The Morality of
Price/Quality and Ethical Consumerism

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Abstract

Hussain claims that ethical consumers are subject to democratic requirements of morality, whereas ordinary price/quality consumers are exempt from these requirements. In this paper, we demonstrate that Hussain's position is incoherent, does not follow from the arguments he offers for it, and entails a number of counterintuitive consequences.

1 Introduction

In "Is Ethical Consumerism an Impermissible Form of Vigilantism?" (2012), Waheed Hussain aims to establish a *motive-relative* consumer ethics. Hussain argues that consumers with ethical motives to alter the way other market participants behave are subject to a different set of moral requirements than consumers who base purchasing on price/quality considerations:

> When [consumers] make choices based on price-quality considerations, they can approach their choices as private purchasing decisions: they are not required to focus on the common good, deliberate with their fellow citizens, or make their reasons public. But when consumers make choices based on [ethical] considerations, they must shift gears and approach these choices as part of the legislative process: they must focus on the common good, deliberate with their fellow citizens, and make their reasons public. (p. 138)[1]

Accordingly, Husain presents the following claim. Suppose you act as a so-called "social change ethical consumer". You base your purchasing decisions on setting an incentive for other market participants to change their (from your point of view) unethical behaviour. You are then subject to a distinct set of moral requirements. For example, you are morally required to ensure that your efforts do not prevent market participants from exercising their fundamental rights (such as freedom of movement, thought, and religion), are directed at making public the issue you aim to address, and respect formal democratic legislative processes.

By contrast, if you base your purchasing decisions exclusively on buying products and services with the best price/quality ratio, your practice will be exempt from these requirements. Your purchasing decisions will not be subject to the moral requirements listed above.

Hussain premises this position on two general lines of reasoning. On the one hand, he argues that any practice that (substantively) influences the evolution of society is subject to procedural or "democratic" requirements. These requirements "determine how a society should evolve over time".[2] This explains why social change ethical consumers are subject to a set of democratic moral requirements. On the other hand, Hussain declares that if a practice is essential to generating (significant) Pareto welfare improvements (i.e. a significant number of people are made better off while no one is made worse off), then these practices are exempt

[1] All page numbers refer to (Hussain, 2012).
[2] "Certain laws, policies, and patterns of behavior may be attractive in themselves, but the processes through which these develop in society may be morally objectionable because they are inconsistent with procedural values. For example, if a wealthy person bribes political officials to get them to increase healthcare spending for low-income people, the new policy may be a substantive improvement, but the process of social change would be objectionable because it is not adequately inclusive, transparent, or public" (p. 115).

from these democratic requirements. Since Hussain considers price/quality consumerism (PQC hereafter) to be essential for gaining Paretian welfare improvements, this explains why price/quality consumers are not subject to democratic requirements.

In this paper, we claim that Hussain's position is untenable. We offer three arguments for this claim. First, we argue that the consumer's *motive* (social/ethical change vs. price/quality) cannot determine whether she is subject to democratic requirements. Second, we show that Hussain's motive-relative consumer ethics cannot be derived from the reasoning he offers in arguing for his position. Third, we argue that the premises Hussain employs to derive his position entail an inconsistency.

2 Hussain's Argument

To begin, we introduce Hussain's position. Suppose you act as a social change ethical consumer. You base a purchasing decision "at least partly on the grounds that doing so will create an economic incentive for other agents to act in ways that will advance some moral, social, environmental, or other nonmarket agenda" (p. 113). For instance, suppose you decide to buy fair-trade coffee in order to "create an incentive for coffee manufacturers to treat growers better" (p. 112). Or suppose you boycott pharmacies that sell the "morning after pill" in order to provide an incentive against the production and distribution of this type of contraception. According to Hussain, you are then subject to a distinctive set of moral requirements. These requirements "reflect the importance of democratic ideals" (p. 128). Put generally, morality requires you to treat your purchasing decision *as if* your intention were enforced by the coercive power of the state and served as the basis for future legislation (see p. 121). Like the state and its coercive institutions, you are subject to a distinctive set of public and democratic requirements ("democratic requirements" hereafter). In concrete terms, Hussain holds that you are morally permitted to engage in social and ethical change consumerism (SCEC hereafter) only if you satisfy the following set of requirements:

> (1) The exercise of bargaining power does not deprive anyone of their basic liberties. (2) The exercise of bargaining power is directed at (significantly) advancing an agenda framed in terms of a reasonable conception of the common good. (3) The formal democratic process has not already addressed the issue in question. (4) The process that guides the exercise of bargaining power is appropriately representative and deliberative. (5) The process that guides the exercise of bargaining power generates standards and arguments that can be the basis of future legislation. (6) The overall effort aims to raise awareness of the issue and (if necessary) to put it on the formal legislative agenda. (p. 126)

However, things differ for ordinary PQC. Suppose again that you decide to buy fair-trade coffee. This time you base your decision purely on price/quality considerations. Then, Husain argues, *none* of the above democratic requirements apply to you as a consequence of the practice you engage in. In making price/quality purchasing decisions, you are *not* required to preserve basic liberties, focus on the common good, deliberate with your fellow citizens, make your purchasing reasons public, etc.[3]

[3] It is important to note here that Hussain restricts his argument to ethical consumerism that can be characterised as SCEC. Indeed, SCEC is the *key* category of Hussain's argument; he makes it explicit that his reasons aim at this form of ethical consumerism alone.Other forms of ethical consumerism, e.g. *clean hands ethical consumerism*, *expressive ethical consumerism*, and *unmediated ethical consumerism*, are not within the scope of Hussain's argument (p. 113).

3 Two Premises

Hussain's defence of his position is best presented in the form of two premises. These two premises represent the core of Hussain's reasoning. First, there is the "inclusion premise", which implies that SCEC is governed by democratic requirements. Second, there is the "exclusion premise", which implies that private consumers are exempt from democratic duties of morality. (The inclusion and exclusion premises are our formulations; Hussain does not explicitly formulate his argument in these terms. Nevertheless, we take them to be the best representation of Hussain's argument.)

The inclusion premise can be stated as follows:

> *Inclusion premise*: For all practices x, if x yields social change (to a significant degree), then x is subject to democratic requirements.[4]

Hussain justifies this premise as follows. There is a set of values that determine "how a society should evolve over time" (p. 115). In order to uphold these values, any practice that causes change must be restricted by democratic requirements:

> For example, electoral practices in a liberal democracy define the power to vote, but they also specify that citizens are only authorized to vote their best political judgment, not to support candidates in exchange for payment. This restriction is essential because the democratic process could not achieve one of its justifying ends in a liberal democracy—protecting the rights of all citizens, rich and poor alike—if the wealthy were allowed to buy votes to advance their interests. (p. 116)

The inclusion premise not only entails that state practices are subject to democratic requirements but also explains why SCEC and the employment of bargaining power to advance social, moral, and environmental changes are subject to democratic requirements. Hussain sums this up as follows:

> The market is also a social institution, and it defines various powers, such as the power to buy and sell goods. These powers enable people to exercise an influence [...] on the course of social life. Putting these powers in their broader social context, we can think of the permissibility of SCEC in terms of a question about how individuals are authorized to use the market powers that we collectively create and maintain in our society. (p. 116)

In sum, if you act as a social change ethical consumer, you aim to exercise power over other individuals or groups. The exercise of this power must be subject to checks and balances in order to guarantee the democratically legitimate evolution of society over time. This explains why SCEC cannot remain unrestricted. It needs to be subject to the set of democratic requirements cited above.

We now turn to Hussain's *exclusion premise*, which explains why ordinary PQC is not subject to democratic requirements:

> *Exclusion premise*: For all practices x, if x is internal or essential to (profound)

[4] By saying that practice "x is subject to democratic requirements", we of course mean to say that the *agent* who engages in practice x is subject to democratic requirements. We choose the shorter formulation in order to avoid using a cumbersome formulation.

