

Markets, Morals, and Virtues: Evidential and Conceptual Issues

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In their interesting book, *Do Markets Corrupt our Morals?*, Virgil Henry Storr and Ginny Seung Choi provide a timely and stimulating contribution to the long-lasting debate concerning the effects of markets on the morality of individuals' behaviour. The authors build on what they regard as "the most convincing theories about how markets can work and the best available evidence regarding how markets have worked" to argue that—contrary to widespread opinion—markets "are not morally corrupting" and are, in fact, "moral training grounds that support moral improvement" (vi). The authors advance two main arguments to substantiate this central thesis. First, "people in market societies are wealthier, healthier, happier, and better connected than people in nonmarket societies", and "this material fact [...] is morally significant" (11). And second, "the market is a moral space that both depends on its participants being virtuous and also rewards them for being virtuous" (11). The idea is that "rather than making us selfish and corrupt, markets both work better when peopled by virtuous people and encourage virtuous behavior" (8).

The book is divided into seven chapters and an appendix. Chapter 1 briefly contextualizes the debate concerning the effects of markets on the morality of individuals' behaviour and summarizes the contents of the other chapters. Chapters 2 and 3 respectively examine distinct versions of the often-made criticism that markets are morally corrupting and various traditional responses to such criticism. Chapter 4 aims to substantiate the authors' first main argument that "people who live in market societies are wealthier, healthier, happier, and better connected than people who live in nonmarket societies" and that "this material fact [...] is of moral significance" (13). Chapter 5 aims to substantiate the authors' second main argument that "markets function better when participants are virtuous" and that "market participants tend to be virtuous" (13). Chapter 6 aims to demonstrate that markets "make us more virtuous" and

highlights various mechanisms through which markets allegedly promote virtue (13). Chapter 7 explicates the implications of the previous chapters for the ongoing debate concerning market interventions and argues that “moral costs [...] result from curtailing market activity” (13). Finally, the appendix outlines the authors’ measures of the morality of individuals’ behaviour, their classification of market and nonmarket societies, and the statistical/econometric analyses underlying their comparisons “of how market societies and nonmarket societies [respectively] perform on various measures of morality” (249).

I lack the space here to offer a more detailed summary of the book’s contents and discuss the many interesting issues examined by the authors. In what follows, I briefly explicate what I regard as the main strengths of the book and provide a critical evaluation of the book’s central thesis, focusing on the two main arguments that the authors put forward to substantiate such a thesis.

Storr and Choi collect a wide range of empirical findings to substantiate their central thesis that markets are “moral training grounds that support moral improvement” (vi). The authors carefully demarcate the intended scope of their evaluation, making clear both that their review “of the most trenchant critiques of the market [is not] comprehensive” (34) and that they do not discuss important issues, such as income inequality and the problem of noxious markets. The exposition is commendably clear and (apart from some chapters’ wordy beginnings) properly streamlined. The authors provide insightful discussions of earlier debates concerning the effects of markets on the morality of individuals’ behaviour, and they correctly note that to address the “central moral concern” of market critics, “the question of whether or not engaging in market activities is morally corrupting has to be answered directly” (12; see also 77). In doing so, they scrupulously acknowledge the limitations affecting many traditional defences of markets (see, for example, 12 for the claim that “traditional moral defenses of the market do not really address the central moral criticism leveled against markets by their critics”; see also 51–52).

That said, let me expand on the reservations I have concerning the two main arguments that the authors provide to substantiate their central thesis that markets are “moral training grounds that support moral improvement” (vi). I shall critically examine these two arguments in points I–II below. In doing so, I shall focus on the authors’ claims concerning individuals’ virtues (rather than deontological or consequentialist issues)

since the authors' two arguments predominantly focus on the aretaic evaluation of markets. Moreover, I shall devote greater attention to the authors' second argument, since (as I illustrate below) this argument addresses the market critics' concern that markets are morally corrupting more directly than the authors' first argument.

