CHAPTER FOUR

KANT’S THEORY OF VIRTUES AND DOCTRINE OF RIGHTS
SANCTIONING FAIR BUSINESS AND TRADE

Practical philosophy had its beginning in the ancient Greek philosophy whose virtue ethics\(^1\) was convention-based\(^2\) while the modern era is a witness to its counterpart in the rational ethics finding its culmination in Kant. The development of moral consciousness today is sphere headed by a post-conventional rational ethics that relies on human reason. It is a philosophical approach to the understanding of ethics unaffected by theology or other practices of history. For Kant it would mean that we can arrive at solid ethical principles purely from principles of pure reason which includes a practical perspective.

\(^1\) Virtue ethics is often referred as an independent normative theory which sets up principles that guide one’s action. There is a difference of opinion among scholars who feel that virtue ethics cannot strictly be called a normative science of morals. But some other scholars identify with the theory of virtues presented by thinkers like Aristotle. A detailed discussion on whether Virtue Ethics is a distinct theory is not within the scope of this study. An extensive discussion on this is available in Perfecting Virtue. See Marcia Baron, “Virtue ethics in relation to Kantian Ethics: An Opinionated Overview and Commentary,” in Perfecting Virtue, eds. Lawrence Jost and Julian Wuerth (Cambridge: Cambridge University Press, 2011), 8-37. However, it is our project here to study Kant’s ethics which is intimately connected with his theory of virtues and its application for trade and business.

\(^2\) The ancient virtue ethics was established on traditions and customs with the basis of morality in convention rather than reasoning. The biblical Ten Commandments known as the Decalogue are the principles regarding ethics and worship and based on certain convention followed by Judaism and most forms of Christianity. Its influence on the formation of ethics and philosophy is unquestionable. The medieval philosophy and therefore the medieval philosophy of ethics and virtues is a footnote to these Commandments. The Scholastic ethics of Summa Theologia presented by Thomas Aquinas is a faithful submission to the Decalogue. The virtue ethics of Aristotle is yet another typical example of a similar ethics where he performs a balancing act with the judgment of the values given by the customs. It is beyond contention that Aristotle does give importance to reason but the perspective and focus is still conditioned by conventional principles. In Aristotle, the ethical deliberation has a limited scope which calls for a balanced judgment of events based on customary practices but in Kant these very values are the central issues. This view is substantiated and elaborated below in a following foot note.
In affirmation of this view Kant writes in the Second *Critique*, “pure reason can be practical – that is, can of itself, independently of anything empirical, determine the will – and it does so by a fact in which pure reason in us proves itself actually practical, namely autonomy in the principle of morality by which reason determines the will to deeds” (CPrR 5:42). His theory of virtues and the doctrine of right culminating in categorical imperative forms a perfect podium for a viable ethics of business and Trade. We make an attempt to understand some of these Kantian ethical doctrines in this section.

Kant defines virtue in diverse ways but the underlying principle of all these definitions is the idea of self-constraint (*Selbstzwang*) which is the moral strength of will. It is “a self-constraint in accordance with a principle of inner freedom, and so through the mere representation of one’s duty in accordance with its formal law” (MM 6: 394). Virtue is also a principle of holiness; a moral perfection for rational agents that are immune to contra-moral actions. Kant also conceives virtue as a morally good disposition (*Gesinnung*) or a way of thinking (*Denkungsart*) which is a disposition that is acquired and not born with. Kant inclines to define virtue as an *ability* or *capacity* (*Fertigkeit*), or *courage* or *fortitude* (*Tapferkeit*), and concludes that it is a form of strength of soul, will or maxims. However in spite of these diverse definitions and descriptions, the predominant thought in Kant’s theory of virtues is that it is a moral strength of one’s will.

### 4.1 Kant’s Description of Virtue as Moral Strength of the Will

Kant’s understanding of virtue is essential to his ethical theory and an adequate treatment of Kant’s approach to business ethics is possible only through an analysis of his theory of virtues. Kant defines virtue as the “moral strength of a *human being’s* will in fulfilling his duty” (MM 6:405).

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3 Anne Margaret Baxley, *Kant’s Theory of Virtue* (Cambridge: University Press, 2010), 51.

4 This view of Kant puts him at loggerheads with the classical views of virtue particularly with that of Aristotle. In the *Nicomachean Ethics*, Aristotle maintains that the virtues are formed by repetition like any other habits. He writes, “The virtues, on the other hand, we acquire by first having put them into action, and the same is also true of the arts. For the things which we have to learn before we can do them we learn by doing: men become builders by building houses and harpists by playing the harp. Similarly we become just by the practice of just actions.” *Nicomachean Ethics*, II: 1103a 30-35. For Aristotle, Virtue is defined as, “the mean by reference to two vices: the one of excess and the other of deficiency.” *Nicomachean Ethics*, II: 1107a2-3. Kant by treating virtue as grounded in moral principles rejects this famous Aristotelian view that virtue is a mean between two vices. Kant’s reasoning is interesting because he says that according to Aristotle, virtue differs from vice only in degree and they are not different principles. Again Hartman adds, “Virtue is after all not simply a mean between vices. Courage is fear of the right things, not just fear of more things than the reckless person fears and fewer than the coward. Like other virtues, courage requires practical
He qualifies virtue as “concept of strength” (MM 6:392) and says that it “designates courage and bravery” (RN 6:57). Wood commenting on it writes: “Virtue is strength. Strength is measured by its capacity to overcome resistance. So a person is more virtuous the greater the inner strength of their will in resisting temptations to transgress duties.” Thus the quality of one’s virtue depends on his competence to fight opposition. Kant also states that moral strength is an aptitude (Fertigkeit, habitus) and a personal excellence of the power of choice (Willkür, arbitrium) (MM 6:407).

This description of virtue clearly explicates the Kantian interest in virtue as a moral principle evolving out of moral law because a moral individual always acts in accordance with reason. His description of virtue presupposes a moral duty rather than merely judging certain acts right and others wrong, as virtues are sometimes understood. Virtues are reasonable only in a context of responsible dutiful behaviour. Though the human beings seek moral perfection, ultimately they end up in attaining a virtue which is “a disposition confirmed with law from respect for Law” (CPrR 5:128) and he states that “freedom under laws is a doctrine of virtue” (MM 6:380).

