ABSTRACT: The marketplace as an institution enjoys widespread popularity today. Many economists hold that most of society’s problems could be best solved by applying the market mechanism to them. Government, by contrast, is widely considered to be a problem rather than a solution. Some would like to see the government restructured along market lines so that policies would follow voter choice, as products follow that of consumers. Some, myself included, believe that a world in which all relationships are rendered matters of private choice would lack the "public happiness" that comes from participation in public discourse and concerted action. In this paper I address what it would mean for the market to be truly public. A market that is truly public will discourage speculative investment so that managers of various firms can concentrate on the long term good of creating a social institution through which the concerted efforts of various stakeholders are coordinated. In this way, stakeholders can enrich the world through their work.
national interest will be lost. (3) Some fear that an important aspect of human life — participation in creating a common world that transcends and outlives the individual — is being replaced by a straitened view of the world and of one's small place in it. I share this fear, and in this paper I want to address it by considering, however briefly, what it means for a market to be truly public. The point from which I begin is that an aggregate of private persons, engaged in personal pursuits and associating with others like themselves, is different from and offers far less to its members than does a community of persons realizing themselves in public action. Public action involves persons exchanging their distinct perspectives in spirited words toward creating solidarity with one another and undertaking concerted actions in the world the responsibility for which they share. I will offer a brief discussion of public markets, including their social interdependence which is implicit in Adam Smith's famous notion of the "invisible hand." I will then clarify my meaning of a public as opposed to a private life. I will then suggest that we ought to recognize and emphasize the market's inherently public character far more than we do. That is, I am not taking a position in opposition to the market, so much as I am suggesting that today's market should be a locus of activity supportive of public life as I shall define it.

The marketplace has been praised since the time of Adam Smith due to its efficiency at satisfying individual preferences and rewarding creativity in those who enter it, whether as manufacturers, merchants, skillful workers, or ingenious entrepreneurs. Indeed, there is little argument that the market has proven to be far better at organizing resources and structuring the power of labor so as to provide the goods and services needed by society than centralized systems of economic control. Rather than the dead hand of centralized bureaucracy that fails to note changes in needs and to encourage innovation in products and production, the market works "as by an invisible hand" to provide what is needed for those who are willing to pay, through enlivening the individual initiative of many who seek their livelihood in market exchanges. Adam Smith's famous "invisible hand" describes the mysterious power of the market to generate successful moves as though there were an overriding intelligence directing things, rather than a large number of independent agents seeking their own welfare through successful transactions with other, like-minded agents.

In the modern world the Smithian account of the market has been joined with a popular form of Lockean or even Hobbesian individualism to suggest that people are nothing other than self-interested maximizers of their own utility (or profit). The market has become a place where people totally indifferent, if not hostile, to one another seek their best options through voluntary exchanges with other egoists. Libertarian defenders of the market propose that society would be better off with as few social institutions as possible, so that all intercourse could take on the market character of voluntary exchanges between individuals. Milton Friedman has asserted, "Society is a collection of individuals and of the various groups they voluntarily form." (4)

If we return to Smith's image of the "invisible hand," however, we find a view of market behavior that is social in a way far more fundamental and pervasive than contemporary market rhetoric permits. Adam Smith was no Hobbesian, nor even a Lockean. For Smith, as for other Scots, such as David Hume, humans are not primarily self-interested creatures, but social ones. We have a natural capacity for sympathy, for recognizing and feeling the pains and pleasures of others. Sympathy is the main spring of our moral nature, for we are each able to approve or abhor the conduct of some — including ourselves — toward others. We are, in fact, capable of taking the position of an impartial spectator as observers of moral conduct about us, on the basis of which we form moral tastes that direct our own conduct and that of those whom we influence. A happy, prosperous society is one in which beneficence for others has led to a "contagion" of happiness, as one person's happiness enlivens sympathy, fellow-feeling, and beneficence in others. (5) Even economic activity originates in, and endures through, a spirit of cooperation among members of a community.
Smith emphasizes that, whereas many other animals become independent upon reaching maturity, every human "has almost constant occasion for the help of his brethren . . . ." (6) From this observation, we may infer that business — no matter how self-seeking its participants might be — is at heart a cooperative activity. This is true in traditional communities, in which people take up specialized tasks due to their facility for them, and in modern communities, in which people are given tasks integrative of production for which talent has been rendered moot by the simplification of labor. We have reason to believe, however, that, in our age workers would gain greater satisfaction and work better were their opportunities to engage their talents fully in association with others greater. (7)

