I. WE LIVE IN SYSTEMS

There are four major targets of criticism of the market: efficiency, distributive justice, personality, and quality of life. Market influences on any one of them also influence the other three; hence criticism of market influences on any one implies something about the others. Changing one market relation changes others. As the ecologists say, “you can't do just one thing.” In the interest of brevity we will selectively combine the third and the fourth targets, personality and the quality of life.

Levels of efficiency and productivity affect justice. Most obviously: (1) distribution depends upon production, and (2) relief of poverty requires resources. Many justice theorists have recognized this. Gregory Vlastos once pointed out that any just custodian of goods must, as a condition of his fiduciary responsibilities, maximize the resources available to his wards;¹ as Rawls reminds us, even egalitarians must make provision for resource development unless they prize equality over well-being.² In quite a different sense, economic growth permits Pareto optimal increments to the poor. Finally, and less certainly, a curvilinear relation between economic growth and egalitarian distribution obtains such that at a late stage of industrial development some

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intrinsic properties of market systems favor a (modestly) more egalitarian distribution of the product.\textsuperscript{5} If efficiency and equality represent “the big tradeoff,” one can choose to emphasize one over the other, but responsible moral theorists cannot choose to ignore the effects of the one upon the other.

Economic efficiency affects personality and quality of life. Everywhere poverty is the enemy of personality development and a decent quality of life. Scrambling for a living is preoccupying and, even without the culture of poverty (which is said to be a feature only of capitalist societies), the poor cannot reflect upon themselves to achieve self-knowledge; they cannot devote their meager resources to cultural enrichment or self-development. Across societies members of the more developed economies have higher levels of moral reasoning, or at least develop them earlier in adolescence; within the modern American society, the college-educated are overwhelmingly more likely than those without this education to develop standards of principled moral reasoning.\textsuperscript{4} College costs money. Cognitive development, which is the foundation of moral reasoning and has many other desirable personality effects, is a function of resources given to education. Higher per capita GNP is certainly not a sufficient condition for personality development, but up to a point (perhaps one we have now reached) it is a necessary one.

Distributive justice affects efficiency, partly because it affects incentives—hence Rawls’s difference principle. Carelessly applied, the distribution of money (but not of work) based on principles of need seems to undermine initiative and enterprise. Although in both the British and American economies most people believe that they get about what they deserve,\textsuperscript{5} some strikes, labor turnover, and withdrawal of initiative stem from a sense of injustice and do have efficiency costs.

Justice affects personality and some aspects of life quality, although it affects these less than does efficiency. This is because poverty has a much greater effect on personality than does inequality. For example, above the level of decent subsistence, that primary good, self-esteem, is only minimally related to level of income.\textsuperscript{6} On these narrow grounds, and taking due care not to create feelings of dependency, the justice of need seems better devised to protect personality than the justice of equality (where these two kinds of justice may be distinguished).
Personality affects efficiency in all the obvious senses: work ethic, entrepreneurial spirit, sense of responsibility, ability to delay gratification, self-reliance are all related to economic development. About one sixth of the American productivity increases in the 1929–1969 period were attributable to the development of human capital.  

Personality affects justice in a variety of ways: variations in belief in a "just world" create variation in tendencies to justify injustices; 8 most people show a strong tendency to desire that one person’s (often the self’s) ratio of input (cost or effort or sacrifice) to outcome (pay or status or power) is the same as any other’s similar ratio, but people differ in their responses to unbalanced ratios; 9 the level of moral reasoning mentioned above, especially the capacity to rise above conventional reasoning based on consensus or law and order to levels of principled reasoning, is a personality trait; so is the sense of responsibility for the fate of others that must precede prosocial or altruistic acts 10—all these qualities, while often situationally influenced, are differentially distributed in the population, that is, they reflect dispositions of personality.

We live in social systems where any one of the properties mentioned above affects the others—and the effects are reflexive. For example, the market’s efficiency effects on personality in turn affect the market’s efficiency. For this reason those market critics who desire to alter one relation must think of the second-order effects of that alteration on the relation criticized and on the values that the criticism is designed to advance. The unintended consequences of any one policy, whether it is the current policy or a proposed reform, are substantial and often self-defeating. 11

That society is a social system where alterations in one element affect others is obvious enough, but its realization is inhibited by a general feature of our analytical world and by a special feature of some ethical thought. The general feature is the division of labor among analysts: economists devote their attention to efficiency, ethicists to justice, psychologists and psychiatrists to personality, and everyone, it seems, to observations on, if not the study of, the quality of life. In order to promote rigor, each discipline believes it must treat the others as ceteris paribus. It is a rigor bought at a high price in understanding system
qualities and in the consequences of policies based on that understanding. The special impediments to systematic thought are of two kinds: one is the narrow deontological claims to the priority of duty over other considerations, such as efficiency and mental health. The other is the proposition that rights are absolute. It is the virtue of some rights theorists, like Dworkin,\textsuperscript{12} to recognize the limits to absolute claims. Emphasis on good will, rigorous performance of duty, and absolute rights in a world of poverty is heroic but empirically improbable.