Before proceeding, let me briefly address one methodological issue that importantly bears on the evaluation of markets' effects on the morality of individuals' behaviour. At the beginning of the book, Storr and Choi contend that the claim that markets are morally corrupting—while “often discussed in the language of moral philosophy”—“is at root an empirical, rather than a philosophical, claim” (13). However, I do not think that empirical and philosophical considerations concerning markets' effects on the morality of individuals' behaviour are plausibly juxtaposed in this way. To be clear, I agree with the authors that claims as to whether markets are morally corrupting are (or at least ought to be) amenable to empirical analysis. Still, I think that the issue whether markets are morally corrupting crucially rests on *both* empirical *and* philosophical presuppositions, and that adequately addressing this issue requires one to draw on *both* empirical *and* philosophical considerations. In fact, below I shall attempt to demonstrate that the issue whether markets are morally corrupting is not easily resolved on purely empirical grounds and that philosophical considerations play a crucial role in adequately addressing such an issue.

I. FIRST ARGUMENT

According to Storr and Choi's first main argument, “people in market societies are wealthier, healthier, happier, and better connected than people in nonmarket societies” (11). Moreover, “this material fact [...] is morally significant” (11; see also 87 and 95). This first main argument is predicated on a putatively sharp dichotomy between *market societies* and *non-market societies*. Storr and Choi define market (as opposed to nonmarket) societies as “areas, countries, or regions where markets are permitted to thrive [...] without significant interference”, that is, “spaces where property rights are respected, contracts are enforced, and the rule of law exists” (9). More specifically, the authors demarcate market and nonmarket societies on the basis of five indices, and define a country as a market society only if it scores “in the top two-fifths of the range of possible scores in each of the indices for which a score was available for that particular country” (252).

Storr and Choi anticipate some concerns with their decision to classify as market societies only those countries that fall in the top two-fifths of the range of possible scores for each of their indices. However, they dismiss these concerns on the alleged ground that such concerns “would apply to any and all choices of cutoffs” (253). This latter point is not without merit, but does not eliminate concerns regarding the putative arbitrariness of the authors’ choice of indices and the specific cutoffs for each index. One way to alleviate these concerns would have been to provide some data regarding the robustness of their statistical/econometric results to variations in the chosen indices and/or cutoffs for each index. Such data, in turn, could have also helped the authors to better support and contextualize their classification of specific countries as market/non-market societies (see, for example, 10 on the classification of Spain as a nonmarket society).

More generally, the point remains that the authors’ dichotomous classification of countries into market and nonmarket societies tends to superimpose a somewhat arbitrary degree of sharpness and precision on an evaluative issue whose treatment should allow for more graded and nuanced distinctions. To be sure, I agree that “in determining whether or not market activity is morally corrupting, it is important to know which countries allow the greatest scope and support for market activities” (252). I am also aware that a graded (rather than dichotomous) indicator of marketness might have not suited well the authors’ aim to “determine whether or not market and nonmarket societies perform differently on various measures” (253). Still, as the authors note, a graded (rather than dichotomous) indicator of marketness would have enabled them to illuminate other relevant issues (see, for example, the book’s appendix on how marginal changes in marketness affect various measures of morality). And in any case, the authors’ dichotomous classification of countries into market and nonmarket societies seems insufficiently fine-grained to capture many of the graded and nuanced distinctions involved in their evidential comparisons.

Now, let us suppose—for the sake of argument—that the authors were able to overcome these classificatory concerns. Assume further that they were able to demonstrate that, in general, “market societies outperform nonmarket societies in numerous indicators of material well-being” (97). Even so, additional questions would remain as to how exactly the material prosperity yielded by markets bears on the issue whether markets are morally corrupting. After all, one may consistently grant that markets

yield material prosperity, yet doubt that this prosperity makes individual market participants more virtuous. To address this concern, the authors claim that the material prosperity yielded by markets enables individual market participants to “avoid many difficult moral dilemmas” and makes them “better positioned to actually improve the lives of others [and] more willing to focus on the well-being of others” (126). However, the authors do not convincingly support the claim that the material prosperity yielded by markets makes individual market participants “more willing to focus on the well-being of others” (126; for example, the functioning of markets does not generally require that their individual participants intend to enhance the actual well-being of their trading partners). And the alleged fact that the material prosperity yielded by markets enables individual market participants to “avoid many difficult moral dilemmas” and makes them “better positioned to actually improve the lives of others” (126) does not *per se* make individual market participants more virtuous. In these respects, the authors’ first argument fails to convincingly address the market critics’ concern that markets are morally corrupting and does not seem to significantly improve over the traditional (and avowedly deficient) defences of markets cited by the authors.

