006) account of the "bourgeois virtues." However, our analysis is more systematic and economics-specific than McCloskey's imaginative but discursive exploration of the seven virtues of traditional Christian thought and their role in economic life.

to virtue ethics. We then describe some prominent critiques of the market that are grounded in virtue ethics and in the related economic and psychological literature on intrinsic motivation.

Following this introduction, we use the methods of virtue ethics to develop a conception of market virtue that is consistent with many classical and neoclassical economists' accounts of how markets work and of what purposes they serve. Our central idea is that the public benefits of markets should be understood as the aggregate of the mutual benefits gained by individuals as parties to voluntary transactions, and that the market virtues are dispositions that are directed at this kind of mutual benefit. For a virtuous market participant, mutual benefit is not just a fortunate by-product of the individual pursuit of self-interest: he or she *intends* that transactions with others are mutually beneficial.

Using this idea, we identify some specific character traits that have the status of virtues within the domain of the market. Our list of market virtues (which we do not claim is complete) includes universality, enterprise and alertness, respect for the tastes of one's trading partners, trust and trustworthiness, acceptance of competition, self-help, non-rivalry, and stoicism about reward. We will argue that these market virtues, grounded on ideas of reciprocity and mutual benefit, are closely associated with virtues of civil society more generally. It is therefore a mistake to think that the market is a virtue-free zone, or that the character traits that best equip individuals to flourish in markets are necessarily corrosive of virtue in other domains of life.

The idea that economic agents should understand their interactions as mutual assistance is characteristic of a tradition of natural-law philosophy from which mainstream economic thought turned away in the later eighteenth century. Nevertheless, as we will show, the idea that mutual benefit is in some sense the purpose of the market is implicit in the writings of many major economists from the eighteenth century to the present day. The specific market virtues that we present feature in some canonical accounts of the desirable properties of markets. In this sense, our paper can also be read as an attempt to reconstruct a submerged current of virtue-ethical thought in economics.

## What is Virtue Ethics?

The central concern of virtue ethics, broadly interpreted, is with *moral character*—with what sort of person one is and should be. Virtues are acquired character traits or dispositions that are judged to be good. Crucially, virtues are not judged to be good *because* they tend to induce actions that, for other moral reasons, are good or right. In virtue ethics, actions are judged to be good because they are in character for a virtuous person—they are constitutive of living well, of “flourishing.” A morally well-constituted individual cultivates virtues not as rules of thumb for moral action, but because such virtues are characteristic of the kind of person she is or wants to be.

Aristotle's *Nicomachean Ethics* (c. 350 BC [1980]) is traditionally seen as the founding text of virtue ethics. Aristotle's account of virtue begins from the idea that

within any “practice” or domain of life, goodness is understood in relation to the *telos* (literally, “end” or “purpose”) of that domain—“that for whose sake everything is done.” For example, Aristotle (Book 1, section 1) treats medicine as a domain whose *telos* is “health” and military strategy as a domain whose *telos* is “victory.” In relation to a given domain, an acquired character trait is a virtue to the extent that the person who possesses it is thereby better able to contribute to the *telos* of that domain. The underlying idea is that human happiness or flourishing (*eudaimonia*) requires that people are oriented towards their various activities in ways that respect the intrinsic ends of the domains to which those activities belong.

How is the *telos* of a domain determined? Aristotle seems to think of the *telos* as a natural fact that can be ascertained by intuition, but many modern virtue ethicists favor a communitarian approach. This approach, exemplified by the work of MacIntyre (1984), understands the concept of flourishing as internal to specific communities and cultural traditions. Thus, to identify the *telos* of a practice, one must discover the meaning of that practice within the community of practitioners. In this view, a claim about the *telos* of an practice is not just the expression of a personal value judgement; it involves some (perhaps creative) interpretation of what is already there (Sandel 2009, pp. 184–192, 203–207; Anderson 1993, p. 143). As Sandel (p. 98) puts it, “we identify the norms appropriate to social practices by trying to grasp the characteristic end, or purpose, of those practices.”

There is much common ground between Aristotelian virtue ethics, with its emphasis on the intrinsic value of practices, and those strands of modern “positive psychology” that emphasise the importance of intrinsic motivation for human happiness, in particular the *self-determination theory* of Deci and Ryan (1985). In this theory, the analog of flourishing is a concept of psychological health or well-being. The core hypothesis is that individual autonomy is a source of psychological well-being, and thus that human flourishing is linked with authenticity and self-realization. In Ryan and Deci’s (2000) taxonomy of motivation, there is a continuum from “amotivation,” through increasingly autonomous forms of “extrinsic motivation,” to the full autonomy of “intrinsic motivation.” A person who is extrinsically motivated performs an activity “in order to obtain some separable outcome.” Extrinsic motivations can become more “internal” (and thereby more autonomous) to the extent that the individual has a sense of having chosen the objective on which he acts and endorsed its value. But an intrinsically motivated person performs an activity “for its inherent satisfactions rather than for some separable consequence”; such a person “is moved to act for the fun or challenge entailed rather than because of external prods, pressures, or rewards” (pp. 56–60). Thus, the analog of *telos* is the meaning that an individual attaches to an activity when he sees the activity as an end in itself.

### **The Instrumentality of the Market: The Critique from Virtue Ethics**

In critiques of economics by virtue ethicists, a recurring theme is that markets rely on extrinsic and thereby nonvirtuous motivations. This idea can also be traced

back to Aristotle, who wrote (Book 1, §5): “The life of money-making is one undertaken under compulsion, and wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else.” This sentence makes two claims that are echoed in critiques of economics made by modern virtue ethicists. The first claim is that when individuals participate in markets, they show a lack of autonomy—they act *under compulsion*. The suggestion seems to be that a truly autonomous person would not need to seek wealth (perhaps because he would already have as much as he needed without having to seek for it).<sup>2</sup> The second claim is that the motivation for economic activity is extrinsic and thereby of an inferior kind—the things that economic activity can achieve are *merely useful and for the sake of something else*.