Recognition of the interrelatedness of things is sometimes reflected in efforts to protect or wall off one cherished value from contamination by the other elements of the system. Since it is impossible to perform an efficiency act without consequences to justice or personality, or to be virtuous without affecting both justice and efficiency, this solution by spheres and walls and boundaries and tiers offers problems that we shall have to examine below. Suffice it to say here that systems do not require unimpeded influence of every system element on every other. Institutional arrangements can fruitfully insulate one sphere from another for the very purpose of protecting the system, as the injunction (in spite of Posner)\textsuperscript{13} to the courts to ignore efficiency considerations in rendering justice illustrates. The interrelation of things does not imply their confabulation.

\textbf{II. Criteria for Judging Market Effects}

Our primary concern is with criticisms of the market falling under the third category above: personality, although the relations between personality and the fourth element mentioned, quality of life, are especially close. The two are different as the quality of person and the quality of experience are different. A fine person can have a miserable life, and an objectively secure and prosperous life, enriched by all the advantages, can be lived by a person of low moral character and obtuse sensibilities. In discussing personality, however, we necessarily touch on quality of life.

Criticism of the market’s effects on personality (or human flourishing or human development) employs two visible terms, “personality” and “market,” and one invisible term: the standards employed.
**Personality.** The conceptualization and evaluation of personality development offers many difficulties, difficulties familiar to psychiatrists and social psychologists as well as to philosophers. We will not pause here to explore these concepts, but rather refer to one source of standards by means of which to evaluate market effects on the human personality. Two, of many, definitions of mental health by psychiatrists suggest both the common and variant themes that enter these definitions:

Let us define mental health as the adjustment of human beings to the world and to each other with a maximum effectiveness and happiness. . . . It is the ability to maintain an even temper, an alert intelligence, socially considerate behavior, and a happy disposition.**

In very simple terms, a mature and mentally healthy person is one who (1) respects and has confidence in himself and, because he knows his true worth, wastes no time in proving it to himself and others; (2) accepts, works with, and to a large extent enjoys other people; (3) carries on his work, play, and his family and social life with confidence and enthusiasm and with a minimum of conflict, fear, and hostility.**

The ethicist will notice the minimal role of moral qualities in these accounts. Possibly this omission is due to the fact that the psychiatrist knows that a person's mental illness is more hurtful than ethical deficiencies to that person's associates and to society more generally. But let us add virtue and a sense of justice to the criteria by which market influences are to be judged.

**Markets.** The ordinary person is deeply engaged in only two markets, the labor market and the consumer market; almost never in interfirm markets and only glancingly, when he or she saves, in the capital market. Success in the labor market establishes one's place in the economy and to a large extent one's status in the community; it gives one the means for entry into the consumer market. Although on the average a person enters the labor market only about twelve times during his life, the fact that one *sells* one's labor, talents, and devotion can be expected to influence one's thought and perhaps one's personal-
ity throughout life. A person's economic anxieties, sense of independence or dependency, alienation (in all of the Marxian senses), self-respect, self-reliance will depend more on the labor than the consumer market.

The consumer market is another matter. In 1965 for the American population the average time spent marketing and shopping was 31 minutes a day, an increase of 40 percent over the preceding 30 years. Women spend more time shopping than men, the French and West Germans spend more time shopping than Americans. The figures do not include market experiences such as eating in restaurants and exposure to advertising, the latter greatly increasing children's exposure to market norms. The critics' argument is that a person's exchange orientation, "commodification" of friendship (see below), pricing of the intrinsic, and so forth is learned from and reinforced by these experiences in the consumer market.

Attitudes toward money, tendencies toward instrumental, cost/benefit thinking (as contrasted to reflection and appreciation), and materialistic values might be expected to flow from both of these experiences, probably interactively as well as cumulatively. But since it is possible independently to vary the marketization of labor recruitment and assignment, on the one hand, and the distributions of goods and services, on the other, reforms flowing from the criticisms of the market depend for their effectiveness upon a more careful specification of the particular market that shapes the pernicious learning experience.

