

ETHICS, MARKETS AND MACINTYRE*¹

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1. Introduction

I approach Alasdair MacIntyre's work with two related interests in mind. One is in the *ethical evaluation* of economic systems, and of market economies in particular; I use the term 'ethical' here to refer specifically to questions about human goods and flourishing, about what makes for a good life or a life worth living. The other is in the place that such ethical judgments should have in political reasoning. Of particular relevance here is the *neutralist liberal* view that, since the powers of the state should not be used to selectively favour specific 'conceptions of the good', political deliberation should be restricted to questions of 'the right' (including distributive justice), eschewing questions of 'the good'.²

Neutralist liberals often claim that only market economies are consistent with the principle of neutrality, and hence with the exclusion of ethics from political reasoning (e.g. Arneson 1987). Friedrich Hayek may be seen as presenting a particularly interesting defence of this view. He argues that markets obviate the need for collective, societal-level decisions about the purposes to be served by economic activity – about, in my terms, its ethical goals or ends. This, he says, is extremely advantageous since in modern societies, no agreement could ever be reached about such collective purposes, or about their relative priority. The market enables us to avoid the various undesirable effects of attempting the impossible; it does so by 'devolving' (ethical) decisions to individuals, who are able to pursue their own freely chosen goals, in voluntary cooperation with one another, within the (ethically) neutral framework of the market (Hayek 1976, ch. 10).

However, I believe it can be shown that this argument for the market is not persuasive, since market economies are not ethically neutral (Keat 2000, 161-165; Miller 1990, 72-97). This does not mean they cannot be justified, but only that any such justification must be (at least partly) an ethical one, and hence that political reasoning and decisions about economic systems must be ethical in character. Here I am in agreement with MacIntyre, who both denies the neutrality of markets and rejects the exclusion of ethics from politics. More importantly, his substantive theory of goods and practices has revived and hugely enriched the ethical critique of market economies that has – in the past, at least – been central to socialist

* Published in K Knight and P Blackledge eds, *Revolutionary Aristotelianism: Ethics, Resistance and Utopia*, Stuttgart: Lucius & Lucius, 2008, pp 243-257; this collection reproduces the special edition on MacIntyre of *Analyse und Kritik*, 30 (1) 2008 (<http://www.analyse-und-kritik.net>). Note that in the published version, the sections are numbered from 0 to 4, and not 1 to 5, as they are here.

¹ This is a revised version of a paper given at the conference on 'Alasdair MacIntyre's Revolutionary Aristotelianism', organised by the Human Rights and Social Justice Research Institute, London Metropolitan University, 29 June-01 July 2007. I am especially grateful to Keith Breen for discussion of the issues it addresses.

² Dworkin (1985) is the *locus classicus* for this view; see Sher (1997) for a major critique.

political thought. I hope that what I go on to say in this paper, which will at times involve significant disagreement, also conveys my indebtedness to his work.³

In the next section of this paper I suggest the need for certain revisions to his theory of goods, having first identified a number of its major strengths. In the following section I argue that this theory, at least in its revised form, does not straightforwardly entail the rejection of market economies. In section 4 I sketch an alternative to neutralist liberalism which accords to ethics a central place in political reasoning, but retains what I take to be crucial liberal principles. In the final section I return to the possible (ethical) justification of market economies and indicate how my approach to this differs both from MacIntyre's and that taken by neutralist liberals.

To avoid possible misunderstanding, the following should be noted. I use the terms 'market' or 'market economy' to include both capitalist and *non*-capitalist market systems, the central case of the latter being so-called 'market socialist' systems. I shall consequently have little to say about the distinctively capitalist features of capitalist (market) systems. More generally, the specific features of market economies that I shall discuss are not intended to represent all, or even the most important, of those relevant to their possible justification. In particular, I shall exclude issues of distributive justice, but without implying that these are less significant than issues about 'the good'.⁴

2. Practices, goods and institutions

I will begin by identifying three features of the account of goods and practices in *After Virtue* (MacIntyre 1981: henceforth *AV*) that are especially valuable in thinking ethically about economic systems, and stand in marked contrast to the a-social vacuity of much (though not all) liberal thought. In doing so I shall assume broad familiarity with that account, including the idea of standards of excellence; the distinctions between internal and external goods, and between practices and institutions, and the role of the virtues.⁵ I shall then suggest how certain problems in that account can be seen as being resolved in some of his later work, before going on to note some remaining difficulties that call for some modifications to his position.

