

**THE MORALS OF MARKETS**  
**AND RELATED ESSAYS**





Harry Burrows Acton was born in 1908. He was educated at Magdalen College, Oxford (1927–1931) and taught philosophy at University College, Swansea, and at Bedford College, London, from 1931 to 1940. He was with the Ministry of Supply and Board of Trade from 1940 to 1945. He was professor of philosophy at Bedford College from 1945 to 1965 and professor of moral philosophy at the University of Edinburgh until his death on 16 June 1974. He was a visiting professor of philosophy at the University of Chicago in 1949, was president of the Aristotelian Society in 1952–3, and was editor of *Philosophy* from October 1956 until July 1972.



**H. B. ACTON**

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EDITED BY DAVID GORDON  
AND JEREMY SHEARMUR



LIBERTY FUND  
Indianapolis

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#### **Library of Congress Cataloging-in-Publication Data**

Acton, H. B. (Harry Burrows), 1908–1974

The morals of markets and related essays / H.B. Acton ; edited by David Gordon and Jeremy Shearmur.

p. cm.

Includes bibliographical references and index.

ISBN 978-0-86597-106-6 (alk. paper). — ISBN 978-0-86597-107-3 (pbk. : alk. paper)

1. Business ethics. 2. Capitalism—Moral and ethical aspects.

I. Gordon, David, 1948–

II. Shearmur, Jeremy, 1948–

III. Title

HF5387.A252 1993

174'.4—dc20

92-42151

CIP

08 15 16 17 18 C 6 5 4 3 2

15 16 17 18 19 P 7 6 5 4 3

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# FOREWORD

Harry Burrows Acton (1908–1974) was a prolific scholar with particularly wide-ranging interests in philosophy and its history. Although his earliest work was on metaphysics, his principal reputation rests on his writings in three fields: moral and political philosophy, the history of modern philosophy, and the critical study of Marxism. He served for many years as editor of the Royal Institute of Philosophy's journal, *Philosophy*, and he also had a long-standing interest in French philosophy.

Acton's approach to political philosophy in some ways resembles that of F. A. Hayek. Acton and Hayek both wrote in defense of a market-based society at a time when such ideas were unfashionable. Also, both writers often set out their own views through discussion of the history of ideas. Those who enjoy reading Hayek but do not know of Acton's work are in for a treat. However, as the reader will discover, there are some significant differences between them, both in points of philosophical argument and in their broader approach. Acton is more of a traditionalist than Hayek, and he is also more concerned with issues of morality.

The centerpiece of this collection is *The Morals of Markets*. This work is of lasting interest because Acton has wise things to say about so many of the questions that will occur to the thoughtful person concerning the morality of markets. It also addresses a central topic in political theory:

the constraints that morality imposes upon forms of social organization.

Republication today is timely. Marxism—like the poor—will always be with us. But the collapse of the Soviet Union and of “Marxist” regimes in Eastern Europe has served, for the time being, to dampen enthusiasm both for Marxism and for the centrally directed, state-run economies with which it became associated. In addition, there is now a widespread recognition of the practical effectiveness of market-based forms of economic organization. All this, in turn, makes it likely that the *moral* criticism of markets will come back into fashion. Marxism, while rooted in moral concerns, disavowed an explicitly moral approach to social issues. Instead, it emphasized political economy and the idea that a radical change from a market-based economic system to socialism was needed. For a long while, debate about these issues overshadowed other kinds of critical discussion of markets—notably the moral objections raised by such writers as Carlyle, Ruskin, and Tawney. The recent events are likely to focus critical attention once more upon moral issues raised by market economies. *The Morals of Markets* addresses just these issues.

Acton engages in a campaign on two fronts. He endeavors to refute claims that a free market economy is immoral, and he argues that a market-based economy best accords with ethical requirements and with prudence. The tasks are distinct. To show that arguments against the market fail does not by itself prove that moral reasons favor the market. Similarly, to adduce ethical advantages of a market economy leaves untouched the worth of arguments that challenge the market’s legitimacy. A full defense of the free market requires attention to both sorts of argument. Acton meets this twofold task with a considerable measure of success.

He pays special attention to a line of criticism advanced against the market by John Ruskin in the nineteenth century and R. H. Tawney in the early twentieth century. They contrasted the craftsmen of the Middle Ages devoted to their art, and the conscientious professional dedicated to his clients, with the modern businessman who—it is claimed—ignores all else but profit.