Thus for Kant, there is nothing much can be chosen between virtuous living and moral living as they are identical. It is for this reason that the Kantian virtue ethics is different from the traditional intelligence”. Edwin M. Hartman, “The Role of Character in Business Ethics,” Business Ethics Quarterly Volume 8, Issue 3, (1998): 551. Kant writes, “The distinction between virtue and vice can never be sought in the degree to which one follows certain maxims; it must rather be sought only in the specific quality of the maxims” (MM 6:404). Thus the difference here is that Aristotle is a philosopher of praxis while Kant is a philosopher of reason. Thus his concept of reason has a dual role as practical and theoretical which is made clear in the First Critique (A341/A566, B399/595) etc... The description of virtue for Foucault and Butler as summarized by Harper supplements Kant’s pattern of thinking. “Virtue is the action of thinking rather than an attribute of thought. This makes the subject of ethical consideration the person making the judgment. If we frame ethical discourse in this way, then it only makes sense that it is more interesting to talk about good people rather than good decisions. This understanding of ethics is particularly important in business because a firm cannot hold a “decision” accountable for its own effects. People must be held accountable for their actions and, therefore, the theoretical basis by which a firm holds people responsible for their acts must be biased and the assumption of the freedom, authenticity, and thoughtfulness of the moral subject. It is only if we acknowledge that leaders have the virtue of critical thought that we can then hold them responsible for what those thoughts make them do”. Paul T. Harper, “Business Ethics Beyond the Moral Imagination: A Response to Richard Rorty,” in Leadership and Business Ethics ed. Gabriel Flynn (Dublin: Springer, 2008), 61. Thus virtue flows from one’s reasoning and from the rationality of the maxim. The idea of Kant that virtue as moral strength of will in fulfilling one’s duty implies that virtue is purely an individual affair and which goes in tune with the above view that holds the thinking individual important and not his or her thought. The subject making decisions are right or wrong and not the decisions themselves and this is an interesting point as we are often used to say; ‘it was a right or wrong decision’.

criteria set to judge an act as virtuous or otherwise. It is for the same reason that his concept of virtue does not accommodate conventional practices. He does not go by one’s character and draw conclusions regarding how one has to act rather it is the principles of moral conduct based on reason which gives meaning to one’s action. It is a disposition of one’s will and not a disposition of individual’s emotions or desires that make an act virtuous.

In his *Groundwork*, Kant again affirms this position by arguing that the traditional virtues such as self-control, moderation and calm reflection do not have absolute moral worth (GW 4:393-394). Thus for Kant, the virtuousness of an action lies in the moral strength of one’s will rather than in the value of the character trait of an individual. This Kantian view becomes amply evident from the assertion that, “for finite *holy* beings (who could never be tempted to violate duty) there would be no doctrine of virtue but only a doctrine of morals” (MM 6:383). Kant again leaves an interesting note of warning that virtue will always bring us face to face with opposition. It involves constant struggle and therefore it includes the endurance to fight antagonism and hostility of every kind.

In the Second *Critique* dealing with the challenges of observing ones duty he writes that the “proper moral condition, in which he can always be, is virtue, that is, moral disposition in conflict” (CPrR 5:84). He calls virtue as the “capacity and considered resolve to withstand a strong but unjust opponent is *fortitude* and, with respect to what opposes the moral disposition within us, virtue” MM 6:380). In the *Groundwork*, he repeatedly identifies desires and inclinations as principles which oppose morality (GW 4:405) and therefore they are also the rivals of virtues which are closely associated with the moral laws.

He asserts inclinations as adversaries of morals and though they do not cause problems but constitute them. And to know the cause of the problem we need to refer to his works on *religion*. He would attribute the cause for it to radical evil in every one of us. He writes, “That in order to become a morally good human being it is not enough merely to let the germ of the good which resides in our genus develop unhindered, but that a cause of evil located within us and acting in opposition must also be combated” (RN 6:57).
Thus Kant takes the cause for an individual’s opposition to virtue far beyond the inclinations deep into oneself and attributes it to the evil within each one. Thus he brings alive his concept of radical evil as fundamental to human nature possessing greater disposition to evil and treating it also as cause of all inclinations and desires. This clarity of the concept Virtue takes us to the interpretation of the Kantian theory of virtues to business and trade.

4.1.1 Corruption as Unethical Trade Practice Contrary to Virtuous Living

The evolution of ethics is fashioned by various unethical practices of the trade-world. These unethical practices have sprouted and accompanied trade and business ever since their inception into human socialization. From the hitches of the barter System to the most heinous crimes of financial scams of our Indian and international society, we have seen the ugly face of trade and business. Today they are at an alarming rise as they crop up like mushrooms from unexpected quarters. Indian polity is a witness in the recent years to 2G Spectrum Scam, Commonwealth Games Scam, Telgi Scam, Satyam Scam, Bofors Scam, The Fodder Scam, The Hawala Scam, IPL Scam, Harshad Mehta &Ketan Parekh Stock Market Scam and innumerable small and big corrupt financial practices.6

6 The 2G Spectrum Scam is considered to be one of the biggest of scams in India which involved the process of allocating unified access service licenses. The scam is worth 1.76 lakh crores of rupees involving the former Telecom minister A. Raja who according to CAG bypassed norms at every stage and gave 2G license at a throw away price. The common wealth games scam is a massive loot of public money carried out even well before the sporting bonanza saw the day of light. The central vigilance commission which probed the case has found discrepancies in tenders like payments to non-existent parties, wilful delays in execution of contracts, over-inflated price tender offences and misappropriation of funds. In the Telgi scam, Abdul KarimTelgi had done forgery in printing duplicate stamp papers and sold them to banks and other institutions. This involves almost 12 states of India and an amount in excess of 2000 crore rupees. The Satyam scam shattered every investor and shareholder and could be the biggest scam of the corporate history involving 14000 crores rupees. Its chairman RamalingaRaju maintained the secret for a decade with a false book of accounts and inflating revenues and profit figure of satyam. Thanks to the Tech Mahindra, the Satyam brand has been once again revived. The Bofors Scam hit the Indian society as never before in the 1980’s which included the likes of Mr. Rajiv Gandhi. It hurt the Indian masses as it compromised with Indian security and defence interests. The fodder scam of 1996 saw Rs. 900 crore spent on fictitious livestock for which fodder, medicine and other animal husbandry equipment were procured. The Hawala scandal came about in 1996 involving 18 million US dollars for payments allegedly received by country’s leading politicians through hawala brokers. In the list of accused also figured the name of L.K. Advani, the then leader of opposition. The IPL scam is regarding the bidding for different franchisees and the accused is Mr. LalitModi, the former IPL chief. The Harshad Mehta &Ketan Parekh Stock Market Scams eroded the shareholders’ wealth and shook the share market. The Citibank fraud hit the Indian financial service industry when its culprit Mr, ShivrajPuri lured investors into a fake scheme using forged circulars of Securities and exchangeboard of India. The list is not ending and new cases keep coming often. SiliconIndia, “Top 10 business scams in India”, Accessed from http://www.siliconindia.com/shownews/Top_10_business_scams_in_India-nid-88066-cid-3.html on 1st Nov. 2012.
Besides these notorious offences which tarnished the image of our country, our daily living brings with it innumerable petty experiences of corruption. From the cab driver who manipulates the meter to jack-up the reading to the traffic police man who drives you to thrust a 100 rupee note as bribe for a violation of traffic rule, our society is obsessed with this bug. Referring to these corruptions the Economic times quotes Mr. Lord Swraj Paul, the Britain-based NRI business magnate who said that the scams which have recently come to light “do not make any Indian proud” and added “Corruption should be condemned because it has become a national shame. The most difficult thing is to kill corruption completely.”

