

# PRACTICES, FIRMS AND VARIETIES OF CAPITALISM\*

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## 1. Production as a practice

A central thesis of *After Virtue* is that capitalism is incompatible with the conduct of economic production as a genuine *practice*.<sup>1</sup> For MacIntyre, this claim has serious important critical implications, since he regards practices with their 'internal' goods as central to human flourishing. But I shall not attempt to evaluate the concept of practices as a critical ideal. I shall be concerned only with whether it is true that production cannot be conducted as a practice in capitalist economies, and not with the logically distinct question of whether, if that were so, it would be a good reason for criticising capitalism.

Why might it be thought that capitalism is practice-antithetical? For MacIntyre, this cannot be due simply to its reliance on the 'external' goods of money, power and status, since he insists that practices themselves depend for their viability on *institutions*, and hence on the systematic use of external goods. So his claim must instead be that the specific nature of *capitalist* institutions is such that they undermine the conduct of production as a practice. Against this, I shall argue that capitalist economies take a number of institutionally distinct forms, and that these so-called 'varieties of capitalism' differ significantly in the extent to which, and the respects in which, they are antithetical to production as a practice.<sup>2</sup>

Some initial plausibility for this can be provided by considering in some detail the series of contrasts presented by MacIntyre, in a later paper, between two kinds of fishing crews.<sup>3</sup> I shall call these the 'practice crew' and the 'non-practice crew'. In the latter, both crew-members and their managers are motivated exclusively by the pursuit of financial rewards (and the satisfaction of desires that these make possible). For them, fishing is valued purely as means of acquiring such external goods and everything else is judged instrumentally on this basis. Thus:

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<sup>1</sup> Alasdair MacIntyre *After Virtue* Notre Dame, University of Notre Dame Press 1981, chapters 14-16; for an authoritative guide to MacIntyre's social and political philosophy, see Kelvin Knight *Aristotelian Philosophy: Ethics and Politics from Aristotle to MacIntyre* Cambridge, Polity Press 2006, especially pp 124-188.

<sup>2</sup> This argument builds on the analysis in chapter 6 of Russell Keat *Cultural Goods and the Limits of the Market* London, Macmillan 2000; see also Geoff Moore and Ron Beadle 'In Search of Organizational Virtue in Business' *Organization Studies* 27 no 3 (2006) pp 369-389, where the potential significance of different kinds of capitalism in shaping the 'environment' in which businesses operate is noted. That the non-capitalist yet market-based system of *market socialism* is compatible with production as a practice is argued by Andrew Mason 'MacIntyre on Modernity and How It Has Marginalized the Virtues', in Roger Crisp (ed) *How Should One Live?* pp 191-219 Oxford, Clarendon Press 1996.

<sup>3</sup> Alasdair MacIntyre 'A Partial Response to My Critics' in: J Horton and S Mendus (eds) *After MacIntyre* pp 283-304 Cambridge, Polity Press 1994.

A fishing crew may be organized and understood as a purely technical and economic means to a productive end, whose aim is only or over-ridingly to satisfy as profitably as possible some market's demand for fish. Just as those managing its organization aim at a high level of profits, so also the individual crew members aim at a high level of reward. Not only the skills, but also the qualities of character valued by those who manage the organization, will be those well designed to achieve a high level of profitability.<sup>4</sup>

In the practice crew, by contrast, although its members are partly motivated by financial rewards, they also value highly both the activity of fishing itself, with its own internal goods and standards of excellence, and their shared life as members of the crew, with its strong sense of mutual obligation and allegiance. Thus:

Consider by contrast a crew whose members may well have initially joined for the sake of their wage or other share of the catch, but who have acquired from the rest of the crew an understanding of and devotion to excellence in fishing and to excellence in playing one's part as a member of such a crew. Excellence of the requisite kind is a matter of skills and qualities of character required both for the fishing and for achievement of the goods of the common life of such a crew.<sup>5</sup>

These differences between what is valued by, and motivates, the two crews are reflected in how each will respond if the financial rewards of fishing decline. For the non-practice crew - owners, managers, crew-members alike - the response is simple: they 'exit' as soon as they can. Thus:

When... the level of reward is insufficiently high... the individual whose motivations are of this kind will have from her or his point of view the best of reasons for leaving this particular crew or even taking to another trade. And when the level of profitability is insufficiently high, relative to comparative returns on investment elsewhere, management will from its point of view have no good reason not to fire crew members, and owners will have no good reason not to invest their money elsewhere.<sup>6</sup>

But for members of the practice crew the situation is more complex. They are strongly attached to the non-pecuniary goods of their activity, but they are not entirely unconcerned with financial rewards (and what these can be used to obtain). Since they value the former more highly than the latter, they will be willing to make considerable financial sacrifices to keep going. Yet there may come a point at which they too will have to pull out. Thus:

... the goods to be achieved in attaining excellence in the activities of fishing and in one's role within the crew will, for as long as possible, outweigh the economic hardships of low wages and periods of bad catches or low prices for fish. Of course no fishing crew can ever completely ignore the economic dimensions of their enterprise. But we have enough experience of members of crews

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<sup>4</sup> *Ibid.*, pp. 284-5.

<sup>5</sup> *Ibid.*, p. 285.

<sup>6</sup> *Ibid.*, p. 285.

preferring to endure the hardships of economic bad times in their trade, when they could have earned far higher wages elsewhere, for us to know that the subordination of economic goods to the goods of practice can be a rewarding reality.<sup>7</sup>

What is one to make of these contrasts? MacIntyre clearly intends his depiction of the non-practice crew to represent the nature of firms in a capitalist economy. One might say that he relies on his readers sharing with him a certain ‘theoretical image’ of capitalism, so that they will instantly ‘recognise’ the non-practice crew as what a capitalist fishing crew would be like. But for readers of the literature on varieties of capitalism that I shall draw upon extensively in the following two sections, this theoretical image will instead be recognisable as that of a specific *kind* of capitalism, which differs significantly from other kinds.

In particular, a distinction is often made between the ‘*impatient* capital’ of so-called ‘liberal’, or ‘stock market’ capitalism, in countries such as the UK and USA, and the ‘*patient* capital’ of the different kinds of capitalism to be found in countries such as Germany and Japan. These kinds of capitalism are said to differ in their forms of ownership, governance, and access to finance, leading to marked differences in the degree of commitment that owners and lenders display towards firms, and hence in the extent to which managers and workers are subject to the pressures of short-term profitability.

It might then be suggested that MacIntyre’s non-practice crew displays features associated primarily with ‘liberal’ capitalism, and not with capitalism as such. Further, since MacIntyre himself recognises that his description of the two kinds of crews are “... of ideal types, defining the extremes of a spectrum on which there are many points”,<sup>8</sup> and since the same might be said of kinds of capitalism when distinguished in terms of (their degree of) ‘capital patience’, one might be inclined to map these two spectrums onto one another, and argue that the extent to which capitalism is practice-antithetical varies with the extent to which it conforms to the liberal model.