Here, we will focus on how three prominent contemporary virtue ethicists apply these themes in their writings about economics and the market. Of these criticisms of the market, MacIntyre’s (1984) book *After Virtue* is the most radical. Taken literally, MacIntyre’s elegant despair has no real point of contact with modern economics. But precisely because it takes the critique of the instrumentality of markets to its logical conclusion, it offers a useful point of reference. MacIntyre (p. 187) presents an account of morality that is built on the concept of a *practice*. A practice is a “coherent and complex form of socially established cooperative human activity” which realizes “goods internal to that form of activity.” A practice has intrinsic ends, and internal standards of excellence that make sense in relation to those ends. Associated with the practice are certain acquired character traits that assist in the achievement of excellence, or in recognizing and internalizing communal understandings of the meaning of the practice. The traits can be viewed as the virtues of the practice.

For MacIntyre (1984), a person who fails to treat an activity as a practice with an internal end is failing to display virtue—either because the activity falls within a practice whose internal ends the person is failing to respect, or because the activity is of such a morally impoverished and instrumental kind that it is not a practice at all—MacIntyre’s (p. 187) questionable example of an activity that does not count as a practice is bricklaying. This way of thinking immediately makes markets morally suspect. The market motivation of creating goods *for exchange* conflicts with the idea that activities, or the goods that they realize, are ends *in themselves*. Thus, according to MacIntyre, the exposure of a practice to market forces is liable to corrupt its excellences and virtues. MacIntyre does not quite claim that practices can never coexist with market exchange. For example, he maintains that portrait painting from the time of Giotto to that of Rembrandt was a practice with internal ends and standards of excellence. He recognizes that many excellent painters were also able to achieve (and presumably cared about) goods external to the practice of art, including the income they were able to earn from the sale of their services (pp. 189–190). The suggestion is that the corrupting tendencies of the market can be contained only

<sup>2</sup> In a witty account of the history of Western intellectuals’ criticisms of capitalism, Alan Kahan (2010, p. 31) presents the “Three Don’ts” of anti-capitalism. The first is “Don’t make money (just have it)”.

to the extent that individuals are at least partially motivated by the internal ends of practices (as, in MacIntyre's account, the great painters were).

However, as MacIntyre (1984) recognizes, practices as he understands them are not, and cannot be, characteristic of ordinary economic life in the world in which we live. Treating the household as a paradigm case of communal life, he argues that "[o]ne of the key moments in the creation of modernity" occurs when production moves from the household to an impersonal domain of "means-ends relationships" (p. 227). This thought reflects the presupposition that production for exchange belongs to the domain of external goods. The implication is that an economy of practices cannot make effective use of comparative advantage and the division of labor. MacIntyre's ultimate response to economic reality is a yearning for an imagined and ill-defined economy of communal production somehow devoid of the hierarchical power relationships found in real historical economies.

Similar themes, developed in somewhat less unworldly forms, are prominent in the work of Anderson (1993) and Sandel (2009, 2012). These writers recognize, at times reluctantly, that markets are a necessary part of social organization. But they argue that the instrumental logic of markets is liable to corrupt virtues that are proper to other domains of social life, and that it is therefore appropriate for the state to impose limits on the scope of markets.

Thus, the first sentence of Anderson's *Value in Ethics and Economics* (1993) is: "Why not put everything up for sale?" This rhetorical question signals several elements of her position: to allow all areas of social life to be governed by market relationships would be morally objectionable; this truth ought to be obvious to a morally aware reader; but some opinion-formers *do* want to put everything up for sale, and their arguments need to be countered. More specifically, the people against whom she is arguing fail to understand that there are "ways we ought to value people and things that can't be expressed through market norms" (pp. xi–xiii).

Anderson (1993) proposes a "pluralist theory of value" in which different kinds of goods ought to be valued in different ways (p. 12). She tries to delimit the proper scope of the market by identifying the norms that are characteristic of market relations, and the corresponding class of goods that are properly valued in terms of those norms. For Anderson, the ideal economic good is a "pure commodity." The mode of valuation appropriate to pure commodities is "use." She writes (p. 144): "Use is a lower, impersonal, and exclusive mode of valuation. It is contrasted with higher modes of valuation, such as respect. To merely use something is to subordinate it to one's own ends, without regard for its intrinsic value." This definition immediately introduces the Aristotelian ranking of intrinsic value over instrumental value. Anderson is presenting market norms as a kind of second-rate morality: the market's mode of valuation is *lower* than that of other domains of social life; it is *merely* use; it has *no regard for* intrinsic value. In this account, market norms are *impersonal* and *egoistic*. Impersonality is the idea that market transactions are viewed instrumentally: each party to a transaction considers it only as a means to the satisfaction of his own ends. Egoism is the idea that those ends are defined in terms of self-interest.

Anderson (1993) acknowledges that market norms embody a moral ideal of “economic freedom.” However, this ideal is presented in negative terms—as freedom from the kinds of moral constraints that one would face if one recognized the intrinsic value of goods, the obligations of personal relationships, and the potential validity of other people’s judgements about value (pp. 144–146). Indeed, Anderson seems comfortable with the ideal of economic freedom only in the context of inessential but harmless consumer products. Accepting (if condescendingly) that “the market . . . also has its proper place in human life,” her examples of goods that properly belong to the domain of economic freedom are “the conveniences, luxuries, delights, gadgets, and services found in most stores” (166–67). There is no mention of the role of the market in supplying private goods like food, clothing, fuel, and shelter, on which we all depend for our survival.

Anderson (1993) develops her critique of the instrumentality of the market by considering the intrinsic value of the goods and services provided by professional workers such as doctors, academics, athletes, and artists. Like MacIntyre (1984) in his discussion of portrait painters, Anderson recognizes that professionals can be intrinsically motivated even though they produce for sale. But she argues (pp. 147–150) that the norms of the market can conflict with “the norms of excellence internal to their professional roles.” The result is that, when professionals sell their services, intrinsically valuable goods are “partially commodified.” She does not claim that commodification is wholly undesirable, but the thrust of her argument is that the internal goals of professional practices must be partially insulated from the extrinsic motivations that are fostered by markets. If necessary, taxpayers should bear some of the costs of this insulation, for example through subsidies to the arts and to pure research.