Thus corruption has crept into the trade-world hampering genuine commerce. Frank Partnoy, in Infectious Greed, claims that the cause of corruption in business is primarily due to the fact that “treasurers of industrial companies had begun operating as profit centers. Traders were left unsupervised and shareholders were ignorant of the treasurers’ activities.” In such a disheartening scenario, it is relevant to understand corruption as unauthentic and a non-virtuous trade practice. And in the philosophy of Kant we have a viable paradigm to assess rationally this unethical practice in trade and commerce.

In Kant’s pattern of thought, the virtuous living is not very different from moral living. It is a moral being who fulfills the moral responsibilities alone can be virtuous because a virtuous being acts from the moral principle of duty. So Kant writes, “A human being has a duty to carry the cultivation of his will up to the purest virtuous disposition, in which the law becomes also the incentive to his actions that conform with duty and he obeys the law from duty. This disposition is inner morally practical perfection” (MM 6: 387). His Lectures on ethics reaffirm this relation between morality and virtuous life: “the persistent maxim of making his will conform to the moral law, is virtue” (LE 29:611). Thus it is one’s moral uprightness which controls the will towards cultivating virtues.

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Now, Corruption in public and private life is considered immoral and at the same time, it is also a non-virtuous practice flowing from one’s will. As it is an act of will it destroys the goodness of the will or will does not produce a good action. It is for this reason Kant argues that, “it is impossible to think of anything at all in the world, or indeed even beyond it, that could be considered good without limitation except a good will” (GW 4:393). Therefore the rationality behind the corrupt practices is the will acting in an irresponsible manner conditioned by the empirical factors. Corruption is an unauthentic practice instigated by the unauthentic external principles and not the internal principle of autonomous reason. Kant explicitly affirms it saying, “Envy, lust for power, greed, and the hostile inclinations linked with these” which are examples of evil in people misleading one another (RN 6:94).

Therefore, for Kant these are corrupt practices leading to the heteronomy of the will which essentially depends on a hedonistic kind of motivation. Thus, Kant would see corruption as failure on the part of the will to act on reason. Autonomy is a quality of the will based on which it is a law to itself and corruption both in private and public sphere is clearly the will acting inside boundaries without freedom. Therefore an autonomous person in whom the will is free would act for the sake of the moral law and Kant adds, “neither fear nor inclination but simply respect for the law is that incentive which can give actions a moral worth” (GW 440).

As already mentioned, our world is a witness to corruption of every kind at every stage. Financial misappropriation in public administration is a replica and symbol representing its diverse forms. However, Kant does not treat the cases of corruption or corrupt practices as such rather he would see corruption as an inherent nature in human person which needs to be transcended. Therefore in trade and business, corruption appears as a projection of the presence of evil maxims. Kant writes:

We call a human being evil, however, not because he performs actions that are evil (unlawful), but because they are so constituted as to allow one to infer evil maxims in him. Now, through experience one can indeed notice unlawful actions, and also (at least in oneself) that they are consciously unlawful; but one cannot observe the maxims, not even always in oneself, and hence the judgment that the agent is an evil human being cannot with assurance be based on experience. In order to call a human being evil, therefore, one would have to be able to infer a priori from a few
consciously evil actions, indeed from a single one, an evil maxim lying at then basis, and from it again a basis, itself in turn a maxim and lying in the subject universally, of all particular morally evil maxims (RN 6:20).

Kant thus argues that a human person is evil or non-virtuous not because the actions performed by him are evil rather the maxims present within him as causes for the actions are evil. Thus he would argue that human being is corrupt or evil because he consciously opts for evil maxims. “The human being is evil, can signify nothing other than this: He is conscious of the moral law and yet has admitted the (occasional) deviation from it into his maxim” (RN.6:32). In *Religion within the Bare Bounds of Reason*, Kant making a shift goes beyond the wrong maxims to argue that human beings are radically evil. “This evil is radical, because it corrupts the basis of all maxims. At the same time, as a natural propensity, it also cannot be extirpated through human powers, because this could be done only through good maxims; yet if the supreme subjective basis of all maxims is presupposed as corrupted, this cannot occur. But it must nonetheless be possible to outweigh this propensity, because it is found in the human being as a freely acting being” (RN 6:37).

Ronald Green in his *Religious Reason* explores the Kantian concept of corruption. According to green, corruption is viewed as a disruption in the logical accuracy of reason. For Kant, the human person in whom we ground dignity and worth is evil. It is an issue of religion and religion should bridge this logical disruption. The transcendental doctrine of corruption is a salient feature of religion and we see it in Kant’s book one of *Religion within the Bare Bounds of Reason Alone*. Kant asserts in this work that the human persons are *evil by nature* meaning that the human persons are prone to evil. This proneness or propensity threatens the very possibility of realizing a good disposition or a virtuous state.⁹

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⁹ Ronald M. Green, *Religious Reason: The Rational and Moral Basis of Religious Belief* (New York: Oxford University Press, 1978), 83. Kant speaks of the propensity to evil, which we have discussed above, at three levels: “‘frailty’ is the tendency to let (animal) inclinations overpower one's rational choice to follow the moral law; ‘impurity’ is the need to supplement the moral law with other incentives (e.g., based on the rational impulse to compare oneself with others) before making the right choice; and ‘perversity’ is the habit of reversing the moral order in regard to the incentives determining one’s choice, so that personal happiness (self-love) comes before any consideration of the moral law. These three classes of propensity must underlie the actions of ‘even the best human being . . . if one is to prove . . . [it] as universal’—i.e., a transcendental element in a system of rational religion” (RN xxv).
Firestone and Jacobs argue that it does not mean that the individuals have no responsibility because the underlying maxim may be corrupt but the specific ways and degrees in which the evil manifests itself still depends on the spontaneous exercise of each individual. The supreme maxim if corrupt cannot be rectified through human effort because the individual maxim is not an individual affair rather the maxim is adopted by the entire species. Therefore in RN 6:31, Kant calls the radical evil of the supreme maxim as *Peccatum Originarium* (original sin).\(^10\)

