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Lansana Keita

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Yew-Kwang Ng. *Markets and Morals: Justifying Kidney Sales and Legalizing Prostitution.* Cambridge University Press 2019. 220 pp. \$99.99 USD (Hardcover ISBN 9781107194946); \$32.99 USD (Paperback ISBN 9781316646571).

Markets and Morals, by economist Yew-Kwang Ng, is an attempt to make the case that the economic lives of humans offer a direct answer to the question of what represents ‘the good’ in their lived sensate experiences. For Ng, human happiness as the *summum bonum* is best expressed in social welfare terms. The social welfare function of the branch of economics known as welfare economics defines social welfare functions as the additive sum of individual utility functions in this regard. This utilitarian approach to human ethics derives, no doubt, from the human sensate system of ethics developed by Bentham and Mill in the nineteenth century. Before embarking on a discussion of Ng’s text, it would be instructive to offer some background knowledge as to how two dominant systems of ethics developed in the post-feudal world of the Enlightenment where the epistemologies of empiricism and rationalism held sway over other forms of human ethics. In this regard, the writings of Hume, Kant, Bentham, and Mill set the foundations for the twentieth century ideas on the key issues of ethics formulated by Rawls, Nozick, Sandel, Sen, and others.

The modern scientific era is noted not only for its qualitative advances in novel forms of technology but also in new modes of thinking. In premodern times, moral decision making was determined by religious and folkloric beliefs which relied mainly on very minimal scientific inputs. The modern scientific age ushered in by Newton’s mechanics and other scientific advances of the era then established the criteria for moral rules. The influence of Newton’s mechanics, founded on his universal laws of nature expressed in his *Principia Mathematica*, was so great that Kant saw it fit to model ethics on Newton’s universality principles. The result was the stock of workable moral rules should conform categorically to the principles of universality and non-contradiction—*pace* Hume who argued that from a strictly empirical point of view there are no provable universal laws of nature. Such laws are valid only on the basis of a probabilistic inductive inference. Kant’s answer, of course, was to salvage the universality of scientific laws on the basis of the claim that such laws are synthetic a priori. Kant then extrapolated such an idea to moral philosophy.

The empirical approach to knowledge, on the other hand, found its way not only into the principles of natural philosophy (empirical science), but also into the moral (social) sciences. This was the basis for the utilitarianism of Bentham and Mill which served as the foundations for human decision-making in the developing social science of political economy. The utilitarian argument was that ‘goodness’ and ‘badness’ were to be determined by the sensate feelings of pleasure and pain. Mill, however, qualified that purely empiricist definition of utilitarianism in terms of pleasure and pain with his quip that some pleasures were of a higher quality than others, even to the point that the negative pleasure of a dissatisfied Socrates was of a higher quality than a satisfied porcine.

Bentham, as utilitarian, introduced the idea of a utility calculus that sought to measure the subjective sensate states of individuals as they increased or decreased the consumption of some item. The measurement term for the supposedly discrete sensate feeling was *util* which became an integral element of a developing marginalist economics. In this context, individuals as consumers, were deemed to possess utility functions that would determine their *util*-measurable choices.

In this context, utilitarian ethics with its definition of good and bad founded on the sensate principles of pleasure and pain was adopted by classical political economy. The maximization of expected utility was deemed to be the goal of each choice-making individual, and when taken in aggregate, formed the basis for the social welfare functions of welfare economics. This is the ethical

platform from which Ng frames his general thesis that market exchanges according to the ethical principles of utilitarianism are better and more efficient gauges of human happiness, welfare, pleasure and satisfaction, than otherwise. In this regard, the ethical content of an action is determined not according to deontological principles, as in the case of Kant or Rawls, but rather whether it increased human happiness or welfare.

Ng's goal in his text is to extend market transactions to encompass areas where standing ethical rules prohibit certain interpersonal transactions that would seem to increase human welfare. This would entail, for him, the cases of kidney sales and prostitution which are viewed as unethical from certain moral standpoints. As a welfarist, Ng argues that any action that increases the welfare and happiness at the individual level following the principle of Pareto Optimality and at the general level of a social welfare function, would be morally acceptable. In this instance, there would be no need for any set of a priori deontological principles to guide human behavior.

