

The market antinomy

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Abstract

The moral status of the modern market economy is contested amongst philosophers and social theorists. Some argue that it is a moral order; others argue that it is not a moral order. In Frankfurt School critical theory, the former argument is defended by Axel Honneth, and the latter by Jürgen Habermas and Joseph Heath. In this article, I review the strengths and weaknesses of both arguments and suggest a novel way forward. I conceive of the contradictory arguments as thesis and antithesis of an antinomy akin to Kant's antinomy of freedom and determinism in the *Critique of Pure Reason*. I argue that valuable insights can be gained by 'remaining within' the space of the antinomy and considering it the result of a genuine contradictory experience: we do conceive the market economy as a moral order and as not a moral order, depending on the standpoint we take. However, in the final section of the article, I argue that a resolution of the antinomy is possible, and that we must attend to people's reactive attitudes to market processes and outcomes to find it.

Keywords

moral status of markets, Axel Honneth, Jürgen Habermas, antinomy, reactive attitudes

I Introduction

The moral status of the modern market economy is contested amongst philosophers and social theorists. In this context, 'moral status' does not refer to first-order moral judgments (whether some action is right or wrong or an institution is just or unjust), but to the very applicability of moral concepts, evaluations or judgments in a specific domain. At first sight, it seems clear that society is a moral order while nature, as understood in modern science, is not a moral order. However, the rise of the modern market economy has complicated this picture. While some economists and philosophers argue that the market

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economy, while a distinct sphere in modern society, is a moral order, others argue that it is not a moral order. On this view, moral concepts, evaluations and judgments do not apply in the market economy, because of the way in which it is constituted and functions within society.

Proponents of the thesis that the market economy is a moral order may disagree about the exact object of moral evaluation, but they may include individual and corporate action in modern market institutions as well as the processes and outcomes of market competition. In contemporary critical theory, Axel Honneth is the best-known proponent of this thesis. Throughout his work, from the 1980s up to and including his most recent book, *The Working Sovereign* (Honneth 2024), he has defended the claim that markets are subject to moral norms, although the norms that he has appealed to have varied. In this article, I will investigate three of Honneth's arguments, namely, that (i) market participation is a form of social integration, (ii) economic action is governed by moral rules, and (iii) market processes and outcomes express moral judgments about the value and worth of an individual's contribution.

Opponents of this 'moral economism' reject Honneth's overall claim as a category mistake and dispute his individual arguments. Instead, they argue that individuals and corporations properly disregard moral considerations when they act in the market place, and that market outcomes are neither just nor unjust. This thesis often is associated with defenders of free-market capitalism. For example, when Milton Friedman argued that the only social responsibility of business is to increase its profits, he meant that business managers should not take any moral considerations into account when making business decisions, because if they did, they would undermine the defining principle of free-market capitalism (*viz.* that market mechanisms rather than political mechanisms determine the allocation of scarce resources to alternative uses).¹ Likewise, F.A. Hayek acknowledged that 'the manner in which the benefits and burdens are apportioned by the market mechanism would in many instances have to be regarded as very unjust, *if* it were the result of a deliberate allocation to particular people'. However, he argued, 'this is not the case. Those shares are the outcome of a process the effect of which on particular people was neither intended nor foreseen by anyone when the institutions first appeared – institutions which were then permitted to continue because it was found that they improve for all or most the prospects of having their needs satisfied. To demand justice from such a process is clearly absurd...' (Hayek 2013, 228f).

Of course, Hayek's further inference that the whole idea of social justice is a mirage does not follow from the amoral status of market outcomes; indeed, the claim that the market economy is not a moral order is compatible with a progressive, emancipatory critical theory too. One version of it can be found in Jürgen Habermas' *Theory of Communicative Action*, and Joseph Heath recently has defended a more elaborate version of it. They argue that (i) market participation is not a form of social integration, (ii) economic action is not subject to the rules of everyday morality, and (iii) market processes and outcomes do not express moral judgments about the value and worth of an individual's contribution.

In this article, I will take a novel approach to this dispute. Rather than assuming that one side must be right and the other wrong on the first-order question of whether the

market is a moral order or whether it is not a moral order, I will treat the two contradictory claims as the thesis and antithesis of an antinomy, the market antinomy. An antinomy is a pair of contradictory claims that nevertheless are both seen as true. In Kant's critical philosophy, the appearance of antinomies reveals that human reason in its quest for the unconditioned transgresses the boundaries of its legitimate use. According to Kant, it is natural and unavoidable for reason to end up in antinomies, such as the antinomy of freedom and determinism, but it also is possible to resolve them through an appeal to transcendental idealism. Transcendental illusion necessarily deceives (*täuscht*), but it doesn't necessarily defraud (*betrügt*).² More recently, T.W. Adorno has offered a different analysis of the antinomy. According to this analysis, antinomies reflect contradictory experiences that modern subjects make in a world that is itself contradictory. He asks 'why have the two theses, "the will is free" and "the will is unfree," become an antinomy'? And his answer is that modern subjects have objective reasons to see themselves as both free and unfree (Adorno 1966, 217, 294; cf. Jütten, 2012). They are not mistaken or guilty of a misuse of reason. They do misuse reason; however, if they try to resolve the antinomy decisively in one way or another, rather than acknowledging the fact that since reality is contradictory, the antinomy cannot be resolved theoretically. I do believe that the market antinomy in fact can be resolved, but I also think that we can gain valuable insights into the nature of the modern market economy if we consider the force of the antinomy before leaving it behind.

