



Is Competition Inherently Sleazy? Why the Market Failures Approach Says Yes and Kantian Ethics Says No

Robert C. Hughes¹

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Abstract

Joseph Heath presents his market failures approach to business ethics as a happy medium between cynicism and the idealism of traditional moral theories such as Kantian ethics, which Heath believes to be incompatible with important forms of competition. The market failures approach defends some real ethical limits in business, beyond following the law, but it condones certain deviations from the norms of everyday morality in the interest of economic efficiency. On this view, a certain level of sleaziness in business is permissible and inevitable, even if it is regrettable. This article argues that Kantian ethics provides a better account of the ethics of competition than the market failures approach does. Kantian ethics is in fact compatible with competition, both on the market and in the workplace. On some key issues, notably including the issue of truthfulness and disclosure, Kantian ethics permits competitive strategies that the market failures theory forbids. Moreover, when Kantian ethics deems the reasoning behind a competitive strategy morally acceptable, it endorses the strategy without any ethical reservations. There is no reason to regard justified business practices as regrettable or sleazy.

Keywords Kantian ethics · Market failures approach · Ethics of competition

Introduction

Joseph Heath's *Ethics for Capitalists* (2023) concisely and eloquently presents the core ideas of the influential market failures approach to business ethics. Heath presents this approach as a safe route between the “Scylla” of overly demanding moral views and the “Charybdis” of thinking that following the law is all there is to business ethics (2023, p. 16). Among the ethical views Heath dismisses as overly demanding “Scyllas” are Kantian and Aristotelian moral theory, Christian and Buddhist ethics, and “everyday morality” (2023, pp. 9–10, 22–23). An example of an overly permissive “Charybdis” view is Albert Carr's assertion that “the major tests of every move in business, as in all games of strategy, are legality and profit” (Carr, 1968, p. 149).¹ Though Heath rejects Carr's view, he agrees with Carr that many of the ethical norms widely accepted in everyday life do not apply in the business world. This relaxation of ethical

norms, or “deontic weakening,” is justified by the contribution that adversarial competitive behavior makes to our collective welfare (2023, pp. 54–70).

This article will argue that the Kantian tradition in ethical theory is in fact friendlier than the market failures approach to competitive practices. There are some widely and justifiably accepted competitive strategies that Kantian ethics permits and the market failures approach forbids. For example, Kantian ethics permits building a brand image with uninformative but non-deceptive advertising, but Heath condemns spending on uninformative advertising as wasteful. Kantian ethics would permit a job candidate not to volunteer personal information that an employer could (fairly or unfairly) regard as a negative, such as a plan to become a parent. The market failures approach appears to require job candidates to volunteer such information in an interview if disclosure is necessary to prevent market failure.

More broadly, Kantian moral theory and the market failures approach express different attitudes toward competitive practices. On Heath's view, if one tried to apply the norms of everyday morality to the business world, one would be forced to conclude that it is inherently unethical to pursue a

✉ Robert C. Hughes
rob.hughes@business.rutgers.edu; rhughes@fastmail.com

¹ Department of Management & Global Business, Rutgers Business School—Newark and New Brunswick, 100 Rockefeller Road, Piscataway, NJ, USA

¹ Bowie (2017, pp. 8–14) argues persuasively that Carr's position is untenable when the rules of competition are not all encoded in law.

business career. The practice of competition itself is problematic and stands in need of justification, much as war needs justification. Heath gives one of his chapters the title “*Jus ad mercatum*” (the justification of markets), echoing the term “*jus ad bellum*” (the justification of war) from just war theory. Heath claims that Kantian ethics is incompatible with forms of competition that are essential to any form of capitalism (2023, pp. 18, 67), but he is mistaken. Kantian ethics finds no inherent incompatibility between business competition and ethical norms that apply to everyday life. Businesspeople can hold to these norms while interpreting and applying them in a context-sensitive way.

Others have defended Kantian approaches to business ethics (e.g., Arnold & Bowie, 2003; Bowie, 2017; Furner, 2019; Scharding, 2015), but not against Heath’s recent charge. Heath’s criticisms of Kantian ethics are gestural at best and appear to be based on a straightforward misreading. Heath’s own account of business ethics, however, is tempting. Heath offers us a picture of business as a world of unavoidable sleaziness where there are nevertheless some clear ethical lines. This is a serious and thoughtful effort to find a path between idealism and cynicism. Understanding where Heath’s critique of Kantian ethics goes wrong will show why we need not see business competition as inherently sleazy.

The Market Failures Approach to Competitive Ethics

Heath’s market failures approach to business ethics is motivated by a sense that the norms of everyday morality cannot apply unmodified in the business world. His earlier presentations of the market failures approach held that in extrafirm contexts—that is, in interactions with people and organizations outside of one’s own firm—business ethics consists in avoiding taking advantage of market failures (Heath, 2006, p. 550; 2014, p. 89). These ethical norms are grounded exclusively in concerns about efficiency. This earlier account of the ethics of market transactions entails that unless the requirements of everyday morality are *also* grounded exclusively in concerns about efficiency, market morality and everyday morality have different grounds. Heath’s new (2023) presentation of the market failures approach allows for somewhat more continuity between the morality of the market and the morality of everyday life. There may be some aspects of everyday morality that carry over into the marketplace, but some (not all) of the requirements of everyday morality apply differently or do not apply at all. As Mejia (2024) points out, this new presentation of the market failures approach supports a different list of permissions and obligations (Heath, 2023, pp. 99–100) than his earlier account (Heath, 2014, pp. 111–113). Because Heath’s

new (2023) account represents his most recent thinking, I will focus my discussion on it.

Consider the ethics of sales. If a customer asks a salesperson to recommend a product, we expect the salesperson to suggest one of the products they are selling, even if a competitor’s product is better or available at a lower price (2023, p. 12). By contrast, it is a norm of everyday morality that if one asks a stranger on the street for directions, the stranger will recommend the best route (2023, p. 13). The norm of cooperativeness we expect in an everyday interaction with a stranger is partially suspended when one interacts with a salesperson. This is an example of what Heath calls “deontic weakening.”