Thus, Kant clearly states that the individual acts of corrupt practices are the results of the supreme corrupt maxim which the individuals cannot completely undo though the ways and means of expressing this maxim is still within one’s free exercise of reason. If we consider that autonomy is the power to do anything we want then we run into trouble but Kant’s way is that freedom exists only when there are moral and legal constraints. The restrictions of our choice make us to be more rational in our decisions without being led by our inclinations. Our choices can be coerced even when not forced if we don’t act on rational principles.\(^{11}\)

In the world of trade and business, the company’s involvement in some forms of corruption may shoot from competitive necessity. When there is a stiff competition between companies producing similar products, a business unit may offer bribe either to sell its products or to procure cheap raw materials. There could be another case of corruption when a company competes for a bid and makes some payments to the employee who does not show it in the company’s accounts. Again, when the payments are relatively small to managers or others involved, it is at times considered as an acceptable practice. Sometimes, it gives the impression that the salary levels are set low keeping in mind this practice of bribery. An important point to be noted here is that both parties have to be held responsible: though the one taking bribe is often treated culpable, the one offering it is also equally culpable. The Kantian code of ethics affirms it as it invites everyone to act on a maxim capable of becoming universal law first of all in one’s own personal life. Duska and Ragatz write;

> The goals and purposes of the corporation are the soul of the corporation, the animating and ordering principle of organization; they give life and structure to


\(^{11}\) Altman, *Kant and Applied Ethics*, 76.
the activities of the organization. But, there can be worthwhile missions and misguided missions. Entities can be corrupted. Corporations can lose their souls. (It is serendipitous that the root of the word ‘corporation’ means ‘body’, the word corpus in Latin). When a business strays from a worthwhile goal or purpose, it becomes corrupt. That means that, when companies forget that they are in business to provide goods and services for consumers and their animating purpose becomes pushing products and services to make a profit, they lose their vision and corrupt their souls.¹²

These words explain corruption in businesses as straying away from its worthwhile goal. The purpose of business is animating human society providing sound welfare and when they fail to do it they deviate from their business duties. According to Lynch and Dexter, “Immoral behavior in government institutions is due to vices that the exercise of virtue can curb. Unfortunately, institutions too often foster and even encourage the erosion of virtues within public administrators. Thus, reformers must reinforce the development of virtues within public administration by addressing both the individuals and the institutions.”¹³

Corruption cannot be eradicated unless people begin to realize the moral law and act on it since heeding to it is virtuous living. An autonomous person is capable of being committed to societal values and institutions. Having strong character is autonomy and the inability to act on one’s values is its antithesis and it constrains one’s action. Today the corrupt practices reveal the incapacity of individuals to challenge the evil nature by acting on coherent and rational principles advancing towards an integrated life. Honoring the commitment to one’s duty is a strong character; a virtue which the Kantian ethical code envisions.

4.1.2 Virtuous Business and Trade Practices as Conformity to One’s Conscience

Though often Kant is considered as someone who did not value the psychology of human emotions such as sympathy (GW 4:397-398) and their authentic worth in human living, it is often taken in the crudest possible manner that Kant rejects completely the emotional and sensitive side of our life. But, in the *Metaphysics of Morals* Kant clarifies this misreading of the *Groundwork* when he states that there are feelings which arise from pure reason and they are essential to worthy living. He mentions four types of feelings and calls them as “natural dispositions of the mind” and this list includes *Conscience* (MM 6:399). He defines it as, “practical reason holding the human being’s duty before him for his acquittal or condemnation in every case that comes under a law” (MM 6:400).

We have discussed the dominant forces of egoism in the corporate sector and how they take diverse forms and types, hindering the promotion of virtues in business places. We do witness the conflict of interests, where a business unit might apply unethical means to persuade people to commit for their brand of products with the aim of expansion of business organisation. However, the business policies which perform the promotional roles of the corporation cannot opt for a vicious path to improve its performance. There is always a conflict of interest between one’s conscience that calls for virtuous living and the demands of the business world. The trade professionals must make a tough call in this increasingly challenging competitive market. The most exciting example of such conflict is witnessed in the tobacco industry. Tobacco has been a lucrative business for years and the business is widespread with thousands of people and a lot of money as part of it. The ethical conflict is that it is an established fact that cigarette smoking is dangerous to health but it constitutes in a substantial manner for world economy.

The nature of conscience is to witness conflicts in moral choice making and to resolve them in a morally acceptable manner. And when conscience can do that then the individual moves towards a virtuous living. In the above cited example, if the decision makers of the business take sincere efforts for instance; use quality raw materials for their produce or take adequate steps for reducing the threat factor of those who buy their products then it could be said that they move towards resolving this conflict. In such a case, the concerned individual moves from a business man/woman to a virtuous individual. Quality enhancement reduces the profit margin as cost of production shoots up. The individual willingly sets apart with his margin and looks to treat the other in dignity
and respect by placing the human person above money and for Kant this means acting virtuously in conformity with conscience. Kant hails such individuals and appeals to perceive these virtuous acts as acts of duty and not meritorious acts of one’s generosity. He writes:

The moral level on which a human being stands is respect for the moral law. The disposition incumbent upon him to have in observing it is to do so from duty, not from voluntary liking nor even from an endeavour he undertakes unbidden, gladly and of his own accord; and his proper moral condition, in which he can always be, is virtue, that is, moral disposition in conflict, and not holiness in the supposed possession of a complete purity of disposition of the will. By exhortations to actions as noble, sublime, and magnanimous, minds are attuned to nothing but moral enthusiasm and exaggerated self-conceit; by such exhortations they are led into the delusion that is not duty (CPrR 5:84-85).

These are acts which sprout from one’s conscience which is virtuously done in sheer spirit of duty. When a producer takes interest to assure that his products do not harm the users, he just performs his duty and does not deserve any special merit for such actions. It is not an extra mile from the part of the producers rather conscience guides this moral action to be done. It is for this reason that Kant brings conscience under his list of one of the four acceptable “moral endowments” (MM 6:399).