First, MacIntyre's account of practices in *AV* shows how at least one major class of human goods (i.e. internal goods) is non-contingently dependent on complex social activities and relationships in which certain moral virtues play an essential part. They are not only essential to the integrity of the practice – and hence, as it were, to the 'existence' of its internal goods – but also to the possibility of its members enjoying these goods, something that depends also on their ability and willingness to learn how to judge and appreciate these goods by reference to the practice's standards of excellence. Putting the overall import of this in more general, and somewhat un-MacIntyrean terms, one might say that what is

³ My understanding of MacIntyre's work has been greatly aided by Crowley (1987), McMylor (1994), Breen (2002) and Knight (2005). However, my primary concern is with the defensibility of certain claims or positions, and not with 'MacIntyre's views as such'.

⁴ MacIntyre would probably reject my use of this distinction between 'right' and 'good' – or in Habermas's terms, between *morality* and *ethics* (Habermas 1993) – but this disagreement affects little of what I will argue.

⁵ MacIntyre (1981, 169-189); for specific discussion of the implications for economic practices and institutions, see Keat 2000, chs 2 and 6; Moore 2002; Moore 2005; Moore and Beadle 2006.

demonstrated here is the essential role of ‘morality’, or morally-guided conduct, in the ‘real social construction’ (and enjoyment) of human goods.

Second, practices, and hence their internal goods, are not only virtue- (or morality-) dependent; they also depend on institutions, and hence on the use of external goods such as money, status and power. Precisely why this should be so I shall consider later. For the moment I will simply note that on MacIntyre’s account, the tasks of what might be called ‘institutional design’ (and ‘maintenance’) are extremely important, since although practices cannot flourish without institutions, the inappropriate use of external goods is also the greatest threat to them. External goods must serve the integrity of practices and their internal goods; internal goods must not be subordinated to external goods, but the latter to the former.

The final feature of MacIntyre’s theory of goods and practices that I shall note (and endorse) is what I would call its *pluralistic* character, though this has to be understood in a number of partly distinct senses: (i) the internal goods of different practices are qualitatively distinct from, and not substitutable for, one another; (ii) there are – or at least can be – practices in several different areas or domains of social life, including family, work, the arts and sciences, sports and games, and politics; and (iii) the good life for individuals typically involves engagement in many or all of these domains or kinds of practice. In this last respect especially, MacIntyre’s position is clearly superior both to Aristotle’s and to Marx’s: the former wrongly excludes work, or economic production, as a possible practice (and source of human flourishing), while the latter wrongly privileges the goods of economic production, to the exclusion of other domains of social life and their respective goods.

I turn now to *Dependent Rational Animals* (MacIntyre 1999: henceforth *DRA*), confining my comments to the ways in which what is said there can be seen potentially to resolve what strike me as three problems about the theory of goods in *AV*. The first concerns its implications for individual autonomy. Despite the many attractions of *AV*’s picture of untutored preferences being transformed through apprenticeship, and hence of the authority of standards of excellence and those ‘qualified’ to apply them, it was unclear what room this left for independent reasoning and judgment on the part of individuals. But MacIntyre’s account in *DRA* (1999, 81-98) of how the capacity for independent practical reason is acquired and exercised seems to resolve this difficulty.

The second problem is that the theory in *AV* seemed not to provide any basic, practice-independent, moral principles by reference to which all practices (and their internal goods) can and should be judged, so that one could rule out as morally unacceptable various social activities which otherwise meet the criteria for being a practice. One way of grounding such principles would be to provide a universalistic account of human needs, and hence of the various kinds of harm to which (all) humans are (equally) vulnerable and from which they should always be protected. Again, although not presented by MacIntyre himself as addressing this problem, I suggest that the *DRA* account of human vulnerability and dependence can be seen as enabling it to be resolved.