These arguments are no mere museum pieces. Concerns like Ruskin's are expressed today at every turn: from discussions of popular culture and mass production in newspapers to the social criticism of the Frankfurt School. Two socialist critics of Reagan's America and Thatcher's Britain recently drew attention to the work of Tawney when seeking to identify a "central feature of the British political tradition that free-market conservatism has yet to displace."<sup>1</sup> Michael Walzer—and other "communitarian" political theorists—criticizes market-based societies for allowing the businessman to have too much influence, to the detriment of other social groups. And the recent influential work of philosopher Alistair MacIntyre displays a deep hostility to a market-based society, based in large part upon the supposed opposition between free markets and traditional conceptions of virtue.<sup>2</sup> *The Morals of Markets* poses a strong challenge to such views by arguing for the fundamental compatibility between market-based social arrangements and traditional ideas about morality and virtue.

Acton does not share the optimistic view of some eighteenth-century writers that markets will always lead us to

1. Kenneth Hoover and Raymond Plant. *Conservative Capitalism in Britain and the United States: A Critical Appraisal*. London and New York: Routledge, 1989, p. 280.

2. Michael Walzer. *Spheres of Justice*. New York: Basic Books, 1983, and Alistair MacIntyre. *After Virtue*. Notre Dame, IN: University of Notre Dame Press, 1981.

the best possible social conditions. But he endorses the view that, within markets, people provide for others while working for themselves. This furnishes him with a broad moral justification for the businessman's endeavor to make a profit—an activity, he insists, that should be seen as on a moral par with the activities of other participants in markets, including consumers and those working for a wage. He further argues that such activities do not amount to attempts to take advantage of others in a vicious sense.

Acton rebuts the idea that engagement in markets is at odds with a concern for the well-being of others. He also stresses that, within markets, there are opportunities for the practise of such virtues as justice, honesty, and reliability. But what of the Christian virtues of humility, charity, and self-sacrifice? Acton suggests that it is absurd to think that such virtues could properly be exercised by business firms (although he does point out that there may be room for such activity *within* them). However, Acton insists that markets are not coextensive with society. Those engaged in markets may do so because of their other concerns: for their family, for their religion, or for philanthropy. Not only do these other spheres of their lives allow for the exercise of other virtues, but it is the successful discharge of their activities in the marketplace that makes it possible for people to fulfil their responsibilities in these other areas.

Acton's argument is careful and, we think, telling not least because he draws attention to some of the concrete realities of our day-to-day lives which can easily be lost sight of in discussions of these issues.

Before turning to another criticism of the market, it is worthwhile to pause here, as the point just made brings out an important element in Acton's philosophy. He strongly

emphasizes the importance of traditional virtues such as self-reliance, honesty, and thrift. A point that worried him about classical liberalism was that its constant emphasis on criticism might undermine the essential bedrock of morality—as he makes clear in “Tradition and Some Other Forms of Order.” John Stuart Mill and other classical liberals emphasized the need to expose all ideas to debate. In this view, commonly accepted institutions should also be submitted to continuing reappraisal. Opponents of Mill feared that if people were to subject their institutions to such scrutiny, society might lack sufficient stability. Distinctively, Acton combined a classical liberal interest in discussion with a concern for tradition.

The problem with which Acton was engaged has been discussed at considerable length by the sociologist Daniel Bell in *The Cultural Contradictions of Capitalism*. As his title suggests, Bell is inclined to think that the freedom of decision upon which a market society is founded sits together uneasily with the emphasis upon tradition that he thinks necessary for its culture. Bell regards this as an unresolved tension in contemporary free societies. In this he has been seconded by Irving Kristol.<sup>3</sup> Acton’s substantially more optimistic assessment of the prospects for overcoming this tension, in these essays, merits careful consideration. Acton is alive to the importance of cultural tradition, but he is far from thinking that a free market undermines it.

Acton’s analysis thus responds in advance to Kristol’s and Bell’s concerns that a free economy is self-undermining—

3. Daniel Bell. *The Cultural Contradictions of Capitalism*. London: Heinemann, 1976. Irving Kristol. *Two Cheers for Capitalism*. New York: Basic Books, 1978; see the Epilogue, “‘When Virtue Loses All Her Loveliness’—Some Reflections on Capitalism and the ‘Free Society,’” pp. 255–70.

that the very abundance that capitalism creates will be the source of its downfall. It has been claimed that people will become soft and interested primarily in luxury: that they will cease to have the virtues necessary to carry on the system. (This concern has more recently been explored by Fred Hirsch and by many commentators on his work.<sup>4</sup>) No doubt Acton would have agreed with these writers that, for its continuance, capitalism demands that the members of a society have certain virtues. But, in Acton's opinion, there is nothing inevitable about a lapse from thrift and moderation. Character is not *determined* by the economic system, which, as Acton notes, is but a part of people's lives.

