

# Alasdair MacIntyre and Adam Smith on Markets, Virtues and Ends in a Capitalist Economy

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**Abstract:** In recent decades Alasdair MacIntyre has developed a style of moral philosophy and an argument for Neo-Aristotelian virtue ethics that has deeply influenced business ethics. Most of the work inspired by MacIntyre has dealt with individual and organizational dimensions of business ethics rather than the market economic environment in which individuals and organizations operate. MacIntyre has been a fierce critic of capitalism and economics. He has read Adam Smith an advocate of selfish individualism, rule-based ethics, and the banishment of teleology. This reading is seriously defective, and Smith in fact offers much of what MacIntyre calls for in economics. MacIntyre's ethical framework can be made more powerful and useful to business ethicists by incorporating Smithian insights, especially Smith's account of market virtues and teleological account of markets as extended cooperation directed towards the common good of wealth creation. Aside from issues of interpretation of MacIntyre and Smith, this analysis opens new pathways for dialogue between business ethicists and economists.

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# 1. INTRODUCTION

Alasdair MacIntyre's philosophy has had a large influence on business ethics, though he has written little directly on the topic. There are some early essays sceptical of the corporate world, some less than complimentary comments about the character of the manager in *After Virtue*, and scattered comments in his other major works<sup>1</sup>. He has criticised the way business ethics is often taught, once declining an invitation to speak at a business ethics conference comparing it to astrology<sup>2</sup>.

Most of the business ethics literature stimulated by his philosophy has been about individuals and organizations. Business ethicists inspired by his work have written about the organization as a moral community, the effect of modern organizations on character, ways of nurturing virtue within organizations, and related topics. Much less has been written by business ethicists about the economic environment in which organizations operate (variously termed the market economy, capitalism, liberal society, neoliberalism) even though this environment has been more prominent in MacIntyre's philosophy<sup>3</sup>. He has been a consistent critic of capitalism from his earliest work, and this critique is an ethical critique encompassing injustice of the economic environment and the effects of this environment on organizations and those who work within them<sup>4</sup>.

It is a particularly opportune time to consider the implications MacIntyre's work for the ethics of the market economy because he has addressed the issue at length in a recent book *Ethics in the Conflicts of Modernity* which summarises his mature philosophy, as well as other recent essays flowing from the global financial crisis. In these works his attitude to organizations is much more positive than to the market environment in which they operate. MacIntyre's critique of capitalism in his earlier works is amplified and extended explicitly to the discipline of economics. Now for MacIntyre, as for Marx, criticism of capitalism is criticism of economics.

The main argument of the paper is that MacIntyre's writing on the market economy would be strengthened by connecting it with that of his fellow Scot Adam Smith, who is neglected and seriously misinterpreted by MacIntyre. Several steps are needed to make this argument. The next section of the paper briefly reviews MacIntyre's Neo-Aristotelian or Thomistic Aristotelian ethical framework and why he believes this framework is incompatible with markets and capitalism, paying particular attention to MacIntyre's recent writings on this subject. Three issues about MacIntyre's view of capitalism and economics

need to be resolved to prepare for the conversation with Smith: firstly, what exactly MacIntyre means by markets and capitalism, secondly, whether markets really are as destructive of virtue as he claims, and thirdly, the coherence of MacIntyre's account of what he calls productive practices and external goods. In considering these issues it will be useful to compare MacIntyre's account of markets with Aristotle's. One of the problems with MacIntyre's account is his faulty reading of Adam Smith, and correcting this is the final step before Smith's writings can be connected to MacIntyre's project. I argue that MacIntyre and Smith are not as far apart as MacIntyre imagines, that Smith's view of market behavior as virtue laden and oriented to the instrumental good of community wealth fits well into MacIntyre Thomistic Aristotelian ethical framework. Smith and MacIntyre together offer a much stronger account of a market economy for business ethicists, economists and others.

## **2. MACINTYRE'S NEO-ARISTOTELIAN FRAMEWORK**

What MacIntyre calls his Neo-Aristotelian framework, or in other places his Thomistic-Aristotelian framework, has emerged from his critique of emotivism, which becomes a critique of expressivism in his latest work<sup>5</sup>. Central figures in MacIntyre's expressivist tradition are Hume, Kant, Bentham and Mill. Its distinctive feature is a morality expressing individual desires, neglecting the social embeddedness of the individual, and lacking any grounding in biology or reasoning about how these desires facilitate human flourishing. This tendency in moral philosophy is characteristic of modernity and intimately connected with the liberal political order. Marx, who MacIntyre advocated in his early work is now seen as problematic because of his inability to transcend his liberal philosophical and social context. Even Nietzsche for MacIntyre can offer no more than a negation of this dominant modern philosophical and social framework. The intimate connection between philosophical enquiry and social context is of course a constant theme of MacIntyre's work.

When MacIntyre identifies his framework with the philosophy of Aristotle and Thomas Aquinas, he does not claim to be following them exactly<sup>6</sup>. In the brief account I will now offer the emphasis will be on the way MacIntyre modifies Aristotle and the parts of his framework which are relevant to MacIntyre's critique of capitalism and economics.

Central to his framework articulated in *After Virtue* is the concept of a practice, which is sharply distinguished from other human activities. A practice is "any coherent and complex form of socially established cooperative human activity, through which goods

internal to that form of activity are realized in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended” (MacIntyre 2007 p187). Practices include “arts, sciences, games, politics in the Aristotelian sense, the making and sustaining of family life”. Painting is one of his examples, where there are standards of artistic excellence, and the painter develops by engaging in the practice. MacIntyre explains that painting is not disqualified from being a practice because the product is sold, since making money from sales is not the main aim of the practitioner. Business activities are notably absent from his examples of practices, and the status of these will be taken up in a later section of the paper. Practices are not to be confused with institutions which are the home of practices, facilitating them and in some cases deforming them. The art school, or perhaps the wider network of art schools, studios and organizations that constitute the art market, would be an example of an institution.

Closely related to his definition of a practice is MacIntyre’s distinction between internal and external goods. Attaining the goods of human life is the reason we act, and internal goods are those goods which can only be attained by engaging in practices, while external goods are those separable from practices. He elaborates “It is characteristic of what I have called external goods that when achieved they are always some individual’s property and possession. Moreover, characteristically they are such that the more someone has of them, the less there is for other people... External goods are therefore characteristically objects of competition in which there must be losers as well as winners” (MacIntyre 2007 p191). In the painting example the development of the skill and the satisfaction derived from the practice are internal goods while the money generated from the sale of a painting is an external good. Profits made by the art dealer from the painting are even more clearly external goods. The negative tone of MacIntyre’s discussion forces him to clarify that “external goods genuinely are goods. Not only are they characteristic objects of human desire whose allocation is what gives point to the virtues of justice and of generosity, but no one can despise them altogether without a certain hypocrisy.” (MacIntyre 2007 p196).

