Fraternity: a moral understanding of market relationships

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What is the nature of the relationship between trading partners in a market? Does this relationship, as perceived by the partners themselves, have any social or moral content?

The most widely-accepted answer to these questions is encapsulated in Adam Smith's (1776/ 1976, pp. 26-27) remark that it is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest. The idea is that the relationship between two trading partners is that of separate individuals, each pursuing his own interests within the constraints of the law of contract. That this is how exchange is generally understood in a market society has long been common ground between defenders of the market and its critics: the defenders have been impressed by the capacity of markets to generate socially valuable consequences from the interplay of private interests, while the critics have deplored the tendency of markets to reward the pursuit of self-interest and, as a consequence, to crowd out genuine sociality. More neutrally, Smith belongs to a long tradition in economic and social thought in which market interactions are viewed as instrumental and impersonal, and are distinguished from truly social or communal relationships. In this paper, we reconstruct an alternative understanding of market interactions, assimilating them to a wider class of reciprocal relationships in civil society, whose orientation is characterised by the eighteenth-century word *fraternity*.

We present our account of fraternity by comparing Smith's ideas with those of another leading figure in eighteenth century economics, Antonio Genovesi of the University of Naples. Both men sought to understand the social forces behind the emergence and growth of commercial societies. Despite many similarities between their respective analyses, there are subtle but significant differences between their representations of the connections between sociality and the market. Market relationships are fraternal for Genovesi in a sense that they are not for Smith.

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1. Background

This paper is about moral understandings of market relationships. We use the word 'moral' to refer to the set of general principles which, within a given society, govern the assignment of approval and disapproval, praise and blame. Our concern is with the moral content of economic relationships between actors in a market system, as perceived by the actors themselves. By extension, we are concerned with the judgements of moral commentators about how those economic relationships ought to be perceived. But we must stress that our interest is in *market relationships*, not in the normative appraisal of *the market* as a system of economic organisation. For example, Smith's question of whether a customer can properly appeal to a tradesman's benevolence falls within our area of enquiry. The question of whether competition promotes the public good does not, except in so far as beliefs about the overall effects of a market system impact on relationships within it.

For good or ill, the prevailing understanding in economics is that the market is, in David Gauthier's (1986) phrase, a 'morally free zone': in normal cases, market relationships are morally neutral. We will be concerned with two aspects of this conventional understanding.

The first aspect, which is clearly present in Smith's account of the butcher, the brewer and the baker, is the idea that trading partners are normally indifferent to one another's interests, and that this indifference is not a matter for moral criticism. The

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beneficial consequences of markets – their tendency to promote the 'wealth of nations' – are unintended by-products of individuals' pursuit of their private interests; they play no essential role in those individuals' own understandings of what they are doing. Thus, market relationships are not in any real sense social. Or, saying the same thing the other way round, if there *is* a realm of genuine social relationships, it exists outside the market, and is characterised by forms of mutual concern that are not found in markets. Economists have generally supposed that such a realm does exist, and have thought of it as including at least some elements of family life, friendship and civic engagement; but, for the most part, they have taken this realm to be outside the scope of economics.

The second aspect of the conventional understanding is a product of developments in economics after Smith's time. It is the idea that individuals' concern or unconcern about one another is a property of their preferences. To say that one person A has concern for another person B is to say that A prefers that B's consumption or welfare is greater rather than less, and consequently that A is willing to sacrifice some of her own welfare in order to improve B's position. Thus, mutual unconcern between trading partners – such as between the tradesman and the customer in Smith's example – is represented by the assumption that neither partner is willing to incur costs to benefit (or harm) the other. The obverse is the presumption that genuinely social relationships and genuinely moral orientations are characterised by other-regarding preferences – that is, by dispositions for self-sacrifice.

In economic theory, other-regarding motivations have most commonly been represented by the assumption of altruism – that is, a *general* positive concern by one person about another person's consumption or welfare. Recently, more context-specific theories of 'social preferences' have been developed. For example, it has been proposed that people have preferences about *differences* between outcomes for themselves and for others, or that they have preferences for benefiting people who have benefited them and for harming people who have harmed them.[1] But it is common to all these theories that the social element of a person's preferences is revealed in her willingness to sacrifice her own welfare in order to benefit or harm others.

Thus, the conventional understanding can be expressed by two oppositions: market/social and self-regarding/self-sacrificing. Of course, these oppositions are not perfectly aligned. There are economic analyses of markets in which agents act on social preferences, and there are reductionist theories which explain apparently intimate social relationships in terms of self-interest. But when economists model market behaviour, the default assumption is that agents act on self-regarding preferences. And when they entertain the idea that, in particular niches of economic life, individuals are responsive to social or moral motivations, they usually appeal to assumptions about other-regarding preferences. The conceptual framework of modern economics does not provide a way of conceiving of a relationship between individuals as *both* a mutually beneficial exchange, in which neither partner makes a sacrifice for the benefit of the other, *and* a genuinely social interaction, carrying moral value by virtue of this social content.

The lack of such a conception impoverishes our understanding of both market and non-market relationships. Although market transactions are mutually beneficial for the parties involved, we are unable to represent this form of reciprocity as part of the agents' own understanding of their relationship. The other side of the coin is that we cannot represent non-market relationships, such as those of family and friendship, as mutually beneficial exchanges without seeming to reduce them to 'mere' contracts, not so much explaining their moral content as explaining it away, exposing it as an illusion.

These claims may seem very abstract. To highlight the nature of the problem, we relate our analysis to a concrete issue in current social thought and public debate – the issue of whether services of genuine care can be supplied through markets. We must emphasise that our discussion of care services is presented merely as an example of the implications of thinking of market relationships as fraternal. Our arguments have much more general application.

2. Caring relationships and the market

The question with which we began this paper, 'What is the nature of the relationship between trading partners in a market?', becomes salient whenever there is a perception that the domain of the market is expanding. Such a perception prompts people to ask whether something valuable is lost when non-market modes of interaction are replaced by market ones. As we shall explain later, Smith and Genovesi produced their analyses of market relationships in a climate of public anxiety about the expansion of commerce in eighteenth-century Europe. The issue we now consider generates anxieties of an analogous kind.

The last few decades have seen major changes in the provision of personal care services – for example, child care, nursing care and the care of the elderly. Care services which formerly were provided within households and extended families, usually by female relatives of the recipients, are increasingly being supplied by paid workers, whether employed by profit-seeking firms, non-profit organisations or government, or self-employed. At the same time, there have been changes in service delivery – the privatisation of formerly public-sector agencies, the introduction of ‘internal markets’ in the public sector, the more explicit use of financial incentives, the encouragement of consumer choice – which have been widely perceived as substituting the values of the market for those of profession and vocation. For critics of these changes, something of value is being lost in the expansion of the market. The suggestion is that personal care, by its very nature, can be delivered only in relationships of sincere *caring*, and that these are incompatible with market motivations. As Julie Nelson (2005, p. 258) reminds us, the real anxieties underlying this debate can be appreciated by anyone who has thought about putting a young child into day care or a parent into a nursing home.