The business policies have to be in conformity with one’s internal moral law. Kant writes that, “ethical lawgiving cannot be external” (MM 6:219) for only an internal law can have conformity with one’s conscience. External laws can thwart evil actions but they cannot be virtuous. It is the inner freedom evolving from the internal law which makes an individual to act virtuously. Therefore a business corporation in Kant’s mind must function in conformity with the internal law of conscience. It is the inner freedom, which sets off from duty which makes the business unit an ethical endeavour. Kant writes that it is the, “doctrine of duties that brings inner, rather than outer, freedom under laws is a doctrine of virtue” (MM 6:380).

This statement from Kant upholds emphatically the role of internal moral law in Kantian scheme of things and blends one’s (business) duties with virtuous living. Thus, virtue becomes the moral
strength of will in fulfilling one’s duty from internal moral law which is one’s conscience. Affirming this Kant writes, “A human being has a duty to carry the cultivation of his will up to the purest virtuous disposition, in which the law becomes also the incentive to his actions that conform with duty and he obeys the law from duty. This disposition is inner morally practical perfection” (MM 6:387). The inner purity is an essential part of the fulfilment of duty in one’s life which means acting in conformity with one’s conscience.

Shaw explicates this point with an example. If you are a shopkeeper and a customer pays for his 5 dollar purchase with a 20 dollar bill and you mistake it for a ten. But you realize it after the person has left but you manage to find him and return the balance. Can we say that you acted from completely pure motives? It is possible that you acted from a desire to promote your business. And for Kant, such an exercise is morally pure, if he had acted out of duty to be fair and honest. Therefore, the business policies have to be in conformity with the well discerned conscience if their business dealings have to depict a virtuous behaviour.

A trader or a dealer of a business industry should not act on selfish passion to accumulate wealth or ill treat the employees as it is against virtuous behaviour in business. There may be impulses in an individual to look out for one’s well-being at the expense of others and Kant argues that people should control their impulses when it erodes their morality. Education and training in ethics make a person valiant and happy when his conscience regains freedom. This dream of Kant for humanity is clear when he writes; “the pupil must always be brought to a clear insight into the moral catechism, which should be presented with the utmost diligence and thoroughness” (MM 6:484-485). Thus, it is the enhancement of the moral law which forms the base for ethical virtuous transactions.

In Kantian understanding, Virtue clearly has a role in business, but always in the right time, place and manner. Virtue might still operate on a higher ethical plane in certain cases where people do business virtuously for virtues sake. But, Kant reproves the charity of people who do it for the joy of considering themselves noble or moral. Generosity as means to happiness and satisfaction seems to be the reason for virtuous acts in most corners of the economy wherever it takes place today.

But for Kant, virtuous acts are those done in conformity with one’s conscience flowing from one’s moral will.

4.1.3 Benevolent to Others as Being Fair in Trade Transactions

Benevolence is a virtue often understood as a disposition to do good intending kindness to others. It is often associated with pleasant feelings and inclination to do acts of charity. It is at times perceived as a strong positive emotion of respect and affection. For some, it is a virtuous act with a moral disposition but for others it is not to be messed up with morality as it has an independent domain. Kant’s conception of benevolence is unique and stands in tune with rest of his moral philosophy. Benevolence based on sentiment which is highly appreciated by some philosophers like Hume is considered morally unworthy by Kant unless it is motivated by duty.

From benevolence we are obliged to a certain limit to do away with some part of our welfare to benefit others without any prospect of recompense in the future. But what extent should one go in this act of sacrifice is not specified by Kant as he only states, “I ought to sacrifice a part of my welfare to others without the hope of return, because this is a duty, and it is impossible to assign determinate limits to the extent of this sacrifice. How far should extend depends, in large part, on what each person’s true needs are in view of his sensibilities, and it must be left to each to decide this for himself” (MM 6:393). However Monika Betzier feels that Kant should have elaborated this view because the needs of everyone is vastly different as each one perceives differently and this sets a limit for what one should do to others. Kant does not really clarify the notion of ‘one’s true needs’ as everyone can apply different criteria to define what one’s true needs are.

In trade and business, benevolent to others should be a mutual affair where everyone performs it as a duty. Delta Air Lines is a major airline based in the United States, known for its healthy relations with employees. For several years, it was the only non-unionized airline which benefits extensively from the cordiality of the workers. Some years ago, the employees were so pleased

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15 Departing from moralists like Kant who devalue inclinations and feelings, Hume relies extensively on sentiments and inclinations in his philosophical pursuit. He articulates: “man is a being, whom we know by experience, whose motives and designs we are acquainted with, and whose projects and inclinations have a certain connexion and coherence, according to the laws which nature has established for the government of such a creature.” David Hume, *An Enquiry concerning Human Understanding* (New York: Oxford University Press, 2007), 104-105.
with the treatment from the airlines’ owners that they contributed and bought a passenger jet for the company. This is an extremely exciting gesture from the part of the employees of the Delta Air Lines, which expresses the healthy relationship existing between the proprietor and the employees. The benevolence shown by the employer pays off. Here, the benevolence is not to be considered as charity or generosity of the employer rather simply as being fair towards those involved in the success of an industry. Thus, the ethical responsibility of the owner is not just paying for the work done, but also being fair to them by willing to part with the excessive profits made by the business.

Another case study shows that some years ago, a senate subcommittee heard the testimony of many of the workers of a cotton mill who were victims of brown Lung. These workers were demanding to put in place a law which would guarantee disability compensation to these workers. After the hearing, the senator Thurmond pointed out that the workers’ demand was fair. Disputes and disagreements of this sort have to be considered in the light of justice and being fair. Here, it may be seen by the employers as an act of benevolence towards the affected employees as they are already paid for the work done as per the agreement. But, the fact of the matter is that it is to be taken as the right of the workers to get the compensation, for the disease is contracted during the time of work.

Thus, the point here is one of compensatory justice. It is restoring to a person what one had suffered while working for the owner. Though, certain loss such as contraction of disease at work place are impossible to measure and appropriate compensation is not possible, the law of fairness holds that those affected get at least their medical expenses covered besides their regular payment. This is not an act of benevolence rather being fair to the victims.

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18 *Brown Lung* is a lung disease caused by exposure to dusts from cotton processing, hemp and flax. The small airways get blocked and badly harm lung function. It is a chronic disease which disables the respiratory system with the symptoms of asthma. It often leads to the premature death of the workers. Velasques, *Business Ethics*, 105.