The point about practices is that they are the locus of virtues. MacIntyre’s first definition of a virtue is “an acquired human quality the possession and exercise of which tends to enable us to achieve those goods which are internal to practices and the lack of which effectively prevents us from achieving any such good” (MacIntyre 2007 p191). However, virtues transcend the particular practices where they are developed, finding their

trans-practice identity in assisting the flourishing of human lives. As he puts it, a more nuanced definition of a virtue relies on a “conception of the *telos* of a whole human life, conceived as a unity” (MacIntyre 2007 p202). This unity for MacIntyre is a narrative unity of the whole human life. While he follows Aristotle’s teleology, he rejects the biology that grounds Aristotle’s account of human flourishing and the ends of human beings. As well as narrative unity of a human life giving some stability to MacIntyre’s concept of flourishing and thus of virtue, there is also the concept of a tradition which houses practices, virtues and accounts of flourishing.

In subsequent works the stability of these concepts of practices and virtues receives a lot of attention, partly in response to charges of relativism levelled at MacIntyre’s *After Virtue*. For instance, *Dependent Rational Animals* offers an alternative biology to replace the Aristotelian biology MacIntyre rejects. In *Whose Justice? Which Rationality?* there is an extended discussion of the role of practical reason in our quest for virtue and the goods of human life. In *Three Rival Versions of Moral Enquiry* a commitment to Thomism and a final end beyond this life further grounds MacIntyre’s account. However, he still resists Thomas Aquinas’ doctrine of a single final end, holding that “ultimate human good” is a contextual and personal combination of the goods so that each of us has “a final end that is our own” (MacIntyre 2016 p53) and claims that his account does not depend on Christian commitments. In MacIntyre’s view it is only necessary that we recognise an ultimate end that lies beyond human finitude and fallibility, and whether we come to his own Christian commitment in this life depends on temperament, the company we keep and resources available in our culture and religious heritage (MacIntyre 2016 p55).

### **3. MACINTYRE ON CAPITALISM AND MARKETS**

#### **3.1 MacIntyre’s Criticisms of Capitalism and Markets**

MacIntyre consistently claims that capitalism or market society is not compatible with his Thomistic-Aristotelian ethics. In *After Virtue* the claim was that “the tradition of the virtues is at variance with central features of the modern economic order, and more especially its individualism, its acquisitiveness and its elevation of the values of the market to a central social place.” (MacIntyre 2007 p254). In *Whose Justice? Which Rationality?* the claim was that “the standard commercial and financial practices of capitalism are incompatible with Aquinas’ conception of justice” (MacIntyre 1988 p200). His introduction to the most recent edition of *Marxism and Christianity* suggests “Christian theologians in the Middle Ages had

learned from Aristotle as well as from Scripture that *pleonexia* [acquisitiveness] is the vice that is the counterpart to the virtue of justice. And they had understood, as later theologians have failed to do, the close connection between developing capitalism and the sin of usury. So it is not after all just general human sinfulness that generates particular individual acts of injustice over and above the institutional injustice of capitalism itself. Capitalism also provides systematic incentives to develop a type of character that has a propensity to injustice.” (MacIntyre 1995 p149).

In his most recent book *Ethics in the Conflicts of Modernity* the criticism is restated and elaborated. For instance, he writes that Thomistic Aristotelianism is a way of thinking and acting “systematically at odds with those of the dominant culture that they inhabit” (MacIntyre 2016 p167). He is referring to the culture of capitalism and repeats some of his previous criticisms of the exaltation of greed and individualism. Furthermore “Both Aristotle and Aquinas took it that the context in which common and individual goods were ordered was that kind of a political society that no longer exists” (MacIntyre 2016 p176). In particular: “the trait that the Greeks called *pleonexia*, acquisitiveness, a trait that both Aristotle and Aquinas took to be a vice, comes for the first time [in modernity] to be treated as a virtue by large numbers of people and money becomes an object of desire, not only for what it can buy, but also for its own sake.” (MacIntyre 2016 p109). He calls the ethics of the contemporary market and economics “parodies of ethics” (MacIntyre 2016 p128). For MacIntyre the same is true of the modern state and liberal political order that are associated with the market economic order, but our concern here is the market environment of business ethics.

### **3.2 Why Should we Reject Capitalism and Markets?**

Capitalism and markets undermine the development of virtues and the achievement of internal goods, because the activities associated with them are not practices in MacIntyre’s sense. The external goods that he acknowledges they generate cannot compensate for the deficiency of internal goods.

The way capitalism and markets undermine virtue is well illustrated by the discussion of contemporary finance in a recent essay “The Irrelevance of Ethics”. MacIntyre begins the essay channelling Plato: “we may measure ourselves and our activities either by the standards of wisdom and temperateness, the standards of the virtues, or by the standards of money, but we cannot do both. We have to choose between them.” (MacIntyre 2015 p7). In the language

of his major works there is a conflict between internal and external goods, something more serious than market activities failing to generate internal goods.

For MacIntyre the requirements of a virtuous life include “a tempered realism about oneself, one's powers, one's self-knowledge”, ability to “judge which risks it is reasonable to take and which are foolhardy,” commitment to “common goods shared with those others whom they encounter” and a capacity to focus neither “on the present at the expense of the future nor future at the expense of the present” (MacIntyre 2015 p9-10). On all requirements contemporary finance fails because it demands of traders extreme self-confidence, prevents them from properly assessing risks, requires them to ignore the larger human costs of activities, and short-termism.

These problems with contemporary finance can be traced back to deeper problems in the way we think about money. Firstly, for MacIntyre, as for Aristotle and Thomas Aquinas, money is a means to other goods, however today we often now see money as an end in itself. Secondly, the sophisticated financial products that have been devised in recent years allow money to beget money without limit, losing connection to real goods. Thirdly, we increasingly measure human beings by how much money they have<sup>7</sup>(MacIntyre 2015 p10).

As well as these ways of behaving and thinking undermining virtues like proper courage and temperance, contemporary finance also violates justice. Having the virtue of justice, for MacIntyre, as for Aristotle, means treading a middle way between the extremes of self-abrogation and acquisitiveness. It involves allowing ourselves and others what is due to them. Contemporary finance, along with other parts of the market system, violates this by encouraging and making possible acquisitiveness without limit.

### **3.3 MacIntyre's Alternative to Capitalism and Markets**

What then is the solution to the problems of capitalism? One solution which MacIntyre advocated in his early work was overthrow of the capitalist system, but more recently it is resistance to capitalism by small participatory communities. His turn away from revolutionary Marxist politics was due to his realisation of how much Marxian theory was indebted to liberal individualism, reflected in its privileging of the corporate state and emphasis on the agency of the revolutionary vanguard rather than more widespread participation and revolutionary agency.

As he turned away from revolutionary Marxist politics, he became interested instead in the early 20<sup>th</sup> century distributism of Chesterton and Belloc which recommends wide distribution of land and capital, under the authority of small-scale participatory

communities<sup>8</sup>. MacIntyre believes this is truly democratic because it resists concentration of power and resources in large state and business organizations in favour of distributing these widely over the whole population. As well as being more democratic he believes small-scale participatory communities are much more conducive to virtue than either institutions that revolutionary Marxism seeks to build or the institutions of contemporary capitalism.