A recent strand of economic analysis has tried to explain how caring is possible when services are delivered through markets. The idea is that a person may be motivated by the intrinsic goals of her work, as well as by the external reward of a money wage: the physician’s goals may include the health of her patients, the teacher’s may include the education of his students. Thus, authentic care can be supplied by paid workers who have the right kind of intrinsic motivation. A common theme in this literature is encapsulated in the revealing slogan ‘getting more by paying less’. Intrinsic motivation is assumed to lead to better performance on the job, to be a characteristic of a subset of the population of potential suppliers of labour, and to be not directly observable by potential employers. Crucially, intrinsic motivation is interpreted as a willingness to forgo external rewards in pursuit of the internal goals of one’s work – as self-sacrifice. Thus, there can be wage rates which intrinsically-motivated workers are willing to accept, but which their externally-motivated fellows reject. So by offering low material rewards, employers can separate the better workers from the worse – they can get more by paying less (Geoffrey Brennan, 1996; Eliakim Katz and Femida Handy, 1998; Anthony Heyes, 2005). Brennan also notes the possibility of separating intrinsically-motivated workers by providing on-the-job benefits tailored to their non-material goals (for example, by offering academics low salaries but generous research funding). The underlying thought is that market relationships can take on some of the personal or social qualities of non-market ones to the extent that economic agents are self-sacrificing, or are willing to substitute intrinsic for material rewards.

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Nelson (2005) has subjected this analysis to a feminist critique. As she points out, the idea that genuine caring requires self-sacrifice has been a traditional cover for dominance and exploitation in the family. By drawing a sharp distinction between the world of labour and commerce and the world of home, and by idealising the role of women in the home as loving wives, mothers and daughters, social thought has made acceptable what, viewed objectively, are relations of exploitation. If care services provided within the home were to be seen as just another type of labour, the inferior economic position of women would be made uncomfortably obvious; instead, inequality between the sexes can be pictured as female virtue. Nelson sees the ‘getting more by paying less’ model as a re-working of this old theme, adapting it for a period in which care services are supplied through the market and in which paid care workers are disproportionately female. The mistake, according to Nelson, is to think that an activity can be performed *either* ‘for love’ *or* ‘for money’, but not for both at the same time.

This line of thought appears to be leading towards an understanding of market relations which allows them to have genuinely social content. But Nelson takes a different track, postulating a form of motivation which belongs to neither side of the self-regarding/ self-sacrificing opposition, but which needs to be protected from contamination by relations of market exchange.

What does it mean to work both for love and for money? In another paper, Nancy Folbre and Nelson (2000) treat sincerity in caring as an instance of intrinsic motivation towards one’s work. Following Bruno Frey (1997, especially pp. 88-102), who in turn is strongly influenced by the psychological theory of Edward Deci and Richard Ryan (1985), Folbre and Nelson interpret intrinsic motivation as a matter of individual self-identity and authenticity: a person has an intrinsic motivation for an activity if she undertakes it ‘for its own sake’, rather than as a means to some other end. In opposition to the ‘getting more by paying less’ model, Folbre and Nelson (and Frey) argue that monetary rewards can support intrinsic motivations if they are perceived as *acknowledging* the worker’s efforts rather than as a means of *controlling* them. The implication seems to be that authentic caring is compromised by the perception that carer and cared are in a ‘mere’ exchange relationship:

... too direct a pay-for-specific-services approach to the compensation of caring activities could shift the perceived locus of control outside the worker, so that the activities are no longer ‘work’ in the sense of expressing will and agency and building a relational network, but become merely ‘labour’ motivated by pay alone (Folbre and Nelson, 2000, p. 133).

If genuine caring is to be supplied for payment, Folbre and Nelson seem to be saying, carers and cared must not see their relationship as that of seller and buyer. Their distinction between exchange relations (in the form of ‘pay for specific services’) and ‘building relational networks’ as an object of intrinsic motivation can be seen as a reworking of the market/social opposition.

Folbre and Nelson’s approach dispenses with the self-regarding/ self-sacrificing opposition, but substitutes the opposition between intrinsic and instrumental motivation. An action is instrumental if it is performed as a means to some other end, while, in the ideal form imagined by Folbre and Nelson, an intrinsically-motivated action is an end in itself. Ryan and Deci (2000, p. 56) give the following definition:

Intrinsic motivation is defined as the doing of an activity for its inherent satisfactions rather than for some separable consequence. When intrinsically motivated a person is moved to act for the fun or challenge entailed rather than because of external prods, pressures, or rewards.

In contrast, some degree of instrumentality in market relations is fundamental to the workings of the market system. Prices can work as signals, directing each person towards those activities in which he can be most useful to others, only if people are motivated by what they receive *in exchange for* their activities; and that requires that ‘separable consequences’ are a source of motivation. If authentic caring and genuine sociality are understood in terms of intrinsic motivation, there is a fundamental opposition between them and the market.

Like the proponents of the ‘getting more by paying less’ model, Folbre and Nelson are trying to find a way of expressing the idea that payment for care services is compatible with genuine caring. Significantly, all these theorists are presupposing that the paradigm exchange relations of the market are not *in themselves* genuine social relationships, and hence that some additional ingredient is required if caring is to be supplied through markets. In the ‘getting more by paying less’ model, this extra ingredient is an other-regarding preference for self-sacrifice. In Folbre and Nelson’s amendment, it is an affirmation of personal identity. Both lines of argument make use of the opposition between market and social. But must we accept this opposition? In the remainder of the paper, we try to show that that there is another way of thinking about the market. We go back to the origins of the market/social opposition in eighteenth century thought.

3. Smith, Genovesi and the invisible hand

Our protagonists, Smith and Genovesi, have much in common. Both were philosopher-economists, writing in the third quarter of the eighteenth century, addressing common intellectual problems. Each was trying to understand the forces which, in this period, were generating the rapid growth of commercial societies. Each was trying to come to terms with the moral implications of these forces in a climate of unease about the decay of traditional social bonds. The two writers' responses were in many respects similar. It is important to record these similarities. Otherwise, it would be too easy to construe the differences between Genovesi and Smith as the differences between a pre-modern and a modern understanding of economics.

In the discourse of the period, much of the unease about the growth of commerce was expressed in relation to the concept of 'luxury'. There was a perception that old notions of rank and distinction, based on family lineage, honour and obligation, were being supplanted by new norms of conspicuous consumption and display. Profits from trade – most strikingly, the Atlantic trade in slaves and sugar – were allowing newly wealthy families to buy titles, lavish houses and landed estates and to gain social status relative to traditional elites. In fashionable society, one reaction to these developments was a cult of simplicity and naturalness, of nostalgia for the lost innocence of primitive society, perhaps most eloquently expressed in the writings of Jean-Jacques Rousseau. This new sensibility was associated with a morality of 'republican' virtue – of moral self-sufficiency, austerity in private life, and political engagement in pursuit of the public good.

