Three Rival Versions of Markets and the Common Good: Spontaneous, Instituted, Civil

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Keywords: Markets, Common Goods, Hayek, Karl Polanyi, Civil economy

Abstract:

Should markets be evaluated primarily in terms of shared goals or of private gain? The method for approaching this question is as contested as the right answer. I argue that the neo-Aristotelian logic of common and private goods provides a lucid meta-framework for articulating and evaluating rival visions of the market, built around the question of common action in practices and institutions. Indeed, the major rival views of the market today (distilled here to three broad approaches) differ importantly, perhaps even primarily, over the descriptive role of cooperation and shared goals in commerce and its political infrastructure. The "spontaneous" model, often associated with Friedrich Hayek, regards both markets and politics as unintended orders of private ends, so the logic of common goods is not relevant in either sphere. The "instituted" model championed by Karl Polanyi sees politics as a mode of communal action, arguing that market patterns are causally and morally subordinate to cooperative projects. The Italian school of "civil" economy claims that market exchange is (or could be) itself a form of fraternal solidarity around common goods, opening the door to a communitarian harmony between the markets and politics. While all three models use the logic of common good in a coherent and illuminating way, none plausibly describes all markets. An adequate general theory must pluralistically view some markets in terms of private gain, others in terms of shared ends.

Introduction:

How can the market serve the common good? Ordinarily, this is not a very useful question to ask. The invisible hand of the market operates only to the extent that it is not significantly constrained by broad political goals, so it is not obvious that the majestic ideal of "the common good" contains any useful guidance for market institutions. Small wonder that recent attempts to put economic flesh on that ideal have focused on firms (Sison and Fontrodona 2012; Moore 2017) or states (Reich 2018), where shared goals are comparatively prominent, and not on market exchange. Nonetheless, I submit that the logic of the common good is essential for addressing fundamental questions about what markets *are*, how they relate to political life, and what sorts of human values they do or should promote. The theses of this article are twofold. Methodologically, I argue that the proper role for the common good in rigorous theories of the market is first a matter of explanatory theory rather than moral exhortation. More substantively, I will show that what is at stake between rival political economies of the market is precisely the role of common action and common goods in the constitution of exchange. "The common good" may not dictate any one rendition of the market, but it does provide a lucid framework for articulating and evaluating the rival versions on offer today.

Fruitful institutional analysis demands precise conceptual instruments, which "the common good" as a sweeping political standard is surely not. Yet tucked inside this unwieldy concept is a basic distinction that turns out to be crucial to any model of the market: exchange of private goods vs. cooperation for common ends. These categories imply two distinct patterns of interaction, each with its own expectations, internal logics, and standards of evaluation: one asks different things from colleagues than from customers. Therefore, a key preliminary step in assessing any economic institution is to map out the frontiers between exchange and collaboration within it, for they frame the moral and practical questions that can and should be asked. Neo-Aristotelians such as Yves Simon have persuasively argued that (the) common good is a relevant standard only where the latter cooperative pattern applies. Conversely, the concept of common good has virtually nothing to say about the exchange of private goods as such. The market is the most celebrated case of private interest redounding to collateral benefit. Yet if the market is nothing more than a network of private exchanges, then it cannot give rise to common goods in the strict sense, but only private goods. The "if" is important, for serious defenders and critics of the market generally agree that it rests on modes of coordination other than prices, and some contend that even ordinary exchange aims beyond private gain. Despite the predominance of private exchange in markets, then, the question whether and how common action and common goods bear on markets is very much a live one, which any serious analysis must confront.

The logic of common action, however, is normatively underdetermined. It defines only a method for thinking about the moral architecture of markets, which must be fleshed out with some account of what exchange and its political infrastructure are actually like. Those are highly contested questions; understandably so, as the answers will profoundly influence one's concrete intellectual or political judgments about the market. No conceptual grammar can settle what the "social facts" of the market are, but I propose that the logic of common action provides an illuminating and rigorous idiom in which in the main rival views can be jointly articulated and assessed. At the risk of oversimplification, I have reduced the space of alternatives to only three schools of thought, chosen for their prominence and clarity: the "spontaneous" model, the "instituted" market, and the "civil economy." Though the three schools and their representative authors diverge profoundly as to preferred jargon and *Weltanschauung*, their disputes over markets boil down to two crucial questions:

1) *Is there communal cooperation in market exchange?*
2) *Is the politics that undergirds markets itself a form of common action?*

To answer these ostensibly-simple questions is to sketch the basic moral architecture of markets as they bear on common and private goods. A basic theoretical stance may be defined as a simple matter of yes or no, as can be seen in the top rows of the following table. But as the lower rows suggest, a great deal rides on a given set of answers: moral evaluation, questions of analytical style, even the rudiments of a political program. To appreciate why the relations are not coincidental, one must trace them back to the logic of common goods from which they arise.

	Three Rival Versions of Markets		
	Spontaneous *Friedrich Hayek*	**Instituted** *Karl Polanyi*	**Civil** *Genovesi et al.*
Common Action in Markets	No	No	Yes
Common Action in Politics	No	Yes	Yes
Overall Relation between Markets & Politics	Continuity in Private Goods	Discontinuity/Tension	Continuity in Common Goods
Attitude Towards Markets	Enthusiasm	Suspicion	Enthusiasm
Mode & Degree of Political Oversight	Abstract private law; Hands-off	Concrete regulation; Hands-on	Virtuous deliberation Hands-On
Favored Analytical Mode	Technical Calculation	Historical Narrative	Ethical Exhortation

I aim to exhibit the logic of common goods as the proper tool and standard for assessing these three rival versions, but I will not try to declare an undisputed winner. Why proceed in this comparative manner, rather than expounding only the most eligible model? Methodologically, considering multiple models shows how the rigorous use of common-good analysis can lead to disparate normative visions of the market. The basic logic is not the property of one political camp. More substantively, I will argue that none of the three models is decisively and obviously "right," to the exclusion of the other two. None ultimately captures the whole picture, and all are vulnerable to serious objections precisely from the point of view of common goods. Their limitations help to show, among other things, that there is no one single type of social order that counts as "the" market, any more than there is one monolithic goal that counts as "the" common good. The world of exchange is various and pluralistic, and no single, homogenizing theory can descriptively capture what all markets are like nor reliably guide them to serve flourishing lives and communities.