Although we are moral creatures due to sympathy, we are also self-interested creatures who will act against our moral beliefs when the advantage is great enough to tempt us. For Smith, we live lives finely balanced between fellow-feeling and self-interest. It is often quite hard for us to decide with certainty which side we should take in particular cases. Smith's moral thought presents the dilemma of a member of a market society: Ought I to forgo a success for which I have planned and struggled for the sake of an individual act of moral goodness? Or ought I to achieve the success, the better to act as a beneficent and caring member of my community for a long time to come? There are some who find Smith's compartmentalization of business and other private activities troublesome, for he seems to present a double-standard or a contradiction within life. This is a sound observation about Smith, but it is a familiar enough difficulty faced by many business people from Smith's time to our own. (8) We ought to be grateful, at least, that the dilemma persists in many people's minds.

Economic activity is self-interested almost by definition. Many modern exponents of Smith mistakenly make self-interest the sole driving force of human nature. I want to suggest that, not even in economic activity, is sympathy fully absent. True, those engaged in an endeavor might hold their own profits to be their reason for involvement. Nonetheless, sympathy is active here if only implicitly. When people enter the market, they seek their advantage there. They do this by attempting to discern the needs and desires they can satisfy for others in the marketplace. This, I propose, is the secret of the "invisible hand." Although business is carried on due to self-interest, it is successful because business people are heedful of the others in the market; it is a tacit cooperation of each providing for others. Many, making decisions through their comprehension of the market, perform actions in such a way that, as a whole, they seem to be directed by one mind. Competition is not eliminated on this view of the market. Rather, it is a secondary, but essential, principle forcing all to offer products, produce, or services of the highest quality as cheaply as possible.

In a congeries of small 18th century markets, it might well have been possible for participants to read the needs of the others with great accuracy. In fact, business people in many markets can no doubt read others' moral expectations as well as their commercial preferences. Just as certain products will not sell, so certain kinds of business practices will not be acceptable, and the people of the community will quickly and effectively communicate these facts to businesspersons. For Adam Smith's "invisible hand" to work effectively, it relies upon a decipherable coherence in the community within which the market is set. Smith also recognizes that there are good reasons for setting limitations upon business by government: laws prevent disputes and antagonism; policies such as universal education help the young grow into more capable and successful participants in the life of the community and its market. Adam Smith was not a laissez-faire economist.

Smith thought of persons as sociable, sympathetic, and cooperative. In business, they were self-interested, but in their personal lives their sentiments led them to be beneficent toward others. Whether in business or personal dealings, however, Smith concerned himself with private life. There is little place in Smith for civic minded public action. Nonetheless,
Smith recognized, "[T]he wise and virtuous man is as all times willing that his own private interest be sacrificed to the public interest of his own particular order of society." (9) Politics, for Smith, is of importance because it provides justice as the settlement of antagonisms; and, at its best, politics also provides the opportunity for the "system of liberty," the free market, to work unhindered except as necessary for the protection of its participants. For Smith, people go into public life, not from the virtuous motives of the ancients or from a love of public action in solidarity with others, but for self-aggrandizement before others. By contrast, David Hume, another Scot deeply suspicious of political life, recognized the possibility of the public happiness of citizens in a good polity. Hume saw that politics offers the opportunity to nurture and display "artificial" virtue, that is, the growth and expansion of sympathy and beneficence beyond the natural ties of family and other intimates so as to encompass an ever larger community on behalf of whom citizens willingly commit themselves. Although he remained skeptical of the emergence of such a polity, Hume acknowledged its possibility and, indeed, its potential greatness, should it ever be realized. (10) Political leaders in such a regime would, no doubt, be ambitious for glory, but their glory would be tied to the advancement of their polity, not its exploitation. (It is not surprising that Hume and Montesquieu are the most frequently cited philosophers in The Federalist Papers.)