However, this line of thought is too simple as it stands. For even if varieties of capitalism differ in the extent to which short-term pecuniary considerations dictate ‘entry and exit behaviour’, and perhaps more generally in how much weight is given to financial considerations by comparison with others, this does not show that any of them are conducive to the *specific kinds* of non-pecuniary goods that are valued by, and motivate, MacIntyre’s *practice*-crew.

These non-pecuniary goods are of two broad kinds. First, there are what I shall call the ‘loyalty goods’ connected to the forms of mutual obligation and allegiance which characterise the shared life of the practice-crew. Second, there are the internal goods associated with the practice of fishing itself, defined by reference to its standards of excellence. The distinction between these is important, since not only are the latter, internal goods, the most distinctive feature of genuine practices, but it also seems quite possible for there to

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<sup>7</sup> *Ibid.*, pp 285-6. MacIntyre emphasises that the allegiance of crew members to one another extends also to other members of the local community to which they belong: I exclude this element in most of what follows, returning to it in the final section.

<sup>8</sup> *Ibid.*, p. 284.

be productive enterprises in which loyalty goods are present yet internal goods are absent. So what has to be shown by anyone arguing that capitalism is compatible with production as a practice is that there is at least one form of capitalism that is conducive both to loyalty goods and to internal goods; to show this only for the former will not suffice.

What this implies is that distinguishing kinds of capitalism in terms of this single dimension will likewise not suffice. Patient capital may well be more conducive to loyalty goods than impatient capital, since long-term commitments on the part of owners make it easier for employees (and managers) to develop various forms of attachment and mutual obligation. But there is no obvious reason why patient capital should also be conducive to the internal goods of production as a practice. So in order to identify a form of capitalism that is (also) favourable to these, a more complex and discriminating framework will be required, one that includes further dimensions of difference that are especially significant for the possibility of internal goods. I shall try to provide this in the following sections, drawing on some recent work in comparative political economy. But some indication of what is required can be given by noting an important difference between loyalty goods and internal goods.

Loyalty goods, it would seem, are essentially connected to the relationships between members of some discrete entity, such as a particular sports club or business enterprise, and are hence 'organisationally bounded', as it were. But this is not so for the internal goods of practices. A practice, with its specific goals and standards of excellence, is a form of social activity that is in principle shared by an indefinite number of practitioners. Practices may typically be conducted in particular organisational contexts or locations, but they are not themselves thus bounded. So, in the case of MacIntyre's practice-crews, the internal goods of fishing are available to anyone who is a member of any such crew, whereas the loyalty goods are tied to the members of each particular crew.

If one now thinks about this in terms of the familiar economic distinction between *firms* (or organisations) and *industries* (or sectors), one can then say that whereas loyalty goods are 'located' in individual firms, practices and their internal goods are located at the level of specific industries. Thus the internal goods available to members of a particular firm must belong to a practice that they share with the members of other firms in the same industry, such as fishing or farming, to use (some of) MacIntyre's examples, or car-making, to use one that will be relevant later.

But this poses an apparent problem for the compatibility of capitalism with production as a practice, since capitalism is essentially a competitive system in which firms within the same industry are competing with each other for financial success. It is quite easy to see how these rival organisations might find it useful to cultivate attitudes of loyalty amongst their members, and how different forms of ownership and capital provision might be more or less conducive to this. It may seem much harder to see how the sense of commonality, of the shared internal goods and standards of a practice, could survive such competitive pressures. However, I shall try to show in the following two sections that this is not an insuperable problem.

## 2. Varieties of capitalism

The account of different kinds of capitalism that I shall present in this section draws mainly on the framework and analysis presented by Peter Hall and David Soskice in *Varieties of Capitalism*.<sup>9</sup> This is largely for expository convenience: there is a large body of literature in comparative political economy in which broadly similar characterisations of these differences are presented, and although there are theoretical and methodological debates within this literature that would be important in other contexts, they need not be addressed here.<sup>10</sup>

Hall and Soskice articulate and explore the institutional differences between what they call *Liberal* and *Coordinated* Market Economies: henceforth LMEs and CMEs. In doing so they give particular attention to how these different institutional arrangements impact on the organisation and conduct of firms. The UK and USA are taken as exemplary cases of LMEs, and Germany and Japan of CMEs. In theoretical terms, the distinction between LMEs and CMEs is between capitalist systems which rely on markets and hierarchies alone as the primary means of economic coordination, and those in which there is also extensive use of other means.<sup>11</sup> Amongst such additional means of coordination are (formal) *associations*, especially those linking firms within the same industry. As will be seen, these ‘horizontal’ associations are particularly important in Germany. In Japan, by contrast, the additional means of coordination are of a different kind; it represents, in effect, a different type of CME from that represented by Germany.

In their overall comparison between LMEs and CMEs, Hall and Soskice focus mainly on the type of CME represented by Germany, dealing separately with Japan, and I shall follow them in this. I will describe in turn three key areas in which LMEs and CMEs differ significantly in their institutional arrangements: ownership and finance, the internal governance of firms, and inter-firm relationships. I shall then describe what Hall and Soskice call the various ‘complementarities’ between these institutions in each variety of capitalism.

First, there are major differences between patterns of share ownership, access to finance, and corporate governance, in LMEs and CMEs.<sup>12</sup> In the UK, for example, the dominant shareholders are typically pension funds and similar institutions, whose holdings in any one company form only a small part of a large portfolio, and whose managers have strong incentives to switch funds in response to relatively short-term changes in company profits. In Germany, by contrast, the major shareholders are other companies and banks, whose

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<sup>9</sup> Peter A Hall and Frank Soskice ‘An Introduction to Varieties of Capitalism’ in: Peter A. Hall and Frank Soskice (eds) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* pp 1-70 Oxford, Oxford University Press 2001.

<sup>10</sup> Notable contributions to this literature include: Colin Crouch and David Marquand (eds) *Ethics and Markets: Cooperation and Competition within Capitalist Economies* Oxford, Blackwell 1993; J Rogers Hollingsworth, Philippe Schmitter and Wolfgang Streeck (eds) *Governing Capitalist Economies: Performance and Control of Economic Sectors* Oxford, Oxford University Press 1994; Colin Crouch and Wolfgang Streeck (eds) *Political Economy of Modern Capitalism: Mapping Convergence and Diversity* London, Sage 1997; Richard Whitley *Divergent Capitalisms: The Social Structuring and Change of Business Systems*. Oxford, Oxford University Press 1999; Vivien A Schmidt *The Futures of European Capitalism* Oxford, Oxford University Press 2002.

