Journal of Markets & Morality
Volume 12, Number 2 (Fall 2009): 277–296

Why the Market? Markets as Social and Moral Spaces*

Virgil Henry Storr
Senior Research Fellow
Director of Graduate Student Programs
Mercatus Center
George Mason University

Critics of the market worry that as it expands the communal sphere declines. They also worry that the market encourages vice and has little or no scope for virtue. As I argue, however, the critics fail to realize that the market is a social space where commercial as well as social bonds are formed and nurtured. That it is also a moral space where virtues are learned and developed.

Introduction

Since Adam Smith, classical liberals and libertarians have accepted that the division of labor is at the root of the wealth of nations and that the scope of the division of labor is limited by the extent of the market.[1] The expansion of the market is thus seen as critical if nations are to grow wealthy. Many critics of classical liberalism, capitalism, modernity, globalization, markets, and so forth, do not see the expansion of the market as an entirely positive or even a benign process. They worry that the growth of the market is at the expense of community. As the number of products and services available in the market increases, the importance of the house, the club, the union hall, and the town square, they assert, decreases. Moreover, they claim, as the market expands not just the importance but also the viability of these community spaces declines. Critics of the market also worry that the market encourages vice and has little or no scope for virtue. The market, they insist, transforms us into greedy, materialistic, and soulless social and moral eunuchs.

A diverse group of thinkers have criticized the market on these grounds, charging that (1) it grows at the expense of the community and (2) it promotes selfishness, greed, and so forth. The communitarian critics, for instance, focus on the social consequences of relying on the free market. Liberal society, they argue, is based on autonomous actors pursuing their own ends and competing against each other. As a result, in a society based on the free market, social bonds give way to rivalry; community fragments into a body of competitors, and loyalty to the community is replaced by self-interest. The modern economic order has transformed human beings into isolated atoms. Once we were awash in community; now we are all alone. The success of the market has also made us bad people. Once we were virtuous and cared about each other; now we are only concerned with gain and care only about ourselves. According to MacIntyre, "the tradition of virtues is at variance with central features of the modern economic order and more especially its individualism, its acquisitiveness, and its elevation of the market to a central social place."[2]

Conservative philosopher John Gray echoes MacIntyre's complaints. "The unintended consequences of [the neoliberal] policy of freeing up markets," Gray writes, "was a fracturing of communities, and a depletion of ethos and trust within institutions, which muted or thwarted the economic renewal which free markets were supposed to generate."[3] Freeing up markets neither enriched us materially nor has it improved us socially, culturally, and spiritually. While admitting that markets do a good job of delivering the material goods, Orthodox rabbi, Jonathan Sacks, also believes that the market can cause social ills (e.g., large income inequalities) and does a poor job of delivering the spiritual and community goods. "The market," Sacks writes, "has done more than open up extremes of poverty and wealth. It has subverted other institutions—families, communities, the bonds that link members of a society to a common fate, the moral discourse by which, until now, we were able to maintain a critical distance between 'I want' and 'I ought.'"[4] In the market, communal concerns are undermined and individual desires are elevated.

Economic anthropologist Stephen Gudeman has made a similar point. According to Gudeman, the economy is made up of two distinct spheres: the market and the communal sphere.[5] The market is characterized by anonymous exchange, whereas the community is characterized by mutuality. Although we simultaneously live and work in both spheres, they are fundamentally at odds with one another. "As the market develops and the drive for profit expands," Gudeman writes, "the corporation takes over the space of the house, pushing it to the periphery physically, in everyday functions, and in competitive production."[6] This ever increasing expansion of the sphere of the market into the communal sphere, Gudeman argues, is destructive.[7] As Gudeman writes, "spreading rapidly and on a global scale, markets are subsuming greater portions of everyday life. Increasingly, we commoditize things, leisure, body parts, reproductive capacities, DNA, and social relationships. As people flock to cities, sell their hardwood trees, change clothing styles, and watch television, community … shrinks."[8]

Marxists, whose criticisms of the market focus on exploitation, have also made this point about the decline of community as the market expands. As Marx complained about people who live in liberal societies that rely on the market: "the only bond between men is natural necessity, need and private interest, the maintenance of their property and egoistic persons."[9] Community withers away as the market expands. Marxian philosopher Henri Lefebvre, similarly, worries about the encroachment of the space of the market into other social spaces. According to Lefebvre, capitalism's survival depends on the extension of capitalist space to "space in its entirety."[10] The expansion of the economic sphere gobbles up households, towns, nature, and even outer space. This process of a market space that devours communal spaces is quite harmful. According to Lefebvre, "the mobilization of space for the purposes of its production makes harsh demands."[11]

Admittedly, the way that classical liberals and libertarians talk about the market opens the door for these kinds of critiques. They tend to stress anonymous exchange and the importance of competition and to pay less attention to the aspects of the market that support community and promote sociality. They also tend to stress that the market is not fairly described as moral or immoral because it is a product of human action but not human design. The market, however, is a space where commercial as well as social bonds develop.[12] Rather than being antithetical to community, the market is an arena where community can flourish. Moreover, the market is a moral training ground where a number of the virtues critical for the survival of even nonmarket communities are fostered and rewarded. As McCloskey argues, the growth of the market has made us "ethically *better* people.… Capitalism has not corrupted our souls. It has improved them."[13] We now turn to social and moral spaces as well as concluding remarks.