The common lack of specification has a rationale: a market culture permeates all institutions and practices in market societies—literature, religion, politics, family. Given what is thought to be the primacy of economic institutions, this assumption has some initial plausibility, but it must be examined in the light of the many theories of the autonomy of art, the family, religion, and even politics, the autonomy of the last of these illustrated by such recent titles as The Autonomy of the Democratic State, by Eric A. Nordlinger (Cambridge, Mass.: Harvard University Press, 1981), and Bringing the State Back In, edited by Peter Evans, Dietrich Rueschmeyer, and Theda Skocpol (Cambridge: Cambridge University Press, 1985). The latter title is largely addressed to earlier Marxist theories of the state as a dependent servant of the ruling economic class.
The importance of the market in shaping our consciousnesses has a direct and an indirect aspect. Only a modest element of our daily consciousness is focused directly on market-related things. A much larger portion is occupied by work (which is quite different from the labor market), family, friendship, uncommercialized leisure, education, worship, musing/reflecting/wool-gathering—whatever people do when they are unoccupied and alone—eating and drinking, sleeping, health care and health worry, growing up, gardening, walking down the street. Allowing seven hours for sleeping (which is about the United States average), what people think about in the 16 hours and 29 minutes wakeful time when they are not shopping and in the 58 years of their allotted 70 in which they are, on the average, not looking for a job has little to do with money and markets. Those who doubt this perspective might reflect upon how much of their conscious life is devoted to thinking about market-related things in their own lives. Nor is the unconscious much more occupied with such things: for example, in one analysis of the dreams of 1,000 men and women only 43 dreams had to do with money, compared to 149 dealing with automobiles (adventure and symbol more than price), 125 with “rooms” (of which more were with living rooms than bedrooms!), 118 with “home,” 62 with water, 49 with hands, and 46 with faces.¹⁷

But the indirect effect of the market on the way we think is substantial. We assume without thought that goods are exchanged for precise money amounts and not given in the manner of gift-exchange economies. We think of goods as individually and not collectively owned and that their usufruct pertains to their individual owners. We accept that we must earn our living in the labor market, that it is shameful to be dependent on kin, that the money in our pockets is exchangeable for commodities, and so forth. If we do not think about market related things what we do think about often (but certainly not always) reflects what we have learned from the market.

Standards. Most market criticisms are ambiguous regarding the standards employed, that is, they do not specify whether “the market” (undifferentiated) fails to meet some ideal standard or whether it fails to do as well in the specified respects as traditional economies or command economies, or as some known or imagined mixed economies. Nor is it clear whether the ob-
served market fails to do as well as another, superior kind of market (such as market socialism) might do, or whether, instead, the defects are inherent in any market economy. If the market fails to develop ideal people, even the most enthusiastic market supporter must agree. But that would be true of all known economies and it cannot be that the critics propose to do away with the production and distribution of goods entirely. If we are to deal with the body of criticism as it presents itself, we must accept this ambiguity and take it to mean that, compared to some other form of economic organization, the market has more of the specified defects.

The implicit model. The critics' basic theoretical model, then, assumes the following form. Compared to some other economic system, ideal or historical: (1) certain qualities of materialism, individualistic selfishness, competitiveness, exchange orientation, instrumentalist thinking, single-dimensional (price-conscious) evaluation, and appetite-enhancing characteristics of market experiences, are (2) learned both from experience and market culture, (3) rewarded by status and power and wealth, and (4) taught to children as conditions of success; what is learned, then, (5) both governs the domain of life covered by the market and generalizes to the larger nonmarket life domains, where it (6) influences behavior and (7) becomes internalized as socially functional features of personality.

III. THE COMMODOIFICATION OF HUMAN RELATIONS

Of the many criticisms of market effects on personality suggested above, we will choose only one for illustrative, if sketchy, treatment: the commodification of human relations. Our purpose is to suggest a way of thinking about the complex problems that all the criticisms—and a parallel set of defenses—raise; it is not a defense of the market but a defense of scholarship in an area saturated with ideology.

The criticism of market effects on human relations has a long lineage: Montesquieu commented on “the monetization of all human relations”; Carlyle's phrase on the reduction of human relations to “cash payment” is, of course, echoed in Marx and Engel's “cash nexus”; like others, the authors of the Communist Manifesto refer to the conversion of human value into “exchange
value.” Both Simmel and Lukacs speak of the way human relations in a market economy are cold and anonymous; Fromm gives this interpersonal orientation a name: “The character orientation which is rooted in the experience of oneself as a commodity and of one’s value as exchange value I call the marketing orientation . . . [which] has been growing rapidly.”\textsuperscript{18} Many of these critics allege that warmth has gone out of human relations in market societies with the consequence that people become, as Simmel said, “intellectually calculating egoisms . . . [who] need not fear any deflection because of the imponderables of personal relationships.”\textsuperscript{19}

What is to be explained, then, seems clear enough. But the evidence for the increase in these unfavorable qualities paralleling the rise of the market economy is not offered; perhaps there is nothing of this sort to be explained, or, miraculously, what must be explained is the decline in cold, stiff, formal qualities. The allegations certainly seem dissonant with the alleged dominance of “other-directedness,” that exaggerated concern for what others think of the self. Only after some estimate of the truth of the allegations will it be worth while trying to assess whether it is the market economy, or urbanization, or the division of labor, or the market’s effects on these mediating forces, or something else that accounts for whatever changed human relations has taken place.