I. A Framework for Thinking about Common Goods

"The common good" is often little more than a slogan, so an essential preliminary task is to outline briefly how the concept can shed light on the moral architecture of institutions. The clearest foundational account is Yves Simon's conception of common goods rooted in common action (Cochran 1978). For Simon, as for other neo-Aristotelians such as Alasdair MacIntyre (1999, 109), "the common good" does not name one supreme political principle but rather a broad class of communally-shared goals that all follow a similar logic. In a nutshell, that logic is the following: a common good is the end/goal/excellence of some community, an irreducibly-social goal that which cannot be achieved or enjoyed apart from an order of common action.[i]

Simon's method of analysis involves two key steps, which jointly map the boundaries and goals of common action. It is an Aristotelian truism that "every community is relative to a good to be sought and enjoyed in common" (Simon 1960, 210). In acting together, the members of any community come to share a common good or goal, which is that their collaboration should flourish as whatever kind of social form it is. The primary common good for (the members of) a school is to be an excellent school, that of a business firm is to be a great firm, and so forth. One can only enjoy these common goods by taking part in the communities whose goods they are. Thus the first key to a well-formulated claim about any common good is to identify *who* is acting together and *what* goals they share as members of the community in question.

Human values do not count as common goods just as such, unless and until they are made the focus of common attention or striving. As Simon puts it, "where there is no common action, there is no common good" (Simon 1960, 208). What other kinds of goods are there? There are "private goods," which are not valued jointly "for us" but rather "for me and for you" considered separately (see Taylor 1995, page numbers). A good is private if it is not a shared objective, such that it can be divided up and enjoyed by individuals apart from collaboration.[ii] To borrow an example from Simon, excellent teamwork in a business cannot be so divided, but the money in a firm's treasury can be (cite pages?). Workers collaborating in a firm clearly pursue a properly common good, inasmuch as they value working *together* to make a great car (or website, or whatever). Passive investors, on the other hand, are mainly interested in financial returns; what they aim at is not a goal held in common (either among themselves or with workers), but rather a "sum of private interests that happen to be interdependent." (Simon 1960, 208) And rightly so; insofar as passive investors take no part in the shared collaboration of the firm, its life and goals *could not* figure for them as common ends, on a common-action view.[iii] In the nature of the case, common goods are bounded by the limits of communal cooperation, and they exert little or no moral pull on outsiders.[iv] Thus Simon's second key to a well-formulated analysis is to identify also who is *not* acting together, by delineating the frontier where truly common goals give way to merely private goods.

The fundamental divide between common and private goods is essential to the moral architecture of institutions, since any community's end is "qualitatively different from a sum of interdependent goods" (Simon 1960, 208). To be sure, this difference is not a matter of right vs. wrong. There is nothing suspicious about pursuing private goods together, as do the investors in a firm or the customers of an electric grid. Nonetheless, one ought not to conflate coordinated self-interest with genuine common action around common ends, for the two categories evoke wholly divergent modes of interaction and assessment. The distinction is familiar from classical theory,[v] but also from everyday life. No one would confuse a soccer club's players with its suppliers, whether in terms of social scripts, norms of conduct, or the goals they share. The players are members of the team, sharing its common goods; the suppliers are not, and their dealings with the team right turn on private goods. Consider how different are the deliberative questions the two groups might ask. The members raise crucial but endlessly contested questions such as "What does thriving look like in our team (or firm, farm, family, etc.)? What structures, norms, or virtues do we need in order to achieve it together?" By contrast, suppliers will generally ask "What does the contract stipulate?" or "How can we fairly we divide the stuff?" The differences are not coincidental or superficial, since they flow from the basic divide between common ends and coordinated private interest.

For reasons of space, I note only two further dimensions of Simon's complex distinction between communities around common goods vs. "mere partnerships" for private gain: their modes of coordination and their formative capacity. On his view, achieving any common good requires authority to unify cooperation over time around a shared-but-shifting goal, while mere partnerships "can afford to be purely contractual" (Simon 1993, 50). As to coordination, the exercise of authority suggests the presence of common goods; reliance on contract suggests their absence. One of authority's most potent tools is the communal capacity to shape the character of members according to some shared vision or moral script. As J.N. Figgis puts it, "all these groups and unions… penetrate your imagination and thought, and alter not only what you do, but what you want to do" (Figgis 1993, 125). Consider how workers and investors in a business differ on both these dimensions. For better and worse, workers are subject to the firm's authority and formed by its organizational culture (Singer 2019) whereas its shareholders are not. Hence it would be a mistake to count shareholders as members of the firm or take their interests as definitive of its common ends, since they have no part in its common action (*pace* Sison and Fontrodona 2013). More generally, there are two errors to avoid: ascribing a common goal where there are in fact only private goods at stake, or analyzing genuine common action as if it aimed at no more than an aggregate of private ends.