The Market as a Social Space

As argued above, the market is a space that buttresses community. Rather than being a place antithetical to community, the market is a space that encourages the development of social bonds.[14] Although classical liberals and libertarians have not stressed this role, preferring to focus on the market's ability to effectively coordinate economic activity, they are aware that the market is a sphere that encourages social connections. Smith, for instance, has argued that "the necessity or convenience of mutual accommodation very frequently produces a friendship not unlike that which takes place among those who are born to live in the same family. Colleagues in office, partners in trade, call one another brothers; and frequently feel towards one another as if they really were so."[15] Our commercial relationships can develop into deep social relationships. Hayek has likewise stated that "the interdependence of all men … which tends to make all mankind One World, not only is the effect of the market order but could not have been brought about by any other means."[16] Our market activities bring us into fellowship with people across the globe and across ethnicities and nationalities. Similarly, Rothbard has argued that "it is far more likely that feelings of friendship and communion are the effects of a regime of (contractual) social co-operation rather than the cause … in a world of voluntary social co-operation through mutually beneficial exchanges, where one man's gain is another man's gain, it is obvious that great scope is provided for the development of social sympathy and human friendships."[17] The market makes it possible for diverse individuals to peacefully reconcile their plans and so creates favorable conditions for feelings of friendship. Seabright, though not an advocate of *laissez-faire*, has likewise argued that under certain institutional arrangements (i.e., within the market) human beings are encouraged to treat strangers as honorary friends.[18]

A variety of social bonds can occur in markets or are strengthened because of the market. For instance,

- Coworkers often develop strong bonds because of their common experiences and circumstances.[19]
- Office romance, that has nothing to do with harassment, is a common phenomenon in the contemporary workplace.[20]
- Principal-client, seller-buyer relationships can develop into deep friendships.[21]
- Master-apprentice and mentor-protégé relationships can sometimes grow into social friendships and even father-son, mother-daughter type relationships.[22]
- Family businesses can serve the income, fulfillment, and identity needs of family members.[23]
- Competitors can even develop relationships with each other.[24]
- Shopping and consuming can be social activities that provide an opportunity for friends to deepen their bonds.[25]
- Geographically dispersed communities and friendships are made possible by the communication and transportation services available because of the market.[26]

That these types of relationships are not only possible but are facilitated by the market is all the more important given the growing number of hours that individuals spend both shopping and working outside the home. The death of social bonds does not appear to be a cost of the growth of market relationships.

Robert Putnam's *Bowling Alone* is perhaps the most important communitarian-style critique of the social transformation that has accompanied the economic development in the United States in the latter half of the twentieth century.[27] According to Putnam, civic engagement and social capital in the United States is declining.[28] Americans, he writes, are less active politically, are less likely to join a club, spend less time in church, have fewer friends and acquaintances, and are more isolated from their families than they were in the past. Rather than joining bowling leagues, Putnam argues symbolically, Americans are now even bowling alone.

While acknowledging that workplace and other market-buttressed ties such as those mentioned above are possible, Putnam does not believe that the growth of social bonds formed in the market make up for the loss of community that has occurred because of the growth of the market and the changes in the nature of work and technological developments it spawned.[29] As Putnam writes, "many people form rewarding friendships at work, feel a sense of community among co-workers, and enjoy norms of mutual help and reciprocity on the job."[30] Friendships that form around the water-cooler or in the office mailroom, Putnam notes, are in many ways substitutes for friendships that develop elsewhere. However, he insists, there is "*no evidence whatever* that socializing in the workplace, however common, has actually *increased* over the last several decades."[31] Putnam also worries that social connections formed in the workplace "tend to be casual and enjoyable, but not intimate and deeply supportive."[32] Workplace ties, even when they develop beyond merely instrumental relationships, he insists, are inferior to connections formed in other settings. Workplace ties are simply not as important to most Americans as are connections to their neighbors and family members.

Putnam's arguments are not without merit. There are, however, several qualifications that should be made. First, the absence of evidence, as the saying goes, is not the evidence of absence. That there is no evidence that workplace connections are increasing as people spend more time at work does not mean that the phenomenon is not occurring. Similarly, that there is no evidence that workplace connections are as deep as nonworkplace connections does not mean that these relationships lack meaning. Second, that most Americans are still able to form their most meaningful connections outside the workplace even as time spent at work is increasing is evidence of the resilience of nonmarket relationships not proof that workplace ties are inferior substitutes. Third, Putnam himself only attributes ten percent of the decline in social connectedness and civic engagement that he observes in the United States to the transformations in the nature of work and the workplace.[33] As he writes, "neither time pressures nor financial distress nor the movement of women into the paid labor force is *the* primary cause of civic disengagement over the last two decades."[34]

Indeed, Putnam attributes much of the decline in American's involvement in community activities to technological developments, especially television. According to Putman, changes in the "dependence on television for entertainment" are closely correlated with the decline in civic engagement because "television competes for scarce time … television has psychological effects that inhibit social participation … [and] specific programmatic content on television undermines civic motivations."[35] If it is true that Americans prefer television to civic engagement and social connection, however, then this may speak to the undesirability of greater social engagement than what currently exists. If Americans are substituting out of undesirable social connections for more preferable forms of entertainment and leisure, then the loss of community that Putnam found might actually be for the better. It is not true, though, that the market or its fruits are standing in the way of community that makes it impossible for Americans to form social bonds or to engage in civic activities. Indeed, the bowling leagues that Putnam celebrates depend on markets for bowling alleys, bowling bowls, bowling shirts, and so forth.