Before making the case for a system of ethics derived from market considerations that get translated into social welfare functions for society as a whole, Ng presents arguments against the deontological ethics of Kant and Rawls. Kant's categorical imperative states that the only valid ethical rule is that the maxim of any ethical decision should be such that it be consistently universal as any synthetic a priori natural law. Such a principle would certainly rule out ethical laws that would lead to their finiteness. The examples of murder and theft are cases in point. Clearly, a thief would not wish to be stolen from, and the same for a murderer. But Ng claims to detect a flaw in Kant's collection of rules fashioned after the categorical imperative. Ng writes: 'First, from his categorical imperative, Kant derived some moral principles too absolutely, to the disregard of possible huge welfare losses. One clearly unacceptable example is Kant's insistence that 'To be truthful (honest) in all declarations is therefore a sacred unconditional command of reason, and not to be limited by any expediency' (147). This principle would apply even in the case of telling the truth about the hiding place of an intended murder victim to the murderer. For Ng, this case would render Kant's categorical imperative morally dubious. However, the counterpoint to this possible flaw in Kant's ethics is that the act of murder as a universalizable maxim could not be a valid maxim in Kant's ideal set of moral rules. Thus, the possibility of Kant's ideal truth teller exposing the hiding place of a potential murder victim just could not exist. In the real world, of course, truth telling without situational exceptions does not exist. In its general form, Ng argues that Kant's categorical imperative is indeed 'consistent with welfarism and utilitarianism' (146), and not at odds with Kant's fundamental moral principles. He makes the case for Kant's categorical imperative and also for 'Kant's second formulation of humanity' which states that members of humanity should be treated not as means to ends but as ends in themselves. Ng sees this Kantian principle as being consistent with welfarism despite some ambiguity. In fact, Ng goes beyond the limits of humanity to include animals as sentient beings (147).

Ng then proceeds to offer a critique of deontological ethics as expressed by Rawls in his *A Theory of Justice* (Harvard University Press, 1971). Rawls constructed his particular theory of justice on three postulates: 1) the veil of ignorance, 2) a maximal liberties principle, and 3) equality of opportunity buttressed by the difference principle. The practical results of implementing Rawls's theory would be a society with maximal intellectual and physical liberties, maximal equality of opportunities for all persons regardless of social position, and a maximin approach to economic, physical, and social differences, if such exist. In pure economic terms, a Gini coefficient of 0.10 would be much preferable to one of 0.70. In this context, the welfarist utilitarian approach advocated by Ng would not yield the equitable outcomes that Rawls's difference principle promotes. The virtue of the deontological approach is that its systems of ethics are structured on *a priori* foundations that

exclude sensate states of pleasure and pain as determinants of justice, rightness, fairness, wrongness, etc. In short, the foundational premise of deontic systems of ethics is that the idea of the right is distinct from that of the good.

An ethical system based on the aggregation of individual utility functions according to which there is no uniform definition of good or bad as they relate to pleasure and pain is bound create ethical confusions. In practical terms, how would the individual utility functions of sadists and masochists be aggregated to formulate social welfare functions? Yet the welfarist approach to ethics augurs well for market economics which is founded on a platform of a flexible liberalism. It is on this basis that Ng justifies his claim that kidney sales and prostitution are morally acceptable because such activities increase human welfare, and even happiness. But the idea that all human decision making should be evaluated according to the utilitarian pleasure-pain calculus of market economics would not be acceptable to those who seek to found their system of ethics on universalist considerations as in the case of deontological ethics. This is the position supported by Kant, Rawls, Sandel, and others.

The issue here has always been to found an ethics on what is 'right' as opposed to what is 'good,' founded on welfarist or utilitarian grounds. A utilitarian ethic would not seem to have the scope for ethical choices founded on concepts such as good will and obligation. To found a system of ethics on the pleasure-pain-happiness calculus of utilitarian welfarism would, no doubt, include acts such as kidney sales and prostitution, seen as increasing the positive content of social welfare functions, as Ng would argue. But such would not answer the questions concerning the intrinsic *a priori* valuation of persons *qua* persons. In this regard, kidney selling and prostitution would seem to promote the market commodification of the individual.

Ng argues (15) that the market economy has much to recommend it, given its role in fostering efficiency and economic growth, thus leading to increases in human welfare despite its tendency to foster economic inequality. He offers the example of China as a case in point. Yet there are aspects of the market that could be challenged by theorists such as Rawls and Sandel. Market welfarism would not see virtue in Rawls's difference principle given its implicit support of the principle of Pareto optimality. Market economic systems have been known to develop into systems of imperfect competition noted for monopolistic and oligopolistic competition. The deontic rights of individuals under such market conditions just do not measure up to the moral criteria postulated by Kant and Rawls.

Ng's *Market and Morals* is an interesting text in that it demonstrates, once again, the ontological nexus that exists between economics and ethical theory. The ongoing debate has always been about how to conflate the right with the good. As an economist, Yew-Kwang Ng, makes some interesting points in this regard.

Lansana Keita, University of the Gambia