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It may seem surprising that Smith, the philosopher of commercial society, should sympathise with this republican distaste for luxury; but he clearly does. The first (of only two) appearances of the 'invisible hand' in Smith's writings on morality and economics is preceded by a long discourse on luxury. This discourse, in *The Theory of Moral Sentiments*, is built around a fictional account of a 'poor man's son, whom heaven in his anger has visited with ambition'. Instead of being satisfied with the station in life to which he has been born, the poor man's son devotes his life to the pursuit of 'wealth and greatness' and 'the idea of a certain artificial and elegant repose'. In this pursuit, he 'sacrifices a real tranquillity that is at all times in his power'; he 'serves those whom he hates, and is obsequious to those whom he despises'. In old age, having achieved his objective, he discovers that wealth and greatness are 'mere trinkets of frivolous utility', 'vain and empty distinctions' which cannot bring real happiness or security (1759/ 1976, pp. 181-183).

Smith is using this republican fable to dramatise what he seems to accept as a truth of psychology, that the pursuit of wealth and luxury is not a route to happiness. But then there is a surprising twist. Smith tells us that this truth belongs to a 'splenetic philosophy' which healthy human beings are naturally inclined to reject; we are aware of it only 'in time of sickness or low spirits'. That we are normally unable to recognise the vanity of ambition is providential: 'And it is well that nature imposes upon us in this manner. It is this deception which rouses and keeps in perpetual motion the industry of mankind'.

He goes on to explain one of the mechanisms by which the pursuit of wealth produces real benefit as an unintended by-product. Although the rich and ambitious are motivated only by their 'vain and insatiable desires' and 'natural selfishness and rapacity', their pursuit of wealth leads them to increase the productivity of their land. Since the main products of agriculture are necessities of life, the demand for which does not vary greatly with income, agricultural improvements tend to benefit the poor. Thus, Smith claims, the rich 'are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants' (pp. 183-185).

In *The Wealth of Nations*, Smith describes another such mechanism (the discovery of which he attributes to David Hume). Desire for luxury provided the motive power for the process by which feudalism – characterised by relations of violence and dependency – was replaced by the 'liberty and security' of civil society. Feudalism was undermined when rural proprietors began to spend their wealth, not on maintaining dependants who could fight on their behalf, but on luxury goods manufactured in the towns. Smith expresses republican contempt for this spending as 'childish vanity' and 'ridiculous', but sees it as part of a process that allowed the towns, with their 'order and good government', to grow in economic and political importance (1776/ 1976, pp. 411-427). When what is at issue is a moral or prudential evaluation of individual motivation, Smith does not feel able to defend the ambition for conspicuous consumption: it is unbecoming to free men, and is based on delusion. Nevertheless, that ambition is natural to human beings, and is a source of public benefits.

Writing at around the same time as Smith, Genovesi offers a remarkably similar analysis. In his *Delle Lezioni di Commercio o sia di Economia Civile* (Lectures on Commerce, or on Civil Economy)[2] he argues that the pursuit of private wealth generates public benefits:

The profit and comfort that people imperfectly foresee, and that they may actually reap, gives them the desire to work, trade and enrich themselves. And notwithstanding that when people try to enrich themselves they aim only at their self-interest, it is no less true than in enriching themselves they promote the public advantage by enriching the whole nation. (1765-67/2005, Part 1, Chapter 17, §12, p. 530).

Genovesi explains the desire for luxury as a natural human motivation: 'The engine spirit of luxury is the natural instinct of distinction' (Part 1, Chapter 10, §16, p. 416). Criticising thinkers such as Rousseau who are nostalgic for primitive communities, he claims that luxury

is very useful to the State because it increases the consumption of our commodities, and then, through the money of those who can spend and love to spend, luxury animates labour and spreads it. (Part 1, Chapter 10, §24, p. 423).

Like Smith, Genovesi sees luxury as part of a dynamic process which undermines entrenched wealth and privilege:

The reasons that push a person to distinguish himself from another, or to emulate a superior one, also push the superior classes to find new ways of distinguishing themselves from the inferior ones. This play, where the arts are protected and trade is free, produces three effects: (i) It undermines feudal slavery. (ii) It releases that part of humankind that suffers from the pressure of the dominating part. (iii) It ruins the great and old families and raises new ones. Nature cannot be fooled for long. Luxury comes in order to compel rich people to restore to the poorer what they took dishonestly from the common wealth: and in order to make the slave free, and the free slave. (Part 1, Chapter 10, §18; pp. 418-419)

As Smith does in his account of the invisible hand, Genovesi claims that luxury redistributes wealth in the direction of equality. The idea seems to be that the benefits of spending on luxury goods accrue mainly to the people who produce them, rather than to the consumers. Whatever one makes of this Mandevillian form of economics, it is common to Smith and Genovesi.

If we look at commercial relationships from outside – from the viewpoint of a social theorist or a ruler – there is a clear message to be read in the work of both authors. It is that we need to understand how the economic system works, and not confuse intentions and consequences. We should be pragmatic in allowing free play to mechanisms that can be expected to lead to good consequences, even if they make use of motivations that are not entirely admirable. More specifically, if we want to increase national wealth and to promote a free, peaceful and orderly form of society, we must make use of the motive power of self-love and the desire for conspicuous consumption.

But the moral problem of coming to terms with the growth of commercial society is not just a problem for social theorists and politicians; it is also a problem for private individuals as actors in the emerging market system. In the ordinary business of life, individuals seek to interpret and evaluate their own and other people's actions. From this viewpoint, invisible-hand arguments are liable to seem inadequate. If one has been taught to regard other-regarding motivations as morally praiseworthy, or to regard the desire to be envied for one's possessions as sinful, it does not seem enough to be told that private vices can generate public benefits. Vices are still vices, one can think, even if it politic for rulers to encourage them. A stable commercial society needs an *internal* understanding of market relations – an understanding that can be held by the parties to those relations – and this has to cohere with prevailing ideas about how people should conduct themselves in the rest of their lives. Both Smith and Genovesi are concerned with the problem of integrating commercial motivations into a larger moral system. It is here that their understandings of market relationships diverge.

4. Smith, Genovesi and the nature of market relationships

Smith is generally (and rightly) recognised as a proponent of the idea that the principal motivation for market behaviour is self-love. However, this is not to say that, in Smith's account, market relationships have no moral significance.

For Smith, the emergence and growth of commercial society is a form of *moral* progress, valuable not only because it creates wealth, but also because of the nature of market relationships. Consider the famous passage from *The Wealth of Nations* that we referred to in our opening paragraph:

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens. (1776/ 1976, pp. 26-27)

The point of the passage becomes clear in the final (and less-often quoted) sentence. Smith is telling us that the market allows us to satisfy our economic needs without dependency, with dignity and self-respect. The market gives each of us the freedom to act on his own interests, subject to the constraints imposed on him by other people's acting on theirs. Market relations are free horizontal relations between equals: the tradesman and his customer are symmetrically positioned with respect to a mutually beneficial transaction, in contrast to the asymmetric relationship of inferior and superior between the beggar and the donor. By virtue of this property, the market supports the virtues of independence and moral equality.