The market also makes it possible for individuals to replace undesirable social connections with preferable forms of sociality. The market and the technological developments that it spurs allow individuals to be more selective by making it easier for them to find and communicate with the groups that they want to be associated with. Social networking websites such as Craigslist, MySpace, Friendster, Facebook, and Hi5, for instance, allow individuals to reconnect with old friends they might have lost touch with; to deepen their relationships with existing friends; and to form new connections with people, perhaps quite far flung, who share similar attitudes and interests.[36] It is simply not true that these new communities are not real communities. Even Putnam has acknowledged the potential of social networking sites to promote community.[37] As he writes, "with … [some] qualifications … craigslist has elements of community to a surprising degree and … its community nature has a great deal of elements that we see in other forms of community: localness, member participation in defining the norms of the group, aims and purposes beyond that of simply being together."[38] Additionally, blogs devoted to particular topics or that express particular perspectives have arguably become a new public sphere, promoting the open discussion of topics in a forum where all who have access to the Internet can enter. The communication and transportation services available because of the market (e.g., telephones, email, automobiles, and airplanes) are likewise important tools for building communities and maintaining desirable relationships across sometimes great distances. Relationships that would have had to rely on infrequent contact in the past (i.e., through traditional mail and infrequent visits) now benefit from the possibility of everyday contact.

Rather than hampering the expression of social feelings, the market makes it easier for individuals to act on their social feelings and allows for a greater diversity of expressions. If we see a decline in community, it is not because the market has made it more difficult for us to build and maintain the communities that we care about. In fact, the reverse is true. We have more tools at our disposal for building and maintaining relationships. If we see a decline in community, then it is because we are now in a better position to work at building the communities that we want to develop and to opt out of the kinds of community connections that we find undesirable.[39]

In any event, it is not the case that the situation is as dire as Putnam suggests. First, there is evidence to suggest that individuals can form meaningful social bonds in the marketplace.[40] Second, as Costa and Kahn have argued, Putnam's claims regarding the decline of social capital are somewhat misleading.[41] According to Costa and Kahn, it is not so clear that social capital has declined at all or all that much. "By some measures social capital has declined," they write, "and by others it has not."[42] They report that there are only small declines in the portion of Americans who volunteer or who have organizational memberships.[43] Although there does appear to be a large decline in the time that individuals spend visiting friends and relatives, Americans nonetheless report spending frequent evenings with friends and relatives.[44] Additionally, Costa and Kahn report that much of the decline in social capital that we do observe is explained by the movement of women into the workforce.[45]

Reports of community's decline as a result of the expansion of the market and its accompanying technological innovations, thus, appear to be greatly exaggerated. There is simply no evidence that the market destroys community. Instead, the evidence suggests that the market is a space that supports community and where social bonds can and do form. Still, there is another common critique of markets that deserves attention, specifically, that the market is corrupting. If family is not destroyed by markets, it is transformed into something base and calculating. Raising children becomes investing for retirement, getting married becomes consolidating assets, and familial feeling is replaced by cost-benefit analysis. If community persists, the argument goes, it is a community peopled by superficial, materialistic, and selfish individuals. The market is a corrupting space, and we are made ethically worse, albeit sometimes richer, because of our contact with it. This claim, like the claim that the market destroys community, however, is mistaken. The market does not destroy community nor does it destroy our moral cores.

The Market as a Moral Space

As argued above, the market is a space where virtues can and do thrive. Rather than being a place where prudence alone holds sway, the market is also a space where the other bourgeois virtues are cultivated.[46] Admittedly, this benefit of the market is lost on some classical liberals and libertarians, who prefer to stress the amoral character of the market. The market, they insist, is neither good nor bad but is, rather, a spontaneous order that is the unintended result of the actions of individuals cooperating with and competing against one another. Given the purposelessness of the market and the diversity of individual purposes that are pursued in the market, employing moral concepts such as justice are inappropriate. Market participants are moral or immoral, the market is neither. When classical liberals and libertarians do worry about ethics, their principal concerns are over the ethical consequences of interfering with voluntary exchanges or redistributing the fruits of market activity,[47] or, they stress that the market's ability to alleviate poverty has moral implications.[48]