If we take Smith's "invisible hand" beyond small markets with businesses subject to true competition and out of a surrounding society that imposes morals on and rewards honesty in tradespeople who respect the community's values, we can readily see reasons why Smith's principle might well break down. Today there are many disruptive influences within markets: oligopolies limit competition's control of prices and quality, inequality of knowledge between buyer and seller affects the wisdom of many market decisions, firms pass on costs (and harms) to others as externalities. (11) There is also an inexorable pressure for managers to frame all choices on the short-term need to boost the price of a firm's stock. Among consumers, as well, the market helps reshape values and perceived needs so that consumption is increasingly a central. although unreflective, force in people's lives. The financier George Soros warns, "As the market mechanism has extended its sway, the fiction that people act on the basis of a given set of nonmarket values has become progressively more difficult to maintain. Advertising, marketing, even packaging, aim at shaping people's preferences rather than, as laissez-faire theory holds, merely responding to them. Unsure of what they stand for, people increasingly rely on money as the criterion of value." (12) It has been argued since the 18th century that, despite its many pernicious effects, the market does generate certain moral values. Most recently Ian Maitland has argued that the market develops trustworthiness because business is impossible between people who so fear being cheated that they demand all possible protections. For similar reasons, successful businesses display fairness in their dealings with various stakeholders. The market also breeds self-control, for people in business must learn to restrain themselves for the sake of long-term gratification. (13) Maitland makes good points that doubtlessly hold true for many firms that are settled and prosperous in their secure niches within the market and community. In an era of downsizing in order to increase profits, leveraged buy-outs, poison pills, two-tiered employment, and the like, however, Maitland's assurances take on an air of nostalgia for a form of business fast disappearing. Moreover, as Bill Shaw notes, Maitland's enumerated virtues are not developed because they are goods in themselves, righteous ways of doing business, but only because they produce profits. (14) When fairness to employees is measured against a boost in stock price, for example, management usually seeks to raise the stock price.

One fact is undeniable: the market looms large in all political thought and policy formation today. Although modern market theory stresses radical individualism and self-reliance, in fact, markets rely heavily upon government for such things as infrastructure, education of
the workforce, and stability among trading partners. Citizens, likewise, look to government for regulation in the workplace, safety in products, truth in advertising, and the like. At the same time, today's global markets are less and less under the sway of the state. Nowhere is this clearer than in employment, for within the global market firms can relocate production anywhere that labor is cheap and submissive. The result is greater job insecurity everywhere, with increased pressure on governments to provide for the unemployed and unemployable. The private enterprise system inevitably depends upon public support from government as well as from various nonprofit agencies that provide education, housing, healthcare and other services for sometime workers.

Given the market's dependence upon public agencies, the description of business as 'private' enterprise is bewildering. 'Private' here means that business transactions are between private individuals and firms. At the same time, the market is 'public' in that anyone may voluntarily enter and participate in market affairs. Market freedom appears genuine, however, only for those with sufficient capital or managerial power to compel others to do their bidding. Moreover, information on firms that trade shares on the stock exchanges is 'public' so that all investors have access to knowledge needed to forecast a firm's future performance. The market is 'public' in another, quite different sense, as well, because what goes on there affects not only the participants, but the whole society. If we are to speak of private enterprise in public markets, we had best consider more carefully what 'public' and 'private' really mean in this context.

Hanna Pitkin proposes that 'public' carries three crucial meanings: (1) open or accessible to others; (2) having a far-ranging effect or influence, and (3) under the direction or control of the people at large. (15) Certainly, the market and its institutions are public in the first and second senses. They are public in the third sense only insofar as government regulations, social pressures, and the "social responsibility" of business people limit business transactions to those compatible with the well-being of society. Of course, the freedom of the market, in many ways, is in the interest of the people. Therefore, there should be limits to the limits placed upon market activity, so as not to crush the ingenuity and daring that market freedom encourages.

Pitkin draws her notion of 'public' from a critical study of Hannah Arendt's notion of public or political action. For Arendt, political or public action is not limited to government. Whenever people come together in order to discuss critically their common world with its problems so that they can exchange perspectives, conceive courses of action, decide upon one, and act for the sake of their world, they are engaged in public action. Public action requires courage for those who engage in it must step out of their private lives into a public space to be heard, interrogated, and criticized by their fellows. Public action, which Arendt traces to the beginnings of democracy in the ancient world, is also a form of freedom for those who partake of it, who step out of the enclosed world of private necessity and desire, by helping to create a world for themselves and for those who follow them. Public action is not a form of self-denial; it is a form of self-fulfillment — "public happiness" — that comes from expressing one's true individuality by speaking and acting from one's unique perspective for the sake of what is shared. (16) Pitkin's sharpest insight in her critique of Arendt is to propose that people need not gather together in a physical space in order to engage in public thought and deed. Public action displays an "attitude" that liberates one from self-absorption in private interests, so that one is able to participate in the world-building activity of responsible and engaged people whether or not one acts in physical concert with others. This does not mean one denies one's private perspective or gives up one's self-interested projects, but that one is able to shift back and forth purposefully between private and public standpoints and choose goals appropriately. Pitkin writes, "From this perspective, to say that we are political animals is to say that we have the power
to take charge of the forces which shape and limit us, and that our full development as human beings depends on our exercising that power." (17)