Some critics of the market take a different tack. They do not reject it altogether as a mechanism for distribution. They contend, however, that some goods and services—food, housing, and medical care are most frequently mentioned—are too vital to be left to the vagaries of market supply. These goods are essential for survival: to ensure a decent life for all, everyone must have unimpeded access to them. This argument has become one of the most influential in current political theory. Bernard Williams, for instance, has claimed that there is a natural principle of distribution for goods such as medical care. Medicine should be distributed strictly on the basis of medical need.<sup>5</sup> Money should not be a factor in the allocation of care: why should rich people get better care than others? Michael Walzer has extended Williams's point and made of it a full-scale social theory, in *Spheres of Justice*.<sup>6</sup> From a somewhat different angle, the point features

4. Fred Hirsch. *Social Limits to Growth*. London: Routledge & Kegan Paul, 1977. A. Ellis and K. Kumar, eds. *Dilemmas of Liberal Democracy*. London and New York: Tavistock, 1983.

5. Bernard Williams. "The Idea of Equality." *Problems of the Self*. Cambridge: Cambridge University Press, 1973.

6. See note 2, above.



heavily in John Rawls's celebrated *A Theory of Justice*.<sup>7</sup> Rawls thinks that everyone must possess certain "primary goods": those things any rational person will require for a decent life.

Acton does not directly challenge the concept of a natural principle of distribution, as Robert Nozick does in *Anarchy, State, and Utopia*,<sup>8</sup> although he does argue that poverty and misfortune are evils but not injustices. He is not unsympathetic to the idea that there should be public provision in reserve, when people encounter problems that they cannot meet from their own resources. But he argues strongly for the desirability of people meeting their own needs to the extent that they can. For instance, a system of private, for-profit, medical provision would be better than a single system to which everyone belongs, within which all medical needs are met without payment.

His argument against the latter system invites us to look at how it would function in practical terms. After the manner of "public choice" analysis,<sup>9</sup> Acton invites us to consider what would happen if people were to pursue their interests within such a system, acting on their own understanding of their needs. In such a system, he argues, if a few individuals make excessive claims, others will be induced to press their claims, in self-defence. The outcome, Acton suggests, will be that "some of the well-to-do are likely to be much more effective in obtaining special benefits than the less articulate among the poor"<sup>10</sup>—an argument that anticipates the results of empirical study of the working of the British Na-

7. John Rawls. *A Theory of Justice*. Cambridge, MA: Harvard University Press, 1971.

8. Robert Nozick. *Anarchy, State, and Utopia*. New York: Basic Books, 1974.

9. For a useful introduction, see J. Buchanan. *The Economics of Politics*. London: Institute of Economic Affairs, 1970.

10. See below, page 116.

tional Health Service, undertaken many years after Acton wrote.<sup>11</sup>

The abiding value of *The Morals of Markets* is its endeavor to identify, and to meet, some of the most central among the moral objections to markets. Acton discusses whether the profit motive makes virtues out of the vices of selfishness and avarice. He considers the claim that the strife of competition should be replaced by cooperation, and he looks at whether a competitive market order is chaotic and unjust by comparison with a planned economy. He discusses the claim that competition must lead to monopoly and to tyranny and the criticism that justice and morality are inevitably lost sight of within the impersonalities of a market system.

It is difficult to think of another work by a writer sympathetic to markets that engages such a range of important issues. Acton's work is particularly valuable because so many of the leading proponents of markets have put more traditional moral concerns to one side and have argued in terms of freedom, well-being, and efficiency. These are important matters, of course, but Acton draws our attention to issues of morality, and to the importance of the *morals* of markets.

A number of Acton's shorter works supplement his full-scale analysis of the market, and several of these have been included here. *The Ethics of Capitalism* reviews briefly some of the issues discussed in *The Morals of Markets* and thus serves as a fitting introduction to the larger work. Acton also includes a brief account of Samuel Smiles, the noted Victorian advocate of self-help and hard work, with whom Acton shows obvious sympathy.