<sup>11</sup> On different forms of coordination (or ‘governance’) see the introduction to Hollingsworth, Schmitter and Streeck (eds), *op. cit.* pp 3-16. Note that the term ‘Liberal’, in ‘LMEs’, is used in its economic, not its political, sense.

<sup>12</sup> For detailed analysis, see Sigurt Vitols ‘Varieties of Corporate Governance: Comparing Germany and the UK’ in: Hall and Soskice (eds) *op. cit.* pp 337-360.

holdings in one company form a large proportion of their total holdings, and whose concerns are often strategic as well as financial. UK companies are also more vulnerable to takeovers than their German counterparts, due partly to regulatory differences. (Taken together, these differences are largely responsible for the previously noted contrast between the ‘impatient capital’ of LMEs and the ‘patient capital’ of CMEs).

Second, with respect to internal governance, firms in LMEs display high degrees of ‘managerial prerogative’ and hierarchy by comparison with more consensual forms of management in CMEs. For example, the membership of supervisory boards of German companies, which are responsible for major strategic decisions, consists of equal numbers of employee and shareholder representatives; for lower level decisions, managers are required to consult with works councils. In the UK, by contrast, equivalent forms of representation and consultation are rare. Combined with other legally sanctioned differences, these varieties of governance give rise to higher levels of job security in CMEs than in LMEs.

Third – and especially important for my overall argument - the exclusively *competitive* nature of relationships between firms in LMEs is significantly qualified or complemented in CMEs by various forms of *cooperation*. In Germany, the main institutional support for this is provided by formally organised, industry-based associations, which play a crucial role both in education and training, and in research, development and technology transfer.

Cooperation between firms on an industry-wide basis is central to the education of workers in Germany, through a highly developed system of vocational training and apprenticeships. Both employers’ organisations and trade unions are involved in negotiating agreements on the skill categories and training protocols and in monitoring the participation of individual firms in these schemes. As a result of this training system, there is not only a high level of skills and knowledge across a much larger proportion of the workforce than is typically found in LMEs, but these skills and knowledge are *industry-specific* (i.e. applicable across all firms in the same industry, but not across industries).

By contrast, training and apprenticeship schemes of this kind play relatively little part in the education of workers in the UK or USA. Instead, there is a combination of formal, public education, which focuses mainly on the provision of *generic* skills and knowledge (i.e. potentially relevant across a wide range of industries and occupations), and in-house training conducted by individual firms for their own employees.<sup>13</sup> This pattern holds true at a number of educational levels, including the training of managers, where there is a strong focus on the provision of generic managerial skills, most notably through the MBA degrees often held by senior managers. This contrasts with the industry-specific technical or professional backgrounds more typical of German managers.

Turning to research and development, in LMEs this is primarily conducted within individual firms in competition with others, the successful firm then protecting its technological superiority by the use of

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<sup>13</sup> On the significance of generic *v* specific skills, see Margarita Estevez-Abe, Torben Iversen and David Soskice ‘Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State’ in: Hall and Soskice (eds) *op. cit.* pp 145-183

patents. Technology transfer (i.e. the diffusion of new developments across an industry) takes place through licensing arrangements, the movement of employees between firms, or company takeovers. In Germany, by contrast, a good deal of research and development takes place through cooperation between firms, and the industry associations which facilitate this are also involved in technology transfer and the specification of technical standards. In LMEs, the weaker role of industry associations is reflected in the relative absence of such standards, and inter-firm collaboration is more difficult to achieve because of legislative regulation such as the USA's anti-trust laws.

Hall and Soskice emphasise the *complementarities* between the various institutional elements in each kind of capitalism: the specific behaviour by firms that each element facilitates or requires is at least compatible with, and often reinforces or supports, the behaviour required or facilitated by other elements. For example, firms in LMEs will frequently be under pressure from shareholders to rectify short-term declines in profitability, and cost-cutting measures such as shedding labour will be facilitated by the exercise of managerial prerogative. For firms in CMEs such measures would be less easy to take, given the need to negotiate with workers' representatives, but the nature of their relationships with shareholders make it less likely that they will be required. It is therefore easier for them to make what Hall and Soskice call 'credible commitments' to employees, and likewise to suppliers and clients.

Another set of complementarities obtains between the institutional bases for inter-firm relationships. For example, the German system of vocational training facilitates collaborative research and development projects between firms whose employees share industry-specific knowledge and skills, and both of these contribute to the typical processes of technology transfer through industry associations. By contrast, the combination of generic with company-specific training in LMEs is less conducive to collaboration of this kind; but, taken together with other institutional features of LMEs, it contributes to their correspondingly different means of technology transfer. In particular, the fluidity of LME labour markets facilitates transfer through the movement of personnel, while the comparative lack of institutional barriers to corporate takeovers enables companies to acquire new technology by this means also.

Hall and Soskice argue that these kinds of complementarities give rise to a number of overall differences between the ways in which firms in LMEs and CMEs organize and conduct their activities. For example, firms in LMEs are especially well suited to, and typically engage in, competition in terms of *price*, whereas those in CMEs are better suited to *quality*-based competition, and in CMEs, firms typically engage in production based on the extensive use of highly skilled workers, whereas firms in LMEs make much greater use of unskilled labour. They give particular attention to the contrast between two kinds of *innovation*, which they term 'radical' and 'incremental'. The former involves the introduction of radically new products and ways of organising production; they argue that firms in LMEs are especially well suited to this. The latter involves the gradual improvement of established products and modes of organisation, with a strong focus on quality-control and enhancement; firms in CMEs, they argue, are especially well equipped for this.

As I noted earlier, although Hall and Soskice give most attention to the type of CME exemplified by Germany, they also recognise the existence of other types, especially that represented by Japan. I shall conclude this section of the paper by briefly indicating some of the main differences between the two.<sup>14</sup>

The key contrast is between the *industry*-based coordination found in Germany, and the *group*-based coordination in Japan. In the latter, such groups consist not of firms that belong to the same sector, but of firms from different sectors, typically including a major productive enterprise, a bank, and a number of smaller, supplier businesses: ‘families’ of firms, or *keiretsu*. Thus the networks of cooperation are between ‘vertically’ rather than ‘horizontally’ related firms, and unlike the German case, competitive relationships between firms in the same industry are not significantly qualified or complemented by forms of cooperation.

Closely related to this basic contrast are differences in the organisation and nature of skills training, and in research and development and technology transfer. Both Germany and Japan differ from the UK and USA in their focus on *specific* rather than *generic* skills, but Japan differs from Germany in emphasising *firm-* (or *group-*), rather than *industry*-specific skills.<sup>15</sup> Unlike Germany, where trade unions are organised on an industry-level basis, Japanese unions are company based, with high levels of job security for workers in each firm (or group). Cooperation in research and development takes place primarily between firms in the same group, with technology transfer similarly based.