Classical liberals and libertarians stress that markets turn vice into virtue.[49] As Smith famously wrote, "it is not from the benevolence of the butcher, the brewer or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages."[50] Additionally, "man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their own advantage to do for him what he requires of them."[51] The businessman need not be virtuous. He can be and, according to Smith, is likely to be rapacious.[52] Still, his very greed is what compels him to serve others. His self-interest leads him to develop better products at lower prices. As Smith states, by "intend[ing] only his own gain, … he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it."[53]

Rothbard has, similarly, argued that the market saves us from our worst selves.[54] In the jungle, we can only gain at the expense of others, so a war of all against all where the mighty brutalize the weak predominates. In the market, however, we gain by satisfying the needs of others: "The jungle is a brutish place where some seize from others and all live at a starvation level; the market is a peaceful and productive place where all serve themselves *and* others at the same time and live at infinitely higher levels of consumption … [the market] permits man the leisure to cultivate the very qualities of civilization that distinguish him from the brutes."[55]

There is, however, a more meaningful sense in which the market promotes virtue. Indeed, market participants must be virtuous and not simply self-regarding if markets are to function well. Weber, for instance, argued that the successful entrepreneurs who fueled economic development in the West possessed a strong work ethic and practiced a worldly asceticism, both of which had their ethical basis in Calvinism.[56] Novak has, similarly, pointed to the economic importance of a "Catholic ethic" that stresses individual responsibility and creativity.[57] Additionally, Fukuyama has highlighted the key role that trust plays in economic life.[58] The more willing the members of a society are to trust and cooperate with strangers, Fukuyama argues, the more prosperous that society will be. Indeed, trust and trustworthiness are an important part of every economic transaction, making transactions prohibitively expensive when they are completely absent and lowering transaction costs to tolerable amounts when they are present in at least small quantities. Justice is, similarly, a virtue that is important in the market. Hayek has argued quite forcefully that the market order depends on actors following rules of just conduct.[59] Similarly, Ratnapala has argued that market participants must possess moral capital (including justice, beneficence, and temperance) if they are to succeed.[60] As Ratnapala states, "there is no tension between morality and commerce when morality is understood as pertaining to the conduct of human agents as distinguished from end states."[61] Justice, he notes, "is a necessary condition for commerce."[62]

While it is important to point out that the market and morality are not inconsistent and that virtuous behavior is necessary for well-functioning markets. It is as important to note that the market is also, among other things, a moral space where individuals learn to be virtuous. Morality, we should remember, is not something that is innate. We are not born with a fully formed conscience. Instead, it develops through social interactions.[63] If our moral sentiments are not inborn but are instead learned, then it makes sense to worry about the virtues and vices, the good and bad habits that individuals develop as a result of their experiences in the market.

Novak has argued that "commerce … teaches care, discipline, frugality, clear accounting, providential forethought, … respect for reckonings … fidelity to contracts, honesty in fair dealings, and concern for one's moral reputation."[64] McCloskey's *Bourgeois Virtues*, extends Novak's analysis and offers perhaps the best-developed defense of the market as a space where ethical behavior is not only given scope but is also promoted and honed.[65] Far from making us more greedy, consumption driven, and materialistic, in short, worse people, McCloskey argues that markets have made us ethically better.[66] As she writes, "capitalism has not corrupted the spirit. On the contrary, had capitalism not enriched the world by a cent nonetheless its bourgeois, antifeudal virtues would have made us better people than in the world we have lost. As a system it has been good for us."[67]

Love, faith, hope, courage, temperance, justice, and, of course, prudence, McCloskey writes, both enable and are promoted by and developed through markets.[68] Indeed, to be successful in the market, we must act virtuously. Take, for instance, the virtue of prudence. Few would deny that prudence is rewarded in the market. No market participant can be successful if she is imprudent, if she lacks good judgment or practical wisdom. As McCloskey writes, "prudence as practical know-how *is* a virtue."[69] Acumen is no vice. As Smith writes, "the man who acts according to the rules of *perfect prudence*, of strict justice, and of proper benevolence, may be said to be perfectly virtuous"[70] (emphasis added); "the care of the health, of the fortune, of the rank and reputation of the individual … is considered as the proper business of *that virtue which is commonly called Prudence*" (emphasis added).[71]

Consider, also, courage and hope. Entrepreneurship, the driving force of the market, is dependent on these two virtues. Without the hope that a better machine can be invented or a new way of doing things can be discovered, entrepreneurship cannot get off the ground. Similarly, entrepreneurs must have the courage to test their new ideas in the marketplace, to persevere in the face of obstacles, to break out of the status quo. The market rewards these virtues and, in so doing, encourages them. It is also the case that these virtues, cultivated in the market, spill over into other spheres. Courage balanced by temperance (or self-restraint) is as vital in the market as it is in the public sphere. Hope mixed with prudence is as essential for voluntary exchange as it is for a good marriage. The same is true for the other virtues. They are not only given scope within the market, they are rewarded and nurtured in commercial society. As McCloskey summarizes, "the bourgeois *virtues* … have been the causes *and consequences* of modern economic growth and modern political freedom." Again, by rewarding virtue and punishing vice, the market teaches us to be virtuous.[72]