The public forms of action and freedom receive less attention than they should in much liberal thought, because liberalism from its beginnings has stressed both the right of people to live private lives of their choosing and the obligation of the state to provide security for that right. The individual has most often come first in liberal argument; participation in public life has been of secondary importance and it has not always been taken as a duty. To be sure, there have been theorists arguing for the importance of political participation throughout the modern liberal era, but theirs has been a minority voice. (18) Our concern here, however, is not with political participation, but with public action within and with respect to the market. For that reason, it is important to note Arendt's point that public action is not the same as government action. People can act publicly along side, in opposition to, or independent of government.

As I have remarked, government plays an important role in the market today through regulation. Nevertheless, government cannot be relied upon exclusively to introduce nonmarket standards or ideals into business. Government regulation tends to be reactive, limited in scope due to expense, and influenced by those who are to be regulated. The best source of regulation is business itself. That is, the best option is for business people themselves to take public action concerning questions of safety, truthfulness in advertising, fairness in employment, and so forth. Business people are on the scene, know what is happening, can predict what could result from their products and practices. (19) The call for "social responsibility" among businesspersons is another way of saying that they should take action so as to make the market genuinely public.

A truly public market must serve a public good, otherwise it will be pernicious through its effect upon many people. Paul Camenisch proposes, "Society has no need for profit-making as such. But rather, societies generate, encourage and sustain business because societies need the available raw materials transformed into needed goods and services, and because business in its contemporary form has been conspicuously successful at doing just that." (20) That is, business is important to society not because it makes profits, but because it earns them through making needed goods and services. When the market helps turn business toward beneficial pursuits, well and good. When the market does not do so, for example, when it encourages a short-term outlook due to stock speculation, the market needs purposeful curbing. (21) Business people and consumers alike must be aware of what they are doing and supporting. Business might not appear to be anything like public action as it is generally understood; nevertheless, it is an activity that needs to be consciously integrated into our comprehension and augmentation of our public world. (22)

One hint of what a more public market might mean is suggested by the practice of professionals. The term 'professional' is honorific in our society. It indicates agents who skillfully perform a "practice," a service that is an "intrinsic good" due to its benefits for society. In return for performing their practice, professionals receive "extrinsic goods" such as a substantial income and social esteem. (23) Professionals' occupations, then, are both public and private, both callings and careers. (24) Professionals are expected to act for the good of those they serve. Moreover, as professionals, they belong to public organizations in which ethics and standards are articulated through ongoing discourse among colleagues. These standards are enforced by the professional organization and the states through institutions such as licensing boards.

Business managers do not, for the most part, claim to be professionals, although they increasingly participate in advanced education and quasi-professional organizations. Whereas managers have traditionally been responsible as agents protecting stockholders' monetary interests in their firms, today there is widespread discussion about realigning
managers' responsibilities to accord not only with stockholders' interests, but also with those of other stakeholders — employees, customers, suppliers, and the general public. That is, the purpose of the corporation has been under discussion by business educators and ethicists, and the responsibility of managers has been a central element in that discussion. If it is through firms that business performs necessary social practices, then stakeholders make investments in important social institutions: workers invest their time and talent, customers their money and safety, neighbors their tax proceeds, and stockholders their capital. For managers to serve the interests of one group of stakeholders alone is to fail to respect and reward the contribution of all the others. Managers have the public or professional obligation to deal fairly with each stake-holder group as well as the encompassing duty of coordinating the firm itself because it is of vital interest to a great many people. (25)

The modern business firm would, on this view of public action, become a space within which groups of stakeholders form and act together both to serve the public good and their own best interests. Managers would then truly be leaders, for they would be public actors rather than merely private agents. (26) In a truly public firm, worklife would not be alienating or degrading because it would have a publicly recognized, respected purpose. Workers would no longer fear for their jobs due to ruthless cutting of overhead; they would be partners with a voice in the firm's decisions and a duty to improve and apply their skills. The workplace would become a public space with reciprocal responsibility and cooperative effort grounded in the public attitudes of all working there. In this brief paper, I have not depicted political action in any traditional sense, but a genuinely public form of action as it would be performed by people in business intent upon enriching their world and their lives through their work.