Finally, the commitment to a broadly naturalistic ethics in *DRA* should enable one to address a third problem in *AV*. This is the absence of any theoretical resource for answering questions such as: ‘what is the value – or indeed ‘good’ – of this practice’s internal goods; or indeed of practices more generally? How do they contribute to human well-being?’ The naturalistic ethics in *DRA* points us towards the identification of generic features or elements of human flourishing, and these should help us to understand the value of practices and their internal goods. But *DRA* (quite reasonably) stops short of doing this, because of its more limited focus on our shared vulnerabilities. I will not try to do this here.⁶ But one thing one would need to ask, in thinking about ‘the value of practices and their internal goods’, is: ‘valuable *for whom?*’ – in particular, ‘for practitioners, or for *non*-practitioners?’⁷ The importance of this will become apparent in the discussion of market economies in the next section.

I turn now to certain aspects of MacIntyre’s theory of goods and practices which indicate the need for further revisions or modifications. The first is that the internal and external goods of practices and institutions are not the only significant kinds of human goods: that is, this dichotomy is by no means exhaustive (as MacIntyre partly recognises). For example, the following kinds of goods are neither external nor internal, yet to contribute significantly to human flourishing or well-being: (i) certain kinds of social and personal relationships, such as friendship (and love), which although sharing with practices in being morally constituted or dependent, are arguably neither practices themselves, nor the internal goods of what *are* practices; (ii) various kinds of pleasurable bodily and sensory experience which, whilst often occurring in the context of social practices, are distinct from the enjoyment of their internal goods - there is a difference between, say, the pleasure of *dancing well*, and the pleasures of movement and rhythm *in* dancing; (iii) the various sources of what psychologists often refer to as ‘intrinsic satisfactions’, such as those that may (if one is fortunate) experience in work, through the development and exercise of skills, the sense of control over one’s activities, the solving of problems, and so on.

A second area of MacIntyre’s theory that requires modification and amplification concerns the relationship between practices and institutions. Although the claim that practices require institutions is intuitively plausible, it is less clear just why this should be so. That they need money is easy to understand – this is a matter of resources. But what about power (and status)? Presumably power is needed because certain rules have to be enforced, including those related to standards of excellence. For example, academic journal referees make (supposedly) authoritative judgments about how bad a submitted paper is, but the journal’s editor backs these negative judgments by the power to refuse publication, and does not rely on the author gracefully withdrawing their paper once they have read the referees’ reports. Or again, the rule against academic plagiarism is backed by the sanction of dismissal. It may be true that plagiarism is self-defeating if one wants to enjoy the internal goods of academic life, but one cannot rely on this alone in the institutional design of academic practices.

⁶ The most promising approach might be to draw on Nussbaum’s (1990) ‘Aristotelian’ account of the various ‘functionings’ essential to human flourishing, whilst using MacIntyre’s account of practices to give these a properly social and institutional grounding. But note Nussbaum’s (1998) implicit criticisms of MacIntyre’s position.

⁷ See the distinction proposed by Miller (1994) between ‘self-enclosed’ and ‘purposive’ practices, and my discussion of this in Keat (2000, 127-132).

But if this is so, it suggests that one of the reasons why practices need institutions is that they cannot rely wholly on the virtues, or on other forms of moral constraint not backed by sanctions. So although it is true, as MacIntyre claims (1981, 181), that one of the essential functions of the virtues is to enable practitioners – and hence practices – to resist the corrupting potential of external goods, it may *also* be true that one of the essential functions of external goods is to provide sanctions when the virtues fail (which they always do, to *some* extent).⁸

Nor is this need for sanctions limited to cases of ‘simple moral failing’; it arises also from the attractions of goods that engagement in practices often makes available, yet are not internal to the practice. For example, as an academic I might derive considerable satisfaction from working out how to use Powerpoint, or from friendly contact with my colleagues, but these might actually detract from my contributions to teaching and research, and thus from the practice’s flourishing. By doing these things I might deny myself full enjoyment of the practice’s internal goods, but that may not bother me *too* much. So someone with the requisite authority, backed by power, has to tell me not to act like this, deny me promotion and enhanced status, and so on. More generally, and drawing here on Jerry Ravetz’s illuminating analysis of the social organisation of modern science – a paradigmatic practice, I would argue – one could say that there are generic problems of institutional design due to unavoidable tensions between what he calls ‘individual purposes and collective goals’.⁹