Pareto improvements, then x is exempt from democratic requirements.

According to Hussain, if a practice "generate[s] profound improvements in people's lives, improvements that meet the very high threshold necessary to justify certain departures from [democratic] ideals", then the "[democratic] defects of [a practice] are justified" (p. 136). According to Hussain, PQC qualifies for such a departure:

> The price-quality preferences of consumers are an essential component in the vast social opportunity for Pareto improving transfers […]: it is the correspondence between these consumer preferences and the preferences of workers and investors that creates the opportunity. Under the right conditions, the market process will generate all of the Pareto improving transfers that make up this social opportunity, but in order for the process to work, consumers must actually make buying decisions based on their price-quality preferences. If they do not signal their price-quality preferences and pursue these preferences through their purchasing decisions, the market exchange process will not achieve its justifying end. (p. 137)

In sum, PQC generates vast Pareto improving exchanges. This creates a public justification for allocating goods and services via markets: "The market is a social institution that has an appropriate public justification, that is, it provides the institutional setting for an exchange process that tends toward a Pareto optimal outcome" (p. 122). This justifies its exemption from democratic requirements. Price-quality consumerism is internal to the market, and it is essential to the achievement of the market process's justifying end. The price/quality consumer is thus authorised to use her bargaining power without keeping an eye on democratic requirements.

4 Counterintuitive Consequences

We will argue that Hussain's double-standard position (the *inclusion* of SCEC and the *exclusion* of PQC from democratic requirements) is indefensible. We shall formulate three concerns. First, the position entails a gravely counterintuitive consequence: it makes it too easy to exempt oneself from the application of democratic requirements. Second, Hussain's position cannot in fact be derived from the premises he offers for it. Third, the premises Hussain offers for his position are incompatible insofar as they generate an inconsistency.

To begin, consider a counterintuitive consequence of Hussain's position. Suppose you act as a social change ethical consumer. You intend to use your purchasing power to adjust a market participant's behaviour. In doing so, however, you happen to deprive a supplier of their freedom of expression, you employ your bargaining power against widely agreed public interests, you ignore how current (or future) legislation handles the supplier's behaviour, etc. In sum, you promote your moral agenda by violating others' rights and public interests. According to Hussain's argument, you infringe central democratic requirements. You are therefore not entirely moral.

How can you redeem your moral standing? One option is that you can bring your actual behaviour in line with what morality requires of you. That is, you can ensure that your purchasing decision does not infringe freedom of expression, does not contradict widely agreed-upon public interests, and does not ignore the impact of current (or future) legislation.

However, Hussain's position also allows for a second option: you can redeem your moral standing by simply altering your purchasing motive. By becoming a price/quality consumer, you exempt yourself from democratic requirements. So, *ceteris paribus*, by merely transitioning from being an ethical to a price/quality consumer, you can become a more moral individual.

But his is implausible. Suppose that in the situation described, *ceteris paribus*, you abandon your social ethical change consumerism by becoming a self-absorbed hedonistic materialist. That is, your utility function no longer includes concern for the wellbeing or rights of others. Your only concern is your own good, which you aim to promote with PQC. Should we conceive of this as a way of improving your morality? Surely not. On Hussain's view, however, PQC in fact represents a panacea for those who infringe democratic requirements *qua* ethical consumers. This is untenable. PQC alone cannot exempt us from the demands of public morality.[5]

To avoid this counterintuitive consequence, Hussain could argue that market participants are universally morally required to engage in social change ethical consumerism. This would result in a two-tiered normative view. First, consumers would be morally obligated to be social change ethical consumers. Second, once consumers satisfied that obligation, they would then be obliged to satisfy the democratic requirements Hussain outlines.