Some critics are prepared to acknowledge that morality and markets are not incompatible and even that the market can teach individuals to be virtuous, but, they complain, the market also encourages vice. "The perennial temptations of the market," Sacks writes, are "to pursue gain at someone else's expense, to take advantage of ignorance, [and] to treat employees with indifference."[73] These temptations, he insists, need to be guarded against, even if that means interfering with markets. As he writes, "canons of fair trading and conditions of employment have to be established and policed."[74] Sacks is, of course, correct that "morality belongs no less in the boardroom than in the bedroom, in the market-place as much as in a house of prayer."[75] However, he is wrong if he thinks that the market is the source of vice or that market interventions are the only way to mitigate vice in the marketplace. First, vice is endemic in all social arenas. Indeed, the "perennial temptations of the market" that Sacks mentions (i.e., pursuing gain at the expense of others, taking advantage of ignorance, treating others with indifference) are no less prevalent in the political sphere or, for that matter, in the house of prayer. Scandals in the political and religious sphere are all too common, and, to be fair to markets, many so-called business scandals are really political scandals. One might argue, for instance, that bribery is more accurately described as a political phenomenon—a tax on private businesses by members of the public sector.

Moreover, efforts to curtail the market, rather than reducing the scope for vice, actually enlarges it. Price gouging and price-ceiling laws, for instance, lead to discrimination by owners on grounds other than ability to pay (e.g., racial differences, personal connections, willingness to pay side payments, and so forth). Perhaps laws along these lines are not exactly what Sacks has in mind when he insists that we must fight against temptations in the marketplace. Still, all efforts along these lines have unintended consequences, and, redistribution, which Sacks does explicitly advocate, is, similarly, problematic. "The market," Sacks complains, "is good at creating wealth but not at distributing it."[76] It is unclear, however, that the political sphere is likely to generate more equitable distributions. Political actors face an ethical knowledge problem that complicates their redistributive efforts, and their redistributive programs (such as welfare) can actually harm the people that they are trying to help.

The strongest case against the view of markets as a moral training ground where virtues are rewarded and nurtured hearkens back to Marx and his claims that markets are deeply alienating. Recall that for Marx, in a market economy based on monetary exchange, "labour is *external* to the worker—i.e., does not belong to his essential being; that he, therefore, does not confirm himself in his work, but denies himself, feels miserable and not happy, does not develop free mental and physical energy, but mortifies his flesh and ruins his mind."[77] In the market, Marx asserts, workers are alienated from the product of their labor; it becomes "an alien object that has power over him."[78] Additionally, in the market, workers become alienated from the act of production. The worker sees work as "something which is alien and does not belong to him, activity as passivity, power as impotence, procreation as emasculation, the worker's own physical and mental energy, his personal life … as an activity directed against himself, which is independent of him and does not belong to him."[79] Importantly for my purposes here, Marx also asserted that the worker in the market becomes alienated from his fellow men and from himself. "It estranges man," Marx writes, "from his own body, from nature as it exists outside him, from his spiritual essence, his human existence."[80]

Man who is estranged from himself and his fellow men cannot possibly be virtuous. For Marx, the money system, which is responsible in his theory for the worker's alienation, exhibits a "*distorting* power both against the individual and against the bonds of society, etc., which claim to be *entities* in themselves. It transforms fidelity into infidelity, love into hate, hate into love, virtue into vice, vice into virtue, servant into master, master into servant, idiocy into intelligence, and intelligence into idiocy."[81] The confusion, the loss of self that Marx describes is profound, total. Estranged from his true nature, man is bewildered and "the world," Marx writes, "is upside down."[82] There is simply no scope for the bourgeois virtues that McCloskey highlights in Marx's concept of the market order.

Marxian geographer David Harvey argues that the fragmentation and loss of identity that Marx described has only intensified in recent years.[83] According to Harvey, since the 1970s, capital accumulation has resulted in what he calls "time-space compression."[84] Technological innovations accelerate production processes and speed up transactions, compressing time. Improvements in transportation and communications, such as jet transport and the Internet, reduce spatial barriers, compressing space. "We have recently been going through a strong phase of … 'time-space compression,'" Harvey writes, "the world suddenly feels much smaller, and the time-horizons over which we can think about social action become much shorter."[85] This compression of time and space is not a positive development but is a source of deep anxiety. Because "our sense of who we are, where we belong and what our obligations encompass—in short, our *identity*—is profoundly affected by our sense of location in space and time," Harvey argues, the technological innovations and transportation and communication revolutions have created "crises of identity."[86] These crises of identity are also at the same time *crises of virtue*. Not knowing who we are or where we belong, we are unlikely to know how we should behave or which qualities we should exhibit. Still, in this milieu, Harvey predicts, despite our efforts to respond to our profound alienation, "capital accumulation, market materialism and entrepreneurial greed rule the roost."[87] The spaces of capital are immoral spaces.