#### **4. ISSUES IN MACINTYRE'S ACCOUNT OF MARKETS**

Three issues arising from MacIntyre's critique need to be resolved to properly set up the engagement with Adam Smith's work.

##### **4.1 How Does MacIntyre see Markets?**

MacIntyre's preferred terminology when discussing economic matters is capitalism, a category invented by Marx to describe the relations of production and associated culture that he observed in nineteenth century Europe. Under capitalism a small class owns the means of production, employing workers who have been deprived of the means of production, generating value, which is then realized, reinvested by the capitalist, and capital accumulates. Accumulation for Marx is a limitless drive for more that capitalists have by definition. In Marx's historical scheme capitalism follows feudalism and will eventually give way to a socialist order.

The relationship between capitalism and the more common contemporary terminology of a market economy, which MacIntyre occasionally uses, is unclear. Historically, widespread markets long predate what Marx described as capitalism. Liberal, or the liberal order is the other terminology MacIntyre uses, especially when he is emphasising connections between the political and economic orders. I have not found the more recent variant neo-liberalism in his major works. Markets also long predate the liberal political order which arose in the West in the early modern period. Besides facilitating Marxist analyses of economic matters, using the language of capitalism has the advantage for MacIntyre of highlighting the association between the economic order and the behavior he is criticising. Using the language of capitalism also saves him the trouble of spelling out the precise causal connections between economic arrangements and the behavior he is criticising because they are definitionally connected. For the purposes of this paper I prefer the more neutral language of markets, or Adam Smith's language of commercial society.

Irrespective of the terminology we use for our present economic order the question arises for those interested in using MacIntyre's philosophy for business ethics of the place of business in his framework of virtues, practices and institutions. There has been considerable



discussion of where business organizations fit. MacIntyre himself suggests that modern business lacks the distinctive marks of a practice, for instance as closer to the profit seeking fishing crew he describes in one of his works than a fishing community (MacIntyre 1994 p284-6). However, this suggestion is based on his description of two types of organization without consideration of the market environment in which the organizations operate. Some business ethicists have focused on activities carried out within organizations and argued they are practices in MacIntyre's sense. Most business ethicists who have considered the place of business organizations have regarded them as institutions; as homes for practices rather than practices<sup>9</sup>.

Working out where the market economic order fits in MacIntyre's scheme is also complicated. Though there are behaviours associated with markets, certainly behaviours that lead to success in markets, MacIntyre's concept of a practice is something on a much smaller scale than contemporary markets. This would seem to rule out treating markets as a practice even without entering into the argument about whether behaviours associated with markets have virtues internal to them or not<sup>10</sup>. If markets are not practices then institutions are the obvious place for them in MacIntyre's framework<sup>11</sup>. But if business organizations are also institutions, and they are actors in markets, will this lead to confusion for business ethicists seeking to utilise MacIntyre's framework? I do not believe so. When we are considering organizations as institutions, we focus on the question of whether organizations deform practices within organizations such as governance or stewardship of financial resources. When we are considering markets as institutions, we focus on the distinctively market activities occurring within them, such as searching for the lowest price for a commodity, or determining whether to set up a new organization to enter a market.

## **4.2 Are Markets Really Antithetical to Virtue?**

The next issue is determining whether market activities like these are actually practices in MacIntyre's sense; in other words, whether they have virtues internal to them and promote human flourishing. Or alternatively we could ask whether markets are institutions in MacIntyre's sense that promote or deform practices.

There is a large history and philosophy of economics literature on whether markets nourish or undermine virtue. This literature goes back at least as far as Adam Smith, who expressed concerns in the *Wealth of Nations* about whether the division of labor which he identified as the source of wealth being generated in the emerging commercial order was deforming the character of the population as well as developing some virtues. Smith pointed

to the narrower range of tasks being performed by workers and their repetition as particularly corrosive of character, recommending the expansion of education to ameliorate these effects. Contemporaries such as Montesquieu and David Hume argued for positive effects of commerce on virtue, both directly and because commerce has generated wealth which widened possibilities for the exercise of virtue. Albert Hirschman in his work on the emergence of economic thinking in early modern Europe found concerns like those expressed by Smith to be widespread, but so too were arguments like those of Montesquieu about the positive effects of this new order on morals – the famous *doux commerce* thesis.

More recent arguments about the positive moral effects of the market order that focus on virtues and vices associated with that order include Deirdre McCloskey's three volume defence of capitalism, and an important paper by economists Luigi Bruni and Robert Sugden<sup>12</sup>.

McCloskey (2006) directed her argument to friends on the left who were critical of capitalism, as well as friends on the right who are enthusiastic about it. She argued that capitalism does not just make us rich, it makes us good (p4), viewed capitalism as a MacIntyrean practice and defended what she called the bourgeois virtues generated by capitalism as virtues in themselves, as well as observing that these virtues have generated wealth that has rescued vast numbers of people from starvation, premature death, and suffering of various kinds.

What are the bourgeois virtues? According to McCloskey (2006 p507-8) "the bourgeois virtues are merely the seven virtues exercised in a commercial society". The leading virtue is prudence, which she interprets as to "buy low and sell high". Temperance is "to save and accumulate" as well as to "listen to the customer humbly, to resist the temptation to cheat". Justice is "to insist on private property honestly acquired" also "to pay willingly for good work, to honour labor, to breakdown privilege, to value people what they can to rather than who they are, to view success without envy". Courage is to "venture on new ways of business" and also "to overcome the fear of change, to be deceived and bankruptcy, to be courteous to new ideas, to wake up next morning and face fresh work with cheer, resisting the despairing pessimism of the clerisy". Love is "to take care of one's own" and also "employees and partners and colleagues and customers and fellow citizens, to wish well to humankind, to seek God". Faith is "to honour one's community of business" and "sustained traditions of commerce, of learning, of religion". "Hope to imagine a better machine... To see the future as something in stagnation eternal recurrence, to infuse the day's work with a

purpose, seeing one's labor as a glorious calling". McCloskey has detailed arguments about how each of these virtues both flow from capitalism and nourish it.

Luigino Bruni and Robert Sugden add an important novel element to arguments about virtues generated under capitalism. Like McCloskey they view the market as a MacIntyrean practice, rather than an institution, and offer their own list of virtues internal to it: "Our list of market virtues (which we do not claim is complete) includes universality, enterprise and alertness, respect for the tastes of one's trading partners, trust and trustworthiness, acceptance of competition, self-help, non-rivalry, and stoicism about reward. We will argue that these market virtues, grounded on ideas of reciprocity and mutual benefit, are closely associated with virtues of civil society more generally. It is therefore a mistake to think that the market is a virtue-free zone, or that the character traits that best equip individuals to flourish in markets are necessarily corrosive of virtue in other domains of life." (Bruni and Sugden 2013 p143). They discuss how these distinctive virtues are generated, albeit much more briefly than McCloskey.