Observations on the character of human relations are easily made, hard to prove or disprove. Impressionistic observers of the American character, for example, differ on how to characterize the way we treat each other: Tocqueville says “the temper of the Americans is vindictive,” while Bryce says the Americans typically take a “charitable view of wrongdoers.” Max Lerner, like Laski, speaks of the “friendliness” of the Americans, but Tocqueville noticed a certain “coolness” and anxiety in their mutual relations. Are the observers wrong, or between Tocqueville and Bryce or Lerner and Laski have the Americans become less vindictive, warmer and more friendly? Those who characterize the temper of the times, or of Western market civilization more generally, also differ from each other: like Simmel, Lewis Mumford characterizes the human relations of modern man as “cold” while Allen Wheelis, a psychiatrist, says: “the key words for our time are ‘flexibility,’ ‘adjustment,’ and ‘warmth.’”\textsuperscript{20} If
observations are ambiguous in one way, statements of “felt need” are ambiguous in another. The psychologist, Seymour Sarason, speaks of the widespread, deeply felt, contemporary American need for closer personal ties, “the sense that one was part of a readily available, mutually supportive network of relationships upon which one could depend.”21 But, is this because of our isolated, atomized lives (more isolated and atomized than a farm household in Nebraska in the 1880s?) or because we have developed a higher standard of human relations than we had before? Or a lower standard? The psychologist, Abraham Maslow, says that needing others, as contrasted to wanting them, is a sign of incomplete personality development.22

Systematic studies with controlled observations and better conceptualization do not tell us of the effect of markets but do give a clue as to what it is that must be explained. A detailed study of people’s beliefs about themselves, their social roles and life concerns, shows a shift between 1957 and 1976 toward a greater attention to and a higher evaluation of personal intimacy and more concern with personal relations, as contrasted to an emphasis on relatively impersonal status and role relations earlier.23 Another American national study using 1957 and 1978 survey material reports that, “most [but not all] people in this country are surrounded by a network of relatives and friends whom they see frequently and who provide for them feelings of satisfaction with family and friendships which we know to be important to the individual’s sense of well-being.”24 For our purposes, the important point is that those lacking this supporting friendship network are not those most exposed to the market but marginal people who have failed in the market, a fact suggesting an explanatory theory very different from the ones mentioned above. Therefore it is reasonable to doubt the range and depth of the phenomena alleged to be characteristic of modern market societies.

The causal sequence that might bring about the commodification of human relations, wherever it may be found, cannot be elaborated here, but we might take a few tentative excursions in that direction. One follows the critics’ argument mentioned above: we learn human relations in the market (not the home, where Gemeinschaft still prevails); the materialistic values that inform the market come also to inform our relations in such a way that
other people become primarily instruments for enhancing our wealth; and treating others as human beings or ends in themselves or primarily as persons whose company we enjoy impedes our single-minded pursuit of economic goals. While initially plausible, this argument does not square with: (1) what we know about people’s value systems (“a prosperous life” ranks [1971] 13th out of 18 “terminal values,” far below “peace,” “equality,” and “self-respect”); (2) findings on the sources of people’s happiness (number of friends is a much better predictor of life satisfaction in this market society than is family income), or even (3) what people value in their work, where congenial workmates ranks only a little below pay, which itself generally ranks below challenge.

The second causal exploration deals with the effect of changing role relations. Assume that Parsons is right and that human relations in modern market societies are characterized by more role-specific behavior and that, by way of contrast, in Gemeinschaft people are known to each other in their several capacities or roles: a person is not just “the postman” but also a neighbor and father of one’s children’s friends. Because the market (but also the command economy) does seem to facilitate the division of labor where role specificity might flourish, an indirect causal relation would be established and these relatively more anonymous relations might be interpreted as cold and exchange-oriented. If that were true, then we would still have a choice: on the one hand, Godfrey and Monica Wilson suggest a displacement effect: the number of interpersonal contacts times the depths of these relations equals a constant. On the other hand, Lyn H. Lofland suggests an additive relation: “The cosmopolitan did not lose the capacity for knowing others personally, but he gained the capacity for knowing others only categorically.” Studies of friendship networks in cities suggest that the Wilsons’ theory may be marginally true for the working class, while Lofland’s observation is more valid for the middle class.