There are several problems, however, with Marx's (and Harvey's) assertions. First, it is unclear that other socio-economic arrangements do a better job at reducing alienation, curbing corruption, and promoting virtue than do markets. Alienation, corruption, greed, materialism, and the other vices that critics claim are the products of markets are also quite prevalent in precapitalist and state-socialist societies—arguably, even more so. Feudalism for the serfs was unarguably a more alienating system than capitalism for members of the proletariat, and, as Tong has argued, state socialism in the former Soviet Union resulted in mass alienation.[88] "People alienated by state socialism," Tong writes, "developed a deviant pattern of behavior, such as the rejection of common values, irresponsibility, disgust with authority, corruption, and negligence of public property."[89] Similarly, Simis notes that Soviet society was thoroughly corrupt, forcing nearly everyone to 'live a lie' and to engage in 'blat' and bribe paying.[90] Additionally, like the *Capitalist Man*, the *Soviet, Socialist and Pre-capitalist Men* were also capable of being quite greedy and materialistic.[91]

Second, it is unclear that markets have transformed individuals into the greedy, materialist, corrupted and, thus, inhuman individuals that Marx and Harvey suggest. Ger and Belk, for instance, found that neither affluence nor Westernness can explain cross-country differences in materialism, meaning consumption-based orientations.[92] As they write, "neither consumers from the affluent Western countries nor the less affluent countries were uniformly more or less materialistic."[93] Moreover, Americans give more per capita to charitable organizations than any other country even though they live in one of the most liberal market economies.[94] In addition, as McCloskey notes, the market depends on and gives scope to love.[95] "Over half of consumer purchases at point of sale," she writes, "are on behalf of children and husbands and mothers and friends. Love runs consumption."[96] As a rule, market economies do not transform us into moral deviants who are unable to love.

The market is simply not the amoral space that many of its critics and even some of its friends pretend that it is. It is also far from being the immoral space that its critics imagine. Instead, the market is a moral space. The virtuous succeed in the market and the market makes actors virtuous. As such, the market is a moral training ground where participants are encouraged to love one another, to have faith, to be of good courage, to hope for a brighter tomorrow, to follow just rules of conduct, and to exercise restraint and to be prudent. As McCloskey has argued, the market does not corrupt our souls, it improves them.[97]

Conclusion: Why the Market?

Two popular critiques of the market are that (1) it destroys community and (2) it destroys ethics as it expands. Arguments such as Putnam's that blame markets (in part) for the decline in civil engagement and social capital in the United States during the latter half of the twentieth century, however, miss the point. Rather than being antithetical to the community, the market supports community. Similarly, arguments such as Harvey's that criticize markets for leading to worker alienation, materialism, greed, and identity crises are, similarly, mistaken. The market is a moral space where the bourgeois virtues (plus trust and tolerance) are required and rewarded.

The positive case for the market economy, one that stresses the ability of the market to satisfy our material desires as well as our ethical aspirations and our demands for community, is a particularly important case to advance. Why? First, the market's ability to make us more virtuous and to support more desirable communities is as important as, if not more important than, its ability to make us wealthier. After all, we are at our cores social creatures with an affinity for the sacred. Second, it insulates markets from what is an all-too-common attack. If markets are going to be given an opportunity to work their magic for the poor people of sub-Saharan Africa and Latin America, for instance, then local activists and antiglobalization forces in the West need to be convinced that the arrival of markets will not mean an end to local communities and cultures.

The market can result in prosperity and also sustain community and culture. Still, the case is even stronger. Markets and peace are positively correlated. Smith has long since argued that markets thrive when there is peace; "all that's needed … is peace, easy taxes and the tolerable administration of justice." The reverse is also true. Peace is more likely when there are markets. As Montesquieu predicted, "the natural effect of commerce is to lead to peace. Two nations that trade together become mutually dependent: if one has an interest in buying, the other has one in selling; and all unions are based on mutual needs."[98]

That said, it is important to remember that not all markets are created equal. As Boettke reminds us, "outside the framework of liberalism, the market mechanism can be relied on to allocate resources, but not with any degree of confidence in terms of promoting social cooperation and the prosperity of the society."[99] Markets are like weeds and can spring up in contexts where the framework of liberalism does not exist. Outside of this environment, however, we should be mindful that markets may not (and probably will not) satisfy our material desires let alone our ethical aspirations and our demands for community. The discussion of the economic, social, and moral benefits of the market above assumed that the market in question was characterized by voluntary exchange, private property, and the rule of law. Thus, the case advanced for the market is more accurately described as an attempt to highlight the social and moral aspects of a liberal society where the market is allowed to flourish. As Boettke notes, "when markets are embedded in a property order governed by a rule of law, then they can be reasonably relied on to allocate resources effectively and to channel behavior in a manner consistent with the values of individual liberty, personal responsibility, honesty in dealing, respect for the property of others, etc."[100]

The market, of course, is no panacea. However, if they are given a chance to flourish, we will grow wealthier, healthier, better connected with far flung relatives and friends, better educated, better behaved, more generous, more compassionate, more tolerant, more trusting, and more just. The market will deliver cures for cancer and new, postcrude oil, energy sources. If allowed to flourish, the market will also make us better connected and more virtuous.

Notes

* I would like to thank the participants of the Liberty Fund Symposium, "The Challenge of Liberty: Classical Liberalism Today" (March 2008), for their helpful comments on an earlier draft of this article. Additionally, I would like to thank the Liberty Fund for its generous financial support. The standard disclaimer applies.

1. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, vol. 1 (Indianapolis: Liberty Fund, 1981).

2. Alasdair MacIntyre, *After Virtue: A Study in Moral Theory* (Notre Dame: University of Notre Dame Press, 2007), 254.

3. John Gray, *False Dawn: The Delusions of Global Capitalism* (New York: New Press, 1998), 36.

4. Jonathan Sacks, *The Dignity of Difference: How to Avoid the Clash of Civilizations* (London: Continuum, 2002), 35.

5. Stephen Gudeman, *The Anthropology of Economy* (Malden, Mass.: Blackwell, 2001).

6. Stephen Gudeman, "Remodeling the House of Economics: Culture and Innovation," *American Ethnologist* 19, no. 1 (1992): 144.

7. Stephen Gudeman, "Realism, Relativism and Reason: What's Economic Anthropology All About?" in *Peopled Economies*, ed. S. Löfving (Sweden: Interface, Uppsala, 2005), 140.

8. Gudeman, *The Anthropology of Economy*, 144.

9. Karl Marx, "On the Jewish Question," in *Karl Marx: Selected Writings*, ed. L. Simon (Indianapolis: Hackett Publishing, 1994), 17.

10. Henri Lefebvre, *The Production of Space* (Malden, Mass.: Blackwell, 1991), 325.

11. Ibid., 336.

12. Virgil Henry Storr, "The Market as a Social Space: On the Meaningful Extra-Economic Conversations That Can Occur in Markets," *The Review of Austrian Economics* 21, nos. 2, 3 (2008).

13. Deidre N. McCloskey, *The Bourgeois Virtues: Ethics for an Age of Commerce* (Chicago: University of Chicago Press, 2006), 23.

14. Virgil Henry Storr, "Hayek and Lefebvre on Market Space and Extra-Catallactic Relationships," in *Pluralism in Economics and Economies*, ed. Robert Garnett, Erik Olsen, and Martha Starr (New York: Routledge, forthcoming). Virgil Henry Storr, "The Market as a Social Space."

15. Adam Smith, *The Theory of Moral Sentiments* (Indianapolis: Liberty Fund, 1976), 223–24.

16. F. A. Hayek, *Law, Legislation and Liberty*, vol. 2: *The Mirage of Social Justice* (Chicago: University of Chicago Press, 1976), 112.

17. Murray N. Rothbard, *Man, Economy and State: A Treatise on Economic Principles* (Auburn, Ala.: Ludwig von Mises Institute, 1993), 85.

18. Paul Seabright, *The Company of Strangers: A Natural History of Economic Life* (Princeton: Princeton University Press, 2004).

19. Kennan Bridge and Leslie A. Baxter, "Blended Relationships: Friends as Work Associates," *Western Journal of Communication* 56 (1992). M. Henderson and M. Argyle, "Social Support by Four Categories of Work Colleagues: Relationships Between Activities, Stress, and Satisfaction," *Journal of Occupational Behavior* 6 (1995). Randy Hodson, "Group Relations at Work: Solidarity, Conflict, and Relations with Management," *Work and Occupations: An International Sociological Journal* 24, no. 4 (1997). Patricia Zavella, "'Abnormal Intimacy': The Varying Work Networks of Chicana Cannery Workers," *Feminist Studies* 11, no. 3 (1985).

20. Christine L. Williams, Patti A. Giuffre, and Kirsten Dellinger, "Sexuality in the Workplace: Organizational Control, Sexual Harassment, and the Pursuit of Pleasure,"

Annual Review of Sociology 25 (1999). Charles A. Pierce, Donn Byrne, and Herman Aguinis, "Commercial Friendships: Service Provider-Client Relationships in Context," *Journal of Organizational Behavior* 17, no. 1 (1996).

21. Ken Butcher, Beverley Sparks, and Frances O'Callaghan, "On the Nature of Customer-Employee Relationships," *Journal of Organizational Behavior* 17, no. 1 (2002). Diana L. Haytko, "Firm-to-Firm and Interpersonal Relationships: Perspectives from Advertising Agency Account Managers," *Academy of Marketing Science Journal* 32, no. 3 (2004). Linda L. Price and Eric J. Arnould, "Attraction in Organizations: A Model of Workplace Romance," *Journal of Marketing* 63, no. 4 (1999).

22. Coral Gardiner, "Mentoring: Towards a Professional Friendship," *Mentoring & Tutoring: Partnership in Learning* 6, nos. 1, 2 (1998). Kathy E. Kram, "Phases of the Mentor Relationship," *The Academy of Management Journal* 26, no. 4 (1983).

23. Elaine Kepner, "The Family and the Firm: A Coevolutionary Perspective," *Family Business Review* 4, no. 4 (1991).

24. Emily Chamlee-Wright, *The Cultural Foundations of Economic Development: Urban Female Entrepreneurship in Ghana* (New York: Routledge, 1997). Paul Ingram and Peter W. Roberts, "Friendships among Competitors in the Sydney Hotel Industry," *American Journal of Sociology* 106, no. 2 (2000).