For the market to work, its participants must respect the principles of justice

That market relations are characterised by impersonality and mutual unconcern is not a matter for regret: it is intrinsic to their role in promoting independence. Smith (1776/1976, pp. 419-420) contrasts a commercial society ('the present state of Europe') with 'a country where there is no foreign commerce, nor any of the finer manufactures'. In the more primitive economy, a wealthy man has little choice but to spend most of his income on servants, each of whom is at his personal command. In the commercial society, the equivalent income will be spent on an array of luxury goods, produced by the combined work of many different tradesmen. In this way, the rich man contributes to the maintenance of a large number of people, but 'they are all more or less independent of him, because generally they can all be maintained without him'. Conversely:

Each tradesman or artificer derives his subsistence from the employment, not of one, but of a hundred or a thousand different customers. Though in some measure obligated to them all, therefore, he is not absolutely dependent upon any one of them. (p. 420)

For Smith, the fact that each person in a commercial society trades with so many others implies that market relations cannot, in general, be construed in terms of *friendship*. Thus, in the passage which precedes the example of getting one's dinner, Smith notes that, when someone wants to induce others to act according to his own inclinations and has no other means at his disposal, he may try 'to obtain their good will'. But:

He has not time, however, to do this upon every occasion. In civilised society he stands at all times in need of the cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. (1776/ 1976, p. 26)

In Smith's account, friendship and exchange are distinct kinds of relationship between people. By freeing us from dependency, commercial society creates a space in which friendship, construed as an intimate and chosen relationship between equals, can exist. In this sense, the market allows us to pursue and express sociality; but it is not itself a locus of genuine sociality.

In *The Theory of Moral Sentiments*, Smith provides a rich analysis of sociality, based on the hypothesis that benevolence and a capacity for fellow-feeling are fundamental properties of human nature. Crucially, however, he does not see these aspects of human psychology as fundamental to the workings of the market – or, indeed, of government:

Society may subsist among different men, as among different merchants, from a sense of its utility, without any mutual love or affection; and though no man in it should owe any obligation, or *be bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation. Society, however, cannot subsist among those who are at all times ready to hurt and injure one another. Beneficence, therefore, is less essential to the existence of society than justice. Society may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it. (1759/ 1976, p. 86)*

For the market to work, its participants must respect the principles of justice (whether from a sense of justice, a concern for reputation, or a fear of legal punishment: Smith recognises the importance of each of these mechanisms). But the impersonal principles of justice are quite different from those governing intimate sociality.

Smith (1759/ 1976, pp. 78-91, 152-153, 174-178) repeatedly emphasises what, for him, is the fundamental distinction between justice on the one hand and beneficence and humanity on the other. Significantly, when he describes the 'social passions' (listed as 'generosity, humanity, kindness, compassion, mutual friendship and esteem, all the social and benevolent affections'), his principal examples are of the family. To illustrate the social passions, he draws a rose-tinted picture of what, for him, is an ideal family: the parents show kind indulgence to the children, the children show respectful attention to the parents, the brothers treat one another with freedom, fondness, mutual raillery and mutual kindness, the sisters do not compete for favours, and all is 'cheerfulness, harmony and contentment'. He then contrasts this with a caricature of an unhappy family, in which the social virtues are absent (pp. 38-40). Significantly, too, Smith's distinction between justice and humanity is gendered: humanity, we are told, is 'the gentle virtue', 'the soft virtue' (p. 153), 'the virtue of a woman' (p. 190); it 'consists merely in [an] exquisite fellow-feeling' which, because of its spontaneity, requires no self-command (pp. 190-191). In contrast, self-command is identified with 'manhood and firmness', while the 'useless outcries' of men who fail to show this virtue are 'womanish lamentations' (p. 244). Recall that humanity is what we do *not* appeal to when we go out to buy our dinners. The suggestion is that the social passions are exercised in the softer and (we seem to be being told) optional domains of family and intimate friendship, and that these are separate from the harsher and more essential worlds of politics and economics.

The market/social opposition is deeply embedded in Smith's account of the moral content of market relationships. In Genovesi's account, in contrast, there is no such opposition. Like Smith, Genovesi sees the development of commercial society as a form of moral progress. But that progress does not involve the development of separate domains of commerce and sociality: for Genovesi, there is no fundamental distinction between market relationships and those of other domains of civil society. This conception of economics is expressed in the name Genovesi tries to give to the discipline: *civil* economy.

In place of Smith's (1776/ 1976, p. 26) assumption of a peculiarly human propensity 'to truck, barter and exchange one thing for another', Genovesi grounds his analysis of markets on an assumed human inclination towards *mutual assistance*. Following Shaftesbury, Genovesi claims that a sense of reciprocity is a fundamental property of human nature, prior to rational reflection. Arguing that the 'primitive rights of man' are founded on 'primitive properties of human nature', he gives mutual assistance the status of natural law, in the form of 'a reciprocal right to assistance and consequently a reciprocal obligation to assist each other in our needs' (1765-67/ 2005, Part 1, Chapter 1, §§16-18; pp. 282-284). The final paragraph of the *Lezioni* sums up what Genovesi hopes his students will have learned from his lectures:

Here is the idea of the present work. If we fix our eyes at such beautiful and useful truths, we will study not for stupid vanity, nor for the pride of appearing superior to ignorant people, or for the wickedness of cheating, but to go along with the law of the moderator of the world, which commands us to do our best to be useful to one another. (Part 2, Conclusion, §17; p. 890).

Notice the difference between exchange and mutual assistance. In an act of exchange, each party benefits from a transaction which is possible only because it benefits the other. Thus, exchange is *mutually beneficial* or *mutually advantageous*: each acts in a way that is to the benefit or advantage of the other. Still, neither party need have any concern for the other's interests. Mutual assistance implies more than this. The concept of assistance implies an *intention* on the part of the person who assists to benefit the person who is assisted. Assistance is intentionally directed towards helping another person in her needs, towards being useful to others. If assistance is mutual, these intentions are reciprocal: each stands ready to help the others in the expectation that they stand ready to help her.

This element of mutual expectation is crucial for Genovesi's analysis of the market, and of civil society more generally. In a chapter entitled 'On Public Trust', he repeatedly links the concepts of reciprocal confidence (*reciproca confidenza*), public trust (*fede pubblica*), mutual assistance (*scambievoli soccorsi*) and friendship (*amicizia*), arguing that these are essential preconditions for civil and commercial society (Book 2, Chapter 10; pp. 751-785). Genovesi's concept of 'confidence' has a strongly moral content: each citizen has to be confident of the 'probity', 'justice' and 'virtue' of the others, virtue being construed to include not only the principles of justice that are built into commercial law, but also a general disposition to be useful to others. The following passage is typical:

Where trust is evaluated for nothing, with respect to reciprocal confidence among citizens, the certainty of contracts, the power of laws and the honesty and integrity of magistrates, the first two foundations of civil society and civil life, that is justice and humanity, cannot be found; in fact, where there is no trust, there is no certainty of contracts, nor any strength of laws. ...Nor can there be humanity, since without reciprocal confidence, each person regards the other with suspicion and as an enemy; and could such a society, being so little connected that it seems to collapse at the first knock, like a heap of sand, inspire in the souls of individuals that friendship so necessary in order to enjoy humanity? And so the strength of contracts, of trade, of circulation, that flow that animates industry and makes peoples wealthy, will decay. Therefore one can say that trust in political bodies is what in natural bodies is the force of cohesion and reciprocal attraction, essential for a firm and durable mass. (Part 2, Chapter 10, §1; pp. 751-752).