In what follows I will sketch the thesis that the market economy is a moral order (§II) and the antithesis that it is not a moral order (§III). Then, I will discuss what we can learn if we remain within the space of the antinomy, that is, if we assume that reality is contradictory (§IV). Finally, I will suggest that a resolution of the antinomy is possible, and that we must attend to people's reactive attitudes to market processes and outcomes to find it (§V).

II The thesis: The market economy is a moral order

The thesis that the market economy is a moral order will be demonstrated by showing that (i) market participation is a form of social integration, (ii) economic action is governed by moral rules, and (iii) market processes and outcomes express moral judgments about the value and worth of an individual's contribution.

(i) Honneth argues that the market is a sphere of social integration and therefore relies on moral norms. This is particularly apparent in the labour market, where 'moral norms...underlie the modern world of work, just as the norms of action oriented towards achieving mutual understanding underlie the social lifeworld' (Honneth 2012, 63). However, in *Freedom's Right*, Honneth argues that the same is true in the sphere of consumption too. The best way of understanding Honneth's arguments is to think of them as answering two questions. First, which moral norms underlie the market economy? Second, how do we know that these norms are constitutive of the market economy, that they are immanent rather than external to it, and don't have the character of an abstract 'ought'?

Honneth finds answers to the first question in the history of social theory. Beginning with the labour market, he argues that philosophers and sociologists such as Hegel and Durkheim had uncovered the normative basis of the modern organisation of work, which has been forgotten today. Hegel had argued that the legitimacy of the market economy depends on its ability to meet two normative conditions: first, it must make it possible for individuals to secure through their labour the necessary means of subsistence for themselves and their families at an adequate level; second, it must make it possible for individual workers to be socially recognised as making through their labour a contribution to the common good. According to Durkheim, the contribution of the market economy to social integration must take the form of a particular kind of solidarity, organic solidarity, which obtains when workers experience their labour as a ‘common, cooperative effort in the common interest’ (Honneth 2012, 70). The precondition of organic solidarity is that the social division of labour is fair and transparent, so that individual workers can comprehend their own roles and that of others in the system of production. Most recently, Honneth has argued that the organisation of social labour must secure the conditions of democratic participation (Honneth 2024).

In *Freedom’s Right* Honneth significantly extends his argument for the moral constitution of the market economy (Honneth 2013, Ch. 6.2). He now argues that the sphere of consumption as well as the labour market depend for their proper functioning on underlying moral norms (normative functionalism). Moreover, he suggests that the concept of social freedom can be used in order to elucidate the content of these norms. According to Honneth, individuals enjoy social freedom when they complement or complete each other through the joint realisation of shared ends, and he argues that the sphere of consumption and the labour market *potentially* can realise the social freedom of market participants.³ To this end, Honneth extends his earlier argument and shows how according to thinkers as diverse as Adam Smith, Hegel and Durkheim, the market economy depends on moral and ethical foundations. In particular, the self-interested behaviour of market participants must be embedded in antecedent commitments to fairness, justice and solidarity; the market economy must institutionally reflect the explicit understanding that it enables the complementary realisation of market participants’ ends; and, therefore, individuals can recognise each other as members of a cooperative community, both as co-workers and as consumers (Honneth 2013, 178–98).

Honneth answers the second question through normative reconstructions of the sphere of consumption and the labour market in order to show that market participants themselves historically have taken the market economy to be a (potential) sphere of social freedom, governed by immanent moral norms, and have struggled to realise their social freedom within it. In the sphere of consumption these struggles include the bread riots of the nineteenth century, countless attempts to secure the livelihoods of workers and their families through interventions into the economy, including consumer cooperatives, consumer protection bodies, and politically motivated attempts to influence economic decision-making, such as the anti-consumerism and fair-trade movements. In the labour market struggles for social freedom include the many struggles for social welfare protection and unionisation, but also struggles for co-determination (*Mitbestimmung*) and the

humanisation of work. In both cases Honneth suggests that deliberative mechanisms of will formation are crucial for the establishment of social freedom in the market economy.

Honneth acknowledges that today's deregulated labour market and sphere of consumption do not meet the normative conditions that would legitimise the market economy. Processes of individualisation and depoliticisation have undermined past achievements and stalled the prospects for future progress, and radical changes in the organisation of labour since the 1980s have widened the gap between the aspiration and the reality of democratic participation (Honneth 2024, 107–112). Hence, the market economy currently is not a sphere of social freedom. This constitutes a misdevelopment, and, as a result, the market economy loses its legitimacy in the eyes of market participants. They may experience alienation and anomie, possibly coupled with a belief that the market economy merely realises the negative freedom of (some) market participants. Nevertheless, since the market economy potentially is a sphere of social freedom, and its proper functioning depends on underlying moral norms, these norms can be mobilised as 'moral resources' in order to criticise the existing economic arrangements. Thus, the labour market and the sphere of consumption are moral orders, because they embody moral norms that are constitutive of the idea of a division of labour in society, and not because they live up to these norms.