25. Richard A. Feinberg, et al. "There's Something Social Happening at the Mall," *Journal of Business and Psychology* 4, no. 1 (1989).

26. Malcolm R. Parks and Kory Floyd, "Making Friends in Cyberspace," *Journal of Computer-Mediated Communication* 1, no. 4 (1996).

27. Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000).

28. Ibid.

29. Ibid.

30. Ibid., 87.

31. Ibid.

32. Ibid.

33. Ibid., 283.

34. Ibid., 203.

35. Ibid., 235–37.

36. See, for instance, Howard Rheingold, *The Virtual Community: Homesteading on the Electronic Frontier* (Cambridge: MIT Press, 2000).

37. Robert D. Putnam and Lewis M. Feldstein, *Better Together: Restoring the American Community* (New York: Simon & Schuster, 2003).

38. Ibid., 240.

39. Richard Florida, *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community, and Everyday Life* (New York: Basic Books, 2002), 269.

40. See, for instance, Linda L. Price and Eric J. Arnould, "Attraction in Organizations."

41. Dora L. Costa and Matthew E. Kahn, "Understanding the American Decline in Social Capital," *Kyklos* 56 (2003).

42. Ibid., 26.

43. Ibid., 29.

44. Ibid., 37.

45. Ibid., 40.

46. McCloskey, *The Bourgeois Virtues*.

47. See, for instance, Israel Kirzner, *Discovery, Capitalism and Distributive Justice* (New York: Blackwell, 1989). Also see Jesús Huerta de Soto, "The Ethics of Capitalism," *Journal of Markets & Morality* 2, no. 2 (1999).

48. See, for instance, Dinesh D'Souza, *The Virtue of Prosperity: Finding Values in an Age of Techo-Affluence* (New York: Touchstone Books, 2000). Also see Walter Williams, "The Argument for Free Markets: Morality vs. Efficiency," in *Morality of Markets*, ed. P. J. Shah (New Delhi: Academic Foundation, 2004).

49. See, for instance, Don Lavoie and Emily Chamlee-Wright, *Culture and Enterprise: The Development, Representation, and Morality of Business* (New York: Routledge, 2001).

50. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 26–27.

51. Ibid.

52. Ibid., 145.

53. Ibid., 456.

54. Murray N. Rothbard, "Ten Ethical Objections to the Market Economy," in *Morality of Markets*.

55. Ibid., 102–3.

56. Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (Los Angeles: Roxbury, 1998).

57. Michael Novak, *The Catholic Ethic and the Spirit of Capitalism* (New York: Free Press, 1993).

58. Francis Fukuyama, *Trust: The Social Virtues and the Making of Prosperity* (London: Hamish Hamilton, 1995).

59. Hayek, *Law, Legislation and Liberty*.

60. Suri Ratnapala, "Moral Capital and Commercial Society," in *The Challenge of Liberty: Classical Liberalism Today*, ed. R. Higgs and C. Close (Oakland, Calif.: Independent Institute, 2006).

61. Ibid.

62. Ibid., 116.

63. Smith, *The Theory of Moral Sentiments*, 112. See also William Paley, *The Principles of Moral and Political Philosophy* (Indianapolis: Liberty Fund, 2002), 11.

64. Michael Novak, *Catholic Social Thought and Liberal Institutions: Freedom with Justice* (New Brunswick: Transaction, 1984), 179.

65. McCloskey, *The Bourgeois Virtues*.

66. Ibid.

67. Ibid., 29.

68. Ibid.

69. Ibid., 254.

70. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 237.

71. Ibid., 213.

72. McCloskey, *The Bourgeois Virtues*, 22.

73. Sacks, *The Dignity of Difference*, 89.

74. Ibid.

75. Ibid.

76. Ibid., 87.

77. Karl Marx, *Economic and Philosophic Manuscripts of 1844* (Amherst, Mass.: Prometheus, 1998), 74.

78. Ibid.

79. Ibid.

80. Ibid.

81. Ibid.

82. Ibid.

83. David Harvey, *Spaces of Capital: Towards a Critical Geography* (New York: Routledge, 2001).

84. Ibid., 123.

85. Ibid.

86. Ibid., 124.

87. Ibid., 125.

88. Yanqi Tong, "Mass Alienation Under State Socialism and After," *Communist and Post-Communist Studies* 28, no. 2 (1995).

89. Ibid., 233.

90. Konstantin M. Simis, *USSR: The Corrupt Society—The Secret World of Soviet Capitalism* (New York: Simon & Schuster, 1982).

91. McCloskey, *The Bourgeois Virtues*.

92. Güliz Ger and Russell W. Belk, "Cross-Cultural Differences in Materialism," *Journal of Economic Psychology* 17 (1996): 55–77.

93. Ibid., 172.

94. World Bank, 2005.

95. McCloskey, *The Bourgeois Virtues*.

96. Ibid., 56.

97. Ibid.

98. Quoted in Sacks, *The Dignity of Difference*, 102.

99. Peter Boettke, "Morality as Cooperation," *Religion & Liberty* (May/June 1995): 6–9.

100. Ibid.