II. SECOND ARGUMENT

According to Storr and Choi’s second main argument, “the market is a moral space that both depends on its participants being virtuous and also rewards them for being virtuous” (11). The idea is that “rather than making us selfish and corrupt, markets both work better when peopled by virtuous people and encourage virtuous behavior” (8). I have two main reservations concerning this second argument. My first reservation targets the *evidential base* on which this argument is grounded. My second reservation targets the putative *mechanisms* through which such an argument takes markets to make their individual participants more virtuous. Let me expand on these two reservations in turn.

Storr and Choi build on the working hypothesis that “if markets are morally corrupting, [then] we should observe market societies displaying lower levels of virtue and higher levels of vice compared to nonmarket societies” (249). To be sure, Storr and Choi aptly acknowledge that various factors besides differences in marketness “might explain any observed differences in measures of virtue and vice” across societies (44). However, they take evidence concerning the degree to which individuals display virtues in market (versus nonmarket) societies to provide reliable

indications concerning the effects of markets on individuals' virtues. Moreover, they claim that as a matter of empirical fact, "on average, people who live in market societies exhibit more virtue and less vice than people who live in nonmarket societies" (234). In their view, the available empirical evidence reliably indicates that people in market (versus non-market) societies "tend to be more altruistic, are less likely to be materialistic and corrupt, and are more likely to be cosmopolitan as well as trusting and trustworthy" (13).

Let us grant, for the sake of argument, Storr and Choi's working hypothesis that "if markets are morally corrupting, [then] we should observe market societies displaying lower levels of virtue and higher levels of vice compared to nonmarket societies" (249). Do Storr and Choi provide convincing evidence that "on average, people who live in market societies exhibit more virtue and less vice than people who live in nonmarket societies" (234)? Do they substantiate their claims that people in market (versus nonmarket) societies "tend to be more altruistic, are less likely to be materialistic and corrupt, and are more likely to be cosmopolitan as well as trusting and trustworthy" (13)? Some of these claims do not come across as very convincing. For instance, the claim that "people living in market societies appear to have stronger communities than people living in nonmarket societies" (106) trades on the ambiguity inherent in the term 'community' and is not supported by plausible illustrations (for example, the remarks at 109 on how "social networking applications and websites allow individuals to [...] form new connections with people [...] who share similar attitudes" seem to markedly underestimate social networks' polarization effects on our social and political life). Other claims need further specifications. For instance, the claim that "people in market societies are more altruistic than people in nonmarket societies" (166) should be supplemented with subtler distinctions between different types of altruism and their respective aetiology and moral significance. Still other claims appear to be more plausible, but do not directly support the authors' thesis that markets make their participants more virtuous. For instance, consider the authors' claim that markets promote various so-called bourgeois virtues (see, for example, McCloskey 2006). The hypothesized fact that markets promote various bourgeois virtues does not *per se* show that markets prevalently promote (rather than hamper) aretically valuable character traits unless one provides convincing evidence that bourgeois virtues and traditional (such as Aristotelian) virtues significantly overlap (see, for example, Fumagalli 2020). Regrettably, the

authors do not provide convincing evidence that bourgeois virtues and traditional (such as Aristotelian) virtues significantly overlap. In fact, the authors explicitly concede that they “do not engage” the arguments that leading virtue ethicists (such as MacIntyre [1981] 1984) develop to show that “the values of the market are at odds with traditional virtues” (34). This partial lack of engagement, however, greatly constrains the authors’ ability to substantiate their thesis that markets prevalently promote (rather than hamper) aretaically valuable character traits.

