Consequentialism and Markets
Introduction

Defenders of commercial life have long sought to provide a moral defense of markets in addition to offering pragmatic arguments. Since utilitarian – and more broadly, consequentialist – moral theories continue to hold sway, it is not surprising that consequentialist arguments in favor of markets remain popular as well. However, in this paper I hope to show that a purely consequentialist case for markets is deeply flawed. I begin by illustrating a particular feature of utilitarian/consequentialist theories that distinguishes them from teleological theories. I then try to show why I think, because of that feature, a defender of markets cannot hope to adequately demonstrate the intrinsic goodness or necessity of markets on consequentialist grounds alone. To achieve this, I will give a brief account of Ludwig von Mises’ utilitarian defense of markets, point out the relevant weakness, and attempt to show that they are not unique to his approach.

Definitions

I define ‘markets’ as realms of non-coercive – e.g., non-violent – behavior and ‘the market’ as the totality of realms non-violent behavior in a society. This definition necessarily includes activities like buying, selling, and other kinds of commercial activity as well as charitable giving and voluntary association – two modes of interaction that often appeal to defenders of markets and play an important role in their analyses. Alternatively, the market can be understood by acknowledging the threat or use of force as its direct opposite. This definition has the advantage of capturing the behaviors political economists are generally concerned with – the production and trade of goods and services – and yet remaining broad enough to allow conclusions to be drawn about consequentialist arguments in political contexts generally.

I define ‘consequentialism’ as any ethical theory that states the rightness or wrongness of any behavior depends on the goodness or desirability of that behavior’s consequences. This
distinguishes it clearly from other broad approaches to ethics such as deontological and teleological.¹ ‘Utilitarianism’ is a subset of consequentialism that holds specifically pleasure and pain as the measure of goodness and badness, respectively. This paper deals almost exclusively with consequentialism generally; of course, under these definitions whatever can be demonstrated to be true of consequentialism will be true of utilitarianism as well. ‘Teleological ethics’ is any theory that grounds the rightness or wrongness of behaviors in a notion of the natural purpose of human life.

**Consequentialism and Will**

One central difference between consequentialism and teleological ethics is the role of human will and reason. Jacques Maritain has identified the significance of this difference, particularly in his work *Three Philosophers*. His conclusions important to the task at hand can be summarized as follows: (1) Under the ancient Greek (and medieval Catholic) teleological view, the will was viewed as both guiding our application of the rational faculty and being shaped by the rational faculty. Human reason and human will were therefore distinguishable but inseparable aspects of human behavior – interconnected and interdependent upon one another. To will X was to imply there being a reason for X’s desirability, the merits of which could be challenged and debated. (2) By contrast, the ethical theories that arose after the Reformation, including most or all forms of consequentialism, are based on the view that reason and will are essentially separate human faculties. In this framework, human behavior consists of first willing or desiring something and then applying reason as the tool for achieving one’s aims. The best summary is perhaps David Hume’s famous dictum “Reason is, and ought only to be the slave of the passions.”² Here there is much less room for submitting X’s desirability to examination,
since willing X is not taken to imply any reason for X. Thus, reason takes on the secondary, separate role of the tool by which whoever desires X may discover how to obtain it.

An illustration of this feature as it operates in utilitarianism is useful for illustrating its role in consequentialist theories generally. In classical utilitarianism, the maximization of pleasure and the minimization of pain – whether of the individual or the collective – is held as the basis of ethical judgments. Whatever increases pleasure and minimizes pain is the right thing to do. If we accept that reason “ought only to be the slave of the passions” then it becomes clear that the source of any determination of pleasure and pain is beyond questioning. We may be able to choose whether or not we will X – as free will proponents hold – but no reason can or needs to be given to justify the matter any further. An object of the will which brings pleasure, whether freely chosen or determined by factors beyond our control, must be taken as a constraint or “given” to which reason can then be applied. Again, this holds whether one wills maximum pleasure for an individual or a collective.