A third line of exploration follows the idea that the market effect on human relations is not a product of exchange orientation, but rather of the market’s encouragement to geographical mobility: going where the jobs are. We did not grow up with our neighbors; we are all transient strangers to each other. The plausibility of this hypothesis is partially undermined by the
research findings that (1) after five years a person has as many friends in the place to which he has migrated as he did in the old place, and (2) there seems to be no difference in willingness to share confidences, to lend and borrow, and to experience intimacy with relatively new friends compared to old ones. Not wholly irrelevant to the issue of human relations is another set of findings: people who migrate do better economically and professionally than comparable others who stayed in the same place, whether that is the place of destination or the place of departure.

Then, too, we have problems of evaluation of mixed results. One of these, of course, is mentioned at the beginning of this discussion: how much prosperity we should sacrifice (if that is necessary) for a marginal gain in the kind of human relations embraced by community solidarity. A second evaluative problem is suggested by the findings that looser social networks are associated with decreased sex discrimination and an increase in the activities married couples do together. A third is indicated by the title of Richard Sennett’s book, *The Tyranny of Intimacy*, and presents the dilemma posed above by the Wilsons. Intimacy, says Sennett, impedes sociability, a wider but looser set of relations. Finally, in this abbreviated, illustrative list, is the problem of a tradeoff between cognitive development and intimate human relations. If it were the case that the market’s stimulative effects and thrust toward self-reliance increased alertness and learning capacities (as new playthings do for monkeys and rats) but also that the market destroyed the easy bonding of neighbors, by what criteria of mental health or ethical prescriptions should we choose among these goods?

Holding ideology and anger in suspension as best we can, it is along such lines that we might investigate the allegations of the market critics that markets commodify human relations—and the proud boasts of market defenders that the market releases people to make their own friends wherever they choose.

### IV. Global Evidence on Economic Systems

If the complex and multifaceted criticisms of market effects on personality have validity, we would expect market societies to reveal more of the personality damages than either household
(peasant) economies or command (communist) economies. So much is going on (especially cultural variation) in these comparisons that any finding would be inconclusive, but it would be suggestive and might alter the confident tone of both critics and defenders of the market system. Obviously, we cannot rehearse the evidence here, but let me illustrate the kind of evidence that leads one to doubt at least the sweeping character of the criticisms. On the matter we have just reviewed, human relations, two studies on command economies suggest caution in attributing to market economies a primary modern source of coldness: one, entitled “From Friendship to Comradeship,” points out that intimacy and trust among friends in communist China has been eroded by fear of disclosure to the authorities of casual heterodoxy by one partner. The second study reports the use of informants by the Soviet Union and the communist regimes of Eastern Europe as a means of controlling the population and vesting prosecutorial powers in the public; the result was that each person held the fate of his friends in his hands. In both cases suspicion took the place of intimate human relations. Of course, socialism, as originally conceived, is not indicted, but those command economies speaking in the name of socialism are; it is a question whether concentrated, centralized economic power does not risk such results.

The apparently widespread use in command economies of under-the-table payments for officially free or government subsidized goods (a hospital bed, housing) also suggest an exchange orientation that must infect friendship in such a way as to cause a person to consider the extrinsic payoffs of friendship—even in a society of historically warm relations. On the other hand, recent reports of the rise of market relations in Hungary suggest exactly the kind of changes market critics would anticipate: conspicuous consumption and consumer competition. “Father Kuklay [the local priest] said competitive acquisitiveness now dominated life in Korom [a small city some distance from Budapest]. Devotion to work [he said] used to bring the highest prestige. Now it comes from prosperity and property and knowing how to get them. . . . The priest lay the blame for the decline in selfless values on a headlong rush of competitive materialism unleashed by the 1968 economic changes.” The point is not that market societies are worse or better in their human rela-
tions but that no presumption exists that they are worse and reasons do to believe that exchanges protect human relations in a way not true of unilateral commands (see below).