The novel element in their contribution is viewing the market as a practice oriented to the good of mutual benefit. This picks up MacIntyre's demand that a practice not just generate virtues internal to itself but be oriented towards human flourishing. As they put it: "Our central idea is that the public benefits of markets should be understood as the aggregate of the mutual benefits gained by individuals as parties to voluntary transactions, and that the market virtues are dispositions that are directed at this kind of mutual benefit. For a virtuous market participant, mutual benefit is not just a fortunate by-product of the individual pursuit of self-interest: he or she intends that transactions with others are mutually beneficial." (Bruni and Sugden 2013 p143). "We therefore treat mutual benefit as the telos of the market." (Bruni and Sugden 2013 p153). While Bruni and Sugden accept Adam Smith's view that the specific goods generated for others by self-interested market activity are neither intended nor foreseen, their argument is that the more general good of mutual benefit is intended and foreseen.

This is not the place to adjudicate the long-standing argument about the effect of markets on virtue, but there are plausible arguments that run counter to MacIntyre's view that capitalism or the market economy or whatever we want to call it is antithetical to virtue. Smith's arguments on this will be considered later in the paper.

### 4.3 What is the Place of Instrumental Activities and Goods?

A difficulty with Bruni and Sugden's argument is that the status of mutual benefit as an end is questionable in MacIntyre or Aristotle's framework. In this framework the goods of human life are identified by asking what activities are for and then when no further answers are possible, the answer identifies a good. Mutual benefit, however, would seem to be oriented towards other more fundamental goods - for instance a mutual benefit of trading might be greater supply of medical equipment that serves the more fundamental good of health. In other words, it is an instrumental rather than a fundamental good of human flourishing.

Instrumental goods have a place in MacIntyre's framework, he writes of "productive" practices that yield "external goods" in *After Virtue* (MacIntyre 2007 p227), which become "goods of effectiveness" in *Whose Justice, Which Rationality?* contrasted with "goods of excellence" (MacIntyre 1988 p37-38). However, while they are recognised as practices and goods, they are not conceptually well-developed in MacIntyre's work nor well-regarded by him. Nor are such practices and goods in focus when MacIntyre discusses markets or economics.

In clarifying MacIntyre's account and preparing for the engagement with Adam Smith it is helpful to consider Aristotle's view of these matters. Instrumental activities serving higher ends are recognised in the opening passage of Aristotle's *Nicomachean Ethics* where he describes ends and goods: "But some of these pursuits are subordinate to some capacity; for instance, bridle making and every other science producing equipment for horses are subordinate to horsemanship, while this and every action in warfare are in turn subordinate to generalship, and in the same way other pursuits are subordinate to further ones. In all such cases, then, the ends of the ruling sciences are more choiceworthy than all the ends subordinate to them, since the lower ends are also pursued for the sake of the higher. Here it does not matter whether the ends of the actions are the activities themselves, or something apart from them, as in the sciences we have mentioned." (Aristotle 2019 Book 1 1 §4-5 p1)<sup>13</sup>. Aristotle as a philosopher and member of the elite has prejudices about commerce typical of his time and social location, but the importance of instrumental goods is clearly recognised.

The concept of instrumental activities and goods also comes out in Aristotle's distinction in the *Politics* between *chrematistike*, translated as wealth-getting, and *oikonomia*, translated as household management. The philosopher observes that property or wealth is needed for the household, and so wealth getting is necessary but subordinate to household

management. The “craft of property acquisition, then, is by nature a part of household management, in that either there must be available, or it itself must arrange to make available, a store of what is both necessary for living and useful to the community of city or household” (Aristotle 2017 Book 1 8 p12). A similar instrumental view of wealth-getting is evident in the contrast he draws between the lives of political activity, study and wealth getting “The moneymaker’s life is in a way forced on him; and clearly wealth is not the good we are seeking, since it is useful, only for some other end.” (Aristotle 2019 Book 1 5 §8 p5 - though ‘necessary’ may be a better translation than ‘forced on him’ with its negative connotations) <sup>14</sup>.

For Aristotle a problem arises when wealth-getting frees itself from its instrumental relationship to the higher end it serves; when it becomes an activity pursued for its own sake and therefore without limit. This is the basis for Aristotle’s suspicion of money, for money facilitates the separation of wealth getting from higher ends and lacks inherent limits. His notorious comments about the unnaturalness of *kapelike*, translated as commerce or trade (Aristotle 2017 Book 1 §10 p15-16), must be read in this context as criticism of trade for its own sake, without limit, rather than trade which serves higher ends. MacIntyre’s view of economic life as inevitably tied up with the vice of *pleonexia*, acquisitiveness, is inconsistent with Aristotle and cannot be sustained. It is only when economic life is pursued in a particular way - without recognition of its instrumental character and ignoring limits - that it becomes tainted with this vice.

For MacIntyre’s framework to deal properly with markets a clearer and stronger concept of instrumental goods is needed, along with a correspondingly extended concept of a practice. As we have seen, market activity is criticised by MacIntyre and disqualified from being a practice because it lacks goods internal to itself, but this misunderstands the nature of market activity. He offers no arguments as to why the instrumental nature of an activity rules out the development of virtues.

If market activity is instrumental then one way of accommodating this in MacIntyre’s framework would be to rename MacIntyre’s concept of practice something like ‘fundamental practice’ and introduce a new parallel concept of an ‘enabling practice’ or ‘instrumental practice’ that lacks goods internal to itself, but develops virtue as an unintended by-product of generating external goods. The distinction between an instrumental practice and a fundamental practice would be analogous to Aristotle’s distinction between *chrematistike* which is instrumental to *oikonomia*, and bringing MacIntyre closer to Aristotelian on this issue would not destroy the coherence of MacIntyre’s framework.

Such a concept of an instrumental practice and a more positive view of instrumental or external goods would enable us to recognise Bruni and Sugden's point within MacIntyre's framework, because mutual benefit would then fit within the definition of a good – mutual benefit is a valuable instrumental good. Importantly for the argument of this paper, it will also enable us to recognise Adam Smith's similar point about competitive markets being a vehicle for human co-operation directed towards the instrumental good of wealth.

## **5. ALASDAIR MACINTYRE ON ADAM SMITH**

### **5.1 MacIntyre's Reading of Smith**

The place of Adam Smith and his friend David Hume in MacIntyre's narrative of the modern fall into ethical incoherence is instructive.

MacIntyre seems to have developed a negative view of Adam Smith very early. He once said that he had an aversion to liberalism since first encountering it at age 17, and early works such as *Marxism and Christianity* portray Smith as naïve and thoroughly discredited by Marx. His *Short History of Ethics* originally published in 1967 casts Smith as one of the villains in the decline of moral discourse in 18<sup>th</sup> century Britain. Aside from incoherence of Smith's view of human nature, Smith's individualism and focus on moral rules are singled out for criticism: "The whole difficulty is engendered by the way the discussion is carried on in two stages. First, human nature is characterized; and the moral rules are introduced as an addendum, to be explained as expressions of or means to the satisfaction of the already specified nature. Yet the human nature specified is individualist human nature, unamenable to moral rules. And are we not, in any case, back again with a new form of the error committed by the sophists and by Hobbes? Can we actually characterize individuals apart from and prior to their adherence to certain rules?" (MacIntyre 1997 p170).