### **3. Production as a practice in coordinated market economies**

I will now argue that the varieties of capitalism described in the preceding section can be expected to differ significantly in the extent to which, and the respects in which, they are antithetical to production as a practice. More specifically, I will argue that whereas LMEs conform quite closely to MacIntyre’s depiction of practice-antithetical capitalism, CMEs of the type represented by Germany are positively conducive to a practice-like conduct of production; the implications of the Japanese type of CME are less straightforward. The argument will be largely theoretical, relying on a series of inferences that require further empirical investigation: some of the issues raised by this will be considered in the final section.

I will begin by returning to MacIntyre’s depiction of the non-practice fishing crew, and in particular of how its managers and owners respond to declining profits by (respectively) sacking crew-members, and investing elsewhere. But from what has been said in the previous section, it would seem that such responses are a feature not of capitalism as such, but of LMEs, and stand in marked contrast to the behaviour of owners and managers in CMEs, due to the institutional differences between them. Further, the (relatively) long-term commitments characteristic of owners and managers in CMEs can reasonably be expected to encourage reciprocal forms of trust and obligation, both between workers and firms and between workers themselves,

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<sup>14</sup> For further analysis of Japanese capitalism see: Mari Sako ‘Neither Markets nor Hierarchies: A Comparative Study of the Printed Circuit Board Industry in Britain and Japan’ in: Hollingsworth, Schmitter and Streeck (eds) *op. cit.* pp 17-42; Ronald Dore ‘The Distinctiveness of Japan’ in: Colin Crouch and Wolfgang Streeck (eds) *op. cit.* pp 19-32; Ronald Dore *Stock Market Capitalism: Welfare Capitalism: Japan and Germany versus the Anglo-Saxons* Oxford, Oxford University Press 2000; Sanford M. Jacoby *The Embedded Corporation: Corporate Governance and Employment Relations in Japan and the United States* Princeton, Princeton University Press 2005.

<sup>15</sup> See Estevez et al *art. cit.* on the relationship between different forms of skills training and the provision of employment and unemployment protection.



and hence provide a strong basis for the kinds of loyalty that MacIntyre attributes to members of his practice-crew.<sup>16</sup>

However for production to be a practice there must not only be loyalty goods, but also internal goods. The patient capital of CMEs is clearly conducive to the former, but there is no reason why it should also facilitate the latter. So if one is to show that CMEs are conducive to internal goods, one must do so by reference to features other than their patient capital. I shall now try to do this, in the case of the German type of CME; as will be seen, an implication of this argument is that this is not so in the Japanese type of CME, which favours loyalty goods but not internal goods. For the sake of brevity, I will now label these two types of CME *Horizontally* and *Vertically* Coordinated Market Economies, HCMEs and VCMEs, whilst continuing to take Germany and Japan, respectively, as their representative examples.<sup>17</sup>

The argument begins by considering the nature of work in HCMEs, and how this favours the possibility of its being valued for reasons other than the exclusively instrumental, pecuniary ones that MacIntyre attributes to members of the non-practice crew. In the following passage, Hall and Soskice identify various features of the organization and character of work in HCMEs, in the course of explaining why they are better suited than LMEs to incremental innovation:

It will be easier to secure incremental innovation where the workforce (extending all the way down to the shop floor) is skilled enough to come up with such innovations, secure enough to risk suggesting changes to products or process that might alter their job situation, and endowed with enough work autonomy to see these kinds of improvements as a dimension of their job. Thus, incremental innovation should be most feasible where corporate organization provides workers with secure employment, autonomy from close monitoring, and opportunities to influence the decisions of the firm, where the skill system provides workers with more than task-specific skills and, ideally, high levels of industry-specific technical skills...<sup>18</sup>

Putting aside the claims about incremental innovation, what is important for my purposes is that these characteristics of work in CMEs – the use of high levels of skill, combined with the absence of close supervision and opportunities for initiative - correspond closely to those identified in numerous studies as the key sources of so-called *intrinsic* work satisfaction. By contrast, when work is unskilled, repetitive and closely monitored (especially when this is connected to ‘payment by results’ reward systems), there is little possibility of such intrinsic satisfaction, and hence of work being valued in anything other than an instrumental way.<sup>19</sup>

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<sup>16</sup> A closely related contrast is between the *relational* (and hence particularist) understanding of contract in CMEs, as compared with its *classical* (and hence impersonal) nature in LMEs: see Sako *art. cit.*. See also Alasdair MacIntyre ‘Individual and Social Morality in Japan and the United States: Rival Conceptions of the Self’, *Philosophy East and West*, 40 no 4 (1990) pp 489-497.

<sup>17</sup> Although Hall and Soskice implicitly treat Germany and Japan as representing two different types of CME, they do not use this terminology to distinguish them.

<sup>18</sup> Hall and Soskice *op. cit.*, p. 39.

<sup>19</sup> For analysis of these studies, see Robert Lane *The Market Experience* Cambridge, Cambridge University Press 1991. On Lane’s view that market economies tend to prioritise the lesser goods of consumption over the greater ones of satisfying work, see Keat, *op. cit.*, ch. 7.

So what HCMEs provide are the institutional conditions that enable people to value their work for these non-pecuniary reasons. This does not mean they have no interest in financial rewards, only that their pursuit and enjoyment of these will be at least complemented, and perhaps partly displaced, by their pursuit and enjoyment of the intrinsic satisfactions associated with their exercise of complex skills and independent judgment. But in thus combining the pursuit of intrinsic and extrinsic rewards, they do not differ radically from the members of MacIntyre's practice-crew who, as he emphasises, are not uninterested in external goods.

However, intrinsic satisfactions of the kind so far noted do not necessarily involve the enjoyment of internal goods. Internal goods are defined by reference to the standards of excellence and shared goals of a practice: they are perhaps best viewed as the source of a particular kind of intrinsic satisfaction. One can enjoy the exercise of some complex skill or capacity for judgment in the course of one's work, without these being understood as contributing to the creation of excellent products as judged by the standards of a practice.<sup>20</sup> For example, one might enjoy solving computer-programming problems that arise in the production process of the automobile factory one is working in, without having any interest in the achievements of car-making as a practice, and conceiving of one's skills as contributing to this.

So to show that HCMEs are conducive to the existence and enjoyment of a practice's internal goods, something more is required. But this, I will now argue, can be provided by considering the implications of the industry-based associations that distinguish this kind of capitalism from both LMEs and VCMEs. As we have seen, one of the key functions of these associations is the provision of training and qualifications that are recognised by, and transferable between, different companies in the same industry. Thus what is acquired is not only a set of skills that is financially advantageous, and a source intrinsic satisfactions, but a publicly certified competence to engage in a certain domain of production. These are skills that enable one to contribute to, and perform well in, a productive activity with its own standards of excellence, and hence to appreciate and enjoy its internal goods.

