Values Beyond Price: Ethics and the Scope of the Market

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The word value comes from the Latin verb *valere* meaning to be well, healthy, strong or sound. We get the words valour, valiant, valid and avail from the same root. Is this common etymology significant? John Ruskin, the Victorian art critic and "red Tory", thought so. In *Unto This Last*, a trenchant critique of political economy first published in book form in 1862, he argues that, "there is no wealth but life". Things have value to the extent that they sustain and enhance human life, and people are wealthy to the extent that they are equipped, both materially and culturally, to live well. "The real science of political economy, which has yet to be distinguished from the bastard science, as medicine from witchcraft and astronomy from astrology, is that which teaches nations to desire and labour for the things that lead to life, and teaches them to scorn and destroy the things that lead to destruction." (Ruskin, 1862: 88).

Yet Ruskin's plea for a political economy that studies the conditions of human flourishing continues to be ignored by most economists. In debating the merits of capitalism, for example, both defenders and critics tend to focus on measures of production and distribution: the growth of output and productivity, the severity of cyclical fluctuations and the extent of inequalities in income and wealth. Almost no one asks whether capitalism enables us to live well. Might we not, for example, not be better off buying fewer commodities, reducing the proportion of the week, year and lifetime we devote to paid work and spending more time on unpaid activities, from caring and voluntary work to recreation and the life of the mind? As Oscar Wilde nearly said, economists know the price of everything and the value of nothing. How has this come about? How can we disentangle value and price? And if we cannot live by commodities alone, how should we safeguard those values that are not well served by the production of commodities and the institutions of the market?

The argument that follows falls into four sections. In the first, drawing on the work of Elizabeth Anderson (1993), I distinguish between different fields of value discourse, between expressions of feeling and judgements of value, and between pluralist and monist accounts of our evaluative experience and responses to the world. In the second, I ask why economists are happy to discuss value in exchange – what people are prepared to pay for things – but are coy about non-market values. To find the answer, I revisit the birth of political economy and the emergence of the "economic" as a social category. In pre-capitalist societies, where rulers had unlimited rights to dispose of their subjects' wealth, economy and state formed a seamless web. But with the advent of the self-regulating market, what had previously been a single, undifferentiated realm divided into two and the "economy" was exempted from ordinary moral judgement and accorded a special moral status. In section 3, I examine the interface between economics and ethics in more detail, focusing on debates about the proper role of markets from the late nineteenth century to the present day. In section 4, I return to Elizabeth Anderson's pluralist conception of value and broadly endorse her critique of market libertarianism and the invasive commodification of everyday life.

1. The concept of value: a brief analysis

Philosophers from time immemorial have pondered the meaning of terms such as good, right, virtue, beauty, truth and their opposites. In the nineteenth century, the idea was born – or rather re-born, since it can be found in Plato – that all these questions belong to the same family since they are all concerned with value or what ought to be, not with fact or what is, was or will be. Axiology or the study of value in general encompasses all fields of discourse in which the words “good”, “ought” and related terms are used, including not only the three principal fields – ethics, aesthetics and economics– but also epistemology or the theory of knowledge. Mathematicians, for example, speak of an elegant proof, scientists of a plausible hypothesis. In this usage, there is no suggestion that the judgments offered are merely matters of opinion. An elegant proof is one that is clear, concise, neat and graceful. A plausible hypothesis is one that is credible in the light of the available evidence.

In ordinary parlance, however, when we speak of someone’s values, we generally mean what they *think* is good, right, proper etc, with the implied suggestion that *nothing* has objective value: to say that something is valuable is simply to say that someone likes, desires, prizes or cherishes it. There is no point in debating whether they are right to do so, for all value judgments – moral discriminations no less than expressions of taste – simply give vent to our feelings, which other people may or may not share, but which either way cannot be rationally justified. This is not a tenable view. There is a difference between feelings and judgments. I may, for example, laugh at a racist joke, but be embarrassed by it. My embarrassment reflects a judgment that the joke was offensive and the laughter it evoked was not merited. Conversely, I may see that a joke is funny, but be too depressed to laugh at it, which may well, of course, make me even more depressed.