In this case, PQC would no longer represent a panacea for those who infringe democratic requirements *qua* ethical consumers. By adopting a price-quality motive, one would violate the moral requirement to consume on the basis of social change ethical motives.

In the context of Hussain's argument, however, this move would be *ad hoc*. It would imply the end of morally unobjectionable PQC. PQC would be immoral *per se*. Given that Hussain assigns such *moral importance* to PQC (in that it is internal to or necessary for Paretian welfare advances), this line of argumentation does not appear to be open to Hussain. We therefore maintain that Hussain's position remains gravely counterintuitive.

5 An Invalid Argument

We now turn to a second problem. We doubt that Hussain's premises licence an inference to his motive-relative consumer ethics. In particular, the *inclusion premise* does not entail that every act of SCEC (as defined by Hussain) makes a consumer subject to democratic requirements. Likewise, not every act of PQC exempts a consumer from being subject to democratic requirements.

Our point here is this. Hussain argues that *practices* that *effectuate* social change are subject to democratic requirements. However, not every act of SCEC qualifies as such a practice. SCEC is a practice where a consumer acts with an intention to change a market participant's behaviour. Clearly, not every purchasing decision made with the *intention* of changing market participants' incentive structures will result in social change. As with any other action, one may fail to realise one's intention. If, for instance, your purchasing decision is only responsible for an ultra-marginal reduction in a multinational company's turnover, your decision will not set any effective incentives to alter behaviour. In fact, the more perfectly a market or competition operates (i.e. where all firms and consumers are price takers), the less the impact of individual purchasing decisions, independently of the motives behind them.

Likewise, not every particular act of PQC will turn out to be essential for Paretian welfare improvements. True, under the circumstances of perfect competition, every market exchange based on price/quality motives will lead to a Pareto improvement to welfare. However, as soon

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[5] This is not to say, of course, that motives are generally under our direct voluntary control. But we do not believe that this matters for our objection here. Whatever prompts a change in motive, it cannot count as pivotal for whether or not democratic requirements apply to a consumer.

as a purchasing decision is taken under imperfect information (instead of buying a perfectly functioning car, you buy a lemon) or severe externalities (your purchasing decision results in the pollution of a community's drinking water), an increase in Paretian welfare is not guaranteed. In sum, the *motive* is inapt for tracking the degree of change or welfare improvement that will result from a purchasing decision.

The consequence of this criticism is plain. As it stands, it does not follow from Hussain's argument that the *motive* of a purchasing decision determines whether you are subject to democratic requirements. Instead, it implies the following: first, democratic requirements apply to acts of consumption that *in fact* contribute to social change; second, price/quality consumers are exempt from democratic requirements if their purchasing decisions are *in fact* essential or internal to contributing to Paretian welfare improvements.[6] The motive alone does not make you liable to or exempt from democratic requirements. If Hussain wants to expand his argument to cover acts performed merely in virtue of their motives, he still needs to present an additional argument for that. We believe that such an argument is far from trivial.

Here is why. Suppose there are conditions *C* which imply that you are subject to a moral requirement to *x*. At least as a principle of inference, this does not imply that if you *intend C*, then you are subject to a moral requirement to *x*. Suppose that if you witness a child drowning in a pond you are morally required to try your best to save that child. Of course, this does not imply that if you *intend* to witness a child drowning in a pond you are morally required to save that child. That makes no sense at all. Rather, morality requires you to rid yourself of that dubious intention.