The case for this system of training being conducive to production as a practice is further supported by noting the distinctively craft-based model of apprenticeship that it embodies. MacIntyre himself regards productive practices as craft-like in character, and modern industrial production as at odds with this.<sup>21</sup> But as Colin Crouch has argued, the German system is "a direct legacy of the guild model", and he continues:

This lineage is seen most obviously in *Handwerk* [workshop-based artisan crafts]; but the industrial concept of skill has developed by approximation to that ideal as embodied in the concept of apprenticeship as the central form of training. The *Meister*, the skilled master at his trade who

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<sup>20</sup> See Lane, *op. cit.* pp 388-9 on the difference between exercising skills and making 'excellent' objects.

<sup>21</sup> MacIntyre, 'A Partial Response to My Critics', p 284. On the significance of craftsmanship for MacIntyrean practices, see Geoff Moore 'Humanizing Business: A Modern Virtue Ethics Approach' *Business Ethics Quarterly* 15 no 2 (2005) pp 237-255. Cf Robert Lane's remark: "Maximising pay is self-reinforcing, it tends to make materialists of us; attention to work might, on the other hand, make craftsmen of us" (Lane *op.cit.* p 362).

combines the roles of foreman, practitioner and trainer of apprentices is as much a reality in an advanced giant factory as in a craft workshop.<sup>22</sup>

It seems reasonable then to expect those who are trained in this way to conceive of their work at least partly in terms of the more broadly defined, and historically rooted activity into which they have been inducted. One might also expect the skills and capacities for practical judgment they have acquired to enable them to appreciate and enjoy the internal goods of this productive practice, evaluating their own and others' work by reference to its specific standards of excellence. That is, they will not only possess the technical skills required for certain tasks in engineering, say, but also the ability to judge and appreciate what counts as a fine piece of engineering, whether achieved by themselves or by others. Further, these 'others' may equally well be members of other firms, as of their own, since the relevant standards, along with the training system and qualifications, are shared across the industry.

In MacIntyre's account of practices, such shared standards are essential not only for the existence and enjoyment of internal goods, but also for the possibility of a specific form of competition, which he calls *emulation*. In emulative competition the aim is to excel, in terms of the practice's standards, and excellent performance by one's rivals prompts both genuine admiration and the attempt to do even better, or at least as well, oneself.<sup>23</sup> If what I have argued so far is correct, one could expect to find a significant degree of such emulative competition between firms in HCMEs (combined with a good deal of straightforward cooperation in areas such as research and development, as well as in skills-training).

Admittedly, in any kind of market system, competition cannot be purely emulative, since (at least long-term) profitability is necessary for survival, and the financial success of one firm is a potential threat to that of others. But here one should bear in mind that firms in HCMEs, unlike their counterparts in LMEs, tend to compete primarily in terms of the quality of their products, rather than their price, a tendency encouraged by what Wolfgang Streeck refers to as "socially established preferences for quality" on the part of German consumers.<sup>24</sup> Since quality will itself be defined by reference to industry-wide standards, firms that are competing with one another in the standard economic sense will find themselves engaged also in emulative competition. And given the organization and nature of work, as described by Hall and Soskice in the passage quoted earlier, one can expect this emulative concern with quality, and more generally with the development and improvement of products, to be widespread amongst members of the workforce.

This brings us to a further respect in which firms in this type of CME would seem to differ from MacIntyre's characterisation of modern capitalism, namely the nature of their management and the relationship between managers and workers. In MacIntyre's view, 'modern managers' legitimate themselves by claims to generic expertise in the efficient organization of production and the effective achievement of goals that have no

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<sup>22</sup> Colin Crouch 'Co-operation and Competition in an Institutionalized Economy: The Case of Germany' in: Crouch and Marquand (eds) *op. cit.* pp 80-98, p 87.

<sup>23</sup> MacIntyre *After Virtue* pp 177-78; for further discussion, see Keat *op. cit.* pp 120-23.

<sup>24</sup> Wolfgang Streeck 'German Capitalism: Does It Exist? Can It Survive?' in: Crouch and Streeck (eds) *op. cit.* pp 33-54, p 40.

intrinsic connection to the goods and standards of a specific practice.<sup>25</sup> But this conception of management appears to be more characteristic of LMEs than HCMEs. As we have seen, managers in German companies are typically drawn from those who have been trained in the industry to which these companies belong, by contrast with the MBA-style background of LME managers, seen as equipping them to manage companies in any sector. German managers are thus ‘closer’ to workers in the sense of having similar training, and more strongly identified with the specific character of the productive practice.<sup>26</sup>

A further implication of the German pattern is that, in addition to the various structural limitations on ‘managerial prerogative’ already noted, the decisions made by managers may well be regarded by workers as having a certain authority: they are not simply the exercise of power or status acquired by means unrelated to any recognised competence or achievement within the practice. Thus Streeck comments that in Germany: “Professional competence is highly regarded for its own sake; German managers tend to be engineers, and authority at the workplace is based on superior technical knowledge”.<sup>27</sup>

Closely related to this is the fact that in German companies, financial management is seen as subordinate to technical or production management. As Crouch notes: “An implication of this kind of economy is that it places a premium on engineering as opposed to financial skill as the heart of management and what the company is about”.<sup>28</sup> This would suggest that HCMEs are a good deal closer than LMEs to what MacIntyre would regard as the proper role of financial goods in the institutional design of practices, namely as a *resource* to enable the effective pursuit of the practice’s goals, rather than its over-riding aim.

To conclude this section I will draw out the implications of what has been said so far for the ways in which individuals working in these different kinds of capitalism might be expected to conceive of their careers and identities. A useful starting-point is the following passage, in which Hall and Soskice explain why LMEs provide little institutional support for incremental innovation as a strategy for firms:

Financial market arrangements that emphasise current profitability and corporate structures that concentrate unilateral control at the top deprive the workforce of the security conducive to their full cooperation in innovation. Fluid labour markets and short job tenures *make it rational for employees to concentrate more heavily on their personal career than the firm’s success and on the development of general skills rather than the industry- or company-specific skills* conducive to incremental innovation.<sup>29</sup>

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<sup>25</sup> For MacIntyre’s critique of management, see Knight *op. cit.* pp 126-29, 160-62; for a view of how management might be re-fashioned along MacIntyrean lines, see Geoff Moore ‘Re-imagining the morality of management’, paper at the conference ‘Alasdair MacIntyre’s Revolutionary Aristotelianism’, London Metropolitan University 29 June 2007.