Notes


(10) Hume holds that advances in the arts, sciences, and business not only make people more interdependent, they also make people more aware of, interested in, and involved with one another's activities. Actions taken for one's own welfare expand to include actions for others' sake. These characteristics of interest in the pursuits of citizens and concern for their welfare also come to mark the government. For in a progressive community, all endeavors and institutions respond to the feeling for humanity arising in each citizen. Hume writes, "The spirit of the age affects all the arts; and the minds of men, being once roused from their lethargy, and put into a fermentation, turn themselves on all sides, and carry improvements into every art and science." And he concludes of these improvements, "They diffuse their beneficial influence on the public, and render the government as great and flourishing as they make individuals happy and prosperous." David Hume, "On Refinement in the Arts," in David Hume's *Writings on Economics*, ed., with an Introduction by Eugene Rotwein (Madison: University of Wisconsin Press, 1970), pp. 22, 23; emphasis in original.


(14) See Bill Shaw, "Sources of Virtue."


"social," by which she means that it is a private matter that has appeared in public, thereby
crowding out consideration of genuinely public matters. The advantage of Pitkin's
reconstruction of Arendt's categories is that we are able to recognize that all human
dealings can become matters of public significance. I discuss in detail the reconstruction of
Arendt's categories of action in "Re-engaging Hannah Arendt: Locating Public Virtue in the
Modern World," a paper presented before the Society of Greek Political Thought at the

(17) Pitkin, p. 279.

(18) Besides Arendt, contemporary and recent writers stressing public action include
Benjamin Barber, Strong Democracy (Berkeley: University of California Press, 1994); Robert Bellah, et al., Habits of the Heart: Individualism and Commitment in American Life
Knopf, 1991); John Dewey, The Public and Its Problems (Denver: Alan Swallow 1927);
Carole Pateman, Participation and Democratic Theory (Cambridge: Cambridge University
Press, 1970); Charles Taylor, Sources of the Self: The Making of the Modern Identity
(Cambridge: Harvard University Press, 1989); and Sheldon Wolin, Politics and Vision:
Continuity and Innovation in Western Political Thought (Boston: Little, Brown, 1960).

(19) See Christopher D. Stone, "Why the Law Can't Do It," in Tom L. Beauchamp and
Norman E. Bowie, eds., Ethical Theory and Business 3rd ed. (Englewood Cliffs: Prentice-

(20) Paul Camenisch, "Business Ethics: On Getting to the Heart of the Matter," in William

(21) There has been interest in recent years in creating legislation that would sharply curtail
short-term speculation in stocks. Possible disincentives have included heavy taxation on
profits from short-term speculative investing, including taxes on gains made by nonprofit
pension funds. There is also interest in laws changing corporate governance to allow
shareholders and other stakeholders to play a larger, more active role. For a full discussion
of the difficulties produced by the short-term outlook of business and proposed reforms of
the stock market to foster a greater focus on long-term growth, see Robert Kuttner,
Everything For Sale: The Virtues and Limits of Markets (New York: Alfred A. Knopf, A
Twentieth Century Fund Book, 1997), pp. 188ff and passim.

(22) Robert Bellah and William M. Sullivan make a similar point: "To view the economic
institutions as 'private' made sense when most Americans spent their lives on family farms
and family firms. But today, when most American men and a rapidly increasing proportion
of American women spend much of their lives in large economic structures that are for
most purposes 'public' except that the profits they make go to an impersonal collection of
institutional and individual 'private' stockholders, it becomes imperative to bring the forms
of citizenship and civic association more centrally into the economic sphere." "Democratic
Culture or Authoritarian Capitalism?" Society 18(September/October 1981): 46.

(23) I draw the terms 'practice', 'intrinsic' and 'extrinsic' goods from Alasdair MacIntyre,
After Virtue: A Study of Moral Theory 2d ed. (Notre Dame: University of Notre Dame

(24) See William M. Sullivan, "Calling or Career: The Tensions of Modern Professional
40-6.