To judge that something is good is to judge that it is *properly* or *rightly* valued. Normally, the object under scrutiny meets some evaluative standard that we set for it and the standard is an appropriate one. Thus, a third party might say: “He is a good father because he plays a full part in caring for his children.” But not all valuations work like this: some are direct and unconditional. This does not make them irrational or mysterious. People don’t usually admire musicians who lack dedication and skill, but I can love my children independently of any valuable qualities they may have. In cases of this kind, the valuation doesn’t have to be merited: we expect parents to love their children unconditionally and are rightly puzzled or disturbed if they don’t.

Value judgments are reflective acts, attempts to understand our evaluative experiences and responses to the world. And as with the perceptual side of experience, self-understanding is not a purely internal, private affair. The linguistic tools I use to form concepts and frame judgments derive from the cultural milieu to which I belong, and I cannot understand myself without reasoning in terms that others could, in principle, endorse or at least comprehend. Value judgments are thus part of our discursive, inter-subjective life. They may begin as infantile responses to sensory experience, but they are not reducible to the purring of cats, the tail-wagging of dogs or the gurgling of babies.

As Anderson (*op. cit.)* is at pains to stress, our valuations are diverse. They cannot be understood in terms of some all-purpose conception of value such as the utilitarian calculus traditionally employed by economists to explain consumer behaviour. The range of our valuations is as wide as the range of our experience. We attribute goodness and badness to persons as well as to things; to actions, conduct and habits; to features of the social world such as policies, institutions and norms; to non-human animals; and to inanimate nature. And we value these different kinds of entity in different ways. Use (of things), respect (for persons), consideration (for non-human animals), appreciation (of inanimate nature) and love (for partners or children) are five such ways and there are many others. Of course, for any given kind of entity, there may, and usually will, be more than one mode of valuation appropriate to it. Nature, for example, is a proper object for use, appreciation or astonishment, though not, say, for honour, admiration or tolerance.

We also employ different evaluative standards – utility, pleasure, loyalty, integrity, beauty, inspiration, fairness, efficiency and so on – in different spheres of our lives and different aspects of our experience. The contrary view, that apparently diverse standards can all be reduced to some single standard such as being useful, giving pleasure or satisfying a want, offers a sadly impoverished account of our valuations (itself, of course, a value judgment). Different kinds of object call for different modes of valuation. Those that sensibly elicit delight or sorrow are not generally the same as those that merit respect or affection. Monistic accounts of value reduce our valuations to mere desire or aversion and reduce our attitudes to a brute for or against dichotomy.

Finally, we have contestable ideals by which we try to govern our desires, attitudes, conduct, character and life-projects. From time to time at least, most of us ponder the question that has exercised great sages down the ages: what is the best kind of life for human beings to live? (And what, some of us persist in asking, is the best kind of society in which to live it?)

2. Markets and morals: the great dispensation

Modern economists draw a sharp distinction between positive and normative economics, the former a supposedly value-free zone, the latter a framework for thinking about the aims and methods of economic policy. But only one kind of ethical value, welfare, has a recognised place in the economic canon and this is assessed exclusively by reference to the subjective wants and preferences of individuals, whatever they happen to be and regardless of the social and psychological forces that shape them, from advertising and peer-group pressure to cultural conditioning and unconscious drives. Welfare economics assumes that the individual, and no one else, is the best judge of his or her own interests; that the welfare of any group depends on the welfare of the individuals comprising it, and on nothing else; and that if at least one person is better off, no one else being worse off, the group is better off.

None of these propositions is exactly self-evident and the theory based on them is rarely a useful guide to policy since nearly all reforms make at least a few people worse off (by their own lights, that is). To get round this problem, cost-benefit analysis retreats to the claim that a change is beneficial if it brings *net* benefits. In theory, this would allow all losers to be compensated and still leave some net winners. In practice, analysts tend to elide the difference between potential and actual compensation, while scrupulously ignoring wider questions of distribution such as how patterns of social inequality affect the health, happiness and cohesion of human societies. Worse still is the practice of imputing a money value to goods that are not traded and have no market price, from habitat and landscape to life and limb, as if all values were commensurable on a single scale and as if money were not just a "universal equivalent", but a "universal solvent", removing the need to adjudicate among competing desiderata.