The essential idea is that reciprocity is the bond of society, and that although reciprocity takes various forms, these are all mutually reinforcing. In his analysis of the market, Genovesi puts great emphasis on the importance of public trust. In order for a commercial society to function, he argues, there has to be a general sense of confidence in everyone's intention to honour contracts and to eschew fraud, and in the effectiveness and integrity of the legal system which enforces contracts and punishes fraud. Thus, if a nation is to develop economically, a first priority for government is to cultivate public trust (Part 2, Chapter 10, §3; pp. 753-754). Much more than Smith's, Genovesi's economics is grounded in an analysis of social capital.[3] Crucially, however, Genovesi does not treat these commercial forms of trust as independent of those dispositions towards others that are regarded as virtues in more private areas of social life, particularly friendship.

The essential idea is that reciprocity is the bond of society, and that although reciprocity takes various forms, these are all mutually reinforcing

Notice that, in the passage we have quoted, Genovesi treats reciprocal confidence as the fundamental 'force of cohesion' in society; it is a precondition for friendship and humanity, as well as for commerce. In another passage, Genovesi identifies this force of cohesion as human sociality, which he defines as: *sociality founded on reason, in virtue of which the associates know their reciprocal rights, and not only try to avoid violating these rights, but do their best to be benevolent and useful to one another. (Part 1, Chapter 1, §11; pp. 762-764)*

The implication is that commercial relations are similar in kind to interpersonal relations in other domains of civil life. Market relationships are, *and are understood by participants as*, relationships of mutual assistance – relationships in which people make themselves useful to one another. That is why, in Genovesi's account, trust in the market is so dependent on reciprocal confidence in the rest of civil life. There is a fundamental opposition between Genovesi's conception of civil society and Smith's idea that society can subsist on justice alone, that justice is the bedrock of society and that beneficence is an optional extra, a matter of comfort rather than necessity.

Genovesi uses the terms 'friendship' and 'trust' almost interchangeably, as descriptions of the force by which society is bonded together. For example, in a passage quoted above, he says that *trust* in political bodies is the analogue of the force of attraction in physical bodies. A few paragraphs later, he says: 'reciprocal friendship is in the political body what the mutual attraction of elements is in natural bodies' (Part 2, Chapter 10, §11; pp. 762-763). Clearly, he cannot be using the term 'friendship' in the same sense that Smith is doing when the latter says that a whole lifetime can produce only a few friends. For Genovesi, the market relations of a civil society are characterised by friendship; but we cannot expect to find Smith's 'exquisite fellow-feeling' between a shopkeeper and his customers. Smith's concept of friendship is akin to Aristotle's *philia*, as described in the *Nicomachean Ethics* – an exclusive, elective and intimate relationship. Genovesi is using 'friendship' in a different sense, a sense better captured by another word commonly used by Enlightenment writers: *fraternity*. Fraternity is universalistic and open. Two individuals have fraternal relations by virtue of their common membership of some group, typically a group identified by a common interest or avocation, such as a profession, political society or social class (the paradigm case being that of brothers, who are members of a common family). Fraternity does not have the connotations of intimacy that Smith attributes to friendship, but it does has affective content: fraternal relations are characterised by friendliness, goodwill, mutual respect and the kind of social ease that is engendered by mutual recognition of equality. It is not a purely cognitive concept, as 'trust' is in modern game theory.

For Genovesi, a disposition towards friendship is a natural property of human psychology, but it is also something that can be deliberately cultivated. When he says that sociality is 'founded on reason', he means that it is rational for each individual to cultivate those qualities that allow human beings to be sociable with those who are willing to reciprocate. He urges his students to memorise what he calls a 'short catechism of natural law, whose utility and necessity is constantly demonstrated by the general wisdom of mankind'. The point of the catechism is that human beings cannot be happy without relations with others. Thus, 'we must try to be sociable with one another'. Social relations are possible only among people who are 'reciprocally and sincerely friendly with one another', and this requires 'sincere and reciprocal confidence' in one another's 'virtue'. Since simulations of virtue will sooner or later be discovered for what they are, the only sure way to secure the benefits of society is to be truly virtuous – that is, to have a sincere disposition towards reciprocal friendship (Part 2, Chapter 10, §11; pp. 762-764).

This association between virtue and rational choice may seem strange or even self-defeating to some modern readers. Genovesi's catechism seems to tell each person that, for reasons of self-interest, he should cultivate a disposition towards sincere friendship. But (it might be asked) how can friendship be *sincere* if it is pursued for self-interest? This objection trades on the Romantic or Puritan thought that the path of true virtue must be hard. But that thought is antithetical to the eighteenth-century idea – held by both Genovesi and Smith – that our ideas of morality are ultimately founded on natural human sentiments. What could be more natural than the discovery that our fundamental psychological inclinations tend to direct us to behave in ways that promote equally fundamental aspects of individual well-being? In using that discovery as a reason for trusting our instinctive dispositions, we can express the Enlightenment belief that the natural world is a work of Providential design.

There is surely no doubt that Genovesi's understanding of market relations is different from Smith's, and correspondingly different from the understanding that is now generally accepted in economics. But is it credible? In particular, is it credible *now*? Or should we read it only as an episode in the history of economic thought, as a failed attempt to incorporate the realities of commercial society into a pre-modern moral framework?

On first reading, Genovesi's account of market relations as mutual assistance seems vulnerable to a fatal objection. In a market economy, individuals do indeed tend to act in ways that are useful to others. But the mechanism that brings about this coordination of actions is the price system: each individual is *induced* to act in the ways that are most useful to others, as measured by those other people's willingness to pay for the goods and services they consume. These inducements work by engaging with the individual's private interests. And this is an essential part of the mechanism, since it allows the 'division of knowledge': in a large economy, it is impossible for any individual to have all the information to be able to compute directly the value of his activities to other people. That value has to be transmitted through price signals. For this reason, it seems, the desire to be useful to others cannot substitute for the desire to promote one's own interests.

In the time of Smith and Genovesi, it might be said, the workings of the price system were understood only imperfectly. But both Smith and Genovesi understood the mechanism by which prices direct people to those activities in which they are useful to others. For example, when Genovesi explains how prices are determined by the forces of the market, he insists that such prices are just. It would be a false application of the 'laws of beneficence' to call a merchant dishonest for making a profit by trading at market prices:

If man is a needy being by nature, if his needs are the springs of his actions, and if these actions generate commodities, then if you eliminate the prices of commodities, you will extinguish the elasticity of those springs and of all actions. (Part 2, Chapter 11, §§12-13; pp. 793-794).

Smith (1776/1976, pp. 121-122), using a characteristically concrete example, notes that the wages of coal-miners are higher than those of similarly-skilled workers in other trades, and explains that trades with less desirable working conditions must offer correspondingly higher wages in compensation. In the absence of differential incentives, it would be naïve to expect that, in eighteenth-century England, the desire to be useful to others would direct workers in Newcastle to choose coal-mining rather than, say, carpentry in sufficient numbers to match the usefulness of coal to people in London.[4] The following conclusion seems inescapable: any account of the moral content of market relations must be consistent with the principle that individuals choose their economic activities in response to private incentives.