One final point about external goods can be noted here, which will be important in the next section. Money is needed by practices as a resource. It is also used as a reward. As in the case of power, one can ask just why such external rewards are required, but one can also ask why it *works* as a reward. Presumably this is due to its instrumental value for practitioners with respect to goods that are obtained and enjoyed *outwith* the practice where it is acquired. That is, it is useful for goods other than the internal goods of *this* practice, and sometimes for goods that are not internal ‘at all’. (MacIntyre rightly insists that external goods *are* goods; I am inclined to think that they can only be instrumental goods, and if anyone pursued them for their own sake, they would be making a mistake about what is good for humans).

3. Goods and markets

I want now to consider the implications of this ‘modified version’ of MacIntyre’s theory of goods for the ethical evaluation of market economies. I will not attempt to provide a direct answer to the question of whether markets *are* ethically justified, but I will identify some of the key issues that would need to be addressed in doing so, and to show why there are no easy routes to a clear-cut answer.¹⁰

⁸ This is arguably implied by MacIntyre’s (1988, 35-36) discussion of the relationships between what he calls goods of ‘excellence’ and ‘effectiveness’.

⁹ See Ravetz (1971) and my use of his work to explore the role of *recognition* in scientific and other practices (Keat 2000, ch. 5). The inevitability of institutional power (including that of the state) makes liberal concerns with its limitation extremely important: see section 3 below.

¹⁰ Much of what follows draws on Keat (2000, chs 6 - 7).

To start with, one clearly cannot dismiss market economies simply on the grounds that they make systematic use of external goods, since this is true of the institutions required by practices and their internal goods. Further, as I have just suggested, one of these external goods, money, can only work effectively if it is useful for goods other than those internal to the institutional practice in which it is acquired. This points us towards the importance of *consumption*, and the possibility of arguing in favour of the market as an effective institutional design for the provision of consumer goods. That is, the market might be understood as a complex social institution which includes the contractual exchange of goods for money, private property rights, competition between firms aiming to maximise profits, the use of prices as signals, and so on – all of which are in various ways backed by the powers of the state; and it might then be argued that this institution operates in such a way that ‘producers’ can only succeed in acquiring external goods if they do so in ways that enable consumers to acquire what *they* regard as ‘good’.

Such an argument depends on an adequate account of the good or value of consumption, about which only a few comments can be made here. The first thing to note is that although the acquisition of consumer ‘goods’ takes place through exchange *within* the market (or economic) domain, the realisation of their value typically takes place in *non-market* (non-economic) domains. One buys a loaf of bread, and then eats it at home, often sharing it with family or friends. The example is banal, but says something important: although consumer goods are ‘items of private property’, acquired through market transactions, they are typically enjoyed in the context of non-private, non-market activities and relationships. So if we want to understand and judge their value, we need to understand and judge what it is that they contribute to, and how significant that contribution is (or can be).

In this respect it is important to notice that in at least some cases, and arguably quite many, consumer goods have an important role in various non-market *practices*. The food example can easily be expanded to include the many consumer goods deployed in the activities of ‘home-making’ (decorating, furnishing, looking after people and things). But there are many other kinds (and domains) of practices in which consumer goods play a useful part: one buys binoculars to go bird-watching, a guitar to play music, a book to learn how to philosophise. So these ‘commodities’, and the money one uses to buy them, provide one with access to the internal goods of practices and their enjoyment. Further, these connections between consumer goods and practices imply that the ‘preferences’ that get ‘expressed’ and ‘satisfied’, to use the vocabulary of neo-classical economics, are often very far from being ‘untutored’, to use MacIntyre’s. The fact that neo-classical economists talk *merely* about ‘preferences’ does not entail that people’s *actual* ‘preferences’ are *merely* that.