Why are economists are embarrassed by ethics and why are their attempts to handle non-market values are so unconvincing? In this connection, it is helpful to recall that Adam Smith wrote not only *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), the first systematic treatise on what was later to become known as "economics", but also *The Theory of Moral Sentiments* (1759). In this latter work, subtitled *An essay towards an analysis of the principles by which men naturally judge concerning the conduct and character, first of their neighbours, then of themselves*, he argues that our moral sentiments are governed by sympathy, the ability to put oneself in someone else's place. "The greatest ruffian," he asserts, "the most hardened violator of the laws of society, is not altogether without it." And it is, he thinks, through a natural concern with the fortunes of others that the individual human subject becomes a social being and ultimately develops the capacity to rise above an egocentric standpoint and to view moral questions from a distance, as an impartial spectator.

Why then does Smith argue that in the economic sphere there is no need for anything other than self-love? Because this domain of social life is governed by an impersonal, automatic, quasi-physical mechanism, which ensures that by pursuing only their particular interests, individuals unwittingly work for the common good. By harmonising particular interests without recourse to a Hobbesian sovereign and by harnessing the desire for pecuniary gain to material and cultural progress, market forces transform what would otherwise be a private vice into a public virtue. Given humanity's "rude and barbarous" past, Smith saw no reason to doubt that these achievements are, on balance, in the general interest, though he deplored some of the social consequences of commercialism such as the stultifying effects of factory work on manual workers and the "effeminacy" induced by love of luxury.

In short, while morality teaches that self-love should be subordinated to higher ends, economic activity is exempted from ordinary moral judgment because it serves the common good and thus has a special moral character of its own. As Dumont (1977: 61-2) puts it: "Smith's invisible hand performs a little-noticed function. It is as if God told us: 'Do not be afraid, my child, of apparently trespassing against my commands. I have so arranged everything that you are justified in neglecting morality in this particular case'."

This account of the origins of economics explains some of the abiding features of the subject: its tendency to conflate "economy" with "market", "production" with "commodity production", "work" with the activities for which people get paid, and "price" with "value"; its recurrent aspiration to become a natural science, whose objects of study – matter-energy and organic life – are readily seen as non-human and can, therefore, more easily be studied from a disinterested standpoint than the behaviour of beings just like us; and its uncertain relationship with ethics, discussion of which was by no means taboo, but which was not in fact much discussed. Economics has also been an ideological battleground. Disputes between rival schools of thought and controversies over specific theories, hypotheses or policies are rarely resolved because, at least in part, they turn on competing views of human nature, society and politics. This feature calls for separate comment.

3. Ethics and economics from neo-classical heyday to neo-liberal revolution

In early nineteenth century Britain, the "laws" of political economy were often represented as "laws of nature". The Poor Law Commissioners, for example, condemned the system of parish relief for able-bodied paupers as a futile and pernicious attempt to repeal the "iron law of wages". By the end of the century, a more nuanced view prevailed. Calling themselves "economists" in a bid to bolster their scientific credentials and distance their subject from politics and ethics, neo-classical writers broadly supported laissez-faire, but still thought of "economics" as a moral science. Alfred Marshall, Professor of Political Economy at Cambridge and founder of the Economics Tripos, declared that: "… the Laws of Economics are statements of tendencies expressed in the indicative mood, and not ethical precepts in the imperative". Nevertheless, he acknowledged that: "ethical forces are among those of which the economist has to take account" (Marshall, 1890: *v*). Moreover, both Marshall and his successor Arthur Pigou, who established welfare economics as a specialised branch of the subject, firmly believed in its civilising mission. The overall purpose of economics, they maintained, was to serve moral choice and promote social progress, conceived as the reduction and prevention of avoidable human suffering and the ennoblement of social life.