In *After Virtue* MacIntyre took Smith to be Stoic and a Deist, commenting on the "version of Stoicism is to be found in the writings of Adam Smith, a deist rather than a Christian" (MacIntyre 2007 p234)<sup>15</sup>. He repeated criticisms in his earlier book of Smith's ethics as individualist, rule based, and lacking an adequate account of moral motivation. Smith is now also accused of being one of those guilty of removing teleology from science and ethics in the 18<sup>th</sup> century: "what is true of them [Kant and Hume] is true also of Diderot, of Smith, and of Kierkegaard. All reject any teleological view of human nature, any view of man as having an essence that defines his true end." (MacIntyre 2007 p54).

*Dependent Rational Animals* opens with harsh criticism Smith's exaltation of the self-sufficient individual. In *Whose Justice? Which Rationality?* Hume receives detailed treatment while Smith is ignored, seemingly because his moral philosophy is insignificant beside that of his Scottish friend. By the time we get to *Ethics in the Conflicts of Modernity* and MacIntyre's renewed engagement with economics, Smith returns to centre stage. His criticism of Smith as promoter of individualism and greed is amplified – particularly for promoting expansion of the economy through the happy illusion that the getting of money leads to happiness – and for doing away with “any conception of economic activity as capable of being cooperatively and intentionally directed toward the achievement of common goods, understood as Aristotle and Aquinas understood them” (MacIntyre 2016 p91-92).

## 5.2 Problems with MacIntyre's Reading of Smith

MacIntyre's reading of Smith as exalting individual self-interest and greed owes more to popular mythology about Smith than the texts. The opening line of Smith's *Theory of Moral Sentiments* “How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it.” (Smith 1759 Book I Chapter i paragraph 1 p9) is an attack on Rousseau and some other 18<sup>th</sup> century accounts of human beings as purely self-interested. Smith consistently works with a more balanced view of human nature<sup>16</sup>. One illustration of the complexity and the tension of Smith's view of reason with contemporary economists theory of rational choice is the role of emulation in his human motivation. Emulation for Smith plays an important role in stimulating economic progress: “The pleasures of wealth and greatness ...strike the imagination as something grand and beautiful and noble, of which the attainment is well worth all the toil and anxiety which we are so apt to bestow on it. And it is well that nature imposes upon us in this manner. It is this deception which rouses and keeps in continual motion the industry of mankind.” (Smith 1759 IV 1 10 p184-5). The context indicates this point is observed with some pathos by Smith, for it really is an illusion that wealth leads to happiness. Soon after the passage quoted Smith favourably compares the happiness of a beggar by the roadside with that of the King.

MacIntyre's charge that Smith's moral philosophy is based on rules is very strange. Some of the strongest language in the *Theory of Moral Sentiments* is reserved for casuistry and he pretty clearly repudiates the view that MacIntyre attributes to him: “We do not originally approve or condemn particular actions; because, upon examination, they appear to

be agreeable or inconsistent with a certain general rule. The general rule, on the contrary, is formed, by finding from experience, that all actions of a certain kind, or circumstanced in a certain manner, are approved or disapproved of.” (Smith 1759 III 4 8 p159). Rules are not the basis of moral judgement for Smith, though he does concede that can be a useful guide and help to uphold good conduct in society. Smith’s impartial spectator mechanism fills to some extent the role that MacIntyre alleges rules have in Smith’s system of moral philosophy – the spectator mechanism means we “stand in need of no casuistic rules to direct our conduct” (Smith 1759 VI.II.I.22 p226).

Most accounts of Smith’s moral philosophy (for instance Raphael 2007) emphasise instead the social nature of moral judgement, the importance of esteem, and his extended account of the virtues. His survey of moral systems in Book VII of the *Theory of Moral Sentiments* begins with the two questions that he sees comprise moral philosophy: “First, wherein does virtue consist? Or what is the tone of temper, and tenor of conduct, which constitutes the excellent and praise-worthy character, the character which is the natural object of esteem, honour, and approbation? And, secondly, by what power or faculty in the mind is it, that this character, whatever it be, is recommended to us? (Smith 1759 VII I ii p265) and then proceeds to discuss the attitude of the different systems towards virtue. In some systems virtue consists in propriety, in others virtue consists in benevolence, and so forth. Smith then devotes Book VI of the *Theory of Moral Sentiments* to the nature of the virtue, supplementing his already full account elsewhere of the role of virtue in the moral life. The major virtues discussed by Smith are prudence (discussed in Smith 1759 VI I p213-7), justice (Smith 1759 VI II i-ii p218-30, building on his earlier discussion of justice at II ii p78-83), beneficence (Smith 1759 VI II iii p235-7), and self-command (Smith 1759 VI iii P237-41). The culmination of Smith’s account of the virtues is his portrait of the “wise and virtuous man” who “is at all times willing that his own private interest should be sacrificed to the public interest of his own particular order or society” (Smith 1759 VI ii 3 3 p235-6). Such passages and others like them make it difficult to sustain MacIntyre’s reading of Smith as neglecting virtue.

In relation to Smith banishing teleology from social science MacIntyre, seems to have overlooked numerous passages in the *Theory of Moral Sentiments* and *Wealth of Nations*. For instance: “In every part of the universe we observe means adjusted with the nicest artifice to the ends which they are intended to produce; and in the mechanism of a plant, or animal body, admire how everything is contrived for advancing the two great purposes of nature, the support of the individual, and the propagation of the species. But in these, and in all such



objects, we still distinguish the efficient from the final cause of their several motions and organizations.” (Smith 1759 II ii 3 6 p87). MacIntyre’s view of Smith is at odds with the view of Jacob Viner, perhaps the greatest historian of economics, who wrote “I am obliged to insist that Adam Smith’s system of thought, including his economics, is not intelligible if one disregards the role he assigns in it to the teleological elements” (Viner 1972 p82). Though Smith’s system of thought is teleological his understanding of teleology is not the same as Aristotle and Aquinas (Oslington 2018 p52-55).

In all these criticisms of MacIntyre’s reading of Smith it must be remembered that the economy of 18<sup>th</sup>-century Scotland is not the same as that of today. An obvious difference is the greater importance of large enterprises in the contemporary economy, with their separation of owners and managers, international reach, and political influence. Smith’s butchers and bakers are not today’s Enron or Facebook. We get glimpses in the *Wealth of Nations* of how Smith might have responded to contemporary large enterprises. In Part V of the *Wealth of Nations* Smith briefly discusses the problems of joint-stock companies where directors and managers lack the incentives to deal as diligently with “other people’s money” as that would with their own money, resulting in “negligence and profusion” (Smith 1776 V i 18 p741). This leads to a discussion of the East India Company, the foremost example in Smith’s day of a large enterprise. As well as the general problems of joint-stock companies Smith is critical of the East India Company’s political influence and monopoly on the East India trade and endorses Parliamentary reform of “the management of its affairs” (Smith 1776 V i 28 p753-4). The East India Company is also criticised in Smith’s discussion of colonies in Book IV of the *Wealth of Nations*, where it is associated with the mercantile system rather than with the free economy that Smith defends (Smith 1776 IV vii c 89 p630ff). Such comments connect with Smith’s well-known observations earlier in the *Wealth of Nations* about the tendency for merchants to conspire against the public interest (for instance Smith 1776 I x c 27 p145 or I xi p 10 p267). Perhaps Smith and McIntyre would not have been as far apart on these aspects of capitalism. Ironically, it may be that despite his longstanding aversion to Smith, his fellow Scot actually offers much of what MacIntyre is looking for in an economics to fit into his Thomistic Aristotelian ethical framework. Perhaps Smith even offers something like the “virtue economics” which one business ethicist called for many years ago after noting that “MacIntyre may well have run out of terrain upon which to forge a notion of economics that is anything but contra- virtue” (Wicks 1997 p134). The category virtue economics captures something important about Smith’s project that connects with the concerns of MacIntyrean business ethics<sup>17</sup>.