The implication is that commercial relations are similar in kind to interpersonal relations in other domains of civil life

In the following section, we try to show that Genovesi's approach is compatible with a modern understanding of the role of incentives, and that an account of market relationships as mutual assistance can be coherent and credible. We must make clear that we are not claiming that the whole of the analysis we present is implicit in Genovesi's writings. Genovesi is not a systematic theorist, even in the eighteenth-century terms by which Smith might qualify for this description, and we cannot claim to reconstruct a theoretical structure that already exists in his work. Rather, we offer an analysis which we suggest is faithful to the spirit of Genovesi's ideas.

5. Market relationships as mutual assistance

It is fundamental to market exchange, as represented in economic theory, that each transaction, considered in isolation, provides benefits to everyone who is party to it. This follows immediately from the assumption that transactions are voluntary, combined with the presumption that each individual acts in his own interests. This idea of mutual benefit is built into the concept of 'gains from trade', arguably the most fundamental idea in economics. In this sense, market transactions clearly *are* combinations of acts in which the parties are being useful to one another. If there is a difference between Genovesi's account of the market and Smith's, the difference is not about whether market relationships are *in fact* mutually beneficial: it is common ground that they are. What is at issue, we suggest, is the way in which this fact enters into individuals' own understandings of the market relationships in which they participate.

Consider again Smith's account of how we get bread for our dinner. Smith says that we (the would-be buyers of bread) address ourselves to the baker's self-love, talking to him of the advantages he will gain from our business. Clearly, this requires that we understand that the transaction we are proposing will benefit the baker as well as ourselves. The suggestion is that, in making a business proposal to the baker, we are well advised to think about what would be advantageous to him as well as about what would be advantageous to us: there is no point in making a proposal to someone who has no interest in accepting it. Smith advises us not to bother telling the baker about the advantages we will get from the bread; but presumably he would advise the baker, when doing business with us, to think about those advantages. Thus, Smith's account of the market includes the idea that, between trading partners, there is mutual understanding of the mutual benefits of exchange. However, Smith seems to be treating this mutual understanding as something like common knowledge in game theory: it provides the background knowledge against which individuals strategically pursue their separate interests. There is no suggestion that the parties are *entering a relationship*, or that they are *jointly intending* a combination of mutually beneficial actions. Once we and the baker have struck a deal, there is no further need for us to consider our interaction as mutually beneficial. Each of us can now pursue his own interests, subject to the constraints set by the contract that has been made. To the extent that each of us is motivated to respect those constraints, the motivation comes from a sense of justice or a concern for reputation, not from a desire to be useful to the other.

Genovesi's approach seems to differ by requiring that the parties to a market transaction have a more internalised sense of its mutually-beneficial nature. Somehow, each party's understanding of his own part in the transaction must include the idea of the transaction as mutually beneficial. We suggest that the best way to formulate this idea is in terms of the concepts of *team agency* and *collective intentionality*.

The theory of team agency was first developed in philosophy by David Hodgson (1967) and Donald Regan (1980) as a way of analysing some aspects of rule utilitarianism. Later contributions were made by Margaret Gilbert (1989), Susan Hurley (1989) and Sugden (1993); Michael Bacharch (2006) presents a general, game-theoretic analysis. The essential idea is that, in relation to some problem of cooperation or coordination, each member of a group or 'team' of individuals conceives of herself as acting *as a member of the team*, performing her part of a collective action by the team. Crucially, the individual does not treat other members' actions as parametric and then choose her own action so as to maximise the value of some utility function – not even a utility function that represents the good of the team. Rather, she performs her part of a *profile* of actions which, if acted on by all members, promotes the relevant objective of the team. In this sense, each individual's intention is an intention to participate with the others in bringing about a collective action. There is a large literature in philosophy on the analysis of this kind of collective intentionality (e.g. Raimo Tuomela and Kaarlo Miller, 1988; John Searle, 1990; Michael Bratman, 1993).

One of the core properties of theories of team reasoning and collective intentionality is that they attribute agency to *groups* of people. In particular, theories of team reasoning allow questions of the form 'What should *we* do?', and allow corresponding recommendations of the form 'You (plural) should do A', where A is a profile of actions, one action A_i for each group member i. The latter form of collective recommendation is construed as meaning something more than 'Each of you severally should do his action A_i'. This 'something more' is the idea (expressed in slightly different ways in different theories) that when each i performs A_i, he construes that action as a part of A, and acts in the confidence that the others will perform their components of A too.

Notice that the law of the moderator of the world, as interpreted by Genovesi, has the structure of a collective recommendation. It commands *us* to do our best to be useful *to one another*. This, we suggest, would not be properly translated as an array of separate commands, 'Do your best to be useful to other people', addressed to individuals severally. That translation would remove the sense of reciprocity that Genovesi's formulation expresses. The theory of team reasoning allows us to understand the reciprocal nature of collective recommendations.

Our suggestion is that a market contract can be understood as *constituting* the contracting parties as a collective agent with respect to whatever joint enterprise is the subject of the contract. On this view, the contract commits each party to play her part in bringing about a collective goal. That goal is the joint benefit of the parties, within the specific confines of the relevant transaction. Each party, in fulfilling her own side of the bargain, acts with the intention of participating in a combination of actions directed at the benefit of them all. Thus, when the would-be buyer of bread addresses the baker, the content of her proposal is something like this: 'Here is a plan for a joint enterprise which can benefit us both: you help me by satisfying my desire for bread, I help you by satisfying your desire for money. Let's act together on this plan.' If an agreement is made, the customer has the intention that the baker should benefit from the transaction, and vice versa. Thus, each has the conscious intention of being useful to the other; mutual benefit is *what the transaction is about*, not just a precondition for agreement to be possible. This is our rendering of Genovesi's concept of mutual assistance.

Notice that, in this account, collective agency comes into existence *in* making a contract; it does not provide the motivation *for* the contract. In choosing which contracts to make, each individual is free to pursue her own interests. (The customer doesn't go to the baker's shop with a desire to benefit the baker. It is only when the contract is made that she becomes committed to pursuing a joint goal.) Thus, the analysis of exchange as mutual assistance is compatible with a recognition of the role of market signals.

So what difference does collective agency make? One difference concerns the status of *opportunism* – that is, behaviour by one party to a contract which, although not contrary to the strict terms of that contract, frustrates another party's expectation of benefit. On a Smithian analysis, the parties may recognise the value of having reputations for not acting opportunistically in recurrent transactions and, of course, they are bound by the rules of justice. But if contracts are understood as constituting collective agency, there is an additional moral barrier to opportunism. In making a contract, the parties jointly commit themselves to the pursuit of mutual benefit. Thus, for either party to act in a way which deliberately frustrates the achievement of mutual benefit is to act contrary to an intention to which he has committed oneself.