6 An Inconsistent Position

In this section, we add a further criticism. We argue that the *inclusion premise* and the *exclusion premise* entail an inconsistency. The *inclusion premise* says that if your actions yield significant social change, then they are subject to democratic requirements. The *exclusion premise* says that if your actions yield significant Pareto improvements, then they are *not* subject to democratic constraints. Hence, if we are to consistently rely on these premises, there cannot be an action that yields both significant social change *and* significant Pareto improvements. However, Hussain himself explicitly *embraces* the existence of a practice that generates both. For example, PQC not only generates Pareto improvements but also

> […] involves the use of our market powers, and […] has an enormous impact on the course of social life: new forms of work, housing, and social interaction—even new cities and towns—are in large part the product of price-quality decisions that people make as consumers. (p. 135)

In fact, Hussein's point here can be seen in the context of Joseph Schumpeter's point about the creative destruction inherent in capitalist societies:

> Capitalism [...] is by nature a form or method of economic change and not only never

[6] This, of course, would raise another worry. If we are to focus on the *actual* effects of one's consumption, then one does seem to be in the position to know whether the democratic requirements apply at the moment of consumption. Whether an act of consumption will yield social change often will not be clear until a later point in time. So, Hussain would need to adjust his view and make the application of democratic requirements conditional on what is foreseeable or reasonable to expect ex ante. We thank the editors of this journal for considering this point.

> is but never can be stationary. [...] The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates. (Schumpeter, 2013, pp. 82–83)

In sum, capitalism is inherently change driven. Price/quality consumption involves creative destruction. Schumpeter leaves no doubt as to the degree of this self-destructive upheaval: "the capitalist process in much the same way in which it destroyed the institutional framework of feudal society also undermines its own" (Schumpeter, 2013, p. 139).

In view of Hussain's argument, this generates a fundamental contradiction. On Hussein's premises, there are situations in which PQC is both *included* under and *excluded* from democratic constraints. Thus, the *inclusion* and the *exclusion premises* yield contradicting propositions. So, Hussain cannot rely on these premises to warrant his position. He must at least abandon one of them.

The same inconsistency can be generated not only via PQC but also via SCEC. Hussain includes SCEC under the authority of democratic requirements via the *inclusion premise*, yet he explicitly denies that the *exclusion premise* can also apply to SCEC. That is, on his view, SCEC consumerism does *not* contribute significantly to Pareto improvements. We argue, however, that this position is untenable. There is in principle no reason to assume that SCEC can also yield significant Pareto improvements.

Hussain makes his point as follows:

> [First,] price-quality consumerism is *internal* to the market exchange process. The price-quality preferences of consumers are an essential component in the vast social opportunity for Pareto improving transfers. [Second,] [b]y contrast, SCEC is not internal to the process in the same way. The social change preferences of individual consumers tend to conflict with the social change preferences of workers, investors, and other consumers. These preferences do not present a significant opportunity for Pareto improving transfers, and as such, SCEC does not contribute to the market achieving its justifying end. (p. 137)

Hussain's use of "internal" and "essential" suggests that he intends this point to be a *conceptual* one. That is, there is something *conceptually* inherent in PQC that makes it a significant source of Pareto-improving transfers. Likewise, there is something *conceptually* inherent in SCEC that excludes it from being a source of Pareto-improving transfers.

As a conceptual claim, however, this point is misguided. Suppose you want to establish whether a transaction is Pareto improving. You must determine whether a transaction makes no affected party worse off while making at least one affected party better off. That is, you need to determine (or so it is commonly assumed) whether a transaction satisfies the (rational and informed all-things-considered) preferences of the affected parties. One thing you do *not* need to establish, however, is whether the *motive* behind a preference is an ethical or a price/quality consideration. For example, suppose you exchange $3 for a cup of fair-trade coffee. Are you now better off? This depends on whether you thereby satisfy a (rational and informed) preference of yours. It does not depend on whether the motive behind the preference is the quality of the coffee or how the producer treats his coffee farmers.

Here is an alternative way to make this point. Take a market with a particular kind of consumption behaviour. Suppose all individual consumers in this market base their consumption decisions entirely on price-quality considerations. Suppose also that these consumers have no social change ethical motives. Compare this now with a market that displays the same consumption behaviour. That is, precisely the same products are bought and consumed. However, now the consumers base their consumption decisions entirely on social change ethical motives. There is no reason to suppose that, in the latter situation, the number or magnitude of Pareto-improving transfers will be diminished.