On Heath’s view, competitive contexts involve a departure from the norms of ordinary morality, which on his view involve cooperation. When competition is justified, it gives competitors ethical permission to behave in uncooperative ways that would ordinarily be morally wrong or impermissible. Most notably, competition permits a “suspension of altruism” toward one’s competitors (2023, p. 69). For example, suppose that the most productive employee in a workplace will receive a bonus, which will be split evenly if everyone is equally productive, and that putting in extra effort is burdensome. Workers are justified in putting in extra effort to compete for the bonus, even though they would be better off if they cooperated (with each other, not with their manager) and limited their efforts in the workplace (2023, p. 59). Three forms of self-interested behavior are specifically permitted in the context of price competition in the market. First, in a perfectly competitive market, firms and consumers may make “supply and demand” decisions in a self-interested way. Second, in a market that falls short of perfect competition but nonetheless is “reasonably competitive,” individuals and firms may raise and lower prices in a self-interested way. Attempting to underprice rivals is one of the permitted strategies. Third, firms may pursue strategies that involve shifting their own supply curves down—for instance, by developing new technology that makes the production process cheaper (2023, pp. 94–95).

The moral permissions associated with competition need justification, on Heath’s view. When people play competitive games for fun, the consent of the competitors might be the whole justification for taking an adversarial attitude (2023, pp. 61–62). It is more difficult to justify competitive institutions when there is a “non-negligible cost associated with avoiding” participation (2023, p. 62). Making a living is not a game. The choice to compete for scarce bonuses in one’s workplace is not an entirely voluntary choice, nor is the choice to compete for good jobs in a competitive labor market. For the mandatory competition imposed by capitalist economic systems to be justified, it must produce a Pareto-improvement; that is, it must make all participants at least as well off as they would have been under a purely cooperative

economic system, and it must make some better off (2023, p. 64).² Moreover, it is not enough to produce “a ragtag bundle of benefits.” Competition must address a serious problem, such as a “severe compliance problem” (2023, pp. 64–65).

Heath identifies two problems capitalist competition addresses.³ First, price competition in the market provides a signaling mechanism to producers, enabling them to make production choices that are good for collective welfare, such as making more of a good when people’s need for that good increases. It is difficult for a complex economy with extensive division of labor to do this well without markets (2023, pp. 48–49). Second, competition both in the market and in other contexts (such as competition within the workplace for artificially scarce bonuses) addresses severe problems of free-riding that a purely cooperative economic system could not avoid (2023, pp. 64–65).

The requirements of everyday morality are weakened in competitive contexts only to the extent that this “deontic weakening” serves the social purpose of the competition. So, for example, workers may compete for a bonus by trying to produce more than their coworkers, but they should not compete by trying to destroy what their rivals have produced (2023, p. 68). In past presentations of the market failures approach, Heath suggested that the only ethical constraints that apply in market contexts are those that have an affirmative justification in terms of economic efficiency (2014, p. 174). Heath has faced criticism for excluding ethical constraints that are grounded in other values, such as justice (Moriarty, 2020; Singer, 2018). His revised presentation of the market failures approach leaves open the possibility that some requirements of everyday morality that are not grounded in efficiency may apply in competitive business contexts. These may include some justice-based requirements applicable to businesses in unjust legal regimes (2023, pp. 194–195) and norms against forms of wrongful discrimination that are “recalcitrant” in the face of market pressure (2023, pp. 198–199).⁴

Heath’s claims about permissible competition are subject to an important qualification. Heath only asserts they apply in societies with reasonably well-functioning governments that provide, in Heath’s language, “a floor on the level of permissible inequality.” (2023, p. 194). If the state fails to provide this floor, or if it fails in other ways, Heath thinks

it an open question whether market actors are still permitted to compete in purely self-interested ways or whether the “deontic weakening” is “countermanded” by the state’s failure (2023, p. 195). So Heath’s defense of self-interested market behavior only applies in societies in which the harmful effects of losing a competition are limited. The forms of competition Heath defends allow for the possibility that individuals who lose may face loss of wealth or status. Heath does not defend forms of competition in which competitive failure may lead to poverty or ruin for individuals.

Heath’s overall picture is that when competition is justified, it is an ethical world apart from everyday life. The social benefits of competition justify “deontic weakening,” a relaxation of some (but not all) of the norms of everyday morality. This “deontic weakening” explains, for instance, why it is okay for a salesperson asked to recommend the best product for a customer’s needs to recommend one of their own company’s products, even if a competitor’s product would in fact be better. More broadly, Heath’s account explains why a range of behavior we might label “smarmy” or “sleazy” is ethically acceptable in business. The account nevertheless resists the implication that business is an ethics-free zone.

Kantian Ethics and Competition

Heath’s concern about the Kantian ethical framework is that it does not permit the “deontic weakening” that efficient competition requires. He claims that “there are no plausible formulations of Immanuel Kant’s categorical imperative ... that permit price competition” (2023, p. 18). He also claims that Kantian ethics does not permit the participants in a prisoner’s dilemma to “defect,” and that it therefore prohibits socially valuable forms of competition (2023: 67). Heath directs his criticism of Kantian ethics at the categorical imperative as presented in the Formula of Universal Law: “Act only in accordance with that maxim through which you can at the same time will that it become a universal law.” (Kant, 1996a [1785], p. 73, Ak. 4:421).⁵ Many contemporary moral philosophers take this to be the central claim of Kantian ethics, and many draw inspiration from the Formula of Universal Law and Kant’s argument for it.

A Kantian might try to dismiss Heath’s criticisms by pointing to passages in some of Kant’s religious and political works in which he characterizes competition as necessary for human progress (Kant, 1996e [1793], p. 75, Ak. 6:67; Kant, 1991 [1784], pp. 44–45; see Darwall, 2014;

² The justification of a competitive institution does not rely on the institution’s ability to achieve a Pareto-optimal outcome (i.e., an outcome in which no one can be made better off without making someone else worse off).

³ These are both standard defenses of capitalism. See Cohen (2009, pp. 61).

⁴ Mejia (2024) criticizes Heath for not being sufficiently specific about when, if ever, considerations not based on efficiency give rise to moral obligations in business contexts.

⁵ Heath translates the formula slightly differently: “Act only in accordance with principles that you can will to become universal law” (Heath, 2023, p. 18).

Schönwälder-Kuntze, 2013). Such a defense would be too quick. It is unclear whether these passages should be understood as defending competition as *ethically* acceptable. If so, it would be a mistake to assume that in these passages Kant was correctly applying the core principles of his ethical framework. As Jeff Sebo (2005) remarked, in the context of a discussion of Kant's views on animal welfare, "Kant is not always the best interpreter of his own theory." Some of Kant's efforts to work out the implications of the categorical imperative are poorly reasoned.⁶ To assess Heath's criticisms, it will be necessary to consider whether a charitable interpretation of the Kantian Formula of Universal Law is consistent or inconsistent with the types of competition Heath endorses.