It was, of course, open to critics of neo-classical orthodoxy such as Keynes (1936) or Myrdal (1953) to argue that if the market mechanism can be shown not to work or not to work in the way generally supposed, morality reasserts its claim and authorises political intervention. But this very fact creates a powerful incentive to assume that the mechanism does, indeed, create a natural harmony of interests and to ignore or resist evidence and arguments to the contrary. Consider two examples: the fate of Keynes's most famous work, *The General Theory of Employment, Interest and Money*; and the controversy provoked by the elaboration of the concept of market failure as a guide to economic policy

Exasperated by the failure of his early reviewers to see the wood for the trees, Keynes (1937) restated the argument of the *General Theory* in clear and simple terms, emphasising the crucial distinction between calculable risk and radical uncertainty, and condemning neo-classical theory as a "pretty, polite technique for concealing the fact that we know very little about the future." In the next ten years, most economists came to accept the practical case for counter-cyclical macroeconomic management, but sought to reconcile what Keynes was saying or what they supposed he was saying, with the established body of theory. Thus was born, after the Second World War, what Paul Samuelson (1955: vi) christened the "grand neo-classical synthesis", a marriage of Keynesian macroeconomics with traditional microeconomics.

By the 1950s, mainstream economists recognised three broad areas in which the invisible hand would or might need to be supplemented by the visible hand of government: the allocation of resources among alternative uses, the distribution of income among the members of society, and the stabilisation of economic activity with a view to avoiding socially unacceptable rates of inflation and unemployment. (See, for example, Musgrave, 1959). In each case, public policy was conceived as a necessary, but limited corrective for some form of market failure: to secure an efficient allocation of resources; to secure a just, fair or socially acceptable distribution of personal income; and to secure macroeconomic stability. Viewed historically, this paradigm can be seen an attempt to meet two distinct, but interacting challenges: from Marxist, socialist, conservative and fascist critics of economic liberalism; and from the rise of democracy and the attendant pressure for political intervention in the functioning of capitalism. After the upheavals of two world wars, the great depression and the rise of communism, the concept of market failure enabled economists to repudiate the dogma of laissez-faire while continuing to subscribe to neo-classical theory, and thus to provide general guidelines for government economic policy which were theoretically well grounded, yet which also set *a priori* limits on the legitimate scope of state activity.

For classical liberals, however, even this went too far. For one thing, to admit that public policy can, in principle, improve the efficiency of resource allocation is to commit major hostages to fortune. Take the use of taxes and subsidies to internalise so-called externalities where the unadjusted price mechanism fails to capture the full social costs and benefits of specific forms of production or consumption. Since externalities, thus defined, occur across a wide range of goods, this criterion sets no practical limit to public policy. At the very least, some additional criterion is required to determine which externalities are significant. A relevant consideration here is the *capacity* of government to take appropriate and effective action. If government is not simply to impose its own views about what is good for people, it needs to know how each citizen values the goods and bads in question and how their preferences are to be aggregated. There must, in other words, be substitutes for the market mechanism, institutions that reveal people's wants and preferences.

Market libertarians were similarly exercised by arguments for overriding consumer sovereignty in the name of so-called merit goods such as museums, art galleries, opera houses, scientific research and school meals. These can all, in theory, be supplied through the market, but tend in practice to be subsidised, if not provided, by the state because if people were left to themselves, they would spend their money on other things and the goods in question would, at best, be underprovided and might well not be provided at all. By analogous reasoning, governments are justified in banning or controlling markets in demerit goods such as dangerous weapons, recreational drugs, commercial sex, human body parts, pornography and other cultural activities that offend public morals or disturb public order. For libertarians, to invoke any normative standard other than the strictly commercial criterion of what people are prepared to pay for goods or services that others are prepared to sell is to embark on the road to serfdom.