Sandel (2009) develops a different but complementary critique of the market, focusing on the virtue ethics of justice.<sup>3</sup> Like MacIntyre, he works with a concept of social practices; each practice has its Aristotelian *telos* and its associated excellences and virtues. However, Sandel’s concern is less with the cultivation of proper attitudes towards goods and practices, and more with how individuals are honored and rewarded for showing appropriate virtues. Justice, for Sandel, is about “giving people what they deserve.” That requires judgements about “what virtues are worthy of honor and reward, and what way of life a good society should promote” (p. 9).

Sandel (2009) begins his book by describing some recent issues of public debate in America, intended to support his claim that virtue ethics is alive and well in ordinary political discourse. Two of these issues concern what Sandel sees as the ethical limitations of the market. The first issue is the conduct of those firms that charged scarcity prices for such goods as motel rooms, emergency repairs, and

<sup>3</sup> In a more recent book, Sandel (2012) presents an argument about the “moral limits of markets.” His paper in this issue takes up some of these arguments. As he acknowledges (p. 208, note 18), this argument is similar to that of Anderson (1993). Sandel sees economics as complicit in the inappropriate propagation of “market values.” Sandel is less precise than Anderson in explaining what those values are, but it is clear that he sees them in opposition to the civic virtues of “social solidarity,” including “shar[ing] in a common life,” and “car[ing] for the common good” (pp. 128, 203).



bottled water in the aftermath of Hurricane Charley in Florida in 2004. At the time, some economists argued that market-clearing prices promote efficiency in the use of resources, and that this truth is not invalidated by hurricanes. Sandel sides with the opinion that this kind of “price gouging” should be illegal. His reason is an application of virtue ethics: the firms that charged scarcity prices were motivated by greed; since greed is “a vice, a bad way of being,” the state should discourage it (pp. 7–8). The second issue is the remuneration of senior corporate executives. Sandel asks whether the chief executive officers of large American corporations deserved the payments they received in the years leading up to 2008, when their firms were generating large profits. We are invited to conclude that effort and talent are qualities that are worthy of reward in business, but that when the market rewards executives for profits that are *not* attributable to effort or talent, a principle of justice is being violated (pp. 12–18). The message from both examples, developed over the course of the book, is that the market generates incomes that are not properly aligned with the virtues of the people who receive them.

To an economically trained reader, these critiques of economics and the market often seem divorced from the reality of everyday economic life. MacIntyre (1984) and Anderson (1993) seem to find it hard to find moral significance in the ordinary useful jobs by which most people earn their livings. Sandel (2009) seems to find it hard to come to terms with the fact that market rewards depend on luck as well as talent and effort. We will argue that virtue ethicists are failing to find virtue in markets because they are not seeing the market as a practice in its own right.

## **Intrinsic Motivation and Economics**

Although there is little explicit analysis of virtue in modern economics, a large literature in behavioral economics echoes Anderson’s (1993) argument about the importance of insulating intrinsic motivation from contamination by the market (for example, Gneezy, Meier, and Rey-Biel 2011). The concept of intrinsic motivation has come to economics from social psychology, and particularly from Ryan and Deci’s self-determination theory. That theory has strong undertones of Aristotelian hostility to markets. Recall that according to Ryan and Deci’s (2000) definition, an intrinsically motivated person does an activity for its inherent satisfactions *rather than for some separable consequence*; such a person is not motivated by external prods, pressures, or rewards. Notice how this definition excludes all ordinary market activities. It should be no surprise that the economic literature on intrinsic motivation has been seen as supporting the virtue-ethical critique of markets (for example, Sandel 2012, pp. 64–65, 113–120).

An important hypothesis in this psychological literature is that external rewards can *crowd out* intrinsic motivation (Deci 1971; Lepper and Greene 1978); a parallel hypothesis in relation to social policy is due to Titmuss (1970). Titmuss’s famous example is the effect of introducing financial incentives for blood donors. In a regime in which donors are entirely unpaid, blood donation is motivated by altruism,



reciprocity, or public spirit. If financial incentives are introduced into such a setting, this prompts the thought that people who supply blood may be self-interested sellers rather than altruistic donors. This can undermine the sense of would-be donors that giving blood is a morally significant and socially valued act, and so lead to a reduction in the supply of blood. A similar interpretation is now often given for the much-discussed finding that fines for lateness in collecting children from a day-care center led to an increase in the incidence of lateness (Gneezy and Rustichini 2000a).

The economic implications of the hypothesis of motivational crowding-out were first explored by Frey (1994, 1997).<sup>4</sup> Defining intrinsic motivation in essentially the same way as Deci and Ryan do, Frey (1997, p. 2) maintains that it is “neither possible nor desirable to build a society solely or even mainly on monetary incentives”; intrinsic motivation has an essential role to play.

Within economics, there is growing interest in theorizing about how intrinsic motivation can be shielded from market forces. One approach is summarized in the slogan “getting more by paying less.” Suppose there is some occupation, say nursing, in which workers are better able to provide the services that their employers value if they are intrinsically motivated to pursue the internal ends of that occupation—if, in Ryan and Deci’s (2000) terminology, they are attracted by its “inherent satisfactions” and “challenges.” Viewed in the standard conceptual framework of economics, a person with such a motivation for nursing has a lower reservation wage for working as a nurse than for working in other occupations. So employers may be able to separate the better workers from the worse by offering *low* wages—they can get more by paying less (Brennan 1996; Katz and Handy 1998; Heyes 2005). When a person accepts the low wages of an employer who is looking for intrinsic motivation, she signals to herself and to others that she is intrinsically motivated. So there need be no crowding-out effect.