An Interpretation of the Formula of Universal Law

The Formula of Universal Law is famously open to interpretation. Norman Bowie's discussion of the formula in his book on Kantian business ethics considers two distinct interpretations (2017, p. 27), and a bewildering variety of other interpretations have been offered. This paper will use an interpretation of the Formula of Universal Law based on the work of Barbara Herman (1984, 1989) and Onora O'Neill (1989). I take this interpretation to be at least arguably consistent with the core arguments of the *Groundwork of the Metaphysics of Morals*. One benefit of this interpretation is that it supports Kant's claim that the Formula of Universal Law and the Formula of Humanity are "formulae of the very same law." (Kant, 1996a [1785], p. 85, Ak. 4:436).

The Formula of Universal Law is a standard for sound practical reasoning, reasoning about what to do. Though the formula can yield conclusions about what actions are permissible,⁷ the formula does not assess the permissibility

of actions directly. Instead, it assesses the moral soundness of the reasoning behind an action. The formula is framed in terms of "maxims." A maxim is a way of reasoning about what to do—not necessarily a good way of reasoning. In O'Neill's words, "Maxims are underlying principles that make sense of an agent's varied specific intentions" (1989, p. 152). A maxim is not merely a rule specifying under what circumstances one is to engage in a specific action. Alasdair MacIntyre claimed that the following sentence presents a counterexample to the Formula of Universal Law: "Keep all your promises throughout your entire life except one" (1981, p. 54). This is not a counterexample, since it does not present a maxim; it does not present any reason for breaking exactly one promise. To use the Formula of Universal Law to assess one's proposed reasoning, one must first formulate a maxim that presents one's proposed reasoning.⁸

The Formula of Universal Law presents two tests a maxim must satisfy to count as sound reasoning. The contradiction in conception test asks whether it would be possible for there to be a society in which one's maxim was universally accepted as sound reasoning. As an example, consider the owner of a manufacturing company who is considering introducing a product that does not meet conventional norms about product quality. The manufacturer calculates that the short-run profit they stand to gain by concealing the product defect will financially outweigh any long-run losses due to reputational harm. The manufacturer's proposed maxim is that a businessperson has reason to take advantage of consumers' mistaken conventional expectations when the businessperson can profit by doing so. This maxim could not be universally accepted as sound reasoning. If everyone thought that manufacturers have reason to profit by deceptively violating conventional expectations of product quality, there could be no conventional expectations of product quality. The manufacturer's scheme would be impossible. It only works in the actual world because it is not universally recognized as good reasoning. So the contradiction in conception test rejects the manufacturer's maxim as unsound practical reasoning.

The contradiction in conception test explains the wrong in some forms of dishonesty and in many forms of objectionable free-riding. That said, many forms of wrongdoing are consistent with the contradiction in conception test. It is entirely possible to imagine a society in which everyone thinks one should plant misleading evidence when doing that would be in one's interest. In contrast to forms of deception that rely on social convention, planting evidence could

⁶ Kant's view of sexual morality is a notorious example. He argues that any sexual act with no potential for procreation is gravely wrong and worse than suicide (which is also gravely wrong). He appears to believe that it is at least *pro tanto* wrong for a heterosexual married couple to have sex if one or both spouses are infertile, though it may be justified as a way of avoiding the temptation of a "still greater" violation of sexual morality (1996c [1797], pp. 548–550, Ak. 6:424–426). His argument for these uncommonly prudish views entails that it is wrong to wear glasses that rest on the nose because the natural purposes of the nose are breathing and smelling. What moved Kant to present such an obviously flawed argument is unclear. His conclusion does not follow from any formulation of the categorical imperative without adding additional, controversial premises.

⁷ In the *Groundwork*, Kant explains his account of ethical permissibility in terms of a different formula of the categorical imperative, the Formula of Autonomy, which states, "Act only so that the will could regard itself as at the same time giving universal law through its maxim" (1996a [1785]: p. 84, Ak. 4:434). Kant then writes, "An action that can coexist with the autonomy of the will is permitted; one that does not accord with it is forbidden." (1996a [1785], p. 88, Ak. 4:439).

⁸ There is disagreement among Kantian business ethicists about whether a firm can have a maxim (MacArthur, 2019) or whether it is only the maxims of individual businesspeople that are to be assessed (Scharding, 2019).

deceive effectively in a society whose norms permit planting evidence. To borrow an example from Collin O’Neil (2012, p. 302), suppose Bob spills coffee on Sue’s laptop and tries to escape responsibility by dipping the paws of Sue’s cat in coffee. Even if Sue thinks that planting evidence is an appropriate way of escaping responsibility for accidents, Bob’s scheme to frame the cat could still work. To explain the wrong of planting evidence, Kantian ethics relies on the contradiction in will test. The contradiction in will test explains many basic moral requirements that the contradiction in conception test does not address (Herman, 1989).

The contradiction in will test asks whether one could *rationaly endorse* the universal acceptance of one’s maxim of action. This is not the same as asking whether one would like one’s reasoning to become universally accepted. The Kantian conception of rationality is not about maximizing the satisfaction of one’s preferences, whatever those preferences happen to be. Preferences should be open to revision in response to reasoned criticism. There are some ends, however, which one cannot rationally abandon. In Herman’s words, “Ends ... that are necessary to sustain oneself as a rational being cannot (on rational grounds) be given up.” (1984, p. 586). Whether one can rationally endorse universal acceptance of a piece of reasoning depends on whether it is compatible with other commitments one cannot rationally abandon. For example, rationality requires people to care about having true beliefs, not delusions (Fried, 1978, pp. 62–64). I cannot rationally endorse others intentionally deceiving me. So I cannot endorse universal acceptance of a maxim that one has reason to deceive intentionally when intentional deception advances one’s interests. This is, I believe, the best Kantian explanation why it is wrong to deceive people by planting evidence.⁹

Kantian ethics includes positive duties as well as prohibitions. Perhaps the most important positive duty is the duty of beneficence, the duty to treat others’ needs as a reason for action. The duty is derived from the contradiction in will test, as applied to a maxim of indifference. Kant’s own characterization of this bad maxim is unbeatable (1996a [1785]):

[A person] for whom things are going well while he sees that others (whom he could very well help) have to contend with great hardships, thinks: what is it to me? Let each be as happy as heaven wills or as he can make himself; I shall take nothing away from him nor even envy him; only I do not care to contribute anything to his welfare or to his assistance in need! (p. 75, Ak. 4:423)

⁹ If the deception involves framing someone for a crime or wrong, there is a further wrong against the framed person, distinct from the wrong to all the people who are deceived.