(ii) On Honneth's account, the legitimacy of the market economy depends on the operation of social and moral norms in the market. These norms determine whether economic action is morally permissible or impermissible. As we have seen, he believes that these norms can be explicated through a reconstruction of Durkheim's and Hegel's theories of modern society and vindicated through the normative reconstruction of social struggles against unfair sales practices and exploitative labour relations. Market participants stand under the obligation to keep in view the normative commitment to social freedom that underpins the market economy and to act in ways that help, rather than hinder, the realisation of social freedom. For example, employers ought to ensure that they create jobs through which employees can secure their livelihood and gain recognition for their contribution to socially shared goals. This is not a legal duty in response to a minimum wage law, for example, but a moral duty flowing from the idea of social freedom that underlies the market economy as a condition of its legitimacy. Similarly, sellers should be motivated to serve the needs of their customers, not because it is good business practice, but because it is a moral duty flowing from the idea of social freedom as individuals complementing or completing each other in their economic behaviour. Clearly, these obligations are rarely discharged in the contemporary market economy, but they are genuine moral obligations on Honneth's account.

(iii) Honneth also argues that the market economy is a recognition order: market processes and outcomes express moral judgments about the value and worth of an individual's contribution to socially shared goals (Honneth 2003). A recognition order is a normative order that institutionalises the distribution of social recognition and therefore expresses the social valuations that count as legitimate in a given society. Honneth traces the emergence of the capitalist recognition order to the break-up of the premodern 'alloy of legal respect and social esteem' that characterised estate-based feudal societies (Honneth 2003, 140). In these societies legal respect and social esteem were

undifferentiated and tied to social class and the function that a given class performed in society (e.g. peasants and lords, clergy). In modern capitalist societies respect and social esteem become distinct recognition principles. Individuals enjoy equal respect before the law independently of the social esteem that they attract, while social esteem becomes individualised and meritocratic. It is determined by the principle of 'individual achievement' in contributing to socially shared goals (Honneth 2003, 141, 140).

Of course, Honneth recognises that this picture of the capitalist recognition order is highly idealised. First, in reality, legal respect and social esteem remain interdependent, and individuals who are not esteemed for contributions to socially shared goals struggle to exert equal legal respect too (Honneth and Stahl 2013, 283). Second, the normative standard of individual achievement always has been interpreted in an 'ideological' and 'one-sided' way, with the effect that many forms of work that clearly make important contributions to socially shared goals are either insufficiently esteemed or misrecognised (Honneth 2003, 141, 142). Low pay for care professionals is a good example for such misrecognition, since income is a medium of social esteem. For present purposes the crucial fact is that the capitalist recognition order is a moral order. It is answerable to the legitimate expectations of society members, who experience disrespect or misrecognition of their achievements as moral injury and engage in struggles for recognition in order to challenge the existing recognition order when they feel that it does not track their specific contributions to socially shared goals. These challenges may appeal to the principles of inclusion (e.g. equal pay for equal work) or individualisation (e.g. the recognition of housework as a contribution to socially shared goals) (Honneth 2003, 184–85).

III The antithesis: The market economy is not a moral order

In the tradition of Frankfurt School critical theory, we can find at least three arguments for the claim that the market economy is not a moral order: (i) market participation is not a form of social integration, (ii) economic action is not subject to the rules of everyday morality, and (iii) market processes and outcomes do not express moral judgments about the value and worth of an individual's contribution.

(i) According to Habermas' well-known argument in *The Theory of Communicative Action* ([1981] 1987), modern societies are characterised by the uncoupling of lifeworld and system. The symbolic reproduction of society through mechanisms of communicative action oriented toward mutual understanding in language is decoupled from the material reproduction of society in the administrative and economic subsystems of society, which are governed by steering media, such as law and money. Social integration is complemented by system integration. The economic subsystem, that is, the modern market economy, emerged when the complexity of social reproduction had grown to such an extent that it could no longer be organised through consensus alone, whether normatively guaranteed by convention or communicatively achieved, but had to be organised also through the 'nonnormative steering of individual decisions not subjectively coordinated' (Habermas 1987, 150), in this case through money, considered as a steering medium that works through incentives, price signals, etc. Habermas coined the unhappy phrase 'norm-free sociality' to refer to this form of social organisation (Habermas 1987, 171). However,

he has clarified that economic action is embedded in normative contexts and relies on these contexts (Habermas 1991, 256f). In fact, since formally organised subsystems are first constituted through law, it is clear that the market economy has normative pre-suppositions (Habermas 1987, 309).