Following Karl Polanyi, Marshall Sahlins, Stanley Diamond, Marcel Mauss, and other anthropologists (and the industrial psychologist Fritz Roethlisberger), we would conclude that primitive societies, and to some extent also peasant societies, have warmer and less exchange-oriented relations, less materialistic values, less competitiveness and more cooperation, and more secure identities. Following Oscar Lewis (on Tepoztlán), Margaret Mead (on the Manus), R.F. Fortune (on the Dobus), Cora Dubois (on Alor) A.I. Hallowell (on the Ojibwa), we would doubt at least the allegations about warm, trusting, and cooperative relations. More cogently, examining the codified reports in the Human Relations Area Files on relations, values, property rights, and entrepreneurship in hundreds of societies we are led, with better evidence, to doubt Polanyi’s categorical statements. Robert Redfield studied and restudied a society (Chan Kom) that went from subsistence agriculture to cash crops; he reports that their internal relations were equally trusting after the change and their treatment of strangers was much more hospitable. The ethnography on the Canadian Eskimos, encountering “civilization” in the persons, not of priests and soldiers but of traders employed by the Hudson Bay Company, reveals a benign change from precarious existence to secure existence without identity problems or social disintegration, although with increased individuation and materialistic values. On the single, troublesome theme of materialism, the evidence from many studies suggests that it is a function of opportunity; people only want what there is some possibility of their having —whether the context is the market or a colonial power or the red army or whatever.

The evidence from both command economies and primitive and peasant economies certainly does not give much confidence in the validity of the market critics’ indictments, but neither does it wholly refute them.

One other set of comparisons: are soldiers and priests and academics less competitive, less materialistic, less exchange-oriented, and less selfish than businessmen? In some ways, yes. But fellow academics, do look around you.
V. All Choices Are Priced

When a father chooses to read the newspaper instead of playing with his daughter he “prices” the value of the newspaper higher and the cost lower than playing with his daughter. Every good that is chosen has an opportunity cost measured by the values of the goods not chosen. To choose something is to “exchange” it for something you might have had if you had chosen something else. Thus, the pricing of goods in the market and the exchange orientation involved in market transactions are merely extensions of nonmarket acts, extensions to situations where the pricing and the exchanging are made more conscious. They are not different in kind. Compared to household economies, markets merely externalize and give names to actions that occur every day under other names within the household.

Market exchanges have the social advantage over other kinds of choices in the constraints imposed on each choosing person: each must be willing or the transaction will not take place. Critics rightly observe that in market exchanges the asymmetry of power and of alternatives available often invite exploitation. What they fail to note is that choices where the implicit exchange is only the opportunity cost of the chooser may have even fewer constraints, that is, they may be tyrannical. The common comparisons of market exchanges with gift giving or altruism give moral advantages to noncommercial choices, but comparisons with “tyranny” would often give the market exchange moral advantages. For example, compared to selling blood, giving blood may offer moral advantages to the giver and solidarity advantages to his or her society, but selling blood is advantageous compared to being ordered to “give” blood. In the example given above, the father, with more discretion and power, is behaving tyrannically toward his daughter.

Market exchanges may or may not be more materialistic than other kinds of choices. If we take materialism to mean the nature of the goods chosen or exchanged, contrasting them, for example, with love and knowledge, I am as materialistic when I choose a chisel instead of a screwdriver as when I sell my chisel (now nicked) for money. If we take materialism to mean evaluating wealth over, for example, wisdom or friendship, I am as
materialistic when I can my fruit to save money, instead of talking to friends, as when I sell my canned fruit in the farmers' market.

Market exchanges may or may not be more selfish or self-interested than other kinds of choices. Depending on the poor father’s and nagging daughter’s circumstances, the father may seem selfish in reading the newspaper, just as selfish and self-interested as when he bargains with the butcher, the brewer, and the baker over the price of his dinner.

So what is all the fuss over marketization and exchange orientation and price-consciousness about? We suggest three aspects of exchange that differentiate it from nonmarket choices: (1) Making conscious and manifest what was unconscious and latent does have consequences. While it may be true that all gift-giving follows the norm of reciprocity, the act of giving is perceived differently from the act of selling by both the giver and the receiver. Giving, even at Christmas time when gifts are exchanged, is more of an expression of sentiments, often genuine, of respect, affection, and solidarity that is clearly not true of selling or exchanging exact equivalences. In some ways, the stipulated exactness of the equivalence in a market transaction is what undermines the solidarity, for in comparison with the inexactness of reciprocal gifts, it expresses a conventionalized distrust in the partner. And, in spite of the doctrines of social exchange theory, there are many acts of generosity where the relevant return is not gratitude and deference, but a private pleasure in the welfare of another. Anonymous philanthropy is just such a case. The idea of an extended ego, where what happens to another who is linked by some tie to the self, however remote that tie may be (as in the cases of common ethnicity or nationality) makes altruism a selfish pleasure that does not rely upon the returns stipulated by social exchange theory. For such reasons as these altruistic choices are different from exchanges in market transactions.