It is quite possible to imagine a social world in which everyone thinks this way. One cannot coherently endorse everyone reasoning this way, because one might thereby endorse others withholding help one cannot rationally refuse. So one must reject the attitude of indifference to others. Rationally, one must treat others’ needs as a reason to help. It does not follow that one must help everyone in need; that would be impossible. Kantian ethics gives individuals no algorithm for deciding whom to help (Herman, 1984; O’Neill, 1986). It allows relationships to shape one’s efforts to help others. It is perfectly okay, for instance, to pay for your children’s higher education before donating money for the education of strangers’ children. It also permits other duties and obligations to limit one’s charitable activities. Someone who rents an apartment should not skip paying rent in order to make a donation to Oxfam. CEOs should not defraud investors so they can write bigger checks to charity. This does not mean that the duty of beneficence is “weakened” for renters and for CEOs. It means that the proper expression of the duty is shaped by other duties, by relationships, and by social context.

One merit of this reading of the Formula of Universal Law is that it supports Kant’s view that the Formula of Universal Law is equivalent to the Formula of Humanity: “So act that you use humanity, whether in your own person or in the person of any other, always at the same time as an end, never merely as a means” (Kant, 1996a [1785], p. 80, Ak. 4:429). To use humanity as a mere means is to act on a maxim that calls for disrespect of rational agency as a means to one’s ends—that is, by destroying agency (through killing) or by undermining it intentionally (e.g., through deception or coercion).¹⁰ This is precisely what the contradiction in will test requires. The requirement to treat humanity as an end supports the same positive duties as the Formula of Universal Law, notably including the duty of beneficence. Both formulas allow the proper application of the duty of beneficence to be shaped by relationships and by social context.

¹⁰ There is a question how both the Formula of Universal Law and the Formula of Humanity treat actions that do not directly undermine the operation of rational agency but do undermine its effectiveness. For example, restricting someone’s freedom of movement does not prevent them from exercising rational agency, but it does greatly reduce the range of choices this person can make. In Hughes (2018), I discuss the moral significance of “all-purpose means,” resources or opportunities without which broad categories of human activity are foreclosed. Freedom of movement is an example. I argue that people cannot rationally abandon an all-purpose means for the sake of a mere desire—one’s own or someone else’s—but that people can give up an all-purpose means for the sake of preserving agency itself. This *pro tanto* requirement to preserve one’s own all-purpose means gives rise to a class of negative duties that are stringent but not absolute.

A Kantian View of the Ethics of Competition

Heath raises two related concerns about Kantian ethics in business contexts: one concerning price competition and one concerning other forms of competition (such as competition within a workplace). First, Heath claims that price competition is incompatible with the Formula of Universal Law. His argument for this charge is brief: “this sort of behavior has a beggar-thy-neighbor quality that makes the underlying intention difficult to universalize” (Heath, 2023, p. 18). Heath’s concern here is not about price competition in a perfectly competitive market, since that is a competition in which there are no winners or losers. His concern is with forms of price competition in which there may be winners and losers, including two he specifically identifies as ethically permissible: attempting to underprice rivals in a “reasonably competitive” (but not perfectly competitive) market, and attempting to shift one’s supply curve down, e.g., by introducing a new, less expensive production technology (2023, pp. 94–95). Heath limits his defense of these kinds of competition to societies with an effective social safety net, where succeeding in price competition could harm one’s rivals but will not cause them to face ruin. He appears to believe that Kantians are committed to thinking that price competition is unethical even in a society with limits on economic inequality.

Does Kantian ethics actually object to forms of price competition that have winners and losers? The answer depends on whether the competitors could be reasoning in a way that would be compatible with the Formula of Universal Law.¹¹ Suppose the reasoning (or “maxim”) of each competitor in a price competition is simply that they have reason to offer a lower price than the others. This reasoning fails the contradiction in conception test. It is impossible for two or more competitors each to offer a lower price than the others. This is not the only way the competitors could be reasoning, however.

Suppose instead that the reasoning (or “maxim”) of the competitors is that they have reason to *try* to offer the lowest price in the competition, within two constraints. First, they will keep the price above the reservation price below which the transaction would not benefit them. Second, they will not compete using methods that inherently interfere with someone’s rational agency, such as intentional deception and coercion. This maxim obviously passes the contradiction in conception test. It is obviously possible for all competitors

to try to offer the lowest price. Does the maxim pass the contradiction in will test? The contradiction in will test asks whether endorsing universal acceptance of a maxim would conflict with a rationally obligatory end. Since rationality requires me to want true beliefs, not false ones, I cannot endorse other people intentionally deceiving me. I cannot rationally endorse other people *trying* to deceive me, either, since that would be endorsing someone trying to undermine something I rationally must pursue. Unlike the end of having true beliefs, the end of winning a price competition is not obligatory. Rationality does not require all human beings to sell widgets, so it certainly does not require everyone to try to sell widgets at a lower price than everyone else. There is no contradiction in endorsing several businesses, including one’s own, trying to sell the cheapest widgets, knowing that they cannot all succeed. This involves accepting the possibility that one’s own business will fail, and that one will have to find other investment opportunities or other work. Though having a livelihood is an obligatory end, having a livelihood from a single, stable source is not. Many people want stability and freedom from anxiety, but others want the option of taking risks with potential for reward, and it is not irrational to take such risks if the potential bad outcomes are not ruinous. So people can rationally endorse a competition to succeed in the widget industry.

There is another ethically acceptable way for competitors to frame their reasoning, according to the Kantian framework. That is for them to aim at maximizing their own performance, which may have the side effect that they perform better than competitors. A firm (or its owners and its agents) can seek to manufacture products as cheaply as possible without compromising quality. Having a lower supply curve than competitors would then be a possible side effect but not the primary aim. Nothing in the Kantian framework prohibits owners and agents of firms from competing with this motive. This may not be a typical motive for executives in an industry with only a few competing firms and inelastic demand, such as the cell phone industry. These executives typically seek to increase their companies’ market share, which necessarily reduces competitors’ market share measurably. It may be a common motive in other industries. Consider the owner-operator of a pizzeria in a large, dense city who seeks to make her pizza tasty and affordable, both out of pride and because she wants more customers and more income. She may hope to gain customers not primarily by taking customers from other pizzerias, but by convincing customers to buy more pizza. To the extent her success harms rival businesses, these harms may be widely distributed (across other restaurants as well as grocery stores) and difficult to detect.