Habermas' point is more complicated. It concerns the way in which individuals relate to each other in the market: 'Norm-conformative attitudes and identity-forming social memberships are neither necessary nor possible...' (Habermas 1987, 154). Individuals *qua* market participants do not enjoy *social* relations in the sense that their communicative actions aim at mutual understanding; rather they adopt a strategic attitude aimed at success in the pursuit of their own ends. It is a mistake to think about the economy primarily in terms of face-to-face interactions, which necessarily involve the symbolic resources of the lifeworld. Many economic phenomena, such as the determination of prices, and of the cost of labour, decisions about competitive strategy and the establishment of international supply chains occur at a level of abstraction that is far removed from the cooperative contexts of the lifeworld. Habermas has coined an apt phrase for this form of action coordination; it is 'deworlde'd':

Delinguistified media of communication such as money and power, connect up interactions in space and time into more and more complex networks that no one has to comprehend or be responsible for. If by 'responsibility' we mean that one orients one's actions to criticizable validity claims, then a 'deworlde'd' coordination of action that is unhinged from communicatively established consensus does not require that participants be responsible actors (Habermas 1987, 184).

One consequence of such deworlde'd action coordination is that markets are not loci of social integration, but of system integration. A second consequence is that market processes and outcomes do not express moral judgments.

(ii) One immediate consequence of the absence of responsibility in economic action is that individuals cannot be held morally responsible for their economic choices. Habermas makes this point very well when he discusses the 2008 financial crisis: 'The speculators, too, were acting consistently within the established legal framework, according to the socially recognised logic of profit maximisation. Politics turns itself into a laughing stock if it resorts to moralising instead of relying upon the enforceable law of the democratic legislator. Politics, and not capitalism, is responsible for promoting the common good' (Habermas 2013, 184). Habermas' point, I take it, is not that there is no scope for apportioning blame; after all, we do know now that a lot of the business practices that led to the crisis were illegal. Rather, it is that it is the job of politics to articulate and enforce the rules of the game within which economic actors are free to pursue their individual self-interest without regard for others. These rules of the game include the legal rules necessary for the market economy to work and more specific legislation, such as employment law.

With these rules in place, it is both necessary and desirable that economic actors do act in their self-interest alone. As Joseph Heath has pointed out, market mechanisms only deliver their benefits, information transmission and the allocation of scarce resources to

their most efficient use, if economic actors act strategically. This is the truth in Friedman's claim that the only social responsibility of business is to increase its profits. From this perspective, market participants are engaged in a staged competition in which the rules of everyday morality are suspended ('deontic weakening'), and an 'ethics for adversaries' applies, similarly to the ethics of competition in the law.⁴ Economic actors frequently mislead their business partners about their intentions, withhold information, and are indifferent to material harms that befall them. But what would be immoral in everyday life is permitted and prudent in the market, as long as the behaviour remains within the agreed rules of the game.

Some critical theorists endorse limits to economic action in the market economy. In particular, Joseph Heath has argued that since the justification of the market economy is its delivery of Pareto optimal outcomes, market participants should respect the spirit of the rules that are geared toward delivering these outcomes, even if there are loopholes that they could exploit (Heath 2014, 5).⁵ I think that this potentially is an important qualification of the antithesis claim, because a cursory look at contemporary management literature reveals that undermining the conditions for Pareto optimal outcomes is the first lesson for most aspiring businessmen.⁶ However, it is a necessary qualification, because it spells out the conditions under which a critical theorist can endorse the market economy. Nevertheless, it is important to note that this qualification does not introduce additional moral norms into the market, but merely enjoins economic actors to observe the rules of the game even when defection is possible. This distinguishes Heath's position from Honneth's, where substantial moral norms obtain in the market.

(iii) Nancy Fraser has drawn attention to the fact that individual success or failure in the market economy is determined partly by economic factors that are outside the individual's control. Thus, steel workers may lose their jobs due to a speculative merger which results in a site closure. The merger may be driven by macroeconomic forecasts of economic growth, increasing transportation costs due to environmental regulations, speculation about energy prices, or a concern with increasing dividend payments for the merged corporation's shareholders (Fraser 2003, 35; cf. also Zurn 2015, 138–43). However, this merger and the resulting job losses do not express a moral judgment on the value and worth of the steel workers' contributions to socially shared goals. Or, perhaps more precisely, even though the market value of their work has fallen relatively, because the same work can be done cheaper elsewhere, their job loss does not express a moral judgment that the steel workers no longer deserve social esteem, because the cultural evaluation of their way of life and their work ethos has not changed. The changes in industrial structure that have brought about their unemployment are accidents of economic change that express neither disrespect nor misrecognition, but merely the fact that it is no longer efficient to forge steel at this site.