Even where markets can be shown to fail, there is no guarantee that government will succeed. How do we know that discretionary counter-cyclical macroeconomic management will deliver greater stability than sticking to predetermined monetary and fiscal rules? Or that the adverse side-effects of using taxes and transfers to redistribute income according to need, desert or some other normative principle will not reduce the size or growth of GDP to an extent that makes everyone worse off: for example, by weakening incentives to work, saving and enterprise, by prompting the owners of mobile resources to move them abroad or by generating distributional conflict at home? And why assume that whereas the private sector is ruled by self-interest, the public sector is dedicated to the common good? Political actors – parties, governments, bureaucracies – have interests of their own: in dispensing patronage, seeking fame, winning elections, building empires, feathering nests, avoiding accountability, and so on. In the limit, appeals to the public good are merely disguised expressions of self-interest. And even if political agencies had no other goal than to serve the public good, in the absence of a suitable mechanism for determining what the public want, how could they or their personnel know, in any particular instance, what is to be done and how to go about it?

For the most part, the debate about market failure was framed by a traditional utilitarian ethic in which self-assessed individual welfare remained the lodestar of policy and welfare was assumed to depend mainly on material living standards. But the rise of the Keynesian social democratic or liberal collectivist state also prompted efforts to restate the case for free market capitalism in terms of individual liberty, conceived as the freedom to seek one's own happiness in one's own way without being prevented or hindered by others, whether individual persons or collective agencies. The best known and most influential of these efforts, sustained across four decades from the mid-1930s to the mid-1970s and spread around the world by an organised liberal vanguard, was inspired and masterminded by Friedrich (von) Hayek.[1]

Schooled in the Austrian tradition of economics, Hayek recognised the importance of uncertainty, dispensed with the concept of equilibrium and treated the market as a source of innovation and discovery rather than as a mechanism for processing information and allocating resources. Thanks to its built-in dynamism and flexibility, free market capitalism would, Hayek believed, outperform other economic systems with respect to efficiency and growth. Nevertheless, he insisted, utilitarian calculation is an unsatisfactory basis for defending what he called “the great society”. For if the greatest happiness principle is the sole or supreme criterion for deciding the best course of action, whether in private or public life, there can be no objection to sacrificing liberty for the sake of happiness in cases where they come into conflict. But this in turn threatens the institutions of private property, free competition and limited government on which both capitalism and freedom depend.

The political philosopher Robert Nozick (1974) mounts a similarly uncompromising defence of individual liberty. He accepts that a society of self-owning free agents with diverse views about the human good would not be viable without at least a minimum state: anarchy is not an option. Even so, he argues, the only legitimate role of the state is to protect individual liberty by defining and enforcing property rights, including those arising from voluntary transfers and contracts. On this view, progressive taxation and welfare policies aimed at lessening market inequalities are a form of legalised theft and an infringement of personal freedom. Other liberal philosophers resist this conclusion, notably John Rawls (1972), whose theory of justice as fairness seeks to strike a principled balance between the competing demands of freedom, well being and equality.

The ideas of libertarian economists and philosophers played a major role in discrediting the post-war political settlement and resolving the organic crisis of the 1970s by effecting a radical change of policy regime. Yet by basing the case for capitalism on liberty rather than welfare, they helped to bring ethics and economics into a common frame of reference, and the human, social and environmental consequences of the neo-liberal revolution sparked off fresh debate about markets and morals. For the unleashing of capitalism and the expansion of commodity production and commercial norms into areas of social life which had hitherto been largely off-limits raised questions about whether there are goods that money cannot or should not buy.

During the first wave of the neo-liberal revolution in the 1980s, the control of inflation replaced the pursuit of full employment as the primary goal of macroeconomic policy, rules replaced discretion in the conduct of fiscal and monetary policy, state-owned enterprises were privatised, and labour markets and financial institutions were deregulated. During the second wave from the early 1990s until 2007, social security benefits for people of working age were transformed into instruments of labour supply activation, while public services generally were reorganised as quasi-markets in which services remained largely free of charge at the point of use, but providers were invited to compete for public contracts and users were free to choose among alternative providers. The broad objectives of job centres, schools, hospitals, universities and other (quasi-) public organisations continued to be set by central government and were, to that extent, qualitatively different from those of business firms. But the prestige accorded to business firms and the widespread adoption of commercial norms and practices blurred the public-business boundary and encouraged service users to think of themselves less as citizens, sharing a common body of rights and responsibilities, and more as customers or even – in the case of fee-paying, loan-financed university students – as walking cost and profit centres.