This idea allows an interpretation of Genovesi's concept of 'reciprocal confidence', in the spirit of modern theories of social capital. In respect of any community of potential trading partners, we can ask whether each member of that community is confident that, were he to make a contract with another member, that other person would treat the contract as committing her to pursue their mutual benefit and to forgo opportunism. Notice that, whereas collective agency is brought into existence by contracts between particular agents, reciprocal confidence is a community-wide phenomenon. It is a common resource – a stock of social capital – which facilitates mutually-advantageous trade. Each person's opportunities are expanded by other people's confidence in her as a trustworthy trading partner.

A second difference concerns the *affective tone* of the relationship between the parties to the exchange. If the parties perceive themselves as acting together in pursuit of a common goal, they will be conscious of what Smith (1759/ 1976, pp. 13-23) calls *correspondence of sentiment* – joint awareness of shared affective responses to common cues. It seems to be a fact of psychology that such correspondences are pleasurable in their own right and that, by association of ideas, they tend to support other forms of inter-personal sympathy.[5] Thus, market relationships are more likely to be associated with feelings of friendliness and goodwill if they are perceived in terms of intentions for mutual benefit rather than in terms of the separate and self-interested intentions of the individual participants. This conclusion allows an interpretation of Genovesi's conception of market relationships as fraternal.

The foregoing analysis prompts the question of how individuals construe the process of bargaining which precedes the making of a contract. At this stage, potential contracting parties can haggle over the division of the gains from trade that will issue from their contract, if it is made. Does Genovesi's approach legitimate each party's pursuit of self-interest at this stage, and if so, does this compromise their sense, after the contract has been made, that they are engaged in a joint enterprise?

The foregoing analysis prompts the question of how individuals construe the process of bargaining which precedes the making of a contract

These are difficult questions, to which we can give only preliminary answers. As a starting point, it is important to recognise that the pursuit of self-interest in the division of gains from trade is not an essential part of the mechanism by which markets coordinate economic activity. What is essential for the efficiency properties of markets is the realisation of gains from trade, however they are divided. One way of dramatising the point we want to make is to imagine that you can choose a maxim of behaviour which will then be followed by every person in some economy. Suppose you want to induce the efficiency properties of a competitive market. For the reasons discussed in Section 4, your maxim will not have this effect unless it instructs people to be responsive to market incentives (remember Smith's coal-miners). But what ultimately matters is that it instructs people jointly *to realise gains from trade*. The realisation of gains from trade does not require that each individual tries to extract for himself the largest possible share of the gains from trade in each transaction. In this sense, Genovesi's maxim, 'Do your best to be useful to one another', suffices.

If you were in a position to address people collectively, you might consider going further. Perhaps the following would be good advice: 'When you see an opportunity to realise gains from trade, don't spend your energies haggling over how to divide them. Look for the most obviously fair or salient division, settle on that, and concentrate on the creation of mutual benefit'. Notice that this recommendation is addressed to potential trading partners *jointly*. Individuals are not being advised *unilaterally* to ignore the distribution of gains from trade when bargaining with other people. Rather, there is an implicit element of reciprocity. The advice is to be disposed to settle on fair or salient divisions when dealing with other people who reciprocate this disposition. Is this good advice? Clearly, if bargaining is costly, this is good advice to potential trading partners collectively. Is it also good advice to them individually? A person who follows it will sometimes end up with a smaller share of the gains from trade than he could have had by more robust bargaining. But, in recompense, he will spend less time and energy in haggling, and his attempts to realise gains from trade will be less likely to end in bargaining deadlocks. Whether, on balance, this advice is good or bad depends on the configuration of trading opportunities. The more and richer are the opportunities for mutual advantage, the better advice it is.

Some readers of earlier versions of this paper have doubted whether market relationships can be fraternal unless they take place against a background of economic equality. Take Smith's case of the baker and the customer. Can the relationship of buyer and seller be fraternal if the baker is struggling to make ends meet, while the customer is a hugely rich financier who just happens to like his bread? Or, conversely, if the baker's products are so popular that *he* is hugely rich, while the customer is poor? In thinking about such examples, it is important to remember that our concern is with the moral and affective attributes of market relationships, not with the normative appraisal of the market as a whole. What is at issue is whether individuals with very different levels of wealth can perceive their economic interactions as mutual assistance, intentionally pursuing mutual benefit on terms of friendliness and goodwill. We suggest that this *is* possible. No doubt such fraternal sentiments are more easily generated, the more similar the relevant individuals are in terms of wealth. But it seems equally true that, other things being equal, fraternity is easier for individuals who are similar in age, education, family background or ethnicity. Still, if civil society is to be fraternal, its members must be disposed to be friendly with people who are different from themselves in all sorts of ways – including how rich they are. We take this to be part of what Genovesi has in mind when he recommends each of us to *cultivate* a disposition towards friendship.

We are now in a position to understand the combination of morality and prudence in Genovesi's concluding advice to his students in the *Lezioni* (quoted in Section 4 above). The students have completed a course of instruction in how a commercial society works. The fundamental lesson to be learned, he tells them, is that we should do our best to be useful to one another. We take him to mean this: A commercial society is a network of relationships of mutual advantage. By participating in this network, each person benefits both himself and others. The first step towards participation is to recognise that (to use modern language) we live in a world of positive-sum games: we are surrounded by opportunities for mutually-beneficial transactions. Thus, if we are to promote our individual interests, we need to be alert to those opportunities, and ready to take advantage of them when they occur. This requires that we are ready to work jointly with others for mutual benefit. While we should not be so foolish as to trust other people unconditionally, we will be unable to reap the benefits that a commercial society makes available to us unless we are disposed to trust people who have shown themselves to be trustworthy (or, perhaps, who have not shown themselves to be *un*trustworthy). Reciprocally, we cannot expect to be trusted unless we show ourselves to be trustworthy. Thus, we should avoid the temptation to seek individual gain at the expense of others, and focus our attention on the much more secure gains to be made through mutually-beneficial transactions.

For a modern reader, it may be tempting to accept the prudential good sense of this advice, but to think that its moral language is redundant. If, in a market, each person's economic decisions are determined by his pursuit of his own interests, what purpose is served by moral admonishments in support of those same decisions? If 'Try to be useful to one another' has the same implications for economic behaviour as 'Pursue your own interests', what is the point of saying it?

We have two responses to this objection. The first response is this. Anyone who has taught economics knows how much difficulty most people, even now, and even in long-established market economies, have in appreciating the reality of gains from trade, and how easily they slip back to thinking of economic life as a zero-sum game. Many writers on social capital have suggested that, within a society, a tendency for people to think in zero-sum terms is a marker of economic backwardness and an obstacle to economic development (Diego Gambetta, 1993; Robert Putnam, 1993). Genovesi's lesson really is important, to modern readers as well as to his students in eighteenth-century Naples. The point of the lesson would be lost if it was rendered as 'Pursue your own interests', since that is something that most people want to do anyway; the problem is that they do not understand that the best means of doing so is through gains from trade. The practical lesson that has be learned is: 'Seek mutual advantage'.

Our second response echoes our remarks on Genovesi's catechism (in Section 4 above). If moral ideas are ultimately grounded in properties of human psychology, and if (as in Smith's theory of moral sentiments) the most relevant such properties are those relating to the correspondence of sentiments and mutual approval, what could be a more suitable object of moral approval than an action which benefits *both* the person who performs it *and* the other people most directly affected? 'Seek mutual advantage' is sound prudential advice; but at the same time it has genuine moral content.