11. See Robert Goodin and Julian LeGrand. *Not Only the Poor*. London: Allen & Unwin, 1987.



In "Tradition and Some Other Forms of Order" Acton compares three forms of social organization: tradition, classical liberalism, and collectivism. He rejects collectivism and manifests almost no sympathy for its idea of a rational social order. Acton finds the choice between liberalism and tradition harder. He finds important similarities between them: both rely on the unintended consequences of human action. He carefully expounds the parallels between F. A. Hayek and Edmund Burke, both of whom emphasize the role of custom in social evolution, and his account includes useful characterizations of "tradition" and "unintended consequences." As mentioned earlier, Acton fears that continuing challenge to traditional institutions may undermine the "primary moral rules" on which social order rests, and he recognizes the difficulty of maintaining a traditional society once people have begun to question its customs. His own preference, in the end, is for a vision of classical liberalism that incorporates a strong dose of traditionalism.

Many opponents of a market economy criticize it because it fails to distribute wealth in what for the critics is a morally acceptable way. A person in a capitalist society may be vastly rich or on the brink of disaster largely owing to luck. Those fortunate enough to have had wealthy parents may live a life of ease while others must struggle to survive. Instead, the critics suggest, distributive justice must be instituted to moderate, if not replace altogether, this capitalist lottery.

Acton considers this argument in his "Distributive Justice, the Invisible Hand and the Cunning of Reason," a work that also demonstrates his remarkable erudition. Denying that distribution in a market economy occurs in a random way, Acton argues that, within it, one attains wealth by supplying consumers better than one's competitors. Acton demurs to

the charge that the market deviates from the canons of distributive justice. He claims that a fixed rule of distribution can be applied only in exceptional circumstances. There can be no distributive justice for society as a whole, since there is no objective way to assess the weight of the various criteria that are relevant to "fair" distribution. Acton again uses his detailed command of the history of philosophy to great advantage. He shows that in Aristotle's usage distributive justice had a much narrower scope than its modern proponents give it. The essay also includes a detailed and illuminating comparison of Adam Smith's notion of the "invisible hand" with Hegel's "cunning of reason."

"Distributive Justice . . ." is highly compressed. The fact that Acton did not have the opportunity to develop this material in a more systematic manner is an indication of how much we lost through his early death.

We mentioned earlier that there are obvious parallels between Acton's work and that of F. A. Hayek. Acton's "Distributive Justice . . ." discusses issues in which Hayek had a strong interest, while "Tradition . . ." touches briefly on some of their differences. Acton's "Objectives . . ." was originally part of a collaborative assessment of Hayek's *Constitution of Liberty*. Although Acton greatly esteemed Hayek's work, this essay also shows him at work as a critic of Hayek. Acton gives a penetrating account of Hayek's contention that a complex, progressive society arises out of agreements freely made and that it cannot be planned. He is sympathetic to Hayek's conclusions, but finds problems about the way in which Hayek develops his argument. Careful study of Acton's essay and of his discussion of freedom, progress, and tradition cannot fail to enhance one's understanding of Hayek and of classical liberalism in general.

We hope that this reprinting of *The Morals of Markets* and the essays that supplement it will generate renewed interest in Acton as a social philosopher. The collection might usefully be read together with Norman Barry's *The Morality of Business Enterprise*<sup>12</sup> and Bertrand de Jouvenel's *The Ethics of Redistribution*.<sup>13</sup> Barry's book complements Acton's work particularly well. For while Acton deals with broader ethical issues, Barry's strength is in his more detailed discussion of such contemporary problems as insider trading, takeovers, and the morality of Wall Street. Jouvenel's slightly earlier book, which has recently been republished, emphasizes the moral problems posed by interference with the economic institutions of a free society. Acton, like de Jouvenel, Hayek, and a very few others, anticipated the thesis prevalent in contemporary moral philosophy that arguments for social institutions should not be based exclusively on economic considerations.

It is not sufficient for the defense of a market-based social order to point to the economic problems faced by socialism as an ideal, or to the collapse of experiments in socialism in the U.S.S.R. and Eastern Europe. It is important to understand the economic strengths of market-based regimes. But that is not enough. Though they agree on little else, Robert Nozick and John Rawls both insist on the need for a full-fledged moral defense of the form of society that one advocates. Anyone who seeks to defend a market-based society today *has* to engage issues of morality. Acton's combination of detailed historical knowledge, analytical ability, and devo-

12. Norman Barry. *The Morality of Business Enterprise*. Aberdeen, Scotland: Aberdeen University Press and The David Hume Institute, 1991.

13. Bertrand de Jouvenel. *The Ethics of Redistribution*. Indianapolis: Liberty Fund, 1990.

tion to a free society makes his work essential reading for anyone wishing to consider these issues themselves.

November 1991

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