My second reservation about Storr and Choi’s second main argument targets the putative *mechanisms* through which this argument takes markets to make their individual participants more virtuous. According to Storr and Choi, “markets are spaces of moral development because [...] virtuous behavior is rewarded, and immoral behavior is punished in markets” (13). In particular, the authors infer that “we become more moral the more that we engage in market activity” on the alleged ground that markets “reward virtue and punish vice” (45). In their view, market interactions make their individual participants more virtuous through at least two mechanisms. First, “every market transaction serves as an opportunity [...] to discover those market participants who have the moral qualities that we [appreciate]” (195; see also 212). And second, “markets allow us to reward market participants with the ethical qualities we appreciate and to punish those [we take to] behave immorally” (195; see also 212).

Suppose, for the sake of argument, that these two mechanisms can be reliably presumed to operate in several market contexts. Even so, it is an open empirical question how much time and resources individual market participants are willing to invest to discover and reward those market participants with the ethical qualities they appreciate. To be sure, I agree with Storr and Choi that people frequently “want to do business with people who are virtuous” (235) and are “often willing to pay a premium to deal with businesses that they believe to be ethical” (165). Yet, people’s decisions as to whether to engage in specific market transactions typically depend more on the perceived quality and price of the traded goods and services than on their evaluation of the aretaic qualities of their potential trading partners. In fact, many traditional calls in favour of markets build on the alleged fact that market transactions allow their participants to efficiently trade without having to evaluate the aretaic qualities of other participants to such transactions (see, for example, Bruni and Sugden 2013). Moreover, whether “markets will tend to reward virtuous behavior and punish immoral behavior” (235) will crucially depend on a vast range

of contingent situational factors (see, for example, Fumagalli 2020), including how many of one's trading partners exhibit virtuous (rather than aretaically defective) behaviour, how frequently one interacts with virtuous (rather than aretaically defective) trading partners, and how reliably one can discern the aretaic qualities of her potential trading partners (for example, do brand reputations and rating systems enable individuals to reliably and rapidly discern the aretaic qualities of their potential trading partners? How effectively can aretaically defective market participants mimic the behaviour and the attitudes of more virtuous market participants?).

In this context, it would be of limited import to respond that “market participants must be virtuous [...] if they are to succeed (in the long term)” (182). For this response fails to provide precise and testable specifications of how success is defined and measured in the targeted contexts, how long the envisioned ‘long term’ is, and what level of aretaic achievement market participants must attain in order to ‘succeed’. Similarly, more evidence would be needed to support the claim that “disingenuous individuals are rarely successful at impersonating authentically good people for a long time [since] people seem to have an uncanny ability to detect the authentically virtuous from the inauthentically virtuous” (218). In fact, one can think of numerous market transactions where market participants who act in aretaically defective ways can secure benefits that make it prudentially rational for them to act in such ways (see, for example, Allhoff 2003; Satz 2010; and Sunstein 1991 for illustrations). To be clear, I do grant that “markets and morality are not inconsistent” (182) and that “a successful commercial life [...] can be a virtuous life” (157; see also chapters 4–5 for several studies supporting these claims). Still, the available empirical evidence concerning the effects of markets on individuals' virtues appears to be mixed at best, and does not demonstrate that individuals in societies with high levels of market integration tend to be more virtuous *because of* market participation rather than because of factors that correlate with (but are distinct from) market participation (see, for example, Bowles 2016; Copp and Sobel 2004; and Frank 2011 on social norms and reputation).

More generally, the point remains that even if Storr and Choi were able to show that “virtuous behavior is rewarded, and immoral behavior is punished in markets” (13), this would not suffice to demonstrate that markets “have the capacity to make us *authentically virtuous*” (224). To illustrate this, let me draw on the distinction between the notion of acting

merely *in accordance with* virtue and the notion of acting *from* virtue. This distinction, which figures prominently in the virtue ethics literature, can be explicated as follows (see, for example, Aristotle 1954, 1105a1–1105b18; see also Audi 1995). Acting in accordance with virtue only requires one to perform particular virtuous actions, that is, actions that accord with what virtues demand in one’s circumstances (such as generous actions). Acting from virtue, instead, requires one not only to perform particular virtuous actions, but also to satisfy additional aretaic requirements. More specifically, an action in accordance with virtue can be plausibly regarded as an action from virtue only if the individual who performs such action: (i) has adequate reasons and evidence to infer that the examined action is in accordance with virtue; (ii) performs this action mainly because such action is in accordance with virtue rather than because of factors (such as purely self-regarding motives) that do not directly pertain to the aretaic merits of such action; and (iii) is disposed to perform this action under various changes in factors that do not directly pertain to the aretaic merits of such action (see, for example, Fumagalli 2020).