Joseph Heath (2018) makes a similar argument about pay. Wages and salaries ultimately are determined by the supply and demand of labour in a specific sector at a specific place. To be sure, there are complicated arguments about how to account economically for education and training that may be necessary in order to do a specific job, and how that affects supply and demand, and therefore pay. But proponents of the view that the market economy is not a moral order insist that differences in pay between different jobs or

between the same jobs in different places ultimately depend on economic mechanisms of supply and demand, rather than on cultural valuations of individual achievement, contribution to socially shared goals, or the intrinsic value of a particular activity. This explains why orchestra violinists often are poorly paid, despite the fact that being able to play the violin at the level required for playing in a professional orchestra is a relatively rare talent and requires many years of disciplined training. It is just that there still are too many talented and well-trained violinists, while the demand for orchestral performances and the willingness to pay for such performances is highly elastic. Most importantly, proponents of the view that the market economy is not a moral order will insist that low pay for orchestra violinists is not an expression of disrespect or misrecognition. It does not express a moral judgment at all. And the same holds for all wages and salaries.

Of course, critical theorists who hold this view recognise that market mechanisms lead to bad outcomes for some, and they argue that such outcomes should be addressed through distributive justice, including extensive tax-financed social welfare policies. However, they insist that this redistribution does not address injustice produced by the market; market outcomes are neither just nor unjust. They are efficient, given the existing distribution of resources, and that is what justifies their use in social reproduction. Distributive justice establishes social equality (including equality of opportunity), which is justified independently from efficiency (e.g. by the normative standard of participatory parity) (Fraser 2003, 36f.), and which comes in after the market process is concluded.

IV Living with the antinomy

As we have seen in the Introduction, an antinomy is a pair of contradictory claims that nevertheless are both seen as true. To resolve an antinomy is to give an explanation of how this seeming contradiction can be made to disappear by assuming a standpoint from which the contradictory claims can be seen as being caused by a limited perspective on the whole. My argument in this article is that the market antinomy is real, because both the thesis: the market is a moral order, and the antithesis: the market is not a moral order, are seen as true.

It may be objected to this argument that the market antinomy is not really an antinomy, because, on reflection, either the thesis or the antithesis turns out to be false. I don't think that it is possible to disarm this objection entirely. Both theses are complex and open to contestation, and while proponents of both have answered objections raised against their views, there is no clear sense that either one of the theses will convince proponents of the other, as long as both are understood as first-order normative positions.⁷ My argument suggests a different way forward. Rather than persisting with the criticism of both theses in the hope of convincing one side that the other is right, let us ask what may be gained by conceiving of the market antinomy as a genuine antinomy. What insights into the substantive problems of the modern market economy, from distributive injustice to exploitation, the struggle for meaningful work, and colonisation of non-market spheres by market imperatives, do we gain, if we remain within the space of the antinomy and consider the market as a social sphere whose constitution may be open permanently to contradictory interpretations, depending on our standpoint?

Phenomenologically, the market antinomy testifies to the fact that individuals in modern capitalist societies do consider the market to be a moral order and not to be a moral order, depending on the standpoint from which they consider it. The antinomy contrasts two contradictory first-order normative positions, and individuals oscillate between them depending on their perspective. Consider two examples, based on the second and third contrasting claims about the market in §II–III above: (i) Is economic action subject to the rules of everyday morality? (ii) Do market processes and outcomes express moral judgments about the value and worth of an individual's contribution?

(i) When faced with the facts about tax avoidance of large corporations or about the exploitative pricing of lifesaving medicines we cannot help but evaluate their actions from a moral point of view as harmful to society and heartless in their approach to vulnerable ill people. We think that corporations act immorally and ought to be criticised or condemned, because they have violated moral norms that are immanent in the market economy. But when we look at the same facts from the 'sober' perspectives of economic theory we have to acknowledge that tax avoidance is a legitimate strategy of minimising operating costs, and that high prices for medicines facing an inelastic demand are permissible rational strategies for corporations with exorbitant research and development costs under intense competition. Our conclusion then may be that market decisions are made within an environment in which moral considerations simply do not apply, and which can be justified by its overall social efficiency. Moral criticism suddenly looks like moralism, an inappropriate use of moral judgment.

(ii) Similarly, when faced with facts about low pay for care work or about the poor (but legal) working conditions in some industries, we cannot help but criticise them as disrespectful and exploitative from a moral point of view and demand that care workers are better paid and workers better protected. However, the 'sober' perspective of economic theory tells us that wages are set by supply and demand, and that care work is poorly paid and working conditions are poor in some industries, because the composition of the workforce in these sectors, including women working part-time and unskilled immigrants (and the possibility of using undocumented workers), keeps wages low. Again, we may conclude that the determination of salaries and wages and the protection of working conditions occur 'naturally' in the market and do not express moral judgments about the worth and value of an individual's contribution to socially shared goals. As a result, we may say that while nurses certainly deserve respect for their work, they do not 'deserve' higher salaries, because the concept of desert is a moral concept, which may be appropriate to judge the allocation of respect but not of income.⁸ This may sound heartless, but the determination of the price of labour through the market mechanism is a corollary of the market economy. While the market economy is not a natural institution, if we find it legitimate because of the material advantages that it brings all of us, then we must conceive of it as norm-free, because its operation will be undermined, if we interfere with the process of price-setting through supply and demand for political reasons.

