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# Does Heath Have a Good Answer to Steinberg?

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A COMMENTARY ON Etye Steinberg (2017), “The Inapplicability of the Market-Failures Approach in a Non-Ideal World,” *Bus Ethics J Rev* 5(5): 28–34,  
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## ABSTRACT

Etye Steinberg has recently raised a problem for Joseph Heath’s Market Failures Approach. In this paper we consider a response by Heath. We argue that Heath’s response not only leaves the original problem intact, but also raises a second one, analogous to stakeholder theory’s so-called “identification problem.”

**ACCORDING TO JOSEPH** Heath’s “market failures approach” (MFA) to business ethics, the moral responsibilities of corporations flow from the ultimate justification for markets themselves, the production of Pareto-efficient allocations of goods under conditions of perfect competition. Profit-seeking strategies that violate conditions of perfect competition are unethical because they thwart Pareto efficiency, thereby undermining the moral goal that justifies corporations’ pursuit of profit in the first place. Thus, on Heath’s view, corporations are subject to a set of ethical rules (“MFA-rules”) that forbid such strategies. Specifically, these rules (Heath 2014: 37) include:

1. Minimize negative externalities.

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