## **6. HOW ADAM SMITH CAN STRENGTHEN MACINTYRE'S ACCOUNT OF MARKETS**

### **6.1 Aristotelian Elements in Smith Connect Smith to MacIntyre**

One of the discoveries of recent Smith scholarship has been his indebtedness to Aristotle (Vivenza 2001 2009, Hanley 2009). Scholars were for many years distracted by Smith's harsh criticism of Aristotelianism, which reflected his experience as an 18<sup>th</sup> century Oxford undergraduate with degenerate Aristotelian school philosophy. However, Smith never criticises Aristotle directly and there is an Aristotelian sub-structure on which the innovative elements of Smith's ethical theory are built. These Aristotelian elements are hardly surprising as the education the young Smith received in early 18<sup>th</sup> century Scotland was thoroughly Aristotelian, supplemented with Protestant natural law theory which would in time displace Aristotle as the point of reference for Scottish educators (Ross 2010).

This rediscovery of the Aristotelian sub-structure within Smith's system of thought reinforces recent virtue ethical readings of Smith by Deirdre McCloskey (2006), Ryan Hanley (2009 2013) and others. Oslington (2018) has argued it is a theologically grounded ethics, based on Smith's background, extensive use of natural theological language, and Newton being Smith's methodological model<sup>18</sup>.

If MacIntyre's ethics and the works of Adam Smith (and we might add Marx) share an Aristotelian substructure then this is surely encouraging for an attempt to replace MacIntyre's problematic account of markets and economics with a better one which draws on Smith's insights.

### **6.2 Smith on Virtue in Commercial Society**

Of all the early modern writers on virtue and commerce, including Montesquieu, Rousseau and David Hume it is Smith who offers the best account of the causal connections between markets and virtue, and who is aware both of the positive and the negative influences of markets on virtue<sup>19</sup>.

I will not repeat here the points made in the earlier section on MacIntyre's misreading of Smith on virtue about the importance of the virtues in Smith's system of moral philosophy. In relation to strengthening MacIntyre's account of markets it is worth noting that the virtues emphasised by Smith - prudence, justice, beneficence, self-command - are the virtues needed to sustain commercial society. The quintessentially commercial virtue of self-command has

pride of place in Smith's discussion of virtues, and without self-command the other virtues are wasted. As he writes: "The man who acts according to the rules of perfect prudence, of strict justice, and of proper benevolence, may be said to be perfectly virtuous. But the most perfect knowledge of those rules will not alone enable him to act in this manner: his own passions are very apt to mislead him; sometimes to drive him and sometimes to seduce him to violate all the rules which he himself, in all his sober and cool hours, approves of. The most perfect knowledge, if it is not supported by the most perfect self-command, will not always enable him to do his duty." (Smith 1759VI iii 1 p237). Self-command is also prominent in the portrait of the perfectly wise and virtuous man which concludes Smith's description of the virtues: "The wise and virtuous man directs his principal attention to the idea of exact propriety and perfection. There exists in the mind of every man, an idea of this kind, gradually formed from his observations upon the character and conduct both of himself and of other people. It is the slow, gradual, and progressive work of the great demigod within the breast, the great judge and arbiter of conduct. This idea is in every man more or less accurately drawn, its coloring is more or less just, its outlines are more or less exactly designed, according to the delicacy and acuteness of that sensibility, with which those observations were made, and according to the care and attention employed in making them. In the wise and virtuous man they have been made with the most acute and delicate sensibility, and the utmost care and attention have been employed in making them. Every day some feature is improved; every day some blemish is corrected" (Smith 1759 VI iii 25 p247-8).

Smith also argues these virtues are developed by commercial society. The most striking passage is his account of the end of feudalism in Book III of the *Wealth of Nations* (Smith 1776 IIIiv p411 ff) where the growth of commerce develops virtue along with wealth, and they together put pressure on the feudal political order.

### **6.3 Smith on Wealth as an Instrumental Good which is the Telos of the Market**

The most important contribution Smith can make to MacIntyre's account of markets is his insight into unintended consequences of self-interested action in markets<sup>20</sup>. The topic has not just been a difficult one for MacIntyre but for other ethicists and theologians engaging with markets. MacIntyre recognises the problem very early in his career, writing in his *Short History of Ethics* "The paradox of Christian ethics is precisely that it has always tried devise a code for society as a whole from pronouncements which were addressed to individuals or

small communities to separate themselves from the rest of society” (MacIntyre 1997 p111). In small communities we are usually dealing face to face with people and can foresee consequences of our actions towards others in the community; whereas in modern large-scale societies interactions with others are often mediated by markets and consequences difficult to foresee. MacIntyre’s inability to develop an adequate Christian ethics for large scale societies contributed to his rejection of Christianity and attraction to Marxism in the 1960s<sup>21</sup>.

I propose that Smith offers MacIntyre a solution to the ethical difficulties created in an Aristotelian-Thomistic framework by unintended consequences in markets. If, as I have argued, Smith’s ethics is teleological and concerned with more than individual self-interest then we should expect him to envisage agents having ends beyond the self-interested efficient cause of their exchanges in commercial society<sup>22</sup>. This further end is the common good of wealth. This common good of wealth is for reasons explained in the earlier section an instrumental good.

After Smith spends the opening parts of the *Wealth of Nations* showing how the division of labor and exchange generates wealth, he then describes this common good of wealth. It is “the number of productive hands, and consequently the exchangeable value of the annual produce of the land and labor of the country, the real wealth and revenue of all its inhabitants” (Smith 1776 II iii 13 p337). Later it is described as “a plentiful revenue or subsistence for the people” (Smith 1776 IV 1 p428). Notice the emphasis is on the wealth of the community rather than individual as the appropriate end. The generally impoverished Scotland of Smith’s day certainly needed more of this common good.

There is another dimension to the orientation to the common good of wealth that comes if Smith is operating in natural theological framework which emphasises divine providence (as argued in Oslington 2012, 2018). If so, then the human orientation to the common good of wealth is reinforced by the providential ordering of individual human action into unintended beneficial outcomes. Smith writes that when we engage in exchange we cooperate with God to advance wealth and the happiness of human beings: “by acting according to the dictates of our moral faculties, we necessarily pursue the most effectual means for promoting the happiness of mankind, and may therefore be said, in some sense, to co-operate with the Deity, and to advance as far as in our power the plan of Providence” (Smith 1759 III 5 7 p166). In a society like Smith’s where Christian theology was authoritative his argument about the mutually reinforcing orientations of human action and divine providence was powerful.