However, it might be objected that this account of consumer goods and non-market practices ignores a fundamental problem about market economies: that they have an inherent tendency to expand or extend themselves into non-market domains, undermining the latter’s distinctive kinds of goods and relationships. If this were so, the value of the kinds of consumer goods that have just been discussed would itself be compromised, since they would no longer provide one with the means to engage in *non-market* practices.

This is clearly a critical issue. If markets cannot be prevented from colonising other domains of social life – if the boundary-maintenance that Walzer (1983) and Habermas (1987, 153-198) regard as a central task of politics cannot succeed - then no ethical defence of the market would be remotely plausible, given the ethical *pluralism* specified in the previous section. However, in thinking about the market's colonising tendencies, we need to bear in mind that, historically speaking, the domains we now regard as endangered by the market were themselves 'brought into existence' *as* distinct domains by the processes of differentiation associated with the emergence of the modern market. For example, we may nowadays fear the colonisation of 'personal friendship' by the sale and purchase of 'friendship services', or by its redefinition on the model of contractual exchange (Anderson 1990). But this very separation of 'personal friendship' from 'economic' considerations is itself arguably a feature only of societies in which 'economic' activities have become 'disembedded' from other kinds of social relationships, i.e. of societies with market economies.¹¹

But even if the colonising tendencies of the market can be kept in check, and even if consumption has greater value than many of its critics are willing to recognise, there remains the question that is central to any broadly MacIntyrean ethics, of whether market economies are compatible with *production* being conducted in the form of a practice. MacIntyre clearly thinks not. In a similar vein, Robert Lane has argued powerfully that market economies inherently privilege consumption over production - the value of *products* over that of the human *processes* involved in producing them - and that in doing so they privilege lesser goods over (what are potentially) greater ones (Lane 1991, Part V). The ethical criteria he uses in making this judgment differ somewhat from MacIntyre's, but are broadly in line with MacIntyre's insistence, in his well-known discussion of 'the two fishing crews', that the goods of productive practices must not be understood exclusively (or even primarily) in terms of 'good products' (MacIntyre 1994, 284-286).

However, although market economies (necessarily) share certain basic features, they also differ in the specific institutional form they take in different countries at different times, and these institutional differences between 'varieties of capitalism' may well affect the extent to which they are antithetical to the conduct of production as a practice. For example, in what are often referred to as 'coordinated market economies', such as Germany, industry-wide associations play a central role in promoting cooperation in research and development, and in apprenticeship-based forms of training (Hall and Soskice 2001). These institutional arrangements, I would argue, are more conducive to production as practice than their counterparts in Anglo-American economies. That MacIntyre implicitly has the latter, rather than the former, kind of capitalism in mind is suggested by the fact that when he describes 'the capitalist fishing crew', he notes its vulnerability to the rapid withdrawal of capital when profitability declines; but so-called 'impatient capital' is generally regarded as a hallmark of Anglo-American economies, by contrast with the 'patient' capital of coordinated market economies.¹²

¹¹ On debates about differentiation and disembedding, see Holton (1992, 7-46) and Booth (1993); I discuss colonisation in more detail in Keat (1993) and (2000, ch. 4).

¹² See Keat (2008) for a more detailed development of this argument. On varieties of capitalism, in addition to Hall and Soskice (2001) see Crouch and Streeck (1997) and Whitley (1999). Mason (1996)

Admittedly, even if some varieties of capitalism are more conducive to production as practice than others, it is extremely unlikely that any of them will be 'optimal' in this respect. But it does not follow from this that market economies (of whatever kind) should be rejected on ethical grounds – especially if one thinks here of 'practical decisions', of political choices between different economic institutions. After all, it might be that there are no *non*-market systems that are any *better*, in this respect; and even if there are, they might be worse than market systems in *other* respects, including their ability to provide goods of consumption. So this may well turn out to be a case of 'hard choices' having to be made, requiring the prioritisation of some kinds of goods over others, and hence decisions about what should be sacrificed, and to what extent.