We suspect that many readers will share our unease about this argument. Nelson (2005) formulates this unease by raising two objections. First, because low wages may screen out intrinsically motivated individuals who need to support themselves and their families, access to intrinsically rewarding occupations may be restricted to people with private incomes or well-off partners or parents. Second, when social norms treat self-sacrifice as a characteristic virtue of “caring” occupations such as nursing, they act as a cover for, and an incitement to, exploitation. These objections draw attention to a questionable assumption of the “getting more by paying less” argument—that a person is virtuous or authentic to the extent to which that person is willing to sacrifice material rewards in the pursuit of intrinsic ends. In a model in which all motivations are represented as properties of individuals’ preferences, that assumption is almost unavoidable, since an individual’s preference for “consuming”

<sup>4</sup> It is only very recently that economists have taken this hypothesis seriously. Titmuss’s (1970) work was well-known to economists in the 1970s, but his crowding-out argument was viewed skeptically (for example, Arrow 1972). Gneezy and Rustichini (2000a, 2000b) discussed motivational crowding-out as a possible explanation of their findings, but favored a more conventional economic interpretation in terms of incomplete contracts.

an intrinsic good is defined in terms of how much of other goods she is willing to give up in exchange. However, it is not an essential part of a virtue-ethical approach in which the exercise of virtue is associated with flourishing rather than sacrifice, nor of a decision-theoretic approach in which intentions for mutual benefit are represented as “team reasoning” (Bruni and Sugden 2008).

Folbre and Nelson (2000) suggest that the crowding-out problem can be countered by separating the payment of intrinsically motivated workers from the specific services they provide, so that payment can be construed as an *acknowledgement* of intrinsic motivation rather than as one side of a market exchange. The implication seems to be that authentic caring is compromised if carers and cared see their relationship as that of seller and buyer. There is another echo here of the Aristotelian idea that market relationships are instrumental and thereby nonvirtuous.

But how is the payment of service suppliers to be separated from exchange relationships? One possibility is to use gift relationships. Consider the case of restaurant waiters who are paid less than the market wage, but with the expectation that their earnings will be supplemented by tips from customers. Perhaps this practice supports dispositions towards friendliness and efficiency that restaurant owners value in their waiters and find costly to monitor, but one might think that it impairs rather than supports the waiter’s sense of autonomy.

A different model (and probably the one that Folbre and Nelson 2000 have in mind) is that of a salaried professional. Think of the role of the tenured academic in a well-financed university, as that role used to be (and sometimes still is) understood. The academic is awarded tenure in the expectation of a continuing intrinsic motivation to pursue excellence in teaching and research, but is subject to only the lightest of monitoring. He is paid a good salary that has no direct relationship to the services he provides, but is seen as expressing a social valuation of the excellence that is expected. Actual excellence in teaching will be rewarded by the gratitude of students; excellence in research, by the respect of peers. This kind of separation of payment from services rendered can give professionals an enviable degree of autonomy; and it can protect whatever intrinsic motivation they have from crowding-out effects. But it also insulates them from pressures to respond to the interests of the people to whom their services are being provided. Just as the waiter loses autonomy in having to depend on the good will of the customer, so does the client in having to depend on the professional’s intrinsic motivation.

These examples illustrate the difficulty of shielding intrinsic motivation from the supposedly corrosive effects of exchange relationships. These difficulties have a common source: it is inherent in the concept of intrinsic motivation that an individual’s autonomy and authenticity are compromised whenever she enters into exchange relationships, but such relationships are fundamental to the workings of any economy that relies on comparative advantage and the division of labor. The literature of intrinsic motivation invites us to aspire to the ideal of an economy in which everyone’s actions and efforts are coordinated to realize gains from trade, but in which no one is actually motivated to seek those gains. This ideal seems as profoundly unrealistic as MacIntyre’s (1984) imaginary world of an economy built

on practices. If we are to reconcile the ideas of virtue and authenticity with real economic life, we need a way of understanding market relationships that acknowledges that gains from trade are not realized by accident: they are realized because individuals seek them out.

### The *Telos* of the Market

In the literature of virtue ethics, the market is seen as opposed to virtue and authenticity because behavior in markets fails to respect intrinsic value. Intrinsic value is attributed to practices in which goods are produced—for example, the practices of art, scientific enquiry, or nursing—as well as to *nonmarket* practices which transfer goods between individuals, like gift-giving and the honoring of excellence. But there is a reluctance to treat the market as a practice in its own right, with its own forms of intrinsic value and authenticity. We suggest that the first step in a virtue ethics of the market is to think of the market in this way.

It must be said that economists have been partly responsible for the difficulty that virtue ethicists have had in seeing the market as a practice. After all, generations of economists have pictured the market as a domain in which socially desirable consequences emerge as unintended consequences of individuals' pursuit of their private interests. Two famous expressions of this idea are due to Adam Smith (1776 [1976], pp. 26–27, 456)—the assertion that “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest,” and the description of the merchant who “intends only his own gain, [but is] led by an invisible hand to promote an end which was no part of his intention.” In Smith's theory of markets, the primary motivation for action is self-love, even though *in fact* everyone's self-interested actions combine to create benefits for all. To say this is not to assert that Smith shared his successors' lack of interest in virtue ethics. The virtues of sympathy and benevolence are important in Smith's (1759 [1976]) earlier work *The Theory of Moral Sentiments*, even though they play only minor roles in his economic analysis. And for Smith, self-interest expressed within the rules of a commercial society is not *opposed to* virtue. To the contrary, character traits associated with the pursuit of long-term self-interest, particularly prudence, temperance, and self-command, are virtues (on this, see Hirschman 1997, especially pp. 18–19). We take it as given that such traits are indeed virtues of economic life, but our focus will be on how, within a market economy, individuals relate to one another.

Can the market be viewed as a practice with its own intrinsic values? In terms of MacIntyre's (1984) definition of practices, the market is certainly a coherent and complex form of socially established cooperative human activity. But does it have moral goods that are internal to itself? Does it have internal standards of excellence? From the standpoint of virtue ethics, the answer to these questions begins by asking: “What is the *telos* of the market?” For many readers (and perhaps particularly for those who are economists), it will be tempting to reply that the presupposition of the question is either false or meaningless. We ask such readers

to set aside their skepticism for a moment, and to translate this question into common-sense terms. What is the characteristic end or purpose or *raison d'être* of the market? How would you describe, in the simplest and most general terms, what markets do that is valuable? If you had to write a mission statement for the market, what would it say?