Adding this Smithian insight about market exchange being directed to ends beyond individual self-interest to a MacIntyrean framework we must remember that wealth is an instrumental good and higher goods of human flourishing or happiness lie beyond it. Even further beyond flourishing or happiness in this life lies the ultimate end which for Aristotle is contemplation of all that is, for Thomas Aquinas (and MacIntyre in his later life) is the blessed vision of God. Stepping back from the difficult question of ultimate ends, it is clear that the market for Smith is an institution that promotes virtue and the goods of human flourishing in this life. It does this both directly through developing the virtues of prudence, justice, beneficence, self-command; and indirectly through facilitating exchange which generates the common good of wealth<sup>23</sup>.

## 7. CONCLUSIONS

MacIntyre's criticisms of economics and Adam Smith are consistent and strong (and in my view mostly misguided) but they play little role in his argument for Thomistic Aristotelian teleological ethics. Recall that his ethical framework could be developed in the crucial chapters of *After Virtue* with little mention of economics or Adam Smith, and where mentioned economics was an example rather than being a step of the argument. The strongest criticisms of Smith and most of MacIntyre's criticisms of economics come in his later works, but again these are mostly for contrast or example. MacIntyre's flawed account of Smith and economics is thus separable from his Thomistic Aristotelian teleological ethics.

I reiterate that in spite of the problems with MacIntyre's account of markets and economics that MacIntyre is still very much worth reading. One reason is that he provides a more comprehensive and historically nuanced account of Thomistic Aristotelian teleological ethics than Smith does in *The Theory of Moral Sentiments*. Offering such an account was outside Smith's purposes in that work. Another reason is that MacIntyre's account of the ethical framework has the advantage of being written for a contemporary audience and more accessible than Smith's eighteenth-century text. It is better-known than Smith's account among philosophers and business ethicists. Though I concede that Smith's account has some shock value for economists and may provoke more discussion of the issues in that discipline. The separation between the core of MacIntyre's ethics and his critique of markets and economics opened the way for a synthesis of MacIntyre's ethical framework with his Scottish compatriot Adam Smith's insights into markets. Both authors share an Aristotelian substructure and an emphasis on virtue. The most important thing Smith offers MacIntyre is a way forward on the difficult problem of unintended consequences of self-interested market

exchanges – which involves distinguishing between their efficient cause of self-interest and the further end of wealth for the community. Such a synthesis deals with perhaps the weakest point in MacIntyre's work and one of the few parts which he has not revised over the course of his philosophical career<sup>24</sup>. MacIntyre plus Smith on markets offers business ethicists a more robust framework for dealing with the market environment in which business organizations operate, supplementing the large amount of work that has been done on business organizations in recent years by business ethicists attracted to MacIntyre. It may also open new pathways for dialogue between business ethicists and economists, to the benefit of both.

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## ENDNOTES

<sup>1</sup> MacIntyre's early writing on business ethics includes his 1977, 1979 and 1982 essays which arose from participation in conferences. The passage about the character of the manager suggests managers "conceive of themselves as morally neutral characters whose skills enable them to devise the most efficient means of achieving whatever end is proposed. Whether a given manager is effective or not is on the dominant view a quite different question from that of the morality of the ends which his effectiveness serves or fails to serve. Nonetheless there are strong grounds for rejecting the claim that effectiveness is a morally neutral value. For the whole concept of effectiveness is, as I noticed earlier, inseparable from a mode of human existence in which the contrivance of means is in central part the manipulation of human beings into compliant patterns of behavior; and it is by appeal to his own effectiveness in this respect that the manager claims authority within the manipulative mode" MacIntyre 2007 p74). Other comments include the fishing organization example in MacIntyre (1994)

<sup>2</sup> According to MacIntyre, business ethics "teaching, like the academic teaching of ethics in general, has little or nothing to do with the formation of moral character and is ineffective as an instrument of moral transformation, and secondly that, in the case of business ethics, its teaching is a dangerous distraction from enquiry into the nature and causes of what is morally flawed in our economic institutions and activities." (MacIntyre 2015 p8). The anecdote about the business ethics conference invitation comes from Kelvin Knight.

<sup>3</sup> Important work in business ethics stimulated by MacIntyre includes Moore (2002, 2005, 2008, 2017), Beadle (2002), Wicks (1997), Dobson (2009), Beabout (2012) Sinnicks (2014, 2019, 2020) and Rocchi Ferrero and Beadle (2021).. It is connected to the revival of interest in Aristotle for business ethics led by Solomon (2004), Hartman (2015) and others. The comment about astrology is quoted in Beabout (2012 p405).

<sup>4</sup> Beadle (2002) argues that business ethicists need to engage with MacIntyre's view of capitalism, writing that "MacIntyre's condemnation of capitalism should be clear and yet management scholars persist in attempting to appropriate his concepts for use in a conventional business ethics framework" and that "sympathisers are torn between their commitment to business ethics as it currently stands and their commitment to MacIntyre. They are trying to square a circle which, if the foregoing argument is correct, cannot be squared"

<sup>5</sup> In MacIntyre's recent work he alternates between describing himself as neo-Aristotelian (for instance MacIntyre 2016 p31) and Thomistic Aristotelian (for instance 2016 p166). The Morality he opposes is now consistently described as expressivism (for instance 2016 p17) rather than emotivism.

<sup>6</sup> For example in *After Virtue* he wrote "This distinction between internal and external means to an end is not drawn by Aristotle himself in the *Nicomachean Ethics*, as I noticed earlier, but it is an essential distinction to be drawn if we are to understand what Aristotle intended. The distinction is drawn explicitly by Aquinas in the course of his defence of St. Augustine's definition of a virtue, and it is clear that Aquinas understood that in drawing it he was maintaining an Aristotelian point of view" (MacIntyre 2007 p184). This is also true of the sharp distinction MacIntyre makes between practices and other activities, which is absent from Aristotle's *Nicomachean Ethics*. Chapter 5 of Hartman 2015 discusses other divergences from Aristotle that are relevant to business ethics.

<sup>7</sup> Aristotle's analysis may be found in the *Nicomachean Ethics* and *Politics*. Contemporary Aristotelian and Thomistic discussions of these issues include Hartman (2015), Yuengert (2012), and Hirschfeld (2018).

<sup>8</sup> MacIntyre has advocated distributism (for instance MacIntyre 1995 p14 and 2016 p100) though with increasing doubts in some recent writings (such as MacIntyre 2015 p16). His interest in distributism was prefigured by his well-known comment at the end of *After Virtue* that we are awaiting a St Benedict for our age, in other words one who builds counter-cultural communities.

<sup>9</sup> For instance, the discussions of the concept of a practice in Moore (2002) and Sinnicks (2014, 2019). Sinnicks (2019) emphasises the elasticity of MacIntyre's concept of a practice.