(2) Normally choices are made on the basis of multiple criteria: the intrinsic pleasures of friendship, curiosity, achievement motivation, revenge. The kinds of evidence by which we judge the success or failure of these choices are also multiple; they are, in addition, often subtle, hidden in the small signs we get from others or from ourselves. Market transactions, however,
are made under circumstances where there are public indicators that all may read: price, cost, comparative economic value. One should not make the mistake of believing that price and economic value are the sole or even the principle criteria employed in consumer purchases, for repeated inquiries into consumer behavior reveal that in the "satisficing" process employed, some performance criterion or life-style or image advantage turns out to be the first of the several desiderata to be satisfied.\textsuperscript{40} Nevertheless, following a variety of known cognitive heuristics, people tend to use the most visible, cognitively available information they have—and that is often price. Furthermore, since price is a dimension permitting comparisons of many choices—it's a great advantage over qualitative criteria running over several dimensions—price is used as a surrogate measure of subjective profit in the absence of others. The very advantage of economic choices over the other kinds of choices we mentioned, their comparability, tends to twist evaluations, and indeed values, along the price dimension. Even the opportunity costs of leisure, as Linder has pointed out,\textsuperscript{41} tend to be priced.

Price is often a surrogate for other information. Just as a more expensive good is thought to be better than a less expensive one, so a richer person is thought to be better than a poorer person. Given information on a person's wealth and nothing more, people tend to infer a host of favorable personality qualities for a hypothetical prosperous and unfavorable qualities for a hypothetical poor man. This is wholly spurious, that is, poor men taking the same personality test that was used for the hypothetical evaluations by the subjects of the study, had personality profiles much more favorable than those assigned to the hypothetical poor man.\textsuperscript{42} In this more limited sense, human relations are affected by the money-consciousness taught by market economies. (Whether this same stereotypical behavior would be seen if knights and dukes were compared to yeoman and peasants in feudal society, or section chiefs and clerks in a bureaucracy, or party members and nonparty members in the Soviet Union remains to be seen; the halo effect is probably universal.)

(3) Forced and coerced choices are always unfortunate; it is the circumstances of the choice and not whether or not money changes hands that should affect our judgment of the choice or
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exchange. The concepts of forced and coerced choices may be explicated as follows:

i. All choices are constrained by nature, human possibility, and so forth. Choices constrained only by these factors are not coerced; they are choices among limited alternatives.

ii. Where there are universal social constraints applying to all individuals within a society and we know that customs and institutions could be different, the choices are forced but not coerced.

iii. Where an individual, John Doe, has choices P and Q, but P involves serious and punitive consequences, then Q is coerced if:
   a. we know that there are feasible choices R, W, etc. that are not ruled out by nature or universal social practices, and;
   b. there are others who are like Doe in relevant respects but unlike him in the respect that robs Doe of choices R, W, etc., and;
   c. this respect is by some standard wrong, and;
   d. Doe knows of these alternatives. (If Doe does not know of these alternatives and could choose them if he knew them, the choice is not coerced, but Doe is deprived.)

Not market exchange, but forced and coerced choices are the enemy of human choice. As Walzer says, "there is nothing degrading about buying and selling—nothing degrading in wanting to own that shirt (to wear it, to be seen in it). . . . If the sphere of money and commodities is properly bounded" there is no great harm in trying to sell more. What is degrading is a "desperate exchange,"44 such as one requiring long hours of unremunerative work from a person with no alternatives, or prostitution, perhaps at any time (or perhaps not if one is a popular courtesan), but certainly under duress. Although many choices quite outside the market are degrading (gratification toward a tyrannical father, supplication for grace from an intolerant priest), the most common site for forced exchanges is in that area where a livelihood is to be gained: in a market econ-
omy, the market. (As a parenthetical remark, we might note that in our opinion the sale of one's blood and organs is rather like the sale of one's labor, although probably less degrading because less intimately tied to self-esteem, for one's blood and organs are rarely matters of pride or so vulnerable to criticism as one's work. Selling either one's labor or one's blood and organs in a desperate exchange or under threat of starvation are equally degrading.)

Because of their opportunity costs nonmarket choices generally reflect most of the characteristics of market exchanges: their implicit pricing, their materialism, and their selfishness. But the market's explicit pricing, its invitation to use a single, readily available, easily comparable money dimension for judging everything, and its more frequent incidence of desperate exchanges make market choices different from others. It should be apparent, however, that the main problem for the development of the human personality is the character of the choices made and not the exchange of goods and services for money in the market.

VI. WALLS AND SYSTEMS

How can it be that in a system where each element affects others, we could ever hope to erect a wall between the market and certain protected kinds of practices? This is a particularly cogent question if we accept Churchman's idea that in any system the system goal determines the goals of all its subsystems. Would it not be the case that the subsystems behind any wall designed to reduce the power of money and "to make money harmless" might serve purposes quite uncongenial to the purposes of the overall system, and worse, feeling protected by walls, people would come to believe that everything else is by some magical, perhaps invisible, hand serving a valuable social purpose?