As a result, there is no foundation for discriminating against ethical preferences here. We cannot conceive of any argument for why, conceptually, the satisfaction of an ethical preference impacts your wellbeing differently than the satisfaction of a price-quality preference. In sum, Hussain's attempt to ensure that the exclusion premise does not apply to SCEC fails. On Hussain's reasoning, there is no conceptual reason to believe that SCEC, like PQC, cannot contribute significantly to Paretian welfare improvements. However, as SCEC can therefore generate social change *and* Paretian welfare improvements, Hussain's premises generate a contradiction. There are instances were SCEC will and will not be subject to democratic requirements simultaneously. This again shows that Hussain should abandon one of his premises.

We now turn to an alternative interpretation of Hussain's claim. Perhaps we should not read Hussain's point that SCEC does not present an opportunity for Paretian welfare improvements as a conceptual claim. Perhaps it is better viewed as an *empirical* point (hence his use of "tend to" in the above quote). So, in comparison with PQC, SCEC has a greater propensity to generate fewer Pareto-improving transactions. In other words, by comparing a sufficiently large number of ethical and price/quality purchasing decisions, SCEC fails to contribute as significantly to Pareto improvements as PQC.

If this is Hussain's point, he presents no argument for it. He only asserts that "social change preferences of individual consumers tend to conflict with the social change preferences of workers, investors, and other consumers". This point remains entirely intuitive. It does not follow from any of his claims.

What might an argument for this position look like? One possibility is to say that PQC is necessary for a market's ability to signal what people produce and at what price.[9] That is, only the demand created by price-quality preferences gives rise to a price mechanism that leads to an efficient allocation of resources and labour. Joseph Heath outlines this mechanism as follows:

> If stores [for example] have too many ladles, and not enough toothbrushes, they will be willing to order more toothbrushes, and pay more for them. This in turn means that the toothbrush makers will be willing to pay more for the plastic. Thus, if all firms sell to the highest bidder, the resources will be channelled toward the use for which there is the greatest need. But if there is not a competitive market for all these goods, not only will firms not have the incentive to engage in the necessary transactions, but the absence of prices will make it difficult for anyone even to determine which transaction should be occurring. (Heath, 2014, p. 30)

We agree that a functioning price mechanism is essential for the efficient allocation of resources. However, we disagree that SCEC necessarily undermines this mechanism (at least to a greater degree than PQC). Suppose there is high demand for product *F* and low demand for

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[9] We thank an anonymous referee for suggesting this interpretation.

E. Suppose that this is put into reverse. Under non-ideal market conditions (in particular, conditions of incomplete information), this will result in some short-term inefficiency, at least until the price-signalling effect transmits through the market chain of supplies and effectuates a change in resource allocation. During this adaptation period, the market participants will face a loss in Paretian welfare.

However, whether the change in demand stems from SCEC or PQC is irrelevant to this effect. Suppose people are willing to pay a higher price for a product if it comes with a particular product-inherent quality. Likewise, suppose people are willing to pay more if its production or consumption comes with a particular moral quality. The underlying price-signalling mechanism remains the same. Again, against Hussain's suggestion, the *exclusion premise* can also apply to SCEC. The resulting inconsistency threatens again.

We now turn to another possible argument for Hussain's suggestion that SCEC cannot be excluded from democratic requirements via the *exclusion premise*. We believe that this is the best argument Hussain can give in support of his claim.

Suppose you engage in SCEC. You are boycotting a particular product in order to change a supplier's behaviour. Suppose that you succeed in instigating a critical mass of consumers to follow your practice. So, in effect, you manage to form what is known as a collusive monopsony (i.e. a buyer's cartel).