19 Ibid.

20 Traditionally, the ethicists have argued favouring any compensation to an injured party only if three conditions are present. Firstly, the action that inflicted the injury was wrong or negligent. Secondly, the injury done to an individual is caused by another person’s action. Finally, there should be some amount of consent from the other party, meaning that the person concerned inflicted the injury voluntarily. Ibid., 122.
The law of fairness also applies to the customers when they suffer at the hands of manufacturers. An out dated product or a product sold with manufacturing-defect certainly needs to be replaced and it is not an act of benevolence to the customers rather simply being fair to them. Some years ago in the 1960s, some of the radios sold by J.C Penney were reported for catching fire when they were used by the customers in their homes and later when tests were carried out, it was found to be true in some cases, though in less than one percent. But J.C.Penney immediately withdrew the entire line of radios and ran advertisements to create awareness among the public about its danger. To his credit, the vice chairman of the J.C Penney Corporation Mr. Robert Gill did not treat it as an act of benevolence, rather acknowledged saying, “I guess some people might have thought that we were crazy... But we felt we just could not sell that kind of product.”

Moreover, today we have the consumer protection acts which ensure that the business transactions are fairly carried out. The Indian Consumer Protection Act, 1986 provides severe disciplinary action on any trader on whom the complaint is registered for failure of product safety. Its article 25 (1) reads: “Where a trader or a person against whom a complaint is made or the complainant fails or omits to comply with any order made by the District Forum, the State Commission or the National Commission, as the case may be, such trader or person or complainant shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to three years, or with fine which shall not be less than two thousand rupees but which may extend to ten thousand rupees, or with both.” Thus, being just and fair are the necessary ingredients of business transactions and they are not to be considered as benevolence or generosity.

This view is well complemented by Kant when he states, “the maxim of benevolence is a duty of all human beings toward one another” (MM 6:451, emphasis added). For Kant, being benevolent to others is not charity but a duty, which everyone should fulfil invariably, irrespective of the status

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21 Shaw, Business Ethics, 357.

of one’s life. Therefore in business and trade, benevolence in the sense of compassion or generosity does not exist for Kant. For him, it goes even beyond being fair and becomes an obligation and a moral responsibility.

Kant categorically affirms benevolence when he writes, “what is meant here is not merely benevolence in wishes, which is, strictly speaking, only taking delight in the well-being of every other and does not require me to contribute to it; what is meant is, rather, active, practical benevolence, making the wellbeing and happiness of others my end” (MM 6:452). Kant here qualifies benevolence as practical and not as a mere wish where one involves actively adding happiness to the other. And in the context of producer-consumer business transaction, being practically benevolent would mean desiring justice for the workers and being fair to the consumers both in product pricing and quality control. For Kant, only such benevolent gestures can bring forth the desired happiness and well-being of all.

By interfacing benevolence with duty, Kant adds another germ into his theory of virtues. Duty is essential to the Kantian theory of virtues and by postulating benevolence as a duty of all human beings, Kant adds grip to his doctrine of virtues for he writes, “as a philosopher, (one) has to go to the first grounds of this concept of duty, since otherwise neither certitude nor purity can be expected anywhere in the doctrine of virtue” (MM 6:376). Kant envisages benevolence to be an act of duty, because, according to him, generous natural emotions such as sympathy and love have no moral worth, though they can support healthy moral life. These qualities may be treated as commanding respect and admiration, but not moral worth and so they are neither duty nor virtue (GW 4:398). Kant adds a new dimension to benevolence when he asserts that practical benevolence is beneficence (MM 6: 452).

Thus benevolence is essentially practical and trade and business is a perfect forum to be benevolent to others which is beneficence. Benevolence is a duty and an act of love (MM 6:451) for duty. Since benevolence is a duty, it should be carried out towards oneself and others and in

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23 Kant makes a distinction between benevolence and beneficence. He defines benevolence as the, “satisfaction in the happiness (well-being) of others” and beneficence as the, “maxim of making other’s happiness one’s end” (MM 6:452).
such actions it becomes practical. Therefore, benevolence would merely remain a wish (“what is meant here is not merely benevolence in wishes” ([MM 6:452]), if it does not become practical and in its practical sphere it is a virtue and a duty. Thus, benevolence in business dealings is a duty and it is brought about when one acts purely on account of duty by being fair and just in all transactions.

4.1.4 Virtue as Fulfillment of Trade and Business Duties
In the *Groundwork*, Kant’s principle of morality gives rise to a fourfold set of duties which we have discussed in the first chapter. Here, we study the application of Kant’s duties in trade transactions and its fulfilment as virtue. Kant’s virtue theory is not foreign to morality and duty in particular. For Kant a virtuous individual is primarily dutiful and responsible towards his moral life. We have the words of confirmatory on this in *The Metaphysics of Morals*: “To every ethical obligation there corresponds the concept of virtue, but not all ethical duties are thereby duties of virtue… Only an end that is also a duty can be called a duty of virtue” (MM 6:383). Again Kant clubs ethics and virtues together when he writes that, “as a philosopher, has to go to the first grounds of this concept of duty, since otherwise neither certitude nor purity can be expected anywhere in the doctrine of virtue” (MM6:376).

Thus, Kant always takes virtue and duty in the same footing though every act of duty cannot be a virtue. However, it is acceptable for Kant to argue that virtue is the fulfilment of one’s ethical duties in trade and business, since ethics in business is also an end which is the criterion for an act of duty to be a virtue. Therefore, in the trade-world, when an individual or organization performs their ethical duties considering them as ends, meaning doing them for the sake of duty, they are treated as virtues. And only in this sense that commerce or business transactions may be treated as virtues.

Today, we hear in the business-world about social responsibility which is getting momentum at least in the academic circles. A business unit has to look beyond the interests of its stockholders for fulfilling its social responsibility. The corporate social responsibility may be understood as the voluntary contribution of the companies towards a better society. The companies should set broader societal goals in a spirit of social responsibility.
Corporate social responsibility is vital, because businesses are based on trust and maintaining trust with customers and employers can be easily jeopardized if not attended to, in a spirit of social responsibility. In the chronicles of history we do have examples, where governments were forced to roll back and companies without social motives were simply discarded by the people. For instance, in April 1962, the increase of Steel prize by U.S. Steel was revoked by President Kennedy due to the public display of anger.24 This is a clear instance where when the governments or companies fail to uphold the social responsibility, people would demand and enforce it. The doctrine of social responsibility upholds that single-handed decisions by the corporations are unjust and decisions which involve society must be public decisions.