Thus, long before the great recession induced by the financial crash of 2008 prompted a conservative backlash against record budget deficits and rising public debt, leading many European governments to institute draconian measures of fiscal retrenchment, the old ideal of social citizenship was in retreat. With it went the vision of the welfare state as a means of ensuring that all citizens have access to those “primary goods” without which they cannot become and remain autonomous and responsible social agents, able and willing to participate effectively in the various spheres of social life: as members of households and families; as friends, neighbours, associates and colleagues; as producers and consumers; and as members of the political community.

Paradoxically, at the same time as governments were busy extending the reach of market forces and preparing the ground for a new wave of getting and spending, doubts were raised about the benefits of economic growth in affluent societies. Comparative and historical research on self-assessed happiness suggests that once countries pass the threshold of affluence, the further growth of per capita income does not make people any happier. Multivariate analysis also points to the importance of social relations and non-material factors generally as determinants of personal happiness.[2] That these findings are related is suggested by the growing incidence of personal and social disorders – from obesity and mental illness to declining trust and social isolation – and by mounting evidence that consumerist capitalism is environmentally unsustainable.[3]

4. The proper scope of the market

The trouble with capitalist commodity production – one of the troubles – is that it is invasive. If not continually checked, it expands into every pore of social life, displacing or degrading those of our activities that serve non-market values: ideals of intimacy and commitment in the sphere of personal relations; of professional excellence and personal integrity in occupations such as law, medicine, science, sport and the arts; of associative participation and self-management in civil society; of solidarity and citizenship in the political sphere; and of collective self-control, responsible stewardship and environmental justice in our dealings with nature.

The idea that certain spheres or aspects of social life should be shielded from market relations and norms in order to safeguard values beyond price is not new. Describing the forcible creation of a self-regulating capitalist market in Britain during the years from 1815 to 1845, Karl Polanyi (1944) famously argued that the conversion of land, labour and money into “fictitious commodities” endangered nature, human beings and business itself, leading to grievances, resistance and protective counter-movements. The extension of freedom of contract to land transformed nature into an object of commercial exploitation. Turning labour power into a commodity exposed people’s livelihoods to the vicissitudes of the market and removed protection against destitution. And basing monetary systems on commodity money – gold or silver – constricted the growth of output and gave rise to periodic bouts of deflation during which otherwise sound businesses were ruined. As Dale (2010: 60) puts it: “Backed by phalanxes of political economists, entrepreneurs and politicians, the idea of the self-regulating market could appear an irresistible force, but it possessed a critical flaw: it was quite simply unsustainable… No sooner had industrial capitalism secured its footing in Britain, in 1834, than a deep-seated movement sprang into being to protect society from its perils.”

Polanyi was mainly interested in explaining the collapse of liberal civilisation in the period from 1914 to 1945. His answer was clear: the roots of the great transformation wrought by the two world wars, the Russian Revolution, the rise of fascism and the Great Depression lay in the experience of the previous century when the social dislocation caused by the utopian attempt to create a self-regulating economy called forth counter-movements aimed at restoring political control over economic affairs. The moral frame of this historic drama was straightforward enough. On the one hand, the speed and scale of the collision between the liberal project and pre-capitalist forms of moral and political economy virtually guaranteed that artisans, farmhands, smallholders and other social groups whose worlds were turned upside down would seek to protect themselves. On the other hand, writing as the combined armies of the Soviet Union and the Western democracies were about to overwhelm Nazi Germany, Polanyi was confident that after the war some form of democratic socialist regime would preside over the transition to a post-capitalist civilisation.