The economic or welfare consequences of a collusive monopsony are clear (and analogous to the consequences of a colluding monopoly):

> In some markets buyers may collude among themselves in an effort to influence the price that they pay for a product or an input. Just as collusion among sellers can lead to economic results that are similar to monopoly (i.e., elevated price and reduced output), so can collusion among buyers lead to monopsonistic outcomes. Acting in concert, the buyers would orchestrate their purchase decisions to achieve precisely the same results as the monopsonist [...]. Consequently, collusive monopsony has the same deleterious effects on social welfare as does pure monopsony: Too few resources will be employed. It is clear that the suppliers of the collusively monopsonized product are hurt by a collusive reduction in the purchase of their outputs. Moreover, since the suppliers provide less of their product, the quantity of the final good must be reduced, or its quality must be reduced. Consequently, such restraints are inconsistent with consumer welfare and should be condemned. (Blair and Harrison, 2010, pp. 48–49)

Consequently, in a situation where SCEC leads to a collusive monopsony, Hussain's point that SCEC does "not present a significant opportunity for Pareto improving transfers, and as such, SCEC does not contribute to the market achieving its justifying end" (p. 137) is a credible one. Collusive monopsony can reduce Paretian welfare.

However, this point is still too weak to ground the conclusion that SCEC is never exempt from democratic requirements via the *exclusion premise*. There are two points we would like to highlight here. First, it is obvious that not every activity that qualifies as SCEC succeeds in establishing an effective collusive monopsony. Stable and effective collusive monopsonies only occur under a set of restricted conditions (cf. Blair and Harrison, 2010, pp. 49–51). Second, the loss of welfare also depends on the market environment in which collusive activity takes place. If it takes place in an environment where there is a (collusive) monopoly on the supply side, then "[n]either the monopolist nor the monopsonist can exploit its market power in the usual way" (Blair and DePasquale, 2008, p. 6).

Moreover, conclusive monopsony is not idiosyncratic to SCEC. It can also be driven by PQC. A group of consumers may collude to depress a product's price exclusively from pecuniary motives. Where this is the case, democratic requirements will again apply to PQC (via the *inclusion premise*)—a result that Hussain tries to block via the *exclusion premise*. But the *exclusion premise* does not apply to this type of collusive PQC because it fails to generate the welfare improvements that Hussain employs as grounds for rejecting the application of democratic requirements.

Finally, we would like to offer another argument for why Hussain cannot avoid having the *exclusion premise* also apply to SCEC. Not only does PQC involve "the vast social opportunity for Pareto improving transfers" (137), but it also leads to a significant amount of market failure and *negative externalities*, i.e. Pareto-*deteriorating* spill-over costs of consumption. There is an endless list of devastating examples: global warming, overfishing, trafficking, antibiotic resistance, etc. Much of the motivation for SCEC arguably hinges on the *reduction* of negative externalities. As ethical consumers, we accept higher prices if, in exchange, we contribute to *reducing* negative externalities and their social costs. If that is correct, SCEC seems to play a role in creating social opportunities for Pareto-improving transfers. This, again, opposes Hussain's position. When SCEC reduces externalities (and therefore involves Paretian welfare improvements), SCEC, like PQC, is *not* subject to democratic requirements.

The upshot of this discussion is plain. Hussain's premises generate an inconsistency in two distinct ways. First, PQC can yield Pareto improvements *and* social change. According to the inclusion and exclusion premises, there are instances in PQC that imply that a price-quality consumer both *is and is not* subject to democratic requirements. Second, SCEC can yield Pareto improvements and social change. According to the inclusion and exclusion premises, there are instances of SCEC that imply that a social change ethical consumer both *is and is not* subject to democratic requirements. In effect, Hussain's premises generate a kind of "Schrödinger's consumer": one who both *is and is not* liable to public demands of morality.

7 Only a Subsidiary Norm

The last section concluded that Hussain's premises generate two independent inconsistencies. Hussain should therefore reconsider at least one of his premises.