Simon's common-action approach is a useful tool for institutional mapping precisely because it abstracts from substantive moral questions. Defining common goods formally as the built-in goals of common action tells us little or nothing about what any given community should strive to do or to be. What it does tell us is that, whatever its goal of shared excellence turns out to be, its social form will be more and other than a sum of private interests. Conversely, there are important social settings—those where common action is absent—where the primary human interests at stake can be rightly articulated in terms of private goods, and the logic of common good plays no meaningful role. Before launching a full-scale analysis, therefore, one must first settle the question, "Is there common action here or not?"

II. Market Exchange in the Smithian Tradition

It is far from obvious how to answer this question in respect of markets. Unlike war, market exchange is voluntary, rule-governed, and mutually beneficial. Unlike a family, it is typically competitive, anonymous, and disinterested. In order to sort out these conflicting indicators, one must first specify where exactly, out of all the market's dimensions, the key question of common action should be asked. Following the lead of the three approaches to be presented here, I will focus on the two most salient levels of modern market systems: the operational level of bargaining among merchants and the political-legal infrastructure undergirding exchange. Thus the central questions I will track in each school are two-fold: first, is there common action in market exchange? Secondly, is the politics of the market a matter of common goods or only private ends? It is also worth asking how the two levels are connected, given the initial answers. The appropriate frameworks for assessing markets turn on the rival answers to these questions, and so do the human goods that one can reasonably expect markets to provide.

As a prelude to these questions of common action, it is worth asking naively: what is a market? In its concrete historical meaning, "a market is a meeting place for the purpose of barter or buying and selling."(Polanyi 1964, 56) Today we speak of physical marketplaces and also of abstractions like the "used-car market." These different types of markets all center on the readiness of some group of buyers and sellers to enter into a particular kind of exchange relation. For the exceedingly influential tradition following Adam Smith (which includes Hayek and Karl Polanyi but not the Italian civil economists), the elemental character of this market relation boils down to a three-word slogan: Strangers Selling Stuff. Here the distinguishing feature of the market relation is the focus on the item at hand and its price, not on the persons involved. As I walk the bazaar, it doesn't matter to me whether I buy from Maria or Jose, only whether I get a good deal. No matter what merchants' relations may be in other social contexts (as friend, colleague, subordinate, etc.), on the market they meet as strangers and equals. In order to minimize the influence of power and status, market relations presuppose legal freedom to buy and sell as well as the existence of other similar buyers and sellers, so that each party has an effective "exit option" (Hirschman 1970). The Smithian point of departure, then, sees the market relation as a free exchange in which price alone, or nearly so, determines if the transaction takes place, and not authority or social position (van Bavel 2018).

In this intellectual tradition, which is so dominant that it may seem like sheer common sense, markets characteristically operate on a different set of motivations than other domains. Hence it is important not to confuse market relations in the strict sense of "strangers selling stuff" with the much broader notion of "the free market" as a shorthand for an entire system of private production, consumption, and trade (Finn 2006, chap. 6). The distinction is crucial because free citizens often form organizations (e.g. family farms or business firms) within which market relations do not prevail, because they are coordinated by authority, not prices (Ciepley 2004; Hayek 1976, 222). On the market proper, as Smith famously observes, "it is not from the benevolence of the butcher, or the brewer, or the baker, that we expect our dinner, but from their regard to their own interest."(Smith 1981 I.ii) The primacy of self-interest, in the sense of merchants seeking a good deal for themselves, follows from their exclusive focus on prices. Inasmuch as merchants meet as strangers, they recognize no common goals, so their interaction is necessarily guided by private interest. What else is there? But the self-interest that typifies market change is not an invidious egoism; it is only mutual disinterest, or what Nobel prizewinner James

Buchanan calls "non-tuism." (i.e. "not you" - ism) (Buchanan and Tullock 1999, chap. 3). Buyers and sellers are usually not concerned with one another's purposes, though one need not exclude generous or public-spirited motivations in other domains of their lives.

One key implication of non-tuism is that buyers and sellers are not engaged in genuine common action around a common objective. It is true, of course, that free exchange will only take place if it appears beneficial to all parties involved. But this mutual benefit is not any sort of shared, inherently-relational goal, but only "a sum of private interests that happen to be interdependent." What is shared is but an instrument or a means, not an end. In principle, the separate goals of buyer and seller could be satisfied more cheaply from a vending machine, or by the solitary efforts of each, or in some other non-communal way. The fact that such goals are not enhanced or modified by the interaction shows that they lack any essentially social component. This perspective is well entrenched in western law, which generally construes arm's-length market transactions as oriented to convergent private goals, not shared ends. For example, if regulators suspect some "community of interest" in a major corporate deal (a.k.a. insider trading), they reasonably object that such a deal will not reflect impartial market value, and so will harm all those merchants who trust the impartiality of prices to coordinate their own pursuit of private gain (Gordley 2001). Overall, the simple and powerful Smithian tradition to market exchange is as predominant in practice as it is in theory, whether we look to law or to commerce.[vi] To flesh out the relevance of common goods to Strangers Selling Stuff, we turn first to the model of markets that relies most on that tradition.

III. **Spontaneous Markets: From Aimless Prices to Aimless Politics**

Despite his wide intellectual influence, Friedrich Hayek is not often recognized as one of the 20th-century's most trenchant theorists of common goods and the market (Novak and Adams

2015). This neglect, while unfair, is understandable inasmuch as one of Hayek great goals is completely to *exclude* the logic of the common good from markets and from liberal politics in general. Yet in order to make this clean break, Hayek must orient his whole theory around the fundamental distinction between private and common goods, a distinction that he elaborates in depth and at length, albeit with different terminology. He construes both markets and liberal politics as instances of "spontaneous order": complex, unintended patterns governed by abstract rules, where it is precisely the absence of shared goals that enables efficient coordination (Luban 2020). If there is no common action at any relevant level of the price system, there is no meaningful role for any common good and hence no warrant for top-down intervention, which always appeals to such a good. Hayek's argument is coherent enough, but the force of his conclusion depends on the underlying descriptions of markets and politics as individualistic. How plausible are those accounts? As I shall argue, Hayek and the tradition of Adam Smith are on comparatively firm ground excluding common goods from ordinary exchange, but much less so when it comes to politics, with its shared goals and narratives.