Further, these are decisions that have to be made *collectively*, since they involve issues of institutional design. They cannot be devolved to individuals, in the course of pursuing their own 'freely chosen' conceptions of the good, since they determine the framework of societal possibilities within which individuals must (largely) operate. But since the grounds for these collective political decisions are ethical, they would not be permitted by neutralist liberals.

4. Liberalism, ethics and politics

Market economies, as I noted at the outset, have sometimes been defended by neutralist liberals on the grounds that they (and they alone) meet the requirement of neutrality on the part of the state, their adoption thus being consistent with the exclusion of ethical reasons from political deliberation. By contrast, although I have questioned any 'unduly hasty' rejection of market economies on ethical grounds, I have no quarrel with MacIntyre's view that markets are ethically non-neutral (1998, 238), nor with the central place he accords to ethics in political reasoning (1999, 129-146). Any defence of markets must be (at least partly) an ethical one, and since the institutional conditions for market economies are dependent on the powers of the state, their adoption can only be justified if the requirements of neutrality are rejected.¹³

However, to reject neutrality is not to reject liberalism *tout court*, since it can plausibly be argued that the principle of state neutrality is not required by liberal political theory, and that the neutralist form of liberalism should be rejected in favour of non-neutralist forms. The most common version of such *perfectionist* liberalism accords ethical primacy to an ideal of individual *autonomy*, and in principle permits state action aimed at securing the conditions required the acquisition and exercise of this fundamental human good.¹⁴ But I suggest that one can and should go further than this in departing from neutralist liberalism, and that one can do so without abandoning politically crucial liberal principles. The position I propose is roughly as follows.¹⁵

argues that *non*-capitalist market economies are more conducive to practices than capitalism. See also Selznick (1992, Part Three) for an account of morally responsible business institutions.

¹³ Here as elsewhere I implicitly deny the relevance, for issues of collective political responsibility, of the distinction between neutrality of *justification* and of *outcomes*.

¹⁴ On perfectionist liberal defences of the market, see O'Neill (1998).

¹⁵ My account of this position owes a great deal to Raz (1986; 1994), though differing in certain respects. There is much in common between MacIntyre's account of independent practical reason and Raz's

As well as securing the conditions for individual autonomy, political communities should also secure the institutional conditions for an extensive (but necessarily limited) range of valuable goods to be available to individuals. That there should be some such range of goods, between which individuals may choose in living their lives in particular ways, is required by the (liberal) ideal of autonomy. But the grounds on which these goods are judged to be valuable will not be 'liberal' ones, since they are not derivable from autonomy itself, and are concerned with the substantive value of what will be available as possible objects of individual choice. Such grounds may be said to be '*non-liberal*'.

However, the ways in which the state acts to secure these goods, and hence the possibilities open to individuals in living their lives, must be subject to the constraints implied by basic principles of political liberalism. These are the constraints that have been central to the liberal tradition of political thought (and practice), and are encapsulated in the standard array of civil and political liberties, including the right to freedom of expression, the rule of law, and so on. That is, the state must not act *iliberally* (i.e. inconsistently with these liberal principles) in securing the availability of goods, whether these are *liberal* (such as individual autonomy) or *non-liberal* (i.e. goods whose justification makes no reference to liberal principles or goods). One could call this *liberal(by constrained) perfectionism*, or 'liberal perfectionism' for short.¹⁶

This liberal perfectionist position needs considerable elaboration, but here I will only note that its 'perfectionist' element incorporates the pluralist and institutionalist character of the (modified) MacIntyrean account of goods presented earlier (in section 2). Thus 'good lives for humans' are seen as consisting in the enjoyment of a number of different kinds of goods, experienced in distinct domains of social life such as the family, work, the various constituents of civil society, and so on. In each of these domains, questions of appropriate institutional design are of great importance since the goods concerned are internally related to complex forms of social activity and moral norms that are themselves institutionally-dependent. It is the failure of neutralist liberalism to recognise this that undermines its picture of individuals choosing to pursue their own conceptions of the good, with the state's role being only to ensure a just allocation of the material resources needed to do so effectively. What this ignores are the institutional conditions required for the very existence of such goods as possible objects of choice.