Heath also argues that the Formula of Universal Law prohibits other forms of competition, such as competition among workers for a bonus. When management introduces

¹¹ If their competitive behavior could be justified by a maxim that satisfies the Formula of Universal Law, but the competitors are in fact motivated by an unacceptable maxim, Kantian ethics would say that the competitors act permissibly and that they are open to criticism for their bad moral reasoning.

rewards that only go to the most productive workers, on a relative rather than an absolute scale, it “creates the equivalent of a prisoner’s dilemma.” (2023, p. 58). In the scenario Heath envisions, the workers will be better off if they all “cooperate” and work at a slow pace, but they have an incentive to “defect” and work hard, seeking one of the scarce bonuses.¹² Heath thinks that capitalism’s efficiency relies heavily on these sorts of “staged competitions,” in which incentives for competitive behavior promote socially beneficial production. But according to Heath, staged competitions are incompatible with Kantian ethics. On Heath’s view, the Formula of Universal Law “generate[s] the judgment that individuals are obliged to act cooperatively in a typical prisoner’s dilemma.” (2023, p. 67).

Why does Heath think that Kantian ethics requires acting cooperatively in a “typical” prisoner’s dilemma? He does not say. The Formula of Universal Law would indeed rule out a maxim of defecting as a means of achieving one’s most preferred outcome. If all the participants in a prisoner’s dilemma were to adopt this maxim, the maxim would fail, as the resulting outcome would be each participant’s third choice. (Each participant prefers to defect while the other participants cooperate. Their second-choice outcome is the scenario in which everyone cooperates.) It does not follow that Kantian ethics calls for cooperation. For one thing, the Formula of Universal Law appears not to rule out a maxim of defecting as a means of avoiding one’s least preferred outcome. If the participants in a prisoner’s dilemma adopt this maxim, the maxim will work. (Each participant’s least preferred outcome is the scenario in which they cooperate and other participants defect.)

A larger issue is that Kantian ethics does not take preferences as given and fixed. Kant and Kantians assume that preferences are and ought to be open to rational assessment and revision. Consider Kant’s hypothetical of an attempt to compel false testimony. A tyrannical prince threatens to execute someone unless this person gives “false testimony against an honorable man whom the prince would like to destroy under a plausible pretext” (1996b [1786], p. 163, Ak. 5:30). Kant thinks that the subject deliberating about the choice should see giving up his life for the sake of integrity as an open possibility. So to know what Kantian ethics would say about an actual prisoner’s dilemma, we need to know more about the situation than its standard presentation specifies. If one of the prisoners defects by confessing,

¹² Matters are different if hard work will affect workers’ income in the following way: all workers will receive bonuses if they all work hard, these bonuses will be larger than the bonuses workers would receive if they all work slowly, and the increased bonuses will more than compensate for the burdens of hard work. Then the choice workers face will not have the game theoretic structure of a prisoner’s dilemma.

would the confession be true, or would it be bearing false witness? There is no general Kantian answer to the question what people should do in prisoner’s dilemmas.

To know whether Kantian ethics requires, permits, or prohibits participation in a staged competition in the workplace, we would need to know more details about the competition. For example, are workers competing for a bonus that gives them a bit more discretionary spending money, or are the workers needy enough, and is the bonus large enough, that getting the bonus affects workers’ ability to feed their families? Like the market failures approach, Kantian ethics permits competition when there is a floor on inequality, but (also like the market failures approach) it may reach a different conclusion about staged competitions that could impoverish people. The Kantian duty of beneficence allows concern for others to be shaped by relationships. It is at least potentially objectionable to satisfy one’s family’s wants by making it difficult or impossible for competitors to satisfy their families’ true needs.¹³ It is especially problematic when one’s competitors are one’s colleagues. When only wants are at stake, rather than needs, it is appropriate to care more about the satisfaction of one’s family’s wants than about the satisfaction of one’s competitor’s wants.

So it appears that market competition, workplace competition, and other forms of competition essential to capitalism are in fact consistent with the core principle of Kantian ethics. Moreover, Kantian ethics does not treat competition as a necessary evil or as *pro tanto* wrong but all things considered justified. No “deontic weakening” is required for business competition to be morally permissible. When businesspeople compete while following a maxim that is consistent with the Formula of Universal Law, their choice to compete is ethical—full stop.

Which Approach to Ethics is More Demanding?

Heath presents his market failures approach to business ethics as a route between the “Scylla” of overly demanding ethical theories and the “Charybdis” of thinking that there is nothing more to business ethics than obeying the law. Kantian ethics is among the ethical theories Heath labels an overly demanding “Scylla.” Yet in some areas, Heath’s theory is significantly more demanding. This section will briefly compare the two theories’ approach to the ethics of seeking market power. Then it will turn to a deeper

¹³ There are also well-known Kantian arguments for a conditional obligation to depart from market pricing when interacting with vulnerable people in an economic system that does not adequately protect people from poverty and other forms of unmet economic need (Arnold & Bowie, 2003; Sample, 2003; Snyder, 2008).

comparison of the two theories' approach to the ethics of honesty and disclosure. Though Kantian ethics is famous for taking a strong line against deception, Heath's standard of truthfulness turns out to be even more demanding in some key cases.

Pursuit of Market Power

The market failures theory is more demanding than Kantian ethics regarding the use and pursuit of market power. Heath appears to believe that there is a broad *pro tanto* duty to refrain from business strategies that involve either the use or the pursuit of market power:

The general purpose of market institutions is to encourage a specific form of healthy competition between economic agents. Economic agents are therefore prohibited from acting in ways that seek to undermine or reduce this form of competitiveness in their interactions. These are known in law as anti-competitive practices, and they include collusion and price-fixing, striving for monopoly position, and the creation of barriers to entry. More generally, economic actors should exercise restraint in circumstances in which they enjoy market power (which is to say, when they can exercise significant influence over the price at which a good trades through their supply decisions). (Heath, 2023, p. 99)

It is reasonable to defend ethical prohibitions on collusion and price-fixing. It may seem reasonable to defend an ethical prohibition on creation of barriers to entry, and to advocate restraint when one benefits from barriers to entry one did not create. Yet the ethical prohibitions Heath advocates regarding barriers to entry are demanding, and elsewhere, he acknowledges that they are demanding (2014, p. 37). For example, his theory condemns the use of non-informative advertising to increase market share, even if the advertising is not deceptive. He explicitly calls out the beer companies Labatt and Molson for the "deadweight losses" associated with their spending on competing ad campaigns (2014, p. 37). It would be better if they did not spend the money and their prices were lower. Heath acknowledges that it may be infeasible for one of the two companies to stop advertising unilaterally, but he thinks this competitive reality excuses continued advertising rather than justifying it.