<sup>10</sup> MacIntyre's internal virtues test for practices does not of course rule out the existence of evil practices. The question of evil practices is taken up in *After Virtue* and in other places in MacIntyre's writings (see for instance MacIntyre 2007 p200). He agrees that virtues can be developed in evil activities, courage and practical reason for instance can be developed in mafia activity, but what ultimately rules these activities out as practices is that they do not promote human flourishing.

<sup>11</sup> This usage of the term institution differs from usage among economists, especially those in the new institutional list tradition of Douglas North and others, for whom an institution is a set of rules for behavior. Something more like MacIntyre's practices (or perhaps a large-scale version of practices) than his institutions.

<sup>12</sup> Werhane (1991) discusses the intersection between the virtues and behavior in successful businesses Solomon (2004) building on his earlier work argues that self and community interest are often aligned in business, emphasizing the "enduring importance of continuity and stability, clarity of vision and constancy of purpose, corporate loyalty and individual integrity for both financial success and (more important) a decent life." Johan Graafland (2010) has more recently surveyed the business ethics literature on the relationship between market competition and various virtues, after observing the difficulties of empirical work on this topic because the virtues are not directly observable, developed over time, and are context dependent. The literature suggested a

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“positive influence of free market operation on virtues” for “diligence”, negative for “temperance, envy, generosity, and sociability” and ambiguous for others. (p13)

<sup>13</sup> Virtues are discussed in Book II of Aristotle’s *Nicomachean Ethics* have an instrumental element – but in a different way to instrumental goods. Virtues are necessary, as well as fortune, to achieving happiness. Instrumental goods are sought because they make it possible to attain higher level goods.

<sup>14</sup> In Aristotle instrumental goods are associated with what scholars have described as the system of needs. The system of needs operates underneath the political community, enabling the community to attain higher goods. Springborg 1984 discusses the system of needs in Aristotle, and its later development in the work of Hegel and Marx.

<sup>15</sup> MacIntyre may have been influenced in his reading of Smith as a Stoic and Deist by Macfie and Raphael’s introduction to the Glasgow edition of the *Theory of Moral Sentiments*, published a few years before *After Virtue*. It is true that the young Smith was attracted to Stoic philosophy, but his moral philosophy of the *Theory of Moral Sentiments* and *Wealth of Nations* is difficult to characterise as Stoic resignation to the forces of providence, and Smith explicitly repudiates Stoicism: “The plan and system which Nature has sketched out for our conduct, seems to be altogether different from that of the Stoical philosophy.” (Smith 1759 VII ii I 43 p292). Nor can MacIntyre’s assertion that Smith is a Deist be sustained, in the light of recent work on Smith’s Newtonianism and the conception of an active God that lies behind the invisible hand image in Smith’s works (Oslington 2012, 2018).

<sup>16</sup> The contrast between the *Theory of Moral Sentiments* as a happy book about human sympathy, and the *Wealth of Nations* darker account of human self-interest, is no longer tenable. In relation to the problem of inconsistency between Smith’s works that originated with certain 19<sup>th</sup> century German Smith scholars, Macfie and Raphael’s introduction to the Glasgow edition concludes “The so-called ‘Adam Smith problem’ was a pseudo-problem based on ignorance and misunderstanding.”. Ross (2007) and Werhane (1989) have a similar view of Smith’s consistency on self-interest and other topics. A full account of the debate about the so-called Adam Smith problem may be found in Montes (2003). The importance of reading the *Theory of Moral Sentiments* and the *Wealth of Nations* as consistent parts of a larger Smithian system of thought cannot be overemphasised.

<sup>17</sup> A referee wondered if MacIntyre is still worth reading if his criticisms of capitalism are questionable and his interpretation of Smith seriously misleading. The starting point of this paper was that business ethicists are in fact reading MacIntyre on capitalism, and my argument is that we read MacIntyre better with an awareness of these problems. His most important arguments are separable from his views on capitalism and interpretation of Smith.

<sup>18</sup> My argument that Smith’s ethics is theologically grounded must be distinguished from any claim about Smith’s Christian faith. The first issue is one of intellectual influence which can be determined by examining Smith’s texts and context, while the second issue of Smith’s Christian faith is scantily evidenced and ultimately unknowable.

<sup>19</sup> As noted earlier in the paper Hirschman (1977) is the classic account of the so called “doux commerce” thesis where commerce softens manners. The monograph recently published by Margaret Schabas and Carl Wennerlind (2020) argues that Smith’s friend Hume offers the strongest version of the “doux commerce” thesis of all the early modern writers, with the growth of wealth and virtue almost perfectly correlated in commercial society.

<sup>20</sup> In an earlier section we met Bruni and Sugden’s argument for market virtue - that persons engaging in market exchange intend to promote mutual benefit even though they cannot foresee the specific benefits for others flowing from these exchanges. It was an argument directed against economists who commonly regard the market as an ethics-free zone. Bruni and Sugden suggested that Smith, or at least popular interpretations of Smith, are to blame for this common view among economists. They wrote: “generations of economists have pictured the market as a domain in which socially desirable consequences emerge as unintended consequences of individuals’ pursuit of their private interests. Two famous expressions of this idea are due to Adam Smith—the assertion that ‘It is not from the benevolence of the butcher, the brewer the baker, that we expect our dinner, from their regard to their own interest,’ and the description of the merchant who ‘intends only his own gain, [but is] led by an invisible hand to promote an end which was no part of his intention.’” (Bruni and Sugden 2013 p151, quoting Smith 1776 p26 –27, 456). Contemporary economists end to insert their own view of self-interest into the passage, so that it means something quite foreign to Smith’s what Smith intended or his 18th century readers would have understood it as meaning. Sadly, the history of economics and exposure to philosophical ethics are now almost completely absent from the professional training of economists.

<sup>21</sup> A classic statement of the problem in the economics literature is the Chicago economist Frank Knight’s (1939) denunciation of the unhelpfulness or worse of the Christian ethic of love in market societies, taken up more recently by Paul Heyne (1998).

<sup>22</sup> Aristotle’s *Metaphysics* V 2 distinguishes four perspectives on cause. Taking the example of a statue, the material cause is the stone, the formal cause if the idea or design of the statue, the efficient cause is the action of the sculptor, and the final cause might be the honouring of a great person. I am suggesting that self-interest is

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the efficient cause of the exchange, while the final cause is generation of wealth for the community. Smith nowhere in his writings makes this point explicitly, though as someone familiar with Aristotle's work he would have been aware of the distinction between efficient and final causes. The closest Smith comes is the passage from the *Theory of Moral Sentiments* 1759 II ii 3 p87 quoted earlier in this paper. What is commonly taken to be the Smith's idea of the invisible hand may also be an example of this kind of distinction between efficient and final causes. A similar observation has been made by Johan Graafland (2007 p87).

<sup>23</sup> An interesting question, raised by a reader, is why MacIntyre has been so blind to connection of his approach to that of his Scottish compatriot Adam Smith. I suggest the erroneous association of Smith with unrestrained capitalism blocked further investigation, but a full answer requires detailed biographical work beyond the scope of this paper.

<sup>24</sup> I make no claim in the paper to have developed a full synthesis of MacIntyre and Smith's ethics. This is a large task well beyond the scope of the present paper.