I do not think that it is irrational to oscillate between these two contradictory perspectives without believing that ultimately one of them must be true and the other false. In other words, our experience of the market order seems to be genuinely antinomial. This diagnosis echoes Adorno's insight that the contradictoriness of thought may be justified, if

the social reality itself is contradictory (Adorno 1966, 22; cf. Jütten, 2012). As in the case of freedom mentioned above, remaining within the space of the antinomy is productive for social criticism, because it enables us to get the contradictory nature of the modern market economy into our sights. It is a genuine insight that the moral status of the modern market economy can and must be evaluated differently depending on one's standpoint, because it explains why we can be genuinely torn in our evaluation of our own and others' fortunes and misfortunes. We may evaluate them as either deserved or as the arbitrary results of the amoral market process.

What psychological processes could explain why people take up either of the two contradictory standpoints? I don't have the space here to consider the existing evidence of popular attitudes to markets.⁹

However, three immediate possibilities come to mind. First, people may try to minimise cognitive dissonance in their lives. They may subscribe to the just-world hypothesis, first elaborated by Melvin Lerner (1980) and replicated in many empirical studies.¹⁰ According to Lerner, we have a disposition to believe that people deserve what they get and get what they deserve. This is particularly true if we observe people who suffer or are victimised, and we do not see a possibility of helping them. The just-world hypothesis explains many forms of victim-blaming. It is easy to see how it also could be used to explain why people choose the standpoint that the market economy is a moral order, especially when they are confronted with some of the more brutal consequences of the free market, such as forced unemployment, extreme inequality, or lack of social mobility. Rather than seeing these phenomena as the unintended consequences of an amoral market economy that wastes human potential and leads to huge social suffering as a side effect of wealth creation for others, people may see them as just deserts for those who only have themselves to blame.

Second, people may choose the standpoint that the market economy is a moral order, because it offers them the normative resources with which they can criticise the market economy as unjust. Like those who succumb to just-world beliefs, they cannot accept that the negative consequences brought about by the market economy are the amoral side effects of an otherwise well-functioning social institution. However, rather than revising their moral judgments about the victims of market competition, they believe that these consequences impeach the market economy as a whole.

Finally, people may choose the standpoint that the market economy is *not* a moral order to distance themselves from demands for the moral justification of individual economic action or market outcomes. They stress the anonymity and functional nature of economic processes and deny that market outcomes express moral judgments. Thus, this standpoint may be a defensive strategy, because it enables the 'losers' of economic competition to maintain that their loss does not reflect negatively on their social status. But it also may be a justificatory strategy for the 'winners' who need to appease the 'losers' in order to avoid a loss of legitimacy for the market economy. This is particularly true when – unlike Hayek and Friedman, but like Habermas and Heath – commitment to the market economy as an amoral order is coupled with a commitment to a strong welfare state that supports those who suffer the negative consequences of market competition.

V Resolving the antinomy?

Remaining within the space of the antinomy yields valuable insights into our ambiguous relationship to the market economy, and we have seen why people may choose to adopt the standpoint of the thesis or the antithesis depending on their psychological disposition, emancipatory interests or economic situation. Nevertheless, most economists and philosophers have tried to resolve it decisively in favour of the thesis or the antithesis by showing that the seeming contradiction disappears, once we gain a higher-level view of the problem. In this section, I review three strategies to do this: (i) a debunking strategy aimed at showing that the market economy is not a moral order, (ii) a strategy, similar to Kant's own, appealing to an emancipatory interest in showing that the market economy is a moral order, and (iii) a strategy that points to our reactive attitudes in support of the claim that we cannot but think of the market as a moral order.

(i) One strategy, which aims at showing that the market economy is not a moral order, takes the form of a debunking argument. According to this argument, once we understand the economic mechanisms that govern market competition and are responsible for market outcomes, we can see that these mechanisms aren't inherently governed by moral norms and don't reliably lead to moral outcomes. Rather, market mechanisms are independent of moral norms, and, therefore, we have no reason to believe any market outcome is just (or unjust), just because it was brought about by a market mechanism. To the contrary, insight into how market mechanisms work should undermine our belief that market outcomes track moral norms even in cases where it looks as if there is a conceptual connection between them.¹¹

Economists and political philosophers often invoke the debunking argument in order to demonstrate the limitations of market mechanisms in causing just outcomes. Their intention is not to criticise markets but to educate people about how markets work, and what we can legitimately expect from them.¹² In particular, they point out that the moral arbitrariness of market outcomes is itself a price we must pay to gain the benefits of market mechanisms.¹³ These benefits, efficiency, productivity and prosperity, outweigh the costs of market mechanisms, and in particular the fact that they lead to market outcomes that defy moral norms. And many advocates of the debunking argument agree that morally objectionable maldistribution resulting from the use market mechanisms should be addressed through redistributive policies.

The debunking argument reaches its limits when economic explanations fail to dispel our conviction that certain market processes and outcomes are unfair, and we conclude that having an economic explanation for them does not render them any less objectionable. Unfortunately, this is very common; recall, for example, the discussion of nurses' pay in IV above. Most people are perfectly capable of understanding the economic explanation of wage setting, and how supply and demand determine pay (with some qualifications). Nevertheless, moral outrage about nurses' pay is a familiar feature in political discussion in Western Europe. Our moral convictions are sticky, and, in particular, our conviction that nurses are not paid what they're worth, or that their work is undervalued, suggests that people see pay as a moral issue.