For Hayek, the absence of common goods in ordinary market exchange is a matter of description rather than moral critique. Indeed the market's orientation to prices rather than persons is the wellspring of its greatest virtue: precise, dynamic, and large-scale coordination. Prices concatenate the knowledge and plans of all the relevant buyers and sellers into a simple public signal. With a minimum of strife and of imposition from above, indefinitely many merchants can respond appropriately (by buying more or less of various goods) to situations far beyond their conscious awareness. Channeling Adam Smith, Hayek notes that "each is made by the visible gain to himself to serve needs which to him are invisible" (Hayek 1976, 116). Paradoxically enough, this vast and beneficial coordination apparently requires merchants to exclude from consideration all interests but their own. As Smith himself comments, "I have never known much good done by those who affected to trade for the public good"(Smith 1981 I.v.2.9). Not every valuable thing is a common good, nor should be, and the celebrated efficiency of non-tuistic trade helps to show why it is desirable that this should be the case.

But would anyone be so perverse as to deny that a market system benefitting all individuals "serves the common good" by that very fact? Hayek would deny it, and the logic of private and common ends suggests that he would be right to do so. For the sake of argument, let us grant that mutually beneficial exchanges proliferate wonderfully in a market system, to the benefit of all. Even if literally everyone grows richer, this tells us nothing about any common ends, which are sought and achieved in contexts of common action or solidarity. Market exchange writ large is not such a context, any more than is a non-tuistic bargain between you and me. Whatever common ends may be affected by exchanges or by the price system as a whole, they do not belong to persons *qua* merchants, but *qua* members of some community that is not itself a market. In practice, of course, bustling markets *might* well correlate with enhanced common goods: merchants might put their private gains to the service of various commercial, civic, or cultural associations, and the state's tax coffers might swell. But they might not, and as long as we limit ourselves to the Smithian perspective of "strangers selling stuff," we will not be able to say either way. From this perspective, common action and its goods are simply irrelevant to market exchange as such.

Like other institutional economists, Hayek recognizes that the analytic isolation of markets from politics and other domains of life can only be provisional (Rodriguez 2012). It is a useful exercise to consider price-centered exchange as a world apart, but markets are not in fact self-sustaining, so the question of common action cannot be confined to the level of merchants and their bargains. Even a minimally realistic model will have to consider other institutions on which markets depend (Weber 2010), and for Hayek this means especially the law. Widespread exchange depends on enforceable rules of property and contract. But if markets' constitutive rules were to reflect common action among citizens or lawmakers, then common goods would be relevant to markets in some important, albeit indirect, sense. Hayek heads off this damaging conclusion with a two-part strategy. On the one hand, he argues that markets depend only on the private law which lacks the capacity to transmit common goals or coordinate common action. This technical point only serves to buttresses a far more sweeping claim: a free, rule-governed liberal society is not a matter of common action, so its citizens do not and cannot share any common goods just as such. If Hayek can make good on these claims, he can effectively insulate the spontaneous model from political interventions appealing to the common good.

The most essential role that government plays in the market system, for Hayek, is the maintenance of "an appropriate legal system… designed both to preserve competition and to make it operate as beneficially as possible" (Hayek 2007, 87). Especially crucial are the categories of private law: property, contract, and torts. Private law tells merchants what they can expect and demand of others, enabling them to better coordinate expectations as they pursue their own goals. Thus the private law, much like the price system or any other public amenity, can be seen as a piece of "utilitarian machinery" that promises to make everyone better off (Hayek 2007, 115). The laws of property and contract set the rules of the game for all the individual players, but they do not draw merchants into any common project or shared goal. Hence for Hayek the market's private-legal background provides no grounds for interfering with commercial exchange on behalf of some common good.

Hayek's broader strategy for excluding common goods from the price system is to deny that a liberal state has common ends of its own. Thus it has none to impart to markets, through law or by other means. He argues that an idealized liberal polity is itself a spontaneous order, and that no such order is built around common goods. On Hayek's social theory, shared goals are relevant only to "made" orders—organizations set on foot to achieve some fixed scheme of values. A spontaneous or "grown" social order, by contrast, emerges from individual participants responding to general rules of conduct as they pursue their own projects. "Since such an order has not been created by an outside agency, the order as such also can have no purpose, although its existence may be very serviceable to the individuals which move within such order."(Hayek 1973, 130) In the case of the nation-state, while government ministers may direct state bureaucracies toward concrete shared objectives, liberal citizens at large are related only by their observance of the rules of law as they go about their own plans. Thus "a Great Society has nothing to do with, and is in fact irreconcilable with 'solidarity' in the true sense of unitedness in the pursuit of known common goals" (Hayek 1976, 111). For Hayek, then, to set markets in political context is to situate one spontaneous order within another, both of which exist only to further individuals' private pursuits, not any shared ends.