<sup>26</sup> MacIntyre’s characterization of management seems mainly applicable to the ‘Taylorist’ model of work organization, which Richard Whitley associates with ‘compartmentalized’ business systems (roughly, Hall and Soskice’s LMEs), by contrast with the ‘negotiated’ and ‘paternalist’ models associated respectively with ‘collaborative’ (HCMEs) and ‘highly coordinated’ (VCMEs) systems: see Whitley *op. cit.* chapter 4.

<sup>27</sup> Streeck *art. cit.* p 40.

<sup>28</sup> Crouch *art. cit.* p 89.

<sup>29</sup> Hall and Soskice, *op. cit.*, p.40; italics added.

So what is institutionally favoured in LMEs is for individuals to conceive of their career as something very much ‘their own’, in that it has no essential reference to any specific kind of practice or any particular organisational location, and depends on skills that can be transported and adapted to many different contexts. The career trajectory is highly mobile and fluid, and what counts as success will have to be defined independently of any practice-specific criteria, and hence perhaps primarily in terms of MacIntyre’s external goods of money, status and power. This does not imply the absence of intrinsic work-satisfactions, since success will require the development and imaginative application of generic, and often complex, skills to many new and demanding situations. But what may be lacking is a sense of belonging and contributing to some relatively enduring and shared activity that exists independently of one’s own concerns, and hence also any recognition for such contributions from others.

Of course, given the heavy reliance of LMEs on unskilled labour, and the lack of job security, there will be many for whom anything resembling a *career* is unavailable, and for whom mobility has a quite different and negative meaning. As we have seen, this is much less so in HCMEs, where the concept of a career is therefore more widely applicable. But we can also expect it to display a different character. Mobility is still significant, but primarily between different organisational locations in which the same practice is pursued. Success will by no means exclude the achievement of external goods, but it will also be defined in terms of one’s contribution to a specific practice, and evaluated by reference to its particular standards. And one may expect that attachment to that practice, an interest in its history and a concern for its future development, will itself contribute to how individuals conceive of the purpose of their work.

But this will not be the case in VCMEs such as Japan, since it will be difficult in this institutional environment for individuals to conceive of their work as contributing to a shared activity that exists beyond the boundaries of the particular company (or group) by which they are employed. An individual’s career and its success will instead be defined by reference to that of the company concerned; as in Germany, and unlike LMEs, there is no lack of something ‘beyond’ the individual that serves to locate their work in a wider frame of reference, but what provides that wider frame is itself a discrete organizational entity. One may even expect this to shape individual identities in a particular way: ‘I’m a Honda worker’. By contrast, in HCMEs the corresponding form of identity might be: ‘I’m an engineer’. And in LMEs? Perhaps simply: ‘I’m me’.

#### **4. Methodological reflections**

In the previous two sections I have drawn on some literature in comparative political economy to argue that varieties of capitalism differ significantly in the extent to which, and the reasons for which, they are antithetical to the conduct of production as a practice. More specifically, I have argued that the institutional differences between them make it reasonable to expect productive activity in the type of CME exemplified by Germany to approach quite closely the nature of a MacIntyrean practice, whereas this could not be expected either in LMEs or in the type of CME exemplified by Japan, albeit for different reasons. In this final section I will consider some of the conceptual and methodological issues raised by my use of this literature.

I will first comment on how the understanding of *institutions* in this literature relates to MacIntyre's own use of this concept. When MacIntyre distinguishes institutions from practices, his examples of the former are typically of discrete entities, such as chess clubs, laboratories and hospitals, as distinct from the practices of chess, physics and medicine.<sup>30</sup> Thus individual firms would count as institutions, in this sense. In the literature on varieties of capitalism, by contrast, although firms may likewise be referred to as institutions, so too are the various higher level institutional arrangements – including legally defined forms of ownership and corporate governance - whose impact on the nature and conduct of firms is a central object of analysis.<sup>31</sup>

However, there is no reason why MacIntyre's use of the concept of institutions should not be extended in a similar fashion. Indeed, some such extension seems necessary if one is to claim that capitalism is incompatible with production as a practice, since the argument must presumably be that the nature of capitalism as a set of macro-level 'institutions' is such as to make it impossible for firms to be the kinds of micro-level 'institutions' that are conducive to this.

As I mentioned in the opening section, MacIntyre regards institutions as necessary for practices to be sustained. But he also views them as always potentially threatening to the integrity of practices. As he puts it in a much quoted passage:

...the ideals and creativity of the practice are always vulnerable to the *acquisitiveness* of the institution, ...[and] the cooperative care for the common goods of the practice is always vulnerable to the *competitiveness* of the institution.<sup>32</sup>

Here he presumably has in mind 'discrete entity' institutions, such as hospitals or firms. If we now extend this concept in the manner just suggested, we can perhaps represent his view of capitalism in the following way: that capitalist institutions are supremely well suited to actualising this destructive potential – effectively forcing firms and their members to pursue nothing but financial gain, locking them into zero-sum contests for power and profit, and so on.

Against this, I have argued in effect that varieties of capitalism differ institutionally in ways that significantly affect the extent to which firms are afflicted by such acquisitiveness and competitiveness. In doing so I have given particular attention to two sets of institutions: first, to those affecting the patience of capital: in CMEs, I have argued, these can be expected significantly to mitigate the acquisitiveness of firms and their members; and second, specifically in the case of HCMEs, to the industry-wide associations which, I have claimed,

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<sup>30</sup> MacIntyre, *After Virtue*, p.181. See my discussion of the distinction in Keat, *op. cit.*, pp 111-115, and of the institutional design of science as a practice in chapter 5; also Geoff Moore 'On the Practice-Institution Distinction' *Business Ethics Quarterly* 12 no 1 (2002) pp 19-32.

<sup>31</sup> Some institutional economists, such as North, insist on a distinction between *organizations*, such as firms, and *institutions*, which he describes as the 'rules of the game' in which individual firms are the 'players': Douglass North *Institutions, Institutional Change and Economic Performance* Cambridge, Cambridge University Press 1990, pp 3-6.

<sup>32</sup> MacIntyre, *After Virtue*, p.181; italics added.

significantly reduce competitiveness (in MacIntyre's sense) and facilitate the development of internal goods and standards of excellence.<sup>33</sup>

However, in making these claims it should be emphasised that the uses I have made of the varieties of capitalism literature is quite different from those to which it is normally put, and reflects quite different interests from those upon which it is based. Amongst the latter are an interest in evaluating the comparative economic performance of these different kinds of capitalism; in exploring the impact of globalisation on capitalist diversity (the 'convergence' debate); and – especially in the case of Hall and Soskice – in explaining why national economies differ in the relative strengths of their various sectors (their theory of 'comparative institutional advantage'). There are also concerns with the relationship between varieties of capitalism and forms of welfare provision, economic inequality and social exclusion, to which I shall briefly return later.