Kantian ethics raises no such concerns about this commonplace practice. Consider the maxim of the beer company executive: when spending money on advertising is necessary to maintain or to increase my company's market share, I have reason to authorize this spending. Plainly this maxim passes the contradiction in conception test. Since nearly every business executive in the actual world reasons in this way, or in a similar way, it is easy to imagine a world in which every

business executive reasons in this way. Can one rationally endorse all business executives reasoning in this way? One would not thereby consent to being deceived or coerced. Nor would one thereby consent to one's needs being ignored. Endorsing all the executives engaging in currently standard advertising practices would be endorsing spending on something arguably wasteful and somewhat higher beer prices. Since neither maximizing an abstract measure of economic efficiency nor minimizing beer prices is a rationally obligatory end, in the Kantian framework, there is no contradiction in the will. From the Kantian perspective, there is nothing wrong with competing ad campaigns by Molson and Labatt (or by Bud and Miller, or by Coke and Pepsi).

One might think that the failure of Kantian ethics to demand efficiency is a limitation of the view. One might also think it a problem that Kantian ethics does not appear to place limits on the creation of barriers to entry. By spending on advertising, Molson and Labatt make it more difficult for new brewing companies to enter the market. A potential Kantian response to these worries is to argue that businesspeople and firms are not ethically responsible for promoting efficiency and refraining from creating barriers to entry. These concerns, if they are serious concerns, should be addressed by the government. Another response, which I prefer, is to argue that it is good for a moral and political theory to permit a range of institutional arrangements. There is a benefit to having an economy with some barriers to entry in some industries. It gives people the option of having business jobs that are somewhat insulated from changes in market conditions. There is a trade-off here between the values of efficiency and ease of entry into new markets, on one hand, and the value of access to stable work. Reasonable people can have different preferences about how best to balance these values. The Kantian moral (and political) framework permits societies with different cultures to make different choices between an economy with dynamic but disruptive growth and a slower-growing economy that offers people more stable careers.

The Market Failures Approach on Truthfulness and Disclosure

Heath takes himself to be departing from traditional moral theories, including Kantian moral theory, in defending comparatively permissive practices in the business world concerning truthfulness. Many of the central examples of "deontic weakening" Heath wants to defend have to do with truthfulness. Heath thinks "mendacity and manipulation" are "built in" to jobs like retail sales (2023, p.109). He defends the common practice of lying about one's reservation price in a negotiation (2023, p. 116). He asserts, "affirmative duties to disclose tend to be absent in adversarial contexts" (2023, p. 108). Yet Heath's own theory is sometimes more

demanding than Kantian ethics in the area of truthfulness and disclosure. In some contexts, Heath's theory requires disclosure, but Kantian ethics merely prohibits lies.

Heath believes it is often ethically permissible for market participants not to disclose information that potential transaction partners would like to know. Nevertheless, Heath believes that disclosure of information is sometimes ethically required (even when disclosure is not required by law). Drawing on an example from Akerlof (1970), Heath discusses the American used car market in the late 1960s, when a significant percentage of new cars sold were "lemons," cars that would require many expensive repairs over their lifetime (2023, p. 112). At the time, a new car lost much of its value the moment its new owner drove it out of the dealership. The reason was that a large percentage of the year-old used cars on the market were "lemons," so buyers of year-old used cars were taking a large risk. On Heath's view, the buyers of year-old used cars were not wronged, since they were knowingly taking a gamble. Nevertheless, the practice of selling used cars without disclosing that they were "lemons" (e.g., by disclosing their repair records) created a market failure. Some people who owned good year-old cars and wanted to sell them chose not to sell because the presence of undisclosed "lemons" in the market depressed the market price. Heath is not explicit about what this implies, but it is clear that he is not arguing merely that there should have been a law requiring disclosure. Heath explicitly states that the law is not the only constraint on disclosure and that information asymmetries can also be addressed through "ethics" or ethical governance of markets, whereby reputable firms commit themselves to principles of fair dealing" (2023, p. 115). Heath appears to believe that car dealers ethically should not have sold "lemons" without disclosing their repair history, even though doing so was legal, common, and consistent with buyers' expectations. Disclosing repair history was ethically required even though one seller's choice to disclose would not have affected the price of other cars on the market or increase the number of cars sold.

The market for "lemons" is an example of a broader principle against "dishonesty," according to Heath:

When exaggeration, manipulation, or misrepresentation becomes significant enough that some consumers become unwilling to buy (or some suppliers unwilling to sell), because they cannot be sure what they are getting, then it is creating a market failure and is for that reason impermissible. (2023, p. 115)

Heath appears to include nondisclosure, as well as active forms of deception, as one of the sources of "dishonesty" that can lead to information asymmetries that deter beneficial transactions. (Sellers of "lemons" can contribute to a problematic pattern either by lying about a car's repair history or by saying nothing about it.) Heath's principle against

"dishonesty" that leads to economic inefficiency has counterintuitive and troubling implications.

Consider a job candidate's decision whether to disclose personal information that could reduce an employer's willingness to make a hire or to offer a high salary. There is a well-documented "motherhood penalty" in the workplace. Compared with childless women, mothers are paid less, on average, in many countries (Cukrowska-Torzewska and Matysiak, 2020). Many employers evaluate the qualifications of mothers and childless women differently (Correll et al., 2007). Is it ethical for a job candidate to choose not to volunteer the information that she has children, if the interviewer does not ask? Is it ethical for a childless job candidate to choose not to volunteer that she plans on having a child in the next few years? If an interviewer asks intrusive questions about one's plans to have children, must one answer truthfully? Heath's framework implies that the answer to all three questions depends on how a pattern of nondisclosure by job candidates would affect the overall number of people who get hired. Suppose that a significant number of employers are unwilling to hire mothers and would hire fewer people at a given compensation rate if they could not determine reliably which candidates are or plan to become mothers. Suppose also that whether for ethical reasons or for fear of legal and reputational consequences, most of these employers will not avoid hiring mothers by hiring only men. Under these conditions, Heath's framework implies that job candidates who are mothers or plan to become mothers have an ethical obligation to disclose their family status or their plans—even if the job interviewer does not ask. The ground of the obligation is not a duty of honesty to the employer, who may choose to discriminate on the basis of family status. The ground of the obligation is a duty to help address an inefficiency in the job market that results in other people not getting hired at other firms.