So for the liberal perfectionist, the collective political responsibility for making valuable goods available for individuals is essentially a matter of securing the institutional conditions for a specific 'repertoire' of ethical possibilities. Individuals will exercise their independent judgment about which particular goods to pursue within each domain, and about how their engagement in these different domains will be put together. Their autonomy is not limited by the existence of determinate repertoires as such: given the institutional dependence of (many) goods, and the impossibility of co-realising all possible goods in any one set of

understanding of individual autonomy as an 'achievement' with specific social requirements, rather than a 'given' feature of human individuals. MacIntyre adds to this an emphasis on the *moral* character of the social relationships (and dependencies) involved.

¹⁶ I take it these liberal constraints rule out the legal enforcement of specific forms of action on *ethical*, rather than *moral* grounds, in Habermas's (1993) sense of these terms.

institutions, there must always in fact be such limitations. Perfectionist politics insists that collective responsibility for the ethical implications of these institutions should be accepted, and *liberal* perfectionism further insists that this responsibility should be discharged in ways that are consistent with liberal constraints.

How does this liberal perfectionist account of the place of ethics in politics compare with MacIntyre's? As a first approximation, and putting aside for the moment the place of liberal constraints, this is broadly similar to the picture he presents in *DRA*, especially in its account of how the independent practical reasoning of individuals about how they will live is related to the collective practical reasoning of political communities about the priorities to be given to different kinds of goods, about their 'political ordering' (MacIntyre 1999, 99-146).

However, there is a major complication here, which undermines this apparent similarity. For whereas I have implicitly assumed that liberal perfectionism can and should be applied to the politics of modern *nation-states*, MacIntyre is adamant that the kind of ethical politics he endorses can be practised only within certain kinds of small-scale *local communities* (MacIntyre 1998)¹⁷. Indeed, he argues that despite its (partly) fictitious character, a principle of neutrality should be applied to the state, since the political realities of modern societies make its use to promote supposedly shared conceptions of the good thoroughly suspect; similar considerations lead him to endorse standard civil and political rights at this level. By contrast, not only is the politics of local community determinedly ethical and non-neutral, on MacIntyre's account, but he appears to have *some* reservation about the unqualified application of at least some such liberal constraints at this level (MacIntyre 2006, 214-223).

So whereas the liberal perfectionism I have proposed drives a wedge between ethical neutrality and liberal constraints, rejecting the former while endorsing the latter, but makes no distinction between the place of ethics in the politics of local communities and of nation-states, MacIntyre not only sees this latter distinction as crucial, but also seems to regard liberal neutrality and liberal constraints as less easily, or less appropriately, separated.¹⁸

5. Markets, states and local communities

MacIntyre's restriction of ethical politics to local communities brings him somewhat closer to Hayek's view of market economies than one might expect. As I noted in section 1, Hayek argues that markets enable us to avoid the impossible: making collective decisions about social goals. They do so by devolving these decisions to individuals, each pursuing their own purposes, and cooperating freely with others through contractual exchanges. But Hayek's claim about the impossibility of collective decisions is intended to apply only to large-scale, modern societies; by contrast, such decisions make perfectly good sense in small-scale, 'household-based' systems of economic provision. Indeed, noting that the term 'economy' derives

¹⁷ For criticisms of MacIntyre's politics of local community, see Murphy (2003) and Breen (2005).

¹⁸ It is difficult to find in MacIntyre's work any unqualified endorsement of 'liberal rights'. Perhaps unfairly, one might attribute to him the view of such rights adopted in one major strand of socialist thought, i.e. as inherently related to a defective form of society. See Keat (1981) for criticism of this view.

from just this sense of ‘household’ in ancient Greece, he insists that strictly speaking we should not talk of market economies *as* ‘economies’ at all (Hayek 1976, 107-109).

So in this respect, at least, Hayek and MacIntyre can be seen to agree: apart from centrally planned economies, which they both reject, the only alternatives are household economies with collective goals and perfectionist politics, or market economies with neither.¹⁹ It is this shared view with which I disagree. I would argue instead that we can conceive of ‘instituting markets’ in large-scale societies as a (possible) collective, ethically-based decision about how to secure the institutional conditions for certain kinds of goods, a decision that would be accompanied by recognising the need also to secure and protect the existence of *other* domains in which very different kinds of goods are likewise made available to all members of the political community.