The upshot of Hayek's "spontaneous" model is that common action around common ends does not figure in any meaningful way in the moral architecture of markets. If he is right, there is little to be gained and indeed much to be lost by holding merchants or regulators to the standard of the common good. This would be like judging a long jumper in terms of artistry rather than distance—distracting and damaging to the business at hand. What merchants ought to be doing—and Hayek describes this as a moral or civic duty (1977)—is vigorously to pursue their private goods, secure in the knowledge (or hope) that individual others stand to benefit if they do so.

This "spontaneous" political economy of markets is notable for its studied exclusion of the logic of common goods, which appears in Hayek's theory as a shadowy example of what is *not* going on in markets and how *not* to think about them. The only way to re-affirm the relevance of common goods in the face of this provocative account is to show which of Hayek's twin negations of common action in economics and politics has gone astray. In my judgment, his answers are of unequal value. The Smithian notion of exchange as a peaceful but anonymous process tallies well with ordinary experience, and the potential benefits of impersonal, price-centered markets centered are widely (though not universally) accepted. Hayek's "spontaneous" reading of politics is considerably less plausible, even for sympathetic readers (Kukathas 1989). It is far from clear that a functioning polity prescinding from all common action or shared goals is even possible, let alone desirable, whether one adopts the perspective of political sociology or classical philosophy (Aquinas 1947 I-II 90.2). Insofar as markets draw on the legal culture of a particular community rather than abstract laws of reason, the total exclusion of common goods that Hayek proposes seems factually wrong in many important cases. It may be that some treaty-governed international markets do rest mainly on thin contractual legal agreements rather than overt political power. But markets ensconced in domestic politics cannot avoid involvement with common goods, insofar as their political roots are entangled with the common life of a nation-state, which is always more than the rule of law. If Hayek cannot vindicate his thin model of politics for the latter markets, which are surely the most important and numerous, then the "spontaneous model" and its blanket denial of common action is of limited applicability. A framework is needed that does not ignore or discount the shared ends present in the moral infrastructure of politically-backed market exchange. Karl Polanyi's "instituted" approach provides just such a model.

III. Instituting Prices

The logic of common good is relevant to markets, or any other institutions, to the extent that they depend on shared action and embody some shared vision. Outside of mainstream economics, most social scientists today regard markets not as the neutral public utilities that Hayek envisions, but as contested projects that are profoundly entangled with politics (Vogel 2018). To model this thicker entanglement in terms of common action and its goods, I draw on one of neoclassical economics' 20th-century rivals: the tradition of moral economy, taking Karl Polanyi as a representative figure (Rogan 2017). The moral economist's vision highlights just what the "spontaneous" model tries to dismiss: how thin price-centered exchange is necessarily framed by and in service of thick cooperative projects (Block and Somers 2014). The three core claims of this "instituted" approach can be crisply summarized in terms of common action.

1) Political cooperation is a mode of common action around shared ends.

2) Typical market exchange is not.

3) Nonetheless, (political) common action necessarily undergirds market systems.

From a historical point of view, the deep discontinuity between markets and politics expressed in Propositions 1&2 is itself an anomaly calling out for explanation. For the default economic arrangement, as far as the anthropological data go, is not a price system. It is an "embedded economy" in which nearly all goods and services are produced and exchanged within the context of relations of status and authority (Scott 1976). In traditional societies, the norms and needs of many non-market institutions—e.g. family, religion, politics—determine what is made and how it is allocated. The rise of price-centered markets implies that economic coordination has been reframed as a sphere in its own right, distinguished by that indifference to common ends that Adam Smith famously observed. To explain this historical shift, Polanyi reconnects markets to a larger social frame, as suggested in Proposition 3. Market formation has always been a political project. Exchange for private gain does not arise by individual initiative alone; it is established and maintained in light of some shared political vision of what humans ought to do or to be. As Polanyi puts it, even the most unfettered market is best described as an "instituted" market, because it has been set on foot by concerted cooperation. The priority of common action in framing private exchange implies that markets are always oriented, at least indirectly, to the common goods of the communities that surround and sustain them.

The distinctive move of the "instituted" model is to draw in common goods via the origins or foundations of markets, not the price mechanism itself. Polanyi would agree with Smith and Hayek that markets are not a zone of community in their own right. His model of exchange diverges very little from the economist's canonical vision of disinterested, price-guided transactions where merchants meet as strangers and equals. Yet as a moral economist, Polanyi enormously enriches the explanation of where such exchanges originate, moving from a Robinson Crusoe state-of-nature myth (Screpanti and Zamagni 2005, chap. 3) to a detailed historical account. "There was nothing natural about *laissez-faire*; free markets could never have come into being merely by allowing things to take their course" (Polanyi 1964, 149). The disinterest of market relations is a social product, not a natural fact or a mere aggregate of individual behaviors (Polanyi 1968). Concerted political action has always framed private exchange, and Polanyi's vision of politics is resolutely communalist. So whereas Hayek approaches commerce and politics as variants on the same individualistic pattern, Polanyi sees them as starkly contrasting forms of order. The two parts of his "instituted" model juxtapose anonymous spaces of exchange against a thickly textured common life that surrounds, supports, and limits them.

The contrast and connection between these two forms of order are easiest to appreciate in a pre-liberal society such as classical Athens, where politics was more obviously communal (Finley 1973). Like other ancient societies, most of Athens' economy was ordered through custom, authority, and status, not by prices. But Athens was also highly dependent upon imports for its food supply, so the city took pains to foster a bustling international market for grain in its port, the Piraeus. By treaty, ships bound for Athens received special treatment in the grain ports of the Black Sea. The city offered political and monetary perks to importers regardless of status or origin. To be sure, grain traded on an administered market, not a *laissez faire* free-for-all: Athenians were prohibited from exporting grain, and the city would subsidize the retail price of grain if wholesale prices rose too high. Still, by focusing on the commodity rather than the person, Athens opened a market space wide enough to ensure the city a reliable food supply. But no wider. The grain emporium was held at arm's-length from the city, both socially and physically, so that the non-communal spirit of the merchant, "whose only fatherland is profit," (Booth 1994, 660) wouldn't spread to other parts of Athens' common life. There was no comparable market in real estate, say, much less in religious artifacts. These remained subject primarily to institutional forces beyond price.