Heath could try to avoid this problematic implication by appealing to a nondiscrimination principle that includes family status. His current formulation of the market failures approach holds that discrimination is usually inefficient and a symptom of market failure but that nondiscrimination norms could be independently justified on grounds of fairness (2023, pp. 198–199). An ethical right not to disclose an unfairly stigmatized characteristic could be one component of a system of norms against wrongful discrimination. That said, Heath's account has broader implications for the ethics of applying for jobs, which are also problematic. The account implies that job candidates must proactively volunteer a broad range of personal information that could lead an employer (fairly or unfairly) to regard them as a "lemon": a criminal record (serious or not), a history of controversial political activities, interpersonal conflicts at past jobs (blameworthy or not). Nondiscrimination norms will not apply to all of the sensitive information in this broad

range. On Heath's account, whether disclosing an aspect of one's history is ethically obligatory depends on whether a significant number of employers would choose not to hire at current market rates if they could not get reliable information about this aspect of job candidates' history. The account places a demanding burden on job candidates; they do not just need to answer questions truthfully, they must proactively disclose. It makes the ethics of disclosure contingent not only on social context, but also on market conditions, in a way that involves information job candidates could not be expected to know.

The market failures approach suggests that the ethics of active deception is similarly contingent on market conditions. Consider the ethics of spoofing in the financial markets. A spoofer attempts to manipulate prices by making bids or offers they plan to withdraw. For example, a spoofer who wishes to buy a security profitably may make an offer to sell a large amount of the security at a price just above the current national best offer. They then submit a bid below the current national best bid for the amount they wish to buy. Their aim is to get other short-term traders to lower their asking price by giving them a misleading impression about the amount of a security people want to sell at the current national best offer. Fox, Glosten, and Guan (2021) argue that spoofing is bad for economic efficiency because it increases costs to liquidity providers, and the resulting reduction in liquidity has negative effects on price accuracy.¹⁴ If this is right, Heath would presumably conclude that the practice of spoofing is unethical because of its effect on the efficiency of a market.¹⁵ On Heath's account, knowing whether spoofing is unethical requires nuanced understanding of the economic consequences of a financial practice.

Kantian Ethics on Truthfulness and Disclosure

Kantian ethics takes famously hard lines against lying and deception. These are separate prohibitions. Clearly, it is possible to deceive someone without lying, for instance, by planting evidence. On at least some understandings of what constitutes a lie, it is possible to lie without intending to deceive. On Shiffrin's view, for instance, a lie is an assertion that the speaker does not believe, that the speaker knows they do not believe, and that is presented in a way that "objectively manifests" the speaker's intention that the audience take the assertion as an accurate representation of the speaker's beliefs (2014, p. 12). A witness who commits obvious perjury may not intend to deceive anyone in

the court, but the social context of sworn testimony objectively manifests an intention that the witness's statements be treated as sincere (Shiffrin, 2014, p. 13–14). Kant's own definition of a lie is simpler: a lie is "an intentional untruth in the expression of one's thoughts" (Kant, 1996c [1797], p. 552, Ak. 6:429). His definition aligns with Shiffrin's in supporting the possibility of lying without intending to deceive. Obvious perjury is an expression of the witness's thoughts, if an obviously insincere expression. Kant's account also aligns with Shiffrin's in acknowledging that social context affects whether a false statement is a lie. In eighteenth century Prussia, writing "I am your obedient servant" at the end of a letter was not taken as a sincere statement, so it was not a lie (Kant, 1996c [1797], p. 554, Ak. 6:431). In twenty-first century America, if a bus driver asks a passenger, "How're you doing?" and the passenger says, "Fine," though they are having a horrible day, this is not a lie, as a sincere answer is not expected.

Earlier, I explained the Kantian grounds of a duty not to advance one's interests through intentional deception. A maxim of advancing one's interests through intentional deception fails the contradiction in will test because no one can rationally endorse others intentionally giving them false beliefs. The grounds of the Kantian duty not to lie are different. A maxim of lying to advance one's interests fails the contradiction in conception test. Could there be a society in which it is expected that people will make statements they do not believe in social contexts in which sincerity is expected? Clearly not. There could be societies with different norms about when sincerity is expected. There cannot be a society in which people are expected to make insincere statements in social contexts in which sincerity is expected.

So Kantian ethics includes strict prohibitions on intentional deception and on lying. The prohibition on lying is not contingent on how much harm the lie causes (Kant, 1996c [1797], p. 553, Ak. 6:430), nor is the prohibition on intentional deception contingent on how much harm an attempt at deception causes. Thus, business strategies that involve intentional deception will be straightforwardly ruled out. To know that spoofing in financial markets is wrong, we do not need to know how it affects the availability of liquidity, or how this in turn affects people's welfare. We only need to know that spoofing involves intentional deception.

Though the Kantian prohibitions on lying and on intentional deception are strict, their scope is limited. The prohibition on lying only applies to social contexts in which social norms call for sincere speech and those norms are reasonable. When prevailing social norms do not call for sincerity, as when a stranger in the United States asks "How are you doing?" knowingly making a false statement does not constitute a lie. In the context of a price negotiation, it is widely understood that statements about one's reservation price are not expected to be sincere. So a false statement

¹⁴ Fox, Glosten, and Guan (2021) use a Kaldor-Hicks measure of efficiency, rather than the Pareto-efficiency standard Heath prefers.

¹⁵ It is the effects of the practice that is at issue here, rather than the effects of individual acts of spoofing.

about one's reservation price is not a wrongful lie. Indeed, given the definitions of lying above, it is arguably not a lie at all. If prevailing social norms that call for sincerity in some context are objectionably unreasonable, so that no one could rationally endorse these social norms, the Formula of Universal Law calls for resistance to these norms. To take an extreme case, suppose that a government imprisons people for their religion or their sexual orientation, and that prevailing social norms call for people to report religious or sexual minorities to the police. One may ethically resist the government's violation of basic liberties by making false statements to the police, as the police *should* know (even if they do not know) that they cannot reasonably expect the truth. The case is a real-life variant on Kant's hypothetical of "the murderer at the door" who asks if their intended victim is in the building. Though Kant came close to saying that one should either tell the truth or stay silent (Kant, 1996d [1797]), contemporary Kantians generally agree that making a false statement to the murderer at the door is ethically permissible (Korsgaard, 1986; Schapiro, 2006; Shiffrin, 2014, p. 5–46), and that the permissibility of the false statement can be explained in a Kantian way.