Justifying market economies in this way has important implications for what are regarded as the collective responsibilities of a political community. If markets are conceived as the institutional means adopted to promote (certain sources of) well-being, then when they fail to achieve this goal (for certain groups at certain times), there is every reason to secure it in some other way; the underlying rationale for market and non-market ‘welfare’ provision is essentially the same, and there is collective responsibility for both. More generally, regulation and limitation of the market to prevent damage to other social goods is not especially problematic, with respect to political justification, since what is at issue is ‘simply’ the institutional protection and prioritisation of various kinds of collectively agreed goods.

This ethical justification for market economies thus differs crucially from certain others in rejecting the idea that contractual exchange in the market provides us with (or is based upon) an acceptable *general* model of the scope and basis of people’s obligations towards one another, according to which the responsibilities of individuals are restricted to what they have voluntarily agreed. If market exchange is understood in this way, there is clearly no implied rationale for non-market provision when markets fail to secure people’s well-being, and collective responsibility is limited to securing individual property rights and the conditions for their voluntary exchange.

Now MacIntyre (1999, 99-118) has argued forcefully (and movingly) against the narrowness of this voluntaristic model of moral obligation and responsibility. But the adoption of market economies does not require one to view market exchange in this way. Instead, whilst recognising that the obligations generated through market exchange are narrowly circumscribed, and fall well short of what ‘common morality’ requires (McMahon 1981), one may try to show that this institutional device of restricted obligations is nonetheless valuable in achieving certain agreed social purposes.²⁰

¹⁹ See O’Neill (1998, 16-34) on Hayek and Aristotle, and Booth (1993) for a defence of markets and their liberal egalitarian character, by contrast with the status hierarchies he argues are endemic to household economies.

²⁰ This ‘device’ of voluntary exchange, with its specific obligations, is itself a social creation, as Durkheim argued (1893/1984, Book I ch. 7). It does not merely serve individual purposes that exist independently of it (MacIntyre 1998, 239-240, 250), but also makes possible a certain kind of social relationship. In this respect it may be understood as what Raz terms a ‘duty-constituted good’ (Raz 1994, 40-42).

If this can be shown then, having justified market exchange in this way, the members of a political community could be expected to accept responsibility for ensuring that those wider obligations towards one another, from which they have been released as economic agents in the market, are fulfilled by other institutional means. That this is not a ‘merely theoretical’ expectation is apparently confirmed by the fact that in countries such as the UK and USA, where the political ideology of the market is highly individualistic, it has proved very difficult to gain political support for solidaristic forms of welfare provision (Habermas 2001), whereas this has been much less of a problem in countries such as Germany, where markets are understood instead as creations of public policy intended to achieve social purposes (Streeck 1997, 37).

But this social (and Christian) democratic conception of markets, states and welfare, with which I have a good deal of sympathy, would not be acceptable for MacIntyre, not least because it assumes the *compartmentalisation* that he regards as an especially problematic feature of modern societies, in which radically different moral norms are seen as appropriate in different social domains (MacIntyre 2006b; Breen 2005). Thus in place of a separation between people’s obligations and responsibilities as ‘as economic agents’ and ‘as citizens’, MacIntyre wishes to see economic exchange directly *embedded* in the networks of giving and receiving that can obtain only in the kinds of small-scale community that he endorses, with their local markets and small producers (MacIntyre 1999, 117; 1998, 249).²¹

However, to explore the issues raised by *this* disagreement would take me well beyond the main purpose of this paper, which has been to show how the possible justification of market economies should be conceived within a perfectionist politics that is both informed by MacIntyre’s ethics and consistent with certain liberal principles.

²¹ So although MacIntyre accepts Polanyi’s understanding of the emergence of market economies as the *disembedding* of ‘economy’ from ‘society’, he seems to reject Polanyi’s view of the later development of welfare states as a process of *re-embedding* (Polanyi 1944, 249-254).

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