Since Athenians obviously appreciated the potential economic benefits of free exchange, why would they not apply the market mechanism more widely? The logic of common and private goods suggests an explanation. There is price to pay for market efficiencies, an opportunity cost that can be reckoned in terms of common goods foregone. The decision to prosecute any particular transaction follows on a prior choice *not* to share goods in communal context (as in an "embedded economy") and this choice reduces the scope of common action. One venerable critique of markets is that they dissolve social bonds: "strangers make markets, and markets make strangers" (Bowles 1991, 13; Muller 2002) Now, the absence of common goods may not be a politically decisive consideration. An adequate food supply was deemed more important in Athens, for good and obvious reasons, than the embodiment of the common life in the economy of grain. But the Athenians apparently concluded that allowing the price mechanism to expand unchecked would eventually damage the very common life that market trade had been established in order to promote.

Taking Athens as a typical example, the map of common and private goods on Polanyi's "instituted" market model looks rather like Swiss cheese. An array of empty market spaces — each one focused on a commodity such as grain or fuel or cloth, etc.— are defined and limited by the thick texture of common life surrounding them. These bubbles of disinterested exchange are not themselves forms of common action, but they are established and maintained by various communities for the sake of their common goals. This hierarchical dependence implies that markets should be evaluated and regulated, at least in part, in terms of the common goods of the communities on which they depend. The merchant *qua* merchant, who attends only to prices, is indifferent to such communal concerns. But citizens or lawmakers can take a wider view of markets' costs and benefits in deliberating about the proper scope of market regulation. The merchant's studied indifference to politics must be weighed against the material --and moral (McCloskey 2006)--benefits that a well-crafted market can generate. The citizen's guiding question is, "What will be the overall effect of this or that market space on the flourishing of the community and the stamp of character it imparts to its members?" Some markets will pass the test, others will not. Whatever the final tally, to see markets as instituted in Polanyi's sense is to see them as more than vehicles of private gain, though they are that too. For the moral economist, politics or common action is always prior to impersonal exchange and should remain so; hence the question of the common good is essential for establishing and evaluating markets.

Despite its considerable explanatory power, Polanyi's instituted model is less persuasive as a guide to reforming modern markets. Descriptively, modern markets are undergirded by common action just as much as were ancient ones. Polanyi observes that Europe's "road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism" (Polanyi 1964, 149). But he judges that the 19th-century architects of "market society" inverted the proper moral relationship of markets and politics. Rather than subordinating market exchange to common life (as in Athens), liberty-oriented reformers aimed to submit every aspect of life to the price mechanism, effectively erasing any boundary between exchange and common life. From Polanyi's point of view, the attempt to treat "the substance of society itself" (Polanyi 1964, 71) as ordinary merchandise is as ineffective as it is unjust. Governing essentially social concerns —such as land, labor, and money—by means of a-social prices cannot possibly succeed long term, he reasons, because it does not treat these all-important resources as the common goods that they in fact are. Sooner rather than later, the attempted reduction of common ends to private exchange will produce human catastrophes like the satanic mills of Dickensian Britain.

Therefore, Polanyi proposes to remove land, labor, and money ought from the anonymous market and return them, somehow, to the realm of common action. But how? Here the critique falters. He acknowledges that neither traditional hierarchy nor the authoritarian state offers a viable alternative to market coordination today. By condemning market society without offering any way to restore the supposedly "normal" scheme of thin markets within thick politics, Polanyi's instituted model leaves his would-be followers in a practical dilemma, stuck between injustice and unviability.

All told, the "instituted" model of markets is notably fruitful for advancing a systematic analysis of common goods and markets, but its shortcomings should not be overlooked. Its usefulness lies in restoring common goods to an essential place in the analysis of markets, in an empirically plausible way. Polanyi mounts a convincing historical case that economic arrangements always reflect some political vision of the good society. ***Bring in an example from book intro here?*** The always-instituted model of the market yields a rich set of questions, giving citizens the warrant to ask how the scope of market exchange affects their common ends and not only their aggregate private interests. On the other hand, the answers proposed by Polanyi's patchwork of markets-within-politics are distressingly limited, as one can appreciate from the failures of his case against markets in land, labor, and money. His claim is that totally anonymous exchange would soon destroy such goods, given their irreducibly social character. His logic appears sound –what then should we conclude from the fact that such markets do function, albeit imperfectly? Perhaps that, in reality, not all exchange is as impersonal as the canonical Smithian model lets on. It is strange that Polanyi, unlike his latter-day disciples (e.g. Granovetter 1985), never considers whether market exchange might itself be instituted with greater or lesser degrees of price-focused anonymity, and with correspondingly lesser or greater degrees of communal sensitivity or social orientation, and whether this variation might explain the notable resilience of market systems. Unlike the Italian civil economists to whom we turn, the "instituted" model does not ask whether some markets may directly reflect common action and its goods after all.