6. Fraternity and caring relationships

We conclude by considering the implications of Genovesi's approach for the present-day issue of whether the sale of care services on the market compromises their authenticity *as care*. In Section 2, we looked at two strands in this literature, one based on the idea that genuine care is characterised by self-sacrifice, the other on the idea that it is characterised by a desire to care for its own sake. We argued that both of these analyses presuppose an opposition between the market and a domain of 'genuine' social relationships. We have shown that, while a similar opposition can be found in Smith's writings, Genovesi offers an alternative account in which market relations are assimilated to a wider class of relations in civil society, characterised by mutual assistance and fraternity. If we take this alternative perspective, how should we understand a market in personal care services?

Genovesi offers an alternative account in which market relations are assimilated to a wider class of relations in civil society, characterised by mutual assistance and fraternity

To make the discussion more concrete, we consider an example used by Nelson (2005, pp. 257-260). Nelson suggests that a disproportionate number of the employees of community service organisations are women with financially successful partners. These organisations are able to get high-quality labour at low wages, not because their low wages select workers with self-sacrificing preferences, but because of cross-subsidisation. As a result of what is effectively unfair competition, women who are 'strongly motivated by an internally generated desire to care for children' but who 'need to support themselves and their families' are forced into less intrinsically-rewarding forms of work. Nelson favours higher wages for care workers but, significantly, she cannot approve of them simply *as incentives*. For Nelson, higher wages have a positive effect in 'making it possible' for intrinsically motivated people to work as carers, but their effect in inducing 'non-caring people' to do the same work 'for the money' is evaluated negatively. Notice how Nelson separates the would-be carer's need to support her family from her 'internally generated' desire to be a carer. The carer's authenticity is shown by her hypothetical willingness to do the work for its own sake (if she had a rich partner, she too would accept low wages); the wage merely *releases* her from the burden of other commitments.

An approach based on the concepts of mutual assistance and fraternity would lead to a very different analysis. Suppose A is an elderly and infirm widower with a good pension, who can live at home only with the support of regular visits from a carer. B is a single mother who needs a source of income to support herself and her family. She is an experienced, capable and sympathetic carer of old people, but is not so intrinsically motivated that, were she not to need the money, she would do this kind of work for nothing. A can be useful to B by providing her with money; B can be useful to A by providing him with personal care. The implications of Genovesi's maxim are self-evident.

Suppose that, acting on this maxim, A and B agree mutually advantageous terms of employment, jointly committing themselves to the promotion of their mutual benefit. When B makes her care visits, A and B interact on terms of friendliness, goodwill and mutual respect. B feels a sense of satisfaction in her work, both because she is earning money to support herself and her family and because she knows she is being useful to A. A feels a sense of satisfaction from employing B, both because her care helps him to maintain his independence and because he knows that the money he pays her is useful to her and her family. Isn't this authenticity?

Genovesi's approach is that, properly understood, market relations are not different in kind from other relations of civil society

Imagine a different A who complains that he is not receiving genuine care because, although he gains from the transaction, B gains too: he doesn't just want a carer, he wants a *self-sacrificing* carer. Or suppose that A's complaint is that B is providing care only because she needs the money: he wants an *intrinsically motivated* carer. Or imagine a different B who complains that, by having to earn a living as a care worker, she is not able to realise her self-identity in some more enjoyable or challenging activity – say, rock-climbing or oil-painting – for which, given her talents, there is no demand. From the perspective of a theory of mutual assistance, complaints like these display an ultimately childish refusal to accept the implications of living with others on terms of freedom and equality. We can say to the complainants: You are not entitled to expect the satisfaction of your wants to be someone else's vocation. You are not entitled to expect other people to sacrifice their interests in order to support your sense of authenticity. You must learn to live in the world as it really is – the world in which water runs downhill and civil life is structured by reciprocity.

We do not mean to deny that the supply of care services – both inside and outside the market – can sometimes involve elements of intrinsic motivation and self-sacrifice. Workers can feel an intrinsic satisfaction in their work that is additional to the sense of being useful to others who are being useful to them. Having this attitude to one's work is undoubtedly a source of happiness. It is to an employer's advantage, too, that workers find satisfaction in their work. Thus, the pursuit of mutual advantage in labour relations may involve choosing workplace practices that foster intrinsic motivation. Equally, there can be self-sacrificing care workers – people who are willing to incur losses in personal well-being in order to benefit those for whom they care. Our claim is not that intrinsic motivation and self-sacrifice do not exist, but that they should not be used to define *genuineness* in caring relationships. We might be *pleased* or *grateful* to find such motivations in others with whom we interact; but, in a free and equal society, we must accept that much of the sociality we will enjoy will be in relations of mutual assistance and fraternity.

For readers who are used to the market/social opposition, all this may read as an argument for introducing the market into all areas of social life. But the whole point of Genovesi's approach is that, properly understood, market relations are not different in kind from other relations of civil society. The fundamental characteristic of market relations is reciprocity, and reciprocity is the governing principle of civil society.

It is perhaps tempting to think that there must be *some* level of intimacy – perhaps within the immediate family, and between close friends – at which mutual assistance gives way to altruism as the force of cohesion. A discussion of this issue would take us too far from the topic of this paper, which is the nature of market relationships. But we end by suggesting the possibility that reciprocity does – or should – go all the way down. It is at least an open question whether even the most intimate relationships are best understood, not in terms of unconditional altruism on each side, but in terms of joint commitments to mutual support and joint experiences of the pleasures, pains and challenges of facing life together.[6] Of course, such commitments must be stronger and more personal in intimate relationships than in the market, and the affective experiences these relationships induce will be stronger too. But still, there may be no ultimate opposition between 'market' and 'social'. As John Stuart Mill (1869/ 1988) argues in *The Subjection of Women*:

The only school of genuine moral sentiment is society between equals. ... The moral training of mankind will never be adapted to the conditions of the life for which all other human progress is a preparation, until they practise in the family the same moral rule which is adapted to the normal constitution of human society. (pp. 45-47)

In this perspective, the family is not a domain separate from the market, governed by a different set of motivations. The family and the market are both parts of civil society, subject to the same fundamental standards of reciprocity, trust and mutual respect. When these standards are upheld, whether outside the market or within it, genuine caring is possible.

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NOTES

[1] The first possibility has been modelled by Fehr and Schmidt (1999) and Bolton and Ockenfels (2000), the second by Rabin (1993).

[2] Translations from Italian are by the authors.

[3] Bruni and Sugden (2000) and Bruni (2006) compare the roles played by social capital in Genovesi's and Smith's analyses of markets

[4] We might add that the same argument applies to intrinsic motivation, as defined by Deci and Ryan. It would be no less naïve to rely on the fun,challenge and relational networks of coal-mining to attract enough workers in Newcastle to keep the people of London warm.

[5] Sugden (2002, 2005) reconstructs Smith's theory of the correspondence of sentiments and argues that it is broadly confirmed by the findings of modern psychology and neuroscience.

[6] For more on this, see Sugden (2002).