To be sure, acting from virtue does not require that one be motivated *only* by the relevant aretaic considerations (see, for example, Annas 2007). Moreover, acting from virtue can be a source of *benefits* for an individual, and if performing a virtuous action provides one with some benefit, then this benefit does not *per se* make the action any less virtuous than it would be in the absence of such benefit (see, for example, Solomon 1992). Still, acting in accordance with virtue is insufficient for acting from virtue and is not by itself “a reliable indication of [virtuous] character” (Audi 1995, 465). For whether one’s actions are from virtue (rather than merely in accordance with virtue) crucially depends on the reasons why one performs such actions, and not all reasons have the aretaic significance required to make actions in accordance with virtue qualify as actions from virtue.

The distinction between acting merely in accordance with virtue and acting from virtue importantly bears on the debate concerning the effects of markets on individuals’ virtues. For as this distinction indicates, showing that markets promote individuals’ propensity to act in accordance with virtue falls short of demonstrating that markets promote individuals’ propensity to act from virtue. Storr and Choi are not oblivious to this distinction (see, for example, their claim at 250 that “a virtue is a disposition to act or feel the right way for the right reasons”). Still, they do not

seem to pay sufficient attention to the implications of such a distinction for the debate concerning the effects of markets on individuals' virtues. To be clear, Storr and Choi grant that it is "unlikely" that their "quantitative measures of moral outcomes [and] cross-country surveys of morally relevant attitudes [...] can really 'get at' virtue" (251). However, they maintain that their analysis "necessarily [focuses on] behaviors, and expressions of values" rather than motivations because "we do not have direct access to people's motivations" (250). And in chapters 5–7 they repeatedly take evidence that individual market participants act in accordance with virtue to reliably indicate that individual market participants act from virtue.

In this context, one may agree with the authors that "genuinely virtuous people (i.e. people who do the right things for the right reasons) are likely to consistently act virtuously and to consistently express values [...] consistent with various virtues" (250). Even so, there are reasons to question whether evidence that individual market participants act in accordance with virtue can be taken to reliably indicate that individual market participants act from virtue. To give one example, market incentives often tend to render individuals' propensity to perform actions in accordance with virtue *conditional* on the presence of suitable rewards or penalties (see, for example, Bowles 2016; and Sunstein 1991 on monetary rewards and penalties). This tendency, in turn, hampers (rather than promotes) individuals' propensity to act from virtue. For if one performs actions in accordance with virtue only conditional on the presence of suitable rewards or penalties, then such actions are more plausibly regarded as actions merely in accordance with virtue rather than actions from virtue. As to the authors' claim that "we do not have direct access to people's motivations" (250), one may point to various cases where individuals' behaviour in market transactions fails to reliably disclose their own motivations and reasons for action (see, for example, Brennan and Jaworski 2015, chap. 9–12). Still, experimenters are often able to test specific empirical hypotheses concerning markets' effects on individuals' motivations and reasons for action, and the available empirical evidence gives reason to doubt that markets prevalently promote (rather than hamper) individuals' propensity to act from virtue (see, for example, Bartling, Weber, and Yao 2015 on cases where market transactions erode individuals' sense of social responsibility; Graafland 2010 on cases where market transactions crowd out generosity; Hargreaves Heap, Tan, and Zizzo 2013 on cases

where market transactions impair individuals' sensitivity to relative income differentials).

In sum, Storr and Choi examine a range of pressing and important issues, probably more issues than their interesting book can adequately address. This, however, may be seen as a strength (rather than a weakness) of a book which aims to spark discussion about themes of profound relevance to our economic, social, and political life. In my view, this book provides a helpful springboard for further empirical and philosophical discussions concerning the relationship between markets and morals. In particular, it constitutes a fine read for all those who aim to gain a deeper understanding of the effects of markets on the morality of individuals' behaviour.

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