The Kantian prohibition on deception is likewise limited. The strict prohibition only applies to deception that is intentional. Often people inadvertently cause other people to have false beliefs, and doing so is not wrong. For instance, a newly hired assistant professor who attends a talk in another department wearing casual clothes may cause some colleagues who do not know them yet to believe that they are a graduate student. This is not wrongful deception unless the deception is intended. Moreover, it is often ethically acceptable to decline an opportunity to correct a false belief.

So consider again a job candidate who has a trait, a piece of personal history, or a plan that the employer might consider a negative, either fairly or unfairly. Perhaps the candidate belongs to a religious minority or a sexual minority, and the employer is or could be prejudiced. Perhaps they had an interpersonal conflict in a past job, and though they believe they handled the conflict appropriately, they cannot explain the situation concisely. Perhaps they are planning to have children in the next few years, and the employer is not especially family-friendly. Choosing not to volunteer this information is not wrong, on the Kantian framework. To know that it is not wrong, we do not need to do an economic analysis of the effects a pattern of nondisclosure would have on overall hiring in the industry. It is enough to know that the job candidate is not intentionally giving the interviewer a false belief, intentionally sustaining the interviewer's false beliefs, or relying on the interviewer having false beliefs. If it would be unethical for the interviewer to use some information (e.g., about the candidate's sexual orientation or religion), there is no duty to help the interviewer commit a wrong by offering information they should not use. If the

interviewer could reasonably either use or choose to ignore some information (e.g., about a complicated past interpersonal conflict), and the interviewer currently has no beliefs about the matter (e.g., what conflicts the candidate has had in past jobs), choosing not to disclose the information is not deceptive. It is not relying on the interviewer having a false belief.

What about the seller of a year-old used car in the late 1960s who chooses not to disclose that the car is a "lemon"? The answer may depend on whether the buyer appears to be naive about the likelihood that a year-old used car for sale has problems. If the buyer appears to be naive, then selling the lemon without disclosing the repair history would involve intentional though passive deception. The buyer's having a false belief is a means to the seller's ends, since the naive buyer would not buy at the agreed-on price if they knew about the car's history. If the buyer appears to be aware of the high risk that a year-old used car is a lemon, selling without explicitly disclosing the car's repair history does not involve deception. It is not ethically necessary to speculate about how a pattern of nondisclosure in the market for used cars affects the total number of used cars sold. Unlike Heath's account, Kantian ethics does not require the seller to try to address a market failure unilaterally.

Where Kantian ethics finds that a business decision involves neither lying nor intentional deception, there is no residue of untruthfulness to regret. The market failures approach and Kantian ethics would agree that a salesperson acts permissibly when they recommend one of their own company's products rather than a competitor's somewhat better product. Heath thinks the salesperson is nevertheless doing something sleazy. The permission to recommend an inferior product comes from deontic weakening. Kantian ethics recognizes that when one asks for a recommendation from a salesperson, one expects the salesperson to suggest one of their company's products, whether or not competitors offer a better product. In this context, recommending one of one's own company's products is not deceptive, dishonest, or sleazy.

So the Kantian account of the ethics of deception and disclosure differs from Heath's market failures approach in three ways. First, on some issues, Heath's account is straightforwardly more demanding. The market failures approach often calls for disclosures that Kantian ethics does not require. For instance, the market failures approach calls for job candidates to make some personal disclosures, without being asked, that Kantian ethics would not require. Second, Kantian ethics requires less knowledge of economic conditions to reach conclusions about what conduct is unethically deceptive. For instance, to know that spoofing in the financial markets is unethical, the market failures approach implies that one must understand the impact of spoofing on liquidity and the downstream effects of liquidity on

individuals' preference satisfaction. Kantian ethics implies that spoofing is wrong simply because it involves intentional deception. Finally, the market failures approach claims that a business decision that involves neither lying nor deception can nevertheless be untruthful in a way that makes it sleazy, if permissible. When Kantian ethics deems a business decision ethically permissible, it does not deem the decision regrettably untruthful or sleazy.

Is Ethical Business Possible?

Heath's market failures approach and Kantian ethics take different views about whether it is possible to be ethical in the business world. For Heath, the business world is not an ethics-free zone, but it is a zone of "deontic weakening," a space in which many ordinary ethical norms do not apply or apply with less force. Some level of sleaziness is inevitable and permissible but regrettable. Competition itself is, at some level, sleazy; it is a departure from the norms of mutual concern that Heath thinks characteristic of everyday morality.

Kantian ethics, properly understood, draws clearer lines. There are some widespread business practices that Kantian ethics decisively condemns. (That is true of every plausible normative theory of business ethics.) There may be industries in which a scrupulous, consistent Kantian cannot succeed because unethical practices are so prevalent. Yet there is nothing inherently unethical about pursuing a business career, or about the forms of competition that are essential to capitalism. Nor is there anything unethical or regrettable about innocuous false statements, like a false statement about one's reservation price, or innocuous forms of non-disclosure, like a job candidate's decision not to volunteer personal information that could make them a target of discrimination. The ethical acceptability of these choices follows from a proper application of normal ethical principles concerning lying and deception. When these principles say that a business decision is ethically okay, it is not sleazy but necessary; it is not *pro tanto* wrong but all things considered justified; it is not a regrettable but permissible departure from the norms of ordinary morality. The decision *really is okay*.

One might think it a merit of the market failures approach, not a defect, that the approach supports and explains the widespread sense of unease that many people feel about the business world. Heath's theory offers an explanation why this sense of unease is justified while also defending business competition as morally permissible. My own view is that a sense of unease is not the sort of intuitive reaction that moral theory should validate. A sense of unease indicates a need for more analysis or more deliberation. It can be a signal that one is about to do something wrong. It can be a

signal that a choice is close to a convoluted moral boundary, and that subtle differences in one's course of action could make a real moral difference. At its best, moral theory helps us to recognize the twists and turns in the boundary between right and wrong, and to find ways of staying on the right side of that boundary.

Heath presents the market failures approach as a safe route for business ethics to take between the "Scylla" of overly demanding moral views and the "Charybdis" of thinking that law is all there is to ethics. Yet his real view appears to be that there is no truly safe ethical path through the business world. It is possible to act permissibly, but it is impossible to avoid sleaziness. Kantian ethics offers at least the possibility of guiding businesspeople to a safe route through the ethical choices they face. No doubt that ethically safe route is strait and narrow.

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