Thus the arguments I have presented in the previous section are in no way directly supported or explicitly 'sanctioned' by the varieties of capitalism literature itself. Rather, they depend on the attempted 'mapping' of central MacIntyrean concepts onto those employed in this literature (which are designed to address quite different questions from mine), and then on making a series of inferences about 'what one might reasonably expect to find' in the different kinds of capitalism.<sup>34</sup> Thus methodologically speaking, what is presented consists largely in a number of hypotheses which require empirical testing if they are to be confirmed or disconfirmed.

So, for example, one would need to know whether industry-based training in HCMEs is exclusively concerned with technical skills, or also encourages an interest in the past and future development of the industry; whether workers trained in this way, and then employed in a particular firm, are more inclined than their counterparts in LMEs and VCMEs to evaluate the products of their firm's competitors by reference to shared criteria; and whether they are likewise more inclined to conceive of a successful career in terms of achievements defined in this way. One would also need to know whether the different backgrounds of managers, and the different status accorded to financial expertise, lead to significantly different decisions being taken by firms in similar situations; whether quality-based competition is genuinely 'emulative', or a profit-maximising strategy responding to specific consumer preferences, and abandoned when these change; and whether the organizational cultures of firms in HCMEs differ from others in how 'excellences' are defined, for instance by a greater emphasis on 'excellent products and production', judged in industry-wide terms, rather than on what contributes to the effectiveness of the particular company.<sup>35</sup>

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<sup>33</sup> Even if this specific claim about HCMEs is incorrect, it points to the significance for practices of a kind of institution which is often ignored: we need to consider not only chess clubs, laboratories and hospitals, but also chess club federations, institutes of physics, and associations of medical practitioners.

<sup>34</sup> One possibly questionable element of the 'mapping' is that of practices onto *industries*. An alternative might be *occupations*, so that the relevant 'horizontal associations' would not be of firms in the same industry (e.g. ship-building) but of individuals with the same occupational qualifications (e.g. welders, designers, accountants – even managers!) that can be used in different industries.

<sup>35</sup> This points towards a major element missing from my analysis, namely any attempt to differentiate the specific *virtues* of each kind of capitalism. For a fieldwork-based investigation of the merger between Halifax Building Society and the Bank of Scotland which includes reference to this, see: Jonathan Hearn 'National Identity: Banal, Personal and Embedded' *Nations and Nationalism* 13 no 4 (2007) pp 651-674.

These examples are purely illustrative: they are intended only to indicate the kinds of evidence that would be required if the claims I have made about the implications of different varieties of capitalism for production as a practice are to be assessed empirically. It might turn out that the claimed differences do not in fact obtain, or that they are relatively slight, so that although HCMEs are closer to practices than LMEs, both are a long way off; and even if they do obtain, this might not be due to the institutional factors that I have identified. Further, the predicted differences are themselves ‘matters of degree’: whether workers in one kind of capitalism are ‘more inclined to...’ than in another, whether a ‘greater emphasis is given to...’, and so on.<sup>36</sup> That the relevant differences are of this nature, rather than simple ‘all or nothing’ binaries, points to some important methodological features of the varieties of capitalism literature itself.

Although the contrasts between these kinds of capitalism are sometimes presented in somewhat stark terms, they are perhaps better understood as contrasting tendencies or differences in predominant forms. For example, although HCMEs are said to encourage production based on a highly skilled workforce, skilled work is by no means altogether absent in LMEs, nor unskilled work in HCMEs. Likewise, industry-based associations do exist in LMEs (and in VCMEs), despite their ‘generally’ lesser significance. Nor are LMEs entirely lacking in industry-specific (or at least occupation-specific) training: consider, for example, the legal and medical professions.<sup>37</sup>

Or at least, this is so unless we treat these ‘varieties’ strictly as ideal-typical models, so that the points just made are not about ‘LMEs or CMEs as such’, but about the various *actual* economies of the UK, Germany and so on, which, like any ‘concrete realities’, are never pure instantiations of any such ideal-type. But if one adopts this approach, there are difficulties in making use of empirical material about these actual economies to assess the theoretical claims made in ideal-typical terms. In practice, actual national economies are generally treated as imperfect but reasonably representative cases of these different ideal-types, and comparative research is therefore expected (at best) only to identify different tendencies or differences of degree. However, it is important to recognise that the specific ideal-type that any such country may reasonably be taken to represent can change over time, due to changes in its actual institutional arrangements. So, strictly speaking, one should not talk of ‘LMEs such as the UK’, or ‘HCMEs such as Germany’, but of ‘LMEs such as the UK in the period from...to...’.<sup>38</sup>

I turn now to some quite different issues, raised by the fact that although for MacIntyre, as I noted at the outset, capitalism’s incompatibility with production as a practice provides strong grounds for rejecting it, this

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<sup>36</sup> This also raises the possibility that although HCMEs are closer to practices than LMEs, both are a long way off.

<sup>37</sup> See Whitley *op. cit.* chapter 4 on the strength of certain high status occupational groups in ‘compartmentalised’ business systems (roughly corresponding to LMEs).

<sup>38</sup> For an argument that implies, in the terms I have been using, that the USA has only become an LME quite recently, see William Lazonick and Mary O’Sullivan ‘Maximising shareholder value: a new ideology for corporate capitalism’ *Economy and Society* 29 no 1 (2000) pp 13-35. See also Wolfgang Streeck and Kathleen Thelen (eds) *Beyond Continuity: Institutional Change in Advanced Political Economies* Oxford, Oxford University Press 2005.



is by no means his *only* objection to capitalism.<sup>39</sup> So even if it is true, as I have argued, that at least one kind of capitalism *is* thus compatible, this would not be sufficient to justify it, or to remove it from possible criticism on other grounds. Furthermore, MacIntyre is also a severe critic of the modern nation-state, and hence (implicitly) of the ‘real world’ varieties of capitalism that I have been discussing, which are national economies relying in various ways on the powers of the state.

In opposition to capitalism and the nation-state, MacIntyre endorses a certain kind of *local community*.<sup>40</sup> Indeed, in his depiction of the two fishing crews, what I have called the ‘loyalty goods’ of the practice-crew are explicitly linked by MacIntyre to the wider obligations of crew members to other members of their community and its ‘common goods’.<sup>41</sup> I have deliberately excluded ‘local community’ from my analysis of production as a practice, partly to make the discussion more manageable, but partly also because I believe it is quite *distinct* from the features of practices that I have focused upon (i.e. those related to internal goods), in at least two respects. First, because it seems that, as a matter of fact, production can display these other features without taking place in such a community; second, because the normative grounds for regarding local communities as desirable are arguably quite different from (though not necessarily inconsistent with) those for regarding these other features of practices as desirable.