Although it is perhaps more difficult to see, this analysis holds for consequentialist theories generally. At first glance it might appear that since the desirability of X depends on X’s consequences, reason could play a role in determining which consequences to embrace. But although we may in fact argue about consequences, the important thing to remember is that consequentialist theories themselves do not provide any grounds for such arguments to take place. Maritain’s description holds because any consequentialist argument for X must decide its end or ends first and then argue that X will lead to that end; thus the act of willing an end is separate and prior to the application of reason. Consequentialist ethics, then, is essentially “technological” in the sense that it its prescriptions deal exclusively with the suitability of means to an already decided end.
Whether or not this point counts as a strike against consequentialist theories per se is beyond the scope of this paper. It does, however, have important ramifications for consequentialist defenses of markets. To demonstrate this, it is helpful to briefly examine the relevant aspects of the utilitarian/consequentialist defense of markets put forth by Ludwig von Mises. Mises, as I hope to show, does not appear to reject what has been said so far about consequentialist theories; nevertheless, his moral defense of the market (to the degree that he can be said to have offered one) was still broadly utilitarian. He must therefore have still thought such a defense useful, and so an analysis of his views will provide a backdrop against which the success of the central thesis of this paper can be measured.

Mises’ Utilitarianism: An Account

In Theory and History Mises states “The ultimate yardstick of justice is conduciveness to the preservation of social cooperation.” He goes on to say, in the same paragraph, “The problem is to organize society for the best possible realization of those ends which men want to attain by social cooperation. Social utility is the only standard of justice. It is the sole guide of legislation.” It is clear that the “technological” attitude of consequentialism mentioned above is at work here. A standard of justice – an ethical goal – has been chosen; utilitarian ethics demands that those actions which best fulfill this goal are the actions we ought to take. Mises’ utilitarian defense of markets is completed by arguments that social cooperation is best achieved through markets.

Although he holds the preservation of social cooperation as the only standard of justice, Mises is emphatic that social cooperation itself is always a means and not an end. The ends that men actually choose or should choose remain undiscussed. Since what men do or should choose
is pre-rational and therefore within the realm of the will, Mises’ own account of his utilitarianism is therefore in agreement with Maritain’s assessment.

A natural objection to Mises seems to be, “What if men will ends which are necessarily anti-market?” We can see now that Mises strategy is to pre-empt such an objection altogether by appealing to the *necessity* of social cooperation for the attainment of man’s ends. Mises is conceiving of social cooperation as a constitutive aspect of the attainment of ends. Material goods, which are prerequisites for other goods, are best provided through social cooperation – to which the most effective means are markets. Thus, Mises purports to show that even men who would choose explicitly anti-market ends cannot do so without giving up the means to the effective provision of more fundamental material goods.

**Mises’ Utilitarianism: A Critique**

The flaw in Mises’ position is that his utilitarianism, like all forms of consequentialism, is unable to question whatever is willed. What his argument demonstrates is that if one takes the preservation of social cooperation as the standard of justice and therefore the highest goal worth willing or choosing, then it is contradictory to oppose markets. It is precisely the antecedent of this conditional that criminals of all kinds reject. Suicidal terrorists, for example, necessarily – i.e., by definition – will the violent and therefore anti-market end of killing civilians. The fact that social cooperation most effectively provides for the material goods necessary to ensure that the bomber stays healthy enough to carry out his mission is hardly significant.

To bring the question more directly to the provision of material goods, a thief certainly has the end of his own material well-being in mind, but his means are profoundly anti-cooperation and anti-market. Comes the objection: “Perhaps any given individual is capable of making himself better off via anti-market means, but if this were practiced universally everyone
would inevitably be worse off, including the thief seeking to make himself better off.” This is true, of course, but an individual only chooses for herself and not the universal practice.

The further claim that she ought to refrain from stealing because she ought to act as though she will her act become universally observed is much closer to Kantian deontology than consequentialism. However, even this development cannot escape the possibility that someone may genuinely will universal chaos rather than universal cooperation. As Maritain understood, deontology also begins from the premise that will and reason are distinct.

The brilliance and significance of Maritain’s observation is now in full view. It is not anything new to state that a person always faces a choice; even when one faces demands backed by the threat of certain death, one is always able to make the choice against individual or collective material well-being. A defense of markets on ethical grounds must take careful account of this reality if it is to succeed.

Conclusion

I have tried to show how consequentialist defenses of the free market necessarily leave room for objections that cannot be answered on consequentialist grounds alone. To do this, I first offered a summary of an analysis by Jacques Maritain and then applied that analysis to Ludwig von Mises’ utilitarian defense of markets. I then tried to show how the weakness is not a unique feature of Mises’ argument but instead a systemic flaw in consequentialist arguments generally.
Notes

i For an insightful account of the relationship between consequences and teleological ethics, see Roderick T. Long’s “Why Does Justice Have Good Consequences?” available at <http://praxeology.net/whyjust.htm>

ii Hume isn’t a consequentialist, but his virtue ethic does not have the same foundation as the ancient or medieval view.


iv These arguments span multiple works, but the most comprehensive is *Human Action*.