Thoughtful economists have offered answers to such questions. For example, Friedman (1962, p. 13) wrote that, in relation to the problem of coordinating economic activity, “the technique of the market place” is “voluntary cooperation of individuals.” Buchanan and Tullock (1962, p. 103) wrote: “The *raison d'être* of market exchange is the expectation of mutual gains.” We are not claiming here that Friedman, Buchanan, and Tullock are virtue ethicists. All we are attributing to them is the idea that markets have a point or purpose, and that that purpose is mutual benefit. Most economists, faced with our questions, would probably invoke in one way or another the idea of mutual benefit or gains from trade through voluntary transactions.

If economists were asked to nominate one simple diagrammatic representation of a market, the “Edgeworth box” would surely be one of the commonest choices, and the point of that diagram is to understand markets as networks of mutually beneficial voluntary transactions. Edgeworth (1881, pp. 16–17) himself, in a famous passage in which he declares that the first principle of economics is that every agent is activated only by self-interest, distinguishes between “war” and “contract,” differentiated by whether “the agent acts without, or with, the consent of others affected by his actions”; his analysis of competitive markets is presented as an analysis of contract. If economists were asked to nominate a theorem to represent the market in its best light, many would opt for the first fundamental theorem of welfare economics, which is essentially equivalent to showing that in competitive equilibrium, no opportunities for mutually beneficial transactions, however complex, remain unexploited. Another strong contender would be Ricardo’s (1817, Ch. 7) comparative advantage theorem, which shows that there are typically opportunities for gains from trade between any pair of countries (and by extension, any pair of individuals), whatever their respective endowments and productivity.

How else might one answer our question about the *telos* of the market? One obvious alternative answer is that the *telos* of the market is wealth creation: after all, the founding text of economics is called *The Wealth of Nations*. But even for the author of that text, the fundamental mechanism by which wealth is created is the division of labor and the extension of the market, and the division of labor is the consequence of the human propensity “to truck, barter and exchange one thing for another” (Smith 1776 [1976], p. 25). Other economists have emphasised how the market creates wealth by exploiting comparative advantage (Ricardo 1817), the division of knowledge (Hayek 1948), and increasing returns to scale (Marshall 1920, pp. 222–242; Arrow 1984, p. 188); but all of these mechanisms operate through mutual gains from trade. Another possible answer is that the *telos* of the market is economic freedom. The association between the market and freedom is a recurring theme in economics; famous expositors of this idea include Mill (1848 [1910]), Marshall (1920, p. 8), Hayek (1948), and Friedman (1962). But economic freedom

is not the freedom of each person to get what he wants *tout court*; it is his freedom to use his own possessions and talents as he sees fit and to trade with whoever is willing to trade with him.

We suggest that the common core of these understandings of markets is that markets facilitate mutually beneficial voluntary transactions. Such transactions can be seen as valuable because individuals want to make them, because they satisfy individuals' preferences, because they create wealth, and because the opportunity to make them is a form of freedom. We therefore propose to treat mutual benefit as the *telos* of the market.

## Market Virtues

On the supposition that the *telos* of the market is mutual benefit, a market virtue in the sense of virtue ethics is an acquired character trait with two properties: possession of the trait makes an individual better able to play a part in the creation of mutual benefit through market transactions; and the trait expresses an intentional orientation towards and a respect for mutual benefit. In this section, we present a catalog of traits with these properties, without claiming that our catalog is exhaustive.

According to the logic of virtue ethics, such traits are properly or consistently viewed as praiseworthy within the practice of the market, when that practice is understood as directed at mutual benefit. Thus, we should expect the traits in our catalog to have been evaluated favorably in the tradition of liberal economic thought from which we have distilled the *telos* of mutual benefit. We maintain that this is the case, and will point to illustrative examples. Recall that virtue ethicists claim to uncover the virtues of practices by philosophical reflection, and not simply by sociological observation. It is in the spirit of such enquiry to look to thoughtful economists as well as to market participants for insights into the nature of market virtues.

We will not claim that all market participants display the market virtues. (The logic of virtue ethics does not require that kind of implausibility: virtue ethicists can, for example, describe bravery as a military virtue without asserting that all soldiers are brave.) But we do maintain that the market virtues are broadly descriptive of traits that many people, including people who are successful in business, display when they participate in markets. Readers who are accustomed to equating virtue with self-sacrifice may suspect that this claim is overoptimistic, but we repeat that such an equation is alien to virtue ethics. It is fundamental to the classical and neoclassical understanding of markets that, under normal circumstances, each party to a market transaction benefits from involvement in it. Thus, a disposition to seek mutual benefit in markets will normally incline individuals towards the kinds of individually beneficial behavior that economic theory has traditionally described. Our account of market virtue is not a new theory of nonselfish behavior. It is a description of a distinctive moral attitude to market relationships—an attitude characterized not by altruism but by reciprocity.

### Universality

Our first market virtue is universality—the disposition to make mutually beneficial transactions with others on terms of equality, whoever those others may be. If the market is to be viewed as an institution that promotes the widest possible network of mutually beneficial transactions, universality has to be seen as a virtue. Its opposites—favoritism, familialism, patronage, protectionism—are all barriers to the extension of the market.

It is intrinsic to the virtue of universality that market relations are not based on personal ties of kinship, community, friendship, or gratitude—the kind of ties that Anderson (1993) sees as characteristic of “higher” modes of valuation. As Smith (1776 [1976], p. 27) makes clear in his account of how we get our dinners, it is because the market is based on free horizontal relations between equals that it allows us to satisfy our economic needs with independence and self-respect. This independence can be compromised if economic transactions depend on relations other than mutual benefit. However, this is not to say that market relations must be impersonal in the sense that each party treats the other merely as a means to an end. When trading partners intend their transactions to be mutually beneficial, it is possible for their relations to have the characteristics of friendliness and goodwill that we (Bruni and Sugden 2008) describe as “fraternity.”