The corporate units have to monitor inflation and price rise which is a social responsibility and avoid passing the buck on the government, though the taxation policy of the government may have a say on the cost of production. This view may not be agreed upon by some who feel that the social responsibility is ultimately on the government and not on the business unit. Friedman observes regarding the use of corporate funds for charitable purposes that, “such giving by corporation is an inappropriate use of corporate funds in a free-enterprise society. The corporation is an instrument of the stockholders who own it. If the corporation makes a contribution, it prevents the individual stockholder from himself deciding how he should dispose of his funds.”25

This view goes in tune with the economic thought of Adam Smith, who is acclaimed as the father of modern economics for his contribution to free trade. He wrote in The Wealth of Nations in support of the individual interests, “By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good.”26

24 Milton Friedman, “The Social Responsibility of Business,” in Ethical Theory and Business, 136. It happens often in different countries, when the prices of commodities rise drastically, the public outcry would force governments and companies to roll back on the price hike. In India too, we have numerous instances of the rolling back of the petrol prices by the central government and waving off of sales tax for petrol by the different state governments with the recent being the case of the Kerala government which waived off the sales tax for petrol in September 2011, due to public protest.
25 Ibid., 137.
It is unfortunate that the corporate social responsibility is not treated as a virtue in business. There are many liberal economists who are up in arms to abolish social responsibility of any type. Theodore Levitt writes, “Welfare and society are not the corporation’s business. Its business is making money, not sweet music. The same goes for unions. Their business is ‘bread and butter’ and right jobs. In a free enterprise system, welfare is supposed to be automatic; and where it is not, it becomes government’s job... Government’s job is not business, and business’s job is not government.”

Such compartmentalised distinction is unhealthy to the very fabric of human society which is communion in nature where everything is linked to each other. Though lowering of the corporate tax by the government would help the companies in promoting social welfare, it should not be left entirely to the government rather the corporations have to take the lead in promoting social responsibility.

When Kant defines virtue as the fulfilment of duty, it means that he refers to the common good and not merely performing one’s personal duties. Therefore, when applied to the business world, Kant would vouch fervently for a corporate social responsibility as he sees virtue as duty. It is in carrying out one’s business duties as perfect as possible in a spirit of humanity that it becomes a virtue. Kant would not subscribe to the view that corporations have no social responsibility, for his concept of duty is duties of wide obligation, which he elaborates when he distinguishes between the subjective pleasure and the objective one, going beyond subjective satisfaction.

He writes that the subjective pleasure, “could be called sweet merit; for consciousness of it produces a moral enjoyment in which human beings are inclined by sympathy to revel. But, bitter merit, which comes from promoting the true wellbeing of others even when they fail to recognize it as such, usually yields no such return. All that it produces is contentment with oneself, although in this case the merit would be greater still” (MM 6:391). It is here we witness Kant pushing for a greater corporate social responsibility, where one experiences greater contentment while promoting the happiness of others. Thus, social welfare is a duty and the fulfilment of duty is virtue.

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4.1.4.1 Virtue as Duty towards Oneself in Business

In *Groundwork*, Kant presents his famous classification of duties (GW 4:421-422) which we have already enumerated in a previous chapter. The focus here is how an individual expresses his duties towards oneself in business and at the same time making it also a virtue. For Kant the ethical lawgiving cannot be external (MM 6:219) and therefore ethics is primarily a duty towards oneself. This realization is of utmost importance in business. A failure to realize that the moral law evolves from within oneself will lead to corruption in public life as external laws are empirical and devoid of purity. Being motivated in a virtuous manner is a constant striving and one cannot entirely know whether one has realized what one has strived for, even with respect to individual behaviour. The first command of all duties to oneself is to know oneself which means scrutinizing oneself (MM 6:441).

In the face of ever growing business misdeeds, it is important to inculcate the Kantian model of ethics into business structure and business schools. It is the personal realization of one’s moral responsibility as residing deep within one’s nature and unearth it in a spirit of duty is the base for virtuous business and trade practices. It cannot be guaranteed by even the stringent of external laws as we have seen over centuries the growing trade malpractices. But the realization of the moral law as envisaged by Kant has an advantage because it evolves from one’s nature and choice and not enforced externally. It encourages from within the application of ethics by business managers and leaders by promoting moral development and moral reasoning. It makes the business managers to be conscious of virtues and vices of human character in tune with the deontological principle of obligation to act from within.

This view is supported by John Hasnas, according to whom all the normative theories relating to business rely tremendously on the moral force of individual consent because every business functions on principles of agreement between members. Every business is essentially a voluntary association with a network of contracts and therefore they have certain ethical obligations to each other. These agreements have to arise from the consent of everyone involved including the managers. This would mean that an adequate normative theory of business ethics is inevitable
which will capture the obligations of individuals who enter willingly into these agreements that constitute business. 28

Given the complex nature of relationships and agreements involved in business, it is a daunting task to devise a single normative theory which can adequately combine various aspects of business contracts. But it should not detract us from making an effort in that direction since the human reason is the authority in every agreement and it can articulate sound principles. However, it could be said that Kant’s theory comes close to providing a viable normative theory for basing all business agreements because of the fact that these agreements depend hugely on consent of the will and the Kantian moral code also relies on reason acting on one’s will which is internal to the individuals.

Thus, both of these have a common origin within the individual and therefore depend on the consent of the will and the authority of reason. The utilitarian theory for example depends hugely on the aftermath of actions and therefore conditioned by external factors which the deontological model of Kant brilliantly escapes. The Kantian code of ethics affirms the individual obligation in a business agreement which is a moral duty towards oneself. Therefore the Kantian ethical theory presents the base for business and trade practices by providing an appropriate normative theory which is duty-bound, virtuous and internal respecting business agreements which is the foundation of commerce.

4.1.4.2 Duties of Virtue towards Others in Trade

We have seen that virtuous life is a duty towards oneself as it evolves from the internal maxim which is primarily a law to oneself. This internal experience of the maxim guides one towards ethical practices in trade and business leading to virtuous living. However, morality and virtue are not solely an individual affair as it always involves others and society. Therefore every individual has a duty to the other and ethics and virtue are relevant only in the context of other human beings. Kant was conscious of it which leads him to present his duties towards others and evidently manifested in trade and commerce as it is a massive human affair.