(ii) A second strategy resembles Kant's own in the *Critique of Pure Reason*. In the resolution of the antinomy, reason takes an interest in the truth of the thesis (that we are free), and the appeal to transcendental idealism allows the thesis to prevail. As citizens of the noumenal as well as the phenomenal worlds we are free, even though from the limited perspective of the understanding our actions appear to be causally determined. The resolution of the antinomy requires the recognition that freedom and causality do not exist on the same level. At one point, Honneth seems to suggest a similar approach to the market antinomy. From the perspective of a critical social theory, it would be justified to choose one standpoint on the market economy, to endorse either the thesis or the antithesis, if that served its diagnostic and emancipatory aims.¹⁴ He writes:

The choice between taking up the perspective of system integration or social integration cannot be merely left up to the arbitrary will of the individual theorist. Rather, the latter must justify his or her choice with regard to which of the two perspectives is more appropriate in each individual case. But as long as employees struggle against unreasonable labour conditions, and as long as the majority of the population suffers under capitalistic work relations, there is little reason to analyse the capitalist labour market from the perspective of capitalist efficiency...[T]he reactions of those who populate the labour markets of modern capitalism can only be appropriately explained if we take up the perspective of social integration instead of system integration (Honneth 2012, 71f).

If Honneth is right about the criterion for theory choice, then we are entitled to resolve the antinomy in favour of the thesis or the antithesis, if one serves our emancipatory interest better than the other by being superior in either diagnosis or emancipatory potential or both. And Honneth, of course, thinks that the thesis is superior in these respects.

However, my analysis in §IV above raises questions about this claim. On the one hand, we have seen not only that it is not irrational to oscillate between the thesis and antithesis positions, but also that both positions can be interpreted as ideological or critical, depending on the context. The thesis that the market economy is a moral order may serve as the starting point for moral criticism with emancipatory intent, but it also may serve as an ideological justification for market outcomes that have negative consequences for some people. Moreover, the critical interpretation may be more limited than Honneth thinks, because it looks as if it merely may have the limited force of an abstract ought. On the other hand, we have seen that the same holds for the antithesis. The standpoint that the market economy is not a moral order is not necessarily apologetic; it also may serve the critical purpose of deflating moral judgments of those who do not succeed in market processes and suffer from market outcomes.

(iii) A third strategy is more promising. As Peter Strawson has famously observed, there is a limit to the effect that theories of causal determinism can have on interpersonal relationships. In particular, our reactive attitudes, such as resentment and gratitude, as well as the whole web of moral attitudes and beliefs that express or constitute moral judgments about desert or justice, form an integral part of our form of life, because of the importance that we place on the attitudes toward us and others that people express through their

actions (Strawson [1974] 2008, 5–6).¹⁵ Personal and moral reactive attitudes toward others are ‘natural human reactions’ (Strawson 2008, 10) which presuppose that we treat them as responsible agents with moral duties and obligations.¹⁶ While we can temporarily suspend ordinary interpersonal attitudes toward others and instead adopt an ‘objective’ attitude, wherein we ‘manage’ or ‘handle’ them, rather than interact with them as responsible persons, such suspensions will remain exceptional and limited in our form of life.¹⁷ As Strawson writes, in response to the question of whether it would not be rational to change our world and wholly suspend our reactive attitudes if we were to become convinced of the truth of determinism: ‘it is useless to ask whether it would not be rational for us to do what it is not in our nature to (be able to) do’ (Strawson 2008, 20). In other words, we cannot get away from the reactive attitudes, because they are fundamental aspects of our interpersonal relationships. We cannot help ourselves but respond to others as responsible agents and hold them to their moral duties and obligations.

This observation applies to the market economy. Whatever force debunking theories have in persuading us that market behaviour should be exempt from moral norms, and that market outcomes do not reflect moral worth, our reactive attitudes suggest otherwise. We react very strongly to (perceived) injustices in market behaviour and outcomes, because we cannot help ourselves but interpret them as the behaviour of responsible agents and judgments of our status and worth as persons. In particular, research in economics and social psychology shows that our *social* status, our individual worth in the eyes of others, and therefore of ourselves,¹⁸ depends to a significant degree on our success and failure in the market economy. Therefore, it is not surprising that people actively seek status through economic behaviour, in both the spheres of production and consumption. In the sphere of production, an individual’s social status is related directly to their occupation and income level, and indirectly to more granular detail of their employment, including whether their work: is secure rather than precarious, dirty, dangerous and demeaning rather than meaningful, gives them discretion in how they do their work, involves directing others, and so on. As a result, when people consider who gets a desirable job, a decent salary or whose work is more secure or meaningful, questions of desert and justice always arise, and people are very alert to (perceived) injustice. Likewise, in the sphere of consumption, an individual’s social status is related to their level of consumption, what they consume, how and where they consume it, etc. In particular, people seek to demonstrate and secure their social status through conspicuous consumption, and in ‘competitive’ consumption for positional goods, such as selective education for their children. As a result, when people consider individual consumption decisions, either their own or others’, they bring moral considerations to bear on them and make moral judgments about them.