To make his position consistent and to preserve as much as possible of the impetus behind his original idea, Hussain could alter his position in two ways. For one, he could stick to the *inclusion premise* and drop the *exclusion premise*. As a result, if your actions yield social change, morality requires you to not deprive other agents of their fundamental rights or basic liberties, to deliberate with your fellow citizens, to look after the common good, and to ensure that your moral reasoning is subject to public debate. However, contrary to Hussain's position, there exists *no* sub-class of actions or practices, like PQC, that are exempt from this. Even if your actions (are internal to) yield(ing) welfare-inducing consequences, democratic requirements pose effective moral and deontic restrictions that are to be respected no matter how beneficial an action or practice may be.[10]

[10] This line of reasoning appears to be consistent with Hussain's position that "[c]ertain laws, policies, and patterns of behavior may be attractive in themselves, but the processes through which these develop in society may be morally objectionable because they are inconsistent with procedural values". In this sense, Hussain's democratic

Alternatively, Hussain could replace both premises and opt for a hybrid view (making the application of the inclusion-premise conditional on welfare considerations). Accordingly, for all practices *x*, if *x* yields social change (to a significant degree), then *x* is subject to democratic requirements *unless x* is internal or essential to (profound) Pareto improvements. That is, every instigation of social change is, in principle, subject to democratic requirements except when it is essential to increasing welfare. Again, as above, this would also eradicate the special statues of PQC as being exempt from democratic requirements.

Both adjustments would improve the consistency of Hussain's position. But how plausible are the resulting views? In fact, Hussain anticipates that both positions are extremely demanding. First, by abolishing the *exclusion premise*, ordinary market transactions would become subject to weighty moral demands. In fact, Hussain claims that if we "must [for example] approach all purchasing decisions as part of a deliberative process that aims to find the allocation of resources in society that best serves the common good", "this would effectively rule out price-quality consumerism as we know it" (136). And, second, even if the *inclusion premise* applies only if a practice of social change does not generate profound welfare improvements, overseeing and appraising the consequences of our market behaviour would use up vast cognitive resources. This is precisely why Hussain introduces the *exclusion premise*—a move, as we have shown above, that is *ad hoc* and that seems to effectively introduce more problems than it solves.

We therefore conclude with an alternative suggestion. First, we believe that the *inclusion premise* generates at best only a subsidiary norm for consumers. By this we mean that the *inclusion premise* only applies to consumers in non-ideal circumstances. We believe that these non-ideal circumstances are best characterised as circumstances where the state fails to satisfy its obligation to appropriately protect those who suffer from the results of economic and social changes. Procedural values, *inter alia*, reflect fundamental rights. They are first and foremost to be upheld by the state, not by consumers. Only in circumstances where the state fails to uphold these values does the obligation to ensure the satisfaction of democratic requirements transfer to individual consumers.

Let us illustrate this by using the structure of one of Hussain's own examples (pp. 117–118). Suppose that, due to some collective purchasing decision (whether based on a price/quality or an ethical motive), you face economic difficulties to the point where it can be said that you can no longer freely express your opinion, execute your rights, or, for instance, practice your religion. Against the *inclusion premise*, we argue that in this situation it is not primarily your own obligation as a consumer but rather the state's obligation to guarantee your fundamental rights and liberties. In fact, your obligation as a consumer kicks in only if the state fails to satisfy its obligation to create the economic circumstances necessary to uphold your fundamental rights and liberties.

How might the state discharge this obligation? Precisely as the modern welfare state does. For example, one effective way is through establishing obligatory insurance schemas (such as unemployment or contingency insurance) that guarantee a certain level of physical, social, and spiritual subsistence in the face of social and economic change. Another example is the legal provision of limited liability, i.e. legally limiting an owner's responsibility for a company's financial liabilities to the nominal value of the owner's shares. This would also ensure that the

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requirements can be understood as Nozickian "side constraints", i.e. moral restrictions that stem from rights and legitimate concerns that ought not to be overstepped in the pursuit of the greater social good (Nozick, 1988).

market-power-driven demise of an economic activity would not deprive owners of an economic foundation for exercising fundamental rights and liberties.

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