IV. Italian Social Contracts: the civil economists

It is a truth *almost* universally acknowledged that markets are a domain of coordinated self-interest. This Smithian verity has a troubling downside, namely that a price system oriented exclusively to private ends will never "of its own accord" track the common ends of adjacent communities. Markets are apt to erode their own communal foundations, serving private goals at the expense of the common action on which they depend but cannot see. For this reason, Karl Polanyi prophesied in the 1940s that the end of the market was near (Polanyi 1971). Adam Smith himself was only slightly more sanguine. He pegged the life expectancy of market societies at around two hundred years (Heilbroner 1973). Both predictions have proved mistaken, so far. Why? What they got wrong, according to the "civil" model of markets, was their dogmatic assertion of the individualism of market exchange. Drawing on Smith's Italian contemporary Antonio Genovesi (1713-1769), the proponents of this third approach argue that market exchange need not be, and frequently is not, oriented to self-interest or private goods alone. Market exchange can be modeled instead as an expression of "fraternity"; in other words, as a form of common action oriented to common ends. In this optimistic minority report, there is no ultimate tension between markets and politics. If they are not quite the same thing, they are least the same *kind* of thing, inasmuch as the basic logic of common goods applies to both and both can be steered towards humanistic visions of shared flourishing. This sounds nice, certainly. The as-yet-unmet challenge for the civil economists is to mount a convincing case why recasting markets as a form of civic solidarity is both descriptively accurate and practically desirable, all things considered.

The key move of the civil economy model is to re-describe market exchange in terms of "mutual assistance" or "fraternity." In the standard Smithian view, merchants trade only for their own private gain and the widespread social benefits of the Invisible Hand are not intended by anyone. For Genovesi, by contrast, what motivates merchants is "the desire to be useful to one another" and to their communities. Unlike his Scottish contemporaries Smith and Hume, Genovesi regards shared interest as more anthropologically fundamental than self-interest. “Man is by nature a friend to man,” not a wolf (Santori and Bruni 2018). Civil merchants do not go on the market in order to squeeze the most profit out of every bargain, but rather to create and share the gains from trade. Their mutual attitude is not a matter of grasping calculation (“What is the least you will accept without walking away?”) but something more generous (“How can we make a fair and mutually satisfactory deal?”). As Bruni and Sugden put it (2008), a market contract is best seen as form of collective agency or “we-reasoning,” in which the joint benefit of all the parties is of concern to all the others, as it is with friends or team members. In other words, market exchange is a form of common action, with common goods of its own.

If markets are themselves a form of communal cooperation, then they rely on civic virtues and goals just as much as politics does, and are closely tied up with it. For Genovesi, chief among the civic virtues is a three-layered form of public trust (*fede pubblica)*: ethical, economic, and political (Pabst and Scazzieri 2019). Merchants need faith in others' personal probity, as well as the stability of financial systems and of government. Together, these three layers of trust serve to assure the civil merchant not only that the wheels of the price-system are going to turn, but also that the market as a whole is duly ensconced in a larger unifying framework of common action. “Public trust is therefore a bond that ties together and binds persons and families of one State… without which there can be no solid and lasting mass, and all is but fine sand and dust” (Genovesi 2013, 341). Markets conducted in the spirit of such trust not only interweave the self-interest of merchants, but also draw them together into the overlapping solidarities that make for public happiness (*pubblica felicità)* on the civic humanist view (Bruni and Porta 2003).

The cash value of the civil economist's rosy vision of markets as a form of community lies in its potential to tame what might otherwise be brutally impersonal trade. At the micro-level, the goal of mutual assistance gives merchants a reason not to do transactional wrong even when they could get away with it. At the macro-level, a well-integrated civil market would give merchants the motivations and tools to take account of the social costs and benefits of exchange without external coercion. Because civil merchants pursue common goods large and small, a product that contributed to, say, reducing inequality would have higher civil market value than one that did not, while generating pollution would be a market disvalue. In economics jargon, an ideal civil market would "internalize externalities," because prices would better reflect the total cost and benefits, not just those that fall on the individual merchants. Hence "fraternal" commercial institutions might complement the blunter policy tools of taxes and regulation as ways to promote common concerns in market context.

To date, the leading exponents of civil economy such as Luigino Bruni and Stefano Zamagni have given scant attention to what shape those fraternal institutions might take, but it is worth asking anyway. If a civil market is to remain a *market*, and not a command economy in disguise, it must be guided primarily by the price mechanism rather than by the dictates of authority or custom. There is an alternate way to keep common goods in view without sacrificing the dynamism of private initiative, and that is the principle of reciprocity (Zamagni 2008). The open-ended giving and receiving of gift presupposes a background of solidarity in some common action, yet it is compatible with decentralized decision-making. Nor are civil economists the only doctrinal school to point out the pervasive reliance on reciprocity in market life as we know it (Fehr and Gächter 2000). How might one elevate this dual principle of individual and shared concerns to a central structural feature of markets? There is no consensus answer, but I suggest the idea of "reciprocity pricing." Prices set purely by impersonal supply and demand will not reliably track common ends, which always have a personal and shared dimension. Hence a truly civil price-system would need something like Marshall Sahlins' "coefficient of sociability" (Sahlins 1972, 183) embodying merchants' allegiance to common goals. A "reciprocity price" would blend the two pricing mechanisms: base price +/- δ (sociability efficient). Whereas the background market price would be the same for all buyers and sellers, the social coefficient would vary based on the forms of common action uniting particular merchants or groups—geographical, ethnic, professional, etc. The resulting prices --which might be thought of as part bargain, part gift (Murphy 2002) -- could better reflect and support the common goods that are disregarded by ordinary impersonal exchange, without losing the many benefits of a price system. There remains a gaping question of how such social coefficients could be established, adjusted, and enforced by the many communities whose goods are at play in market exchange; further concretization awaits the further development of the civil economy tradition both in practice and in theory.