For Kant everyone has a duty to the other and we are under obligation to help others and for these actions to be meritorious, we need to make the other person feel that our help is indeed owed by the other because the favour we do for the other implies that his wellbeing depends on our generosity (MM 6:448). Therefore Kant states that the act of kindness towards other is not charity but duty. We should not make the other feel that his existence in some measure is at our mercy rather “spare him humiliation and maintain his respect for himself” (MM 6:449). This applies to commerce and trade transactions and forms the core of ethics for these organizations involved in it.

This Kantian concept of duty towards others is the basis for civic and community affairs, a normal rubric for genuine trade and business. Though it is not widely followed by most business units, it is at least recognized by certain companies as their goal. For instance, Johnson and Johnson’s vision statement *Our Credo* owes tremendously to a lot of people. It reads:

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services.

In meeting their needs everything we do must be of high quality.

We must constantly strive to reduce our costs in order to maintain reasonable prices.

Customers' orders must be serviced promptly and accurately.

Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world.

Everyone must be considered as an individual.

We must respect their dignity and recognize their merit.

They must have a sense of security in their jobs.

Compensation must be fair and adequate, and working conditions clean, orderly and safe.
We must be mindful of ways to help our employees fulfill their family responsibilities.

Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens – support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.\(^{29}\)

Our Credo of Johnson & Johnson in principle agrees with the Kantian principle of duty to others as duties owing to them. It categorically affirms in unequivocal terms that they owe a responsibility to a series of men and women who are associated with their products one way or other. It also acknowledges the commitment they have towards the community they live and work with and the moral duty towards their wellbeing. It also assures that they just don’t perform minimum duties to the society rather contribute constructively towards advancement and growth. It is at its best when it states: “We must respect their dignity and recognize their merit.” This is the core of Kantian ethics best expressed in the categorical imperative which calls treating everyone as end and not means: “So act that you use humanity, whether in your own person or in the person of any other, always at the same time as an end, never merely as a means” (GW 4:429). Therefore in trade and commerce the stress should be to perceive business as duty of virtue which is endorsed in principle by most of the vision statements of different companies such as Johnson and Johnson.

We have the duty and obligation to support the needy, yet while this obligation may be such that our action will be meritorious, we should make the poor person feel that our meritorious help is indeed owed by the concerned party. And according to Kant it is done for the sake of duty in respect for the other and in doing so we “spare him humiliation and maintain his respect for himself” (MM 6:449). This expansion of his theory of duty is all the more clear when he writes that the virtue of duty calls for promoting the wellbeing of others in need, “without hoping for something in return” (MM 6:453). Thus Kant’s principle of duty towards others emphasizes the selfless nature of human beings and recognizes charity as duty. And this is a unique contribution to normative theories of ethics and a new addition of perspective to virtue ethics. However, Kant’s theory of virtue does not sanction element of evaluation in deontological categorizing, since, for him, no action can be good except when done from duty, and so every good action must be done as part of one’s adherence to duty.

Though Kant brings virtue within the confinement of duty, he upholds the essential nature of virtue as well and it is not completely outrun by the priority of duty which may be considered an overdose by some. Virtues, as we know are enduring characteristics which are not practice-specific meaning that they are not reference points to any particular actions rather general traits of human persons.
They are inevitable for the thriving of any practice. Virtues empower the individual to attain the goods pertaining to practices, and the attainment of those goods across a range of practices and over a period of time is helpful in one’s search for and effort toward his or her own *telos*. Kant writes: “Virtue is always in progress and yet always starts from the beginning. – it is always in progress because, considered objectively, it is an ideal and unattainable, while yet constant approximation to it is a duty” (MM 6:409).

Thus virtuous living is a constant striving towards progress and one can never be assured of being attained what one has strived for. It is further ascertained when Kant says that, “A human being cannot see into the depths of his own heart so as to be quite certain, in every single action, of the purity of his moral intention and the sincerity of his disposition, even when he has no doubt about the legality of the action” (MM 6:392). These references tell us that in the mind of Kant, the virtuous life is a struggle where virtue is an ideal which is persevered by one’s dutiful striving. Thus Kant brings virtue within the realm of duty yet valuing its independent existence and at the same time asserting that it is the duty towards others that gives meaning and purpose to virtues.

In trade and business, duty towards others implies not just duty to individuals but also institutions. And, in this context it could be ascertained that virtue is not merely a character of the individuals such as managers, shareholders or consumers rather it also pertains to institutions. An institution can also reveal the level of its virtuous character through the manner it performs its duty towards others. Though an institution comprises individuals, the entire unit may be considered virtuous if it functions on a common manifesto.

According to Geoff Moore, “A virtuous institutional character, then, might be defined as the seat of the virtues necessary for an institution to engage in practices with excellence, focusing on those internal goods thereby obtainable, while warding off threats from its own inordinate pursuit of external goods and from the corrupting power of other institutions in its environment with which it engages.”30 Thus there is not merely the virtuous personal character but also the virtuous institutional character and therefore there is the duty towards others from the point of an institution.

### 4.1.5 Vices: Non-Virtuous Practices in Business and Trade

The exciting aspect of Kant’s way of describing virtue and vice is that he does not attempt to define first what a good character is and then draw conclusions regarding how we ought to act on that basis. His approach is radical as he first presents the principles of moral conduct based on his philosophical account of rational agency, based on which he defines virtue and vice as ways of acting on these principles. Therefore as we have discussed virtue which is unlike in Aristotle is acting on principles so also we call something as vice because it is immoral going against certain fundamental principles of morality.

Kant affirms it in the *Metaphysics of Morals* when he says that “it is when an intentional transgression has become a principle that it is properly called a vice (*vitium*)” (MM 6:390). It is the principled immorality which becomes a vice. So, there is nothing vice as such unless done intentionally. For instance, gossip may not be considered a vice if it has become habitual and done without intention. Therefore vice is a principled transgression of the moral law. It is for this reason that Kant has rejected what has stood for centuries as Aristotelian view which defines virtue as mean between virtues. Kant writes: “The distinction between virtue and vice can never sought in the degree to which one follows certain maxims; it must rather be sought only in the specific quality of the maxims (their relation to the law). In other words, the well-known principle (Aristotle’s) which locates virtue in the mean between two vices is false” (MM 6: 404).

With such explanation of virtue as a trait grounded on moral principles and vice as principled transgression of moral law, Kant presented an alternative approach to understanding vices. He attempted to define them as such without making them depend on vices even for their description. If we accept vices are extremes then virtues are understood only in terms of vices and they don’t have any principle to define themselves. And even in their theoretical description virtues are at