Walls may do two things: they may insulate the subsystem from pollution by the system goal, and/or they may insulate the subsystem from pollution by other subsystem goals, protecting the integrity of the subsystems. (To avoid such infelicities of expression we hereafter refer to subsystems as institutions or practices and the overall social system as society.) Walzer's Spheres
of Justice offers a useful scheme for the second of these purposes: protecting such institutions as criminal justice and such practices as merit awards from contamination by the institutions and practices of the market. The purpose is to keep separate the power of money from other kinds of power and the criteria of wealth from other kinds of criteria. This kind of insulation has many other guises: in the interest of personality development we prohibit child labor, thus insulating children from demands for direct and immediate contributions to productivity; to promote productivity we protect factories (even socialist factories) from demands based on the justices of need and equality; an elaborate system of rights protects certain acts from trespass by the government; Rawls's “lexical ordering” of freedom is a form of boundary creation. Like our theories, our social system is full of walls and boundaries, isolating, protecting, and bounding the institutions and practices considered vital for our society.

The criteria employed to justify boundaries and walls are devised to protect one set of institutions and practices against invasion by another; they are not devised to serve an overall societal goal—because there is no agreed-upon overall societal goal. We have, therefore, no means of assessing whether the walls and boundaries serve such a goal. Many such goals have been suggested: W. D. Ross proposes four: (1) “virtuous disposition and action,” (2) merited pleasure, (3) justice, and, more ambiguously, (4) knowledge. Following Kant, we might consider such a goal to be human dignity; following the utilitarians, we would say happiness; in this volume Radin suggests “human flourishing,” which is very like William Galston’s “developed existence.” Radin suggests further that the wall metaphor fails because it seems to protect only some aspects of human flourishing, leaving practices outside the wall free to trespass on such flourishing. Her concept of the overriding societal goal is attractive and congenial to our point of view, but unless it can be reconciled with other concepts of the good it represents only one more vague formulation of a supreme good. We cannot yet follow Churchman’s precept and ask of each proposal to insulate one set of practices whether it both protects that set from other institutions and practices and serves the overall purposes of society.
But we can do something more modest. Proposed legislation must defend itself against charges that it will unfavorably impact the environment. In the same way, we may ask of every criticism and every defense of the market not only whether it would serve the short-run, institutionally defined purposes for which it is established or proposed, but also how it does or would affect other social purposes, specifically, economic efficiency, justice, personality development, and the quality of life. For example, we cannot defend rent control because it protects the rights of tenants to circumstances favorable to their quality of life without also asking how it affects the production of housing and therefore the interests of the homeless. Nor can we propose that all jobs be devised to develop human capital without also asking how this affects labor costs and therefore unemployment—bearing in mind that our Taiwanese competitors whose jobs might be protected by an expensive job-enrichment program in the United States are also people with moral claims.

Ethically informed proposals to promote justice and virtue must, like economic proposals to promote efficiency and like psychological proposals to promote mental health (or human flourishing), ask these kinds of questions about system effects and weight the answers with care. If they do not, in each case they not only risk jeopardizing the values they have ignored, but also, because of systematic interconnections, risk defeating their own purposes.

NOTES


11. The social system, of course, is much larger than the economic system, with families, communities, religious institutions, and so forth all sharing in the system effects, but there is enough to do in the above analysis without complicating it further.
17. Calvin S. Hall and Robert L. van de Castle, The Content Analysis of Dreams (New York: Appleton-Century-Crofts, 1966), 243–72. Studies of the content of daydreams reveal more economic content, but in that area it is work and not pay, buying, selling, money, or exchange that people turn to in their musings.


40. See, for example, James R. Engel, Roger Blackwell, and David T. Kollat, *Consumer Behavior* (Hinsdale, Ill.: Dryden, 1978).
43. The following explication has been greatly assisted by comments by Ian Shapiro and others in a discussion of the Yale Political Science Department Political Theory seminar. See also Ian Shapiro, *The Evolution of Rights in Liberal Theory* (New York: Cambridge University Press, 1986), 180–85 and 290–99.
47. Robert E. Goodin proposes to insulate ethical decisions from materialistic ones on the grounds that “material incentives destroy rather than supplement moral incentives” (113). This formulation ignores the system properties of societies, as outlined above, and also runs into the difficulty that few ethical decisions are free of material consequences and few material decisions can be divorced from ethical considerations. See his *Political Theory and Public Policy* (Chicago: University of Chicago Press, 1982), chap. 6.