The civil economist's revisionist view of market exchange as common action is certainly provocative, but could it be right? It will certainly strike many as romantic or idealizing. In its defense, civil economists such as Zamagni argue that many important markets—such as the burgeoning care industry, or labor agreements in "coordinated market economies" (Hall and Soskice 2001) are *already* forms of common action, inasmuch as they depend on relational cooperation rather than impersonal self-interest. The "fraternal" analysis of such exchanges is an important theoretical contribution, since it shows that not all markets answer well to the model of impersonal Smithian exchange. But it is not clear that all markets are rightly oriented to solidarity in some common goal. Indeed, it seems clear that many are not. Among far-flung links in many global supply chains there are few common interests, even in principle (Gereffi, Humphrey, and Sturgeon 2005). Moreover, civil markets-as-common-action face all the downsides of social cooperation— subjection to power, potential for marginalization, high transaction costs— in a way that impersonal exchange does not. One cannot blame the civil economists for emphasizing the scope and benefits of their iconoclastic view of market exchange, but a full accounting must keep its costs and limits in mind as well.

Conclusion: Pluralistic Markets

Whoever wishes to analyze markets in terms of common goods must first answer the twin questions of common action concerning exchange and its political infrastructure. In those respects that markets are *not* constituted by common action, they are best evaluated as creating and allocating private goods. As Yves Simon puts it, "where there is no common action, there is no common good." Some version of this distinction between private and common goods is central to each of the three accounts of markets and politics considered here, even as they disagree about where the line is properly to be drawn.

As the foregoing discussion shows, this apparently bloodless distinction has wide and important ramifications for a general model of markets and politics. In questions of advocacy, it seems that the degree of (dis-)continuity between the two domains of markets and politics decisively affects a model's overall assessment of exchange. Polanyi's cultured scorn for market society follows from the tension he posits between individualist markets and common goods, and the priority he accords the latter. Hayek and the civil economists, by contrast, are both enthusiastically pro-market inasmuch as they harmonize the world of the merchant with that of the citizen, even as they differ considerably concerning the moral substance and styles of those two worlds. Questions are analytical style are also very much at stake. Hayek's arid, quasi-geometrical method complements his exclusive focus on private goods. It is no surprise that the other two approaches are more historical and humanistic, and so less precise, inasmuch as they highlight the messiness of common action around common goods.

In terms of analytical power, all three models represent a decisive improvement on imprecise public discourse for and against markets, since their large political judgments are firmly set on cogent analyses of common and private goods in the institutions of market exchange. All belong on the podium, but which wins gold? Taking a leaf from the social science playbook, I propose that one should choose the model that best "fits the data," since all three claim to capture the empirical reality of markets as well as a normative ideal. At first glance, the decisive datum is that ordinary discourse and practice see politics as preeminently a zone of common action, and markets not. In this sense, Polanyi's instituted vision, with its patchwork of private and shared interests, is the most immediately plausible general account of markets and politics, demanding the fewest mental gymnastics. Hayek's consistently individualist model privileges an aspect of politics that is normally subordinate, and the civil economist's consistently communal view does the same for market exchange. But despite its initial merits, the shortcomings of Polanyi's instituted view grow more troubling on closer inspection. Its general account seems too general, and too pessimistic. On closer inspection (Lane 1991, chap. 11), the frontier between common and private action does not only demarcate politics from the market, as the instituted model assumes, it also divides some types of exchange from one another. Exchange sometimes is, and should remain, quite as communal as the civil economists assert. Should we conclude that all three models are right? Or none? Or despair of analyzing markets in terms of common goods?

The right lesson to draw, in my view, is that the level of common action involved in markets can vary. In other words, markets are pluralistic. A single general account will not work in every case, and there is good reason to calibrate one's arguments about the common good to the variant at hand. Not all markets should, or even could, be oriented directly to common ends. It is not morally reductive or cynical to exempt large-scale or long-distance exchanges from the standards of an elusive solidarity that they could never generate. Such global contexts seem tailor-made for Hayek's spontaneous model. On the other hand, it is not sheer romanticism to admit that many or most markets are entangled with common action, and ought to respect common goods for reasons of justice as well as political stability. In such markets, the proper "coefficient of sociability" is something other than zero, because relational goods are at stake. The instituted and civil models provide different tools for applying the logic of common goods to these situations, depending on whose common life is at stake. There is no way to rank the approaches as a general matter, since the demands of "the common good" in the grand sense—whether these might involve greater or lower degrees of regulation, taxation, or fraternal aspiration—are exceedingly sensitive to context. Given the pluralistic possibilities of markets, prudence and practical efficacy may commend any of the three models as the best answer in a given situation. But the question of common action is one that citizens of all political leanings should be ready to ask of the market.

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[i] Simon defines a common good more abstractly as a goal or value that is *“of such nature as to cause… a common life of desire and action.”* But in concrete terms such goals cannot be pursued or realized apart from concrete cooperation with others in a social form.
[ii] NB: a good that is common in one setting might figure as private in another. Your family’s flourishing is a common interest with respect to your spouse and children, but it is a private interest with respect to your business colleagues.
[iii] Admittedly, investors could take up a more active stance towards the common project of the firm without becoming formal members: e.g. by learning and caring about its internal ends or thoughtfully voting for directors.
[iv] Hence the easiest way to include more persons is to posit ever-larger communities. See Barbieri (2001)
[v] Consider Henry Maine’s status vs. contract, Ferdinand Tönnies’ *Gemeinschaft* vs. *Gesellschaft*, Oliver Williamson’s markets vs. hierarchies.
[vi] As with any great thinkers Smith’s fuller account is far more complex and subtle than the simplified ideas associated with his name. (Satz 2010, chap. 1)