As we have seen, Strawson’s analysis allows for the temporary suspension of reactive attitudes. Could critics of the thesis that the market is a moral order appeal to this possibility? Phrases such as ‘deontic weakening’ may suggest a similar idea, but, as far as I can see, Strawson’s own discussion of the objective attitude does not support such an argument. First, Strawson suggests that we cannot adopt the objective attitude ‘for long, or altogether’ (Strawson 2008, 10), and, second, he suggests that when we do it, ‘our doing so is not the consequence of a theoretical conviction’ (Strawson 2008, 14), for example, that the market is not a moral order.¹⁹ More generally, suspending reactive attitudes

globally for market behaviour and outcomes seems impossible, because markets play such an important role in our lives and are so important for our social status. Market behaviour and outcomes shape our decisions about what and where we work, how and where we live, how we bring up our children, and what we do in our spare time. It is difficult to believe that all these aspects of our lives could be exempted from moral evaluation.

VI Conclusion

I wanted to do two things in this article. First, I wanted to take seriously the idea that there is a market antinomy and show that we can gain important insights into the moral and functional evaluation of the market economy, if we ‘remain within’ the antinomy and examine why it may not be irrational to think that the market economy is and is not a moral order, depending from which standpoint we consider it. In particular, I wanted to show that both positions can make sense, depending on what one’s psychological dispositions, emancipatory interests or economic situation is, and that both thesis and antithesis can be used in ideological and critical ways. Second, I wanted to suggest that the market antinomy can be resolved, if we recognise the central importance of social status to human motivation and see that the market economy necessarily also is a social status order which assigns status competitively and issues in a status hierarchy. The reason why markets are not amoral is that they cannot be separated from the effect that they have on social status ascriptions, which intrinsically are subject to moral norms.

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Notes

TBC.

1. Cf. Friedman 1970. As Joseph Heath notes (2014, 13), Friedman clarifies later in the text that managers typically should try ‘to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom’. Heath also notes (2014, 18f.) that Friedman didn’t expect ethical customs to impose ‘significant constraints on business behavior’, and, moreover, some Chicago School lawyers go further, arguing that breaking the law is acceptable if it is profit-maximising ex ante.
2. Kant, *Critique of Pure Reason*, A422/B450.
3. For a criticism of Honneth’s argument see Jütten (2015).
4. Cf. Isaak Applbaum (1999). The phrase ‘deontic weakening’ is Heath’s (2014, 9).
5. However, Heath specifies exceptions to this demand.

6. For example, [Porter 1998](#). Entry of new competitors is the first of five competitive forces Porter analyses (1998, 4). Raising barriers to entry becomes an important strategy in maintaining competitive advantage.
7. The same is true for Kant's Antinomy of Pure Reason. Neither defenders of free will nor defenders of determinism will be easily convinced by the other side.
8. Some years ago, Hans-Werner Sinn, a well-known German economist and president of the Ifo Institute for Economic Research answered the question of what a nurse deserved (to earn) with the quip that she deserves our respect.
9. To the best of my knowledge, there is no empirical work on whether people hold contradictory views on markets.
10. For a more recent survey see [Furnham 2003](#).
11. Of course, this does not affect cases where a just market outcome is defined as the outcome of a market mechanism.
12. The German Chancellor Angel Merkel's remarks about 'market-confirming democracy' in the context of the Greek sovereign debt crisis are illuminating here. They suggest that we should accept limitations on democratically endorsed policies if they clash with economic mechanisms whose operation is assumed to be necessary for the market economy.
13. The passage from Hayek quoted in the Introduction is an example of this.
14. On these aims see [Benhabib 1986](#), 226 and [Allen 2008](#), 3. Benhabib and Allen use slightly different terms, but they mean the same.
15. I write 'express or constitute' because of a dispute in the literature about whether reactive attitudes express moral judgments ([Darwall 2009](#); [Wallace 1994](#)) or constitute them ([Deigh 2011](#)), which needs not concern us here.
16. Strawson discusses two forms of reactive attitudes, which he calls personal and vicarious. The former describe reactions to others' attitudes to oneself, while the latter describe more general reactions to others' attitudes toward third persons. These are the 'moral' reactive attitudes, which express moral indignation or disapprobation rather than resentment (2008, 15–16).
17. Strawson's examples of people toward whom we sometimes take up the objective attitude include children and people who suffer from severe personality disorders (2008, 9).
18. Here I agree with [Honneth 1996](#), 173f.
19. At one point, [Strawson \(2008, 18–19\)](#) remarks (uncertainly, he writes) that suspending moral reactive attitudes may be easier than suspending personal ones (but also that there may be fewer and weaker motives to do so). If my argument in the main text is correct, then it isn't easier, because our need for social status, and our alertness to how (perceived) injustice in the market threatens our status, will ensure that moral reactive attitudes remain central to our form of life.

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