Over sixty years later and after thirty years of neo-liberal social engineering, capitalism rules the world, despite fears that North America and Europe are facing a third depression. Survivals from pre-capitalist modes of production have all but disappeared and, in the West at any rate, socialism has lost whatever appeal it once had, whether as an ethical ideal or as a form of economic organisation. Yet all is not lost. As suggested earlier, economists have learned that welfare is not the only value, while the relentless commodification of everyday life has raised sharp, new questions about the proper scope of the market. On both counts, the time is ripe for a fresh approach to questions of value. The pluralist framework developed by Elizabeth Anderson (*op. cit*.) and summarised earlier points us in the right general direction, though her critique of market libertarianism needs to be complemented by closer study of the consequences of commodification for the way people think about themselves and their relationships with others. How, for example, is the ethos of higher education affected when tax-financed grants to cover tuition and maintenance costs are replaced by (variable) tuition fees and student loans?

Recalling that the mode of valuation appropriate to commodities is use, Anderson proceeds to construct an ideal-type or paradigm case. She characterises the social norms and relations that govern the production and circulation of *pure* commodities as impersonal, egoistic, exclusive, want-regarding and oriented to exit rather than voice. Impersonal markets are suitable for regulating interactions between strangers, for they constitute a sphere of freedom from personal ties and obligations, with access determined only by ability to pay, not by social status or identity. Market participants are free to pursue their individual interests without having to consider anyone else’s interests. Access to benefits is limited to the purchaser and one person’s consumption reduces the amount available for others. (The use of shared goods is not rival in this sense: a joke or a public park does not lose its value by being shared with others: it positively demands to be shared). Markets respond to effective demand – desire backed by the ability to pay – with no distinction drawn between urgent needs and intense desires or between reflective desires (backed by reasons) and mere tastes. And individuals influence provision and exchange mainly through exit rather than voice, the counterpart to the customer’s freedom of exit being the supplier’s freedom to say: “Take it or leave it”.

But institutions with these characteristics cannot accommodate all our modes of valuation. Anderson cites three classes of goods which are governed by other social norms: *personal goods* such as heirlooms, gifts and unpaid care, which express bonds of kinship or affinity; *partially commodified goods* such as the services provided by professionals in whom we repose our trust; and *political goods* such as solidarity and democracy, which exemplify the logic of citizenship (provision is influenced by voice rather than exit; distribution conforms to deliberated principles, not unexamined wants; and availability extends to all citizens regardless of ability to pay). In each case, there are good reasons for protecting the relevant social activities from the encroachment of market norms, and if these reasons are overridden or disregarded, values are destroyed not created, exactly as Ruskin (*op. cit*.) claimed.

Market libertarians make three fundamental errors in their theory of value. They take wants and preferences as given rather than examining the formation of attitudes and values. They presume that individuals are self-sufficient in their capacity to exercise freedom and make judgments, as if personal autonomy were ready-made rather than something to be achieved and as if we all lived in a social and cultural vacuum. And they think of welfare and freedom in terms of the exclusive possession and use of things, focusing entirely on what markets do *for* us (or "deliver") and completely ignoring what the market experience does *to* us through its impact on our emotions, perceptions, attitudes, motivations and social relations. If we think of welfare and freedom simply in terms of preference satisfaction, we ask only whether markets leave us free to possess and use things as much as we want. Whether they enable us to value things in ways that we reflectively endorse or indeed whether, in any particular case, it makes sense to order our lives by market norms at all are questions that cannot even be posed within a market libertarian framework. To answer these questions, we must look beyond goods themselves to the social relations within which we produce, distribute and enjoy them. And to produce definitive answers, we need to integrate the study of ethics and economics and to promote the widest possible public debate about what kind of life is best for everyone in a world which can no longer cope with unlimited growth.

Notes

1. The activities of the Mont Pelerin Society and the various think-tanks which spread the neo-liberal gospel around the world are documented by Cockett (1995) and further discussed by Mirowski (2009).

2. These and other findings of research on self-assessed happiness are summarised and evaluated by Layard (2005) and Offer (2006).

3. The negative social and environmental consequences of the neo-liberal revolution and their impact on popular sentiment are discussed at length by Devine *et al*. (2009: 15-103)

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