MacIntyre favours a certain kind of local community - including ‘local markets’ and ‘small producers’ – on the grounds, *inter alia*, that only in this context is it possible to realise the ideal of ‘just generosity’, based on a recognition of our mutual dependence and shared vulnerability; to integrate work with other spheres of social life, including schools and households, so that economic exchange is embedded in broader social relationships, and ‘compartmentalisation’ is avoided; and to practice a deliberative, participatory form of politics which, unlike the politics of modern nation-states, takes the promotion of common goods as its central aim.<sup>42</sup>

These arguments in favour of local communities may be challenged in several different ways: by questioning the desirability of what they are said to make possible; by arguing that what they are said to be uniquely able to achieve can in fact be achieved through other kinds of institutions; or by arguing that despite their merits, local communities are also inherently prone to various undesirable features. Putting aside the first kind of objection, I shall briefly indicate how certain claims made in the varieties of capitalism literature, which I have not previously mentioned, may have some bearing on the latter two.

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<sup>39</sup> See the introduction to Alasdair MacIntyre *Marxism and Christianity* (revised edition) London, Duckworth 1995, reprinted as ‘Three perspectives on Marxism: 1953, 1968, 1995’ in: Alasdair MacIntyre *Ethics and Politics: Selected Essays vol 2* pp 145-158 Cambridge, Cambridge University Press 2006.

<sup>40</sup> See Alasdair MacIntyre ‘Politics, Philosophy and the Common Good’ in: Kelvin Knight (ed) *The MacIntyre Reader* pp 235-252 Cambridge, Polity Press 1998; Alasdair MacIntyre *Dependent Rational Animals* London, Duckworth 1999, chapters 9-11.

<sup>41</sup> MacIntyre, ‘A Partial Response to My Critics’, pp 284-86.

<sup>42</sup> For criticism of MacIntyre’s politics of local community see Mark Murphy ‘MacIntyre’s Political Philosophy’ in: Mark Murphy (ed) *Alasdair MacIntyre* pp 152-175 Cambridge, Cambridge University Press 2003; Keith Breen ‘The State, Compartmentalization and the Turn to Local Community’, *European Legacy* 10 no 5 (2005) pp. 485-501.

One such relevant claim is that there are significant linkages between different kinds of capitalism – considered, as they have been here, as systems of *production* – and different kinds of *welfare* system: in particular, between LMEs and the relatively minimal forms of welfare provision found in the UK and USA, and between CMEs and the more generous and solidaristic forms of provision to be found in Germany (and Scandinavia).<sup>43</sup> Closely related to this is the fact that the degree of income inequality is much higher in LMEs than in HCMEs. Of course, this does not show that ‘MacIntyrean justice’ is fully achievable in HCMEs, and hence in nation-states, but there is surely enough in common here to make one question the necessity of local communities for forms of welfare provision based on the recognition of needs and mutual responsibilities.

What may also be significant is that it is sometimes argued by political philosophers, in defence of the nation-state, that it is only in political communities based on some sense of shared identity and membership that the recognition of such mutual responsibilities, and hence a generous provision of welfare, is possible.<sup>44</sup> Such arguments are directed against those who criticise nation-states from the standpoint of universalistic, ‘cosmopolitan’ conceptions of social justice, but they can be seen as at least partly echoing the case for local community as the necessary context for just generosity. And returning now to the varieties of capitalism literature, one can find further echoes of a similar kind: for example, in the argument sometimes made that the pressures of globalisation are especially threatening to HCMEs such as Germany, because the kinds of social embedding that they depend upon can only be sustained through the historically rooted institutions of a nation-state.<sup>45</sup>

So it may be that at least some of the desirable features which MacIntyre regards as only to be found in (some) local communities can also be found in HCMEs embedded in nation-states, and that this is because, despite many differences, there are significant similarities between them. But this raises the possibility that what might be regarded as *less* desirable features of CMEs have something to tell us about local communities. For example, although CMEs are more egalitarian than LMEs in terms of income distribution, they display much higher degrees of *gender* inequality and occupational segregation than LMEs.<sup>46</sup> Further, at least in the case of Germany, it is sometimes argued that its broadly conservative character is accompanied by a tendency towards various forms of social exclusion and insider-outsider distinctions.<sup>47</sup> So what we have here is another set of ‘echoes’, but this time of some of the social phenomena that, to his critics, have often seemed problematic about MacIntyre’s espousal of local communities.<sup>48</sup>

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<sup>43</sup> See Hall and Soskice *op. cit.* pp

<sup>44</sup> For example, David Miller *On Nationality* Oxford, Oxford University Press 1998.

<sup>45</sup> Streeck *art. cit.* pp 51-3

<sup>46</sup> See Estevez et al *art. cit.* pp

<sup>47</sup> “A slow-moving, value-based economy will be conservative rather than liberal. The rules characteristic of liberalism are those of exit, not voice: commitments to other actors in the system are on a casual ‘take it or leave it’ basis. As a result there are no great anxieties about recognising new actors. When it is easy to drop and discard, there is less need to worry about who to take up. That is the great attraction about this model of society, seen most clearly in the USA. Germany is not like that. Once admission to the system is achieved, an interest becomes part of the web of mutual obligations that cannot easily be ended. Therefore, initial admission is more problematic.” (Crouch *art. cit.* p 90).

<sup>48</sup> For example, Booth has argued that ‘household’ economies of the kind MacIntyre seems to favour are always hierarchical and exclusionary, by contrast with the individual freedom and equality of market

To conclude: one of the benefits of approaching arguments about practices, communities and economic systems through the literature on varieties of capitalism, and more generally through the comparative study of social institutions, is that this helps us to think about what might be termed *societal possibilities* (and hence also *impossibilities*). Attractive as it is to believe that all the different things we value are co-realizable, this may not actually be so, given their institutional dependence and the fact that these institutions may not easily co-exist; and even when *this* is not a problem, it may turn out that the institutional requirements for what we value also tend to generate things we wish to avoid.

In such situations, hard political choices have to be made, and it then becomes all the more important to reflect critically and rigorously about these values, to engage in debate about human goods and their normative rationale. I have made no attempt to do this here, confining myself instead to the discussion of societal or institutional possibilities. But to regard this latter kind of discussion as essential to political choices – including those between varieties of capitalism – in no way implies that it can replace substantive normative reflection of the kind that MacIntyre’s work so brilliantly exemplifies, and that his conception of politics strongly endorses.

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economies: William James Booth *Households: On the Moral Architecture of the Economy* Ithaca, Cornell University Press 1993.