Friedman (1962, pp. 108–118) identifies another valuable aspect of universality when he argues that market forces tend to counter racial and religious prejudice. His leading example is the case of the Jews of medieval Europe, who (between outbreaks of outright persecution) were able to survive in a hostile social environment by working on their own account and trading with non-Jews. For Friedman, it must be said, universality is a desirable but unintended consequence of the pursuit of self-interest, rather than a virtue in our sense; but nonetheless, the customer who chooses where to shop on the basis of price and quality rather than the shopkeeper’s religion can be thought of as exhibiting a market virtue.

### Enterprise and Alertness

If the *telos* of the market is mutual benefit, enterprise in seeking out mutual benefit must be a virtue. Discovering and anticipating what other people want and are willing to pay for is a crucial component of entrepreneurship. (Think of Freddie Laker’s pioneering of no-frills aviation, Steve Jobs’s development of graphical user interfaces, or Art Fry’s discovery of the commercial potential of the Post-it.) Successful entrepreneurship requires empathy and imagination, as Jevons (1871 [1970], pp. 102–103) recognized in one of the founding texts of neoclassical economics: “Every manufacturer knows and feels how closely he must anticipate the tastes and needs of his customers: his whole success depends on it.”

The virtue of alertness to *mutual* benefit applies to both sides of the market: for mutual benefit to be created, the alertness of a seller has to engage with the alertness of a buyer. Thus, the inclination to shop around, to compare prices, and to experiment with new products and new suppliers must be a virtue for consumers. Arguing that the law of one price has more application to wholesale than to retail



markets, Mill (1848 [1909], p. 441) wrote: “Either from indolence, or carelessness, or because people think it fine to pay and ask no questions, three-fourths of those who can afford it give much higher prices than necessary for the things they consume.” Notice how Mill’s empirical claim that well-off consumers are not inclined to search for the lowest prices is linked with moral criticism.

### **Respect for the Tastes of One’s Trading Partners**

One is more likely to succeed in making mutually beneficial transactions if one is disposed to respect the preferences of potential trading partners. The spirit of this virtue is encapsulated in the business maxim that the customer is always right. This virtue is closely related to the idea that market transactions are made on terms of equality, and opposed to the paternalistic idea that the relationship of supplier to customer is that of guardian to ward. It is also opposed to the idea of virtues based on intrinsic motivation, or on professional and craft standards. It is perhaps true (as MacIntyre 1984 and Anderson 1993 claim) that when professionals and craft workers sell their services, they are liable to compromise the standards of excellence that are internal to their respective practices, but that does not invalidate the proposition that producing what customers *do* want to buy is an aspect of a practice—the practice of the market—with its own standards of excellence and its own forms of authenticity. From this perspective, it is unsurprising that Smith (1776 [1976], pp. 758–764) favored the payment of university teachers by their students on a fee-for-service basis—a practice that gives the relationship between professional and client essentially the same status as that between shopkeeper and customer.

In speaking of *respect* for the preferences of trading partners, we mean something more than the recognition that satisfying those preferences is a source of profit. Consider a famous case in which this virtue is lacking. Gerald Ratner, the chief executive of a (then) successful low-price British jewelery business, made a speech in 1991 to the Institute of Directors in which he referred to his firm’s products with the joke: “People say, ‘How can you sell this for such a low price?’ I say, ‘because it’s total crap.’” When this was reported in the press, the business lost £500 million in market value and eventually had to be relaunched with a new name—and Ratner lost his job (Ratner 2007). Notice that Ratner was not saying, as suppliers of lower-priced products often and quite properly do, that what he was selling was cheap and cheerful and aimed at those consumers for whom value for money was a priority. But nor, as we understand this story, was he confessing to taking advantage of some lack of information on the part of his customers, and so failing to return their trust: the *objective* properties of his products were transparent enough. He was expressing contempt for the tastes to which his business catered, and thereby for the idea that the relationship between supplier and customer is one of mutual benefit.

### **Trust and Trustworthiness**

Because the monitoring and enforcement of contracts is often difficult or costly, dispositions of trust and trustworthiness (qualified by due caution against



being exploited by the untrustworthy) facilitate the achievement of mutual benefit in markets. If that is right, these dispositions must be market virtues.

The idea that markets rely on trust and trustworthiness has a long history in economics. Smith (1763 [1978], pp. 538–539) recognizes the importance of “probity” for the workings of markets and describes this trait as a “virtue.” Significantly, Smith sees this virtue as consistent with long-term self-interest. He claims that it is most prevalent in the most commercial societies, and explains this observation by arguing that a reputation for probity is more valuable, the more one engages in trade. The idea that commercial transactions typically depend on an element of trust has continued to be recognized by leading economists, including Marshall (1920, p. 6) and Arrow (1972). Following the work of Akerlof (1982), trust relationships have featured in many economic models.

A recent public discussion about the role of trustworthiness in business was initiated by an open resignation letter written by a senior executive in Goldman Sachs and published in the *New York Times*. The executive, Greg Smith (2012, p. A27), wrote that the “culture” of Goldman Sachs had changed in a way that he could no longer identify with. At one time, “always doing right by our clients” had been at the heart of this culture, but now “I attend derivatives sales meetings where not one single minute is spent asking questions about how we can help clients. It’s purely about how we can make the most possible money off of them.” Like Adam Smith, and in the spirit of virtue ethics, Greg Smith argued that the virtue (or “culture”) of trust was not opposed to long-term self-interest: “It astounds me how little senior management gets a basic truth: If clients don’t trust you they will eventually stop doing business with you.”

### **Acceptance of Competition**

If the *telos* of the market is mutual benefit, a virtuous trader will not obstruct other parties from pursuing mutual benefit in transactions *with one another*, even if that trader would prefer to transact with one or another of them instead. The spirit of this virtue is expressed in the “Thank you and goodbye” messages of some airlines, in which, before expressing the hope that its own services will be used again, the airline acknowledges that customers have a choice of carriers. The suggestion is that the airline is confident that its offer is better than those of its competitors and welcomes being put to the test of comparison.

A virtuous trader will not be motivated to seek to be protected by barriers to entry, or to ask potential trading partners to trade for reasons other than price and quality. Nor will a virtuous trader be inclined to make agreements with other traders on the same side of the market to restrict supply or demand, or to partition the market and then not compete. It might be objected that such cartel agreements are mutually beneficial transactions for the firms that are parties to them. But they are not the transactions *in goods and services* that constitute the market, and with respect to which mutual benefit is understood by those economists who see mutual benefit as the *telos* of the market. If obstructing other parties’ transactions is nonvirtuous, so too is participation in cartels.

This market virtue seems inescapable, given our approach, but there is no denying that traders often find it hard to live by. For example, Adam Smith famously claimed: “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or some contrivance to raise prices” (1776 [1976], p. 45). Nevertheless, it is obvious from the tone of these and similar remarks—for example about “the wretched spirit of monopoly” (p. 461)—that Smith does not *approve* of this trait. The idea that cartel agreements are unethical—unworthy of a virtuous trader—is a recurring theme in the writings of pro-market economists. Even Friedman (1962, pp. 131–132), who argues that market power is not a serious problem unless it is positively supported by governments, approves the common law doctrine that combinations in restraint of trade are unenforceable in the courts.

This is a convenient place to ask whether being concerned about externalities resulting from one’s activities should be included among the market virtues. One way of posing this question is to ask whether the *telos* of the market is mutual benefit *among the parties to market transactions* (considered severally), or mutual benefit *among everyone in a society*. We suggest the former. On this view, the existence of externalities can be a reason for governments to regulate markets, but self-regulation is not part of the internal practice of the market.<sup>5</sup>

### Self-Help

Within the practice of a market that is structured by mutual benefit, each individual’s wants and aspirations are relevant to others only in so far as they can be satisfied in mutually beneficial transactions. Thus, it is a market virtue to accept without complaint that others will be motivated to satisfy your wants, or to provide you with opportunities for self-realization, only if you offer something that they are willing to accept in return. Smith (1776 [1976], p. 45) appeals to the virtue of self-help or independence when, in relation to how we get our dinners, he writes: “Nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens.” (The phrase “chuses to” is important here. Smith is not denigrating dependence on others by people who have no other means of subsistence.)

A person who upholds the virtue of self-help will avoid asking others to reward her for producing goods that those others do not value. Thus, for example, an artist will not treat the intrinsic value of her work, as judged within the practice of art, as a reason to be paid by people (whether as consumers or as taxpayers) who do not recognize that work as beneficial to them. Nor will she treat the self-realization that she achieves through that work as a reason to be paid. In this respect, the market virtue of self-help conflicts with the positions taken by Anderson (1993) and Sandel

<sup>5</sup> To this extent, we agree with Friedman (1962, pp. 133–36) that “social responsibility” is not a proper role of business. However, Friedman argues that the only responsibility of business is “to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud.” Our idea that market virtue involves intentions for mutual benefit is broader than this claim.

(2009). From the perspective of market virtue, the commodification of a practice is nothing more than its orientation towards mutual benefit. Expecting others to pay for one's preferred form of self-realization is a kind of civil (as distinct from clinical) narcissism. One might add a person who thinks of her interactions with others in terms of self-realization is treating those others as means to her own ends rather than as partners in a cooperative relationship.

Self-help is also opposed to self-sacrifice, and so to the conception of virtue and intrinsic motivation that underlies the idea of "getting more by paying less." A relationship in which one party incurs a loss so that another person can gain is not a mutually beneficial transaction between equals, and so does not express market virtue on either side. The motivational asymmetry of such a relationship—which might be revealed in the giver's expectation of gratitude or status recognition, or in either party's assumption that the recipient's desires or interests take precedence over the giver's—contrasts with the symmetry of a normal market transaction. The "trade not aid" slogan of the fair trade movement is an expression of the market virtue of self-help.

Seeing self-help as a virtue makes it easier to understand how people can find satisfaction in work that they would not choose to do if they were not paid for it. Large parts of most people's working lives are not "fun" or "challenging" in the sense of self-determination theory. Nor are they most naturally understood as the pursuit of artistic, professional, or craft excellence, or as self-sacrificing caring. They are simply activities by which one earns a living by being useful to other people in ways that they are willing to pay for. But that surely does not mean that these activities lack authenticity or virtue.

### **Non-Rivalry**

If opportunities for mutual benefit are to be realized, individuals must perceive the market as a domain in which such opportunities exist. Thus, it must be a market virtue to see others as potential partners in mutually beneficial transactions rather than as rivals in a competition for shares of a fixed stock of wealth or status. A disposition to be grudging or envious of other people's gains is a handicap to the discovery and carrying through of mutually beneficial transactions. The corresponding virtue is that of being able to take pleasure in other people's gains—particularly those that have been created in transactions from which you have gained too.

As viewed in the liberal tradition of economics, the market is not the archetypal locus of positional competition, with success measured by relative wealth. Indeed, positional competition may be more typical of professions that have maintained some insulation from the market and have developed nonmarket institutions for ranking excellence, such as literary, artistic, and scientific honors and prizes. Perhaps one of the reasons why academic writers (including some economists) often find it difficult to understand how markets can be structured by mutual benefit is that competition in the intellectual community is so positional.

From the earliest days of economics, prominent economists have argued against positional understandings of market competition, and have presented nonpositional

attitudes as virtuous. For example, Hume (1760 [1985], pp. 327–28) argues against the “narrow and malignant opinion” that the relationship between commercial economies is that of zero-sum rivalry: “[T]he encrease of riches and commerce in any one nation, instead of hurting, commonly promotes the riches and commerce of all its neighbours.”<sup>6</sup> Writing almost a century later, Mill (1848 [1909], pp. 581–82) expresses the same sentiment: “[C]ommercer first taught nations to see with good will the wealth and prosperity of one another. Before, the patriot . . . wished all countries weak, poor, and ill-governed, but his own: now he sees in their wealth and progress a direct source of wealth and progress to his own country.”

What about rivalry between firms, and in particular the case in which the successful entry of one firm into an industry squeezes out another? Even in these cases, the *motivation* of the entrant need not be positional. Indeed, even a self-interested entrant would have no reason to want to displace an incumbent firm, except as a means of making profit; and that profit can be earned only through mutually beneficial transactions with customers. A virtuous entrant, one might say, intends that the transactions he offers to make are mutually beneficial *for the parties that will be involved in them*; the entrant does not intend or take satisfaction in the failure of competitors, even if that external effect is a predictable consequence of successful entry.

### **Stoicism about Reward**

In a market structured by mutual benefit, each individual benefits according to the value that other people place on their transactions with that individual. In terms of any defensible concept of what people deserve, this form of economic organization cannot consistently reward people according to their deserts. Desert is a backward-looking concept: what people deserve can depend on how they behaved in the past. But mutual benefit, in the sense that markets can be said to facilitate its achievement, is defined in terms of people’s circumstances and beliefs *at the time at which they trade*. Because economic circumstances can change unpredictably, efforts that were made with reasonable expectations of return may turn out not to be rewarded by the market. Conversely, being in a position to gain from mutually beneficial transactions with others at a particular time and place can involve luck as well as foresight. Sandel’s (2009) example of being able to benefit from possessing the human and physical capital of a hotelier or builder in the aftermath of a hurricane is just an extreme case of this general feature of market reward. If Sandel’s interpretation of the pay of senior corporate executives in the pre-2008 period is that those executives were benefiting from the good luck of being able to exercise their trade in a bull market, that example illustrates the same point.

<sup>6</sup> That international trade promotes peace by making nations dependent on one another was argued even earlier, by Montesquieu (1748 [1914], Book 20, Section 2). However, Hume is more explicit in arguing that trade gives each country an interest in the prosperity of its trading partners.

To recognize this feature of markets is not to oppose all redistributive policies. Indeed, one might argue that a market economy is politically sustainable only if everyone can expect to benefit in the long run from the wealth that markets create, and that might require some collective commitment to redistribution. But if the market is to function, rewards cannot be perfectly aligned with desert (Sugden 2004, 2012). To some critics, this disconnect between reward and desert comprises a moral failure of the market. Sandel (2009) refers to a passage in which Milton and Rose Friedman (1980, pp. 136–137) argue that this aspect of the unfairness of life is a price we have to pay for the freedom and opportunity that the market gives us. Sandel (pp. 164–165) thinks this a “surprising concession” from advocates of the market. His thought seems to be that material wealth is the currency of market reward, and that individuals’ earnings from the market ought therefore to be in due proportion to effort and talent.

Of course it is true that most people value material wealth, and that, in this morally neutral sense, wealth is a currency of reward in the market, as it is in other domains of life. But an adequate account of market virtue cannot maintain that what a person earns from market transactions is a reward *for the exercise of virtue*, in the sense that a literary prize can be seen as a reward for artistic excellence. A person can expect to benefit from market transactions only to the extent that she provides benefits that trading partners value at the time they choose to pay for them. To expect more is to create barriers to the achievement of mutual benefit. Thus, market virtue is associated with *not* expecting to be rewarded according to one’s deserts, *not* resenting other people’s undeserved rewards, and (if one has been fortunate) recognizing that one’s own rewards may *not* have been deserved.

This attitude of fortitude or stoicism towards the distribution of rewards in a market economy is fundamental to Hayek’s (1976) account of the moral status of the market and “the mirage of social justice.” Hayek accepts that the market often fails to reward desert, but writes: “It is precisely because in the cosmos of the market we all constantly receive benefits which we have not deserved in any moral sense that we are under an obligation also to accept equally undeserved diminutions of our incomes. Our only moral title to what the market gives us we have earned by submitting to those rules which make the formation of the market order possible” (p. 94).

## Conclusion

We have presented a view of the market as a domain of human life with a distinctive constellation of virtues. We have argued that this view of the market is compatible with, and to some extent implicit in, a long tradition of liberal economic thought. The virtues we have discovered do not, as some moral critics of the market might have expected, merely normalize egoism and instrumentality: they are genuine virtues that can be upheld with authenticity.

We stress again that virtues are defined relative to practices. The traits that make a person good *as a participant in markets* need not be evaluated positively in all domains of human life. To acknowledge that there are market virtues is not to claim that the market is the only morally relevant domain, nor that the market virtues are the only virtues. We have argued (in agreement with some but not all virtue ethicists) that the virtues of different domains can conflict with one another. Thus, the market virtue of universality can conflict with loyalty to community and tradition. Respect for one's trading partners' tastes can conflict with upholding standards of professional and craft excellence. The virtue of self-help, as viewed by a potential philanthropist, can conflict with benevolence. Stoicism about market reward can conflict with the pursuit of social justice. However, it should not be thought that the market virtues apply *only* within the practice of the market. On our account, the *telos* of the market is mutual benefit. Thus, market virtues will apply in other domains of human life that are understood as cooperation among equals for mutual benefit and that, as Mill (1861 [1976], pp. 29–30) argues, thereby provide the environment in which the “social feelings of mankind” can develop. As Mill and many later theorists of social capital recognize, market relations form one part of the network of cooperative relations of which civil society is made up (for example, Putnam 1993). Thus, the market virtues are also virtues of civil society in general.

We close with an expression of this idea by Antonio Genovesi (1765–67 [2005]), an Italian contemporary of Adam Smith who, like Smith, tried to understand the motivations driving the growth of commercial societies in his time and who made an attempt to build a theory of commercial society based on the idea of mutual assistance (Bruni and Sugden 2000). Significantly, the name that Genovesi tried to give our discipline was not *political* economy but *civil* economy. We quote the final words of his *Lectures on Commerce, or on Civil Economy* (Genovesi, 1765–67 [2005], our translation), delivered at the University of Naples, where he was the world's first professor of economics. Having taught his students how a commercial society works, he concludes: “Here is the idea of the present work. If we fix our eyes at such beautiful and useful truths, we will study [civil economy] . . . to go along with the law of the moderator of the world, which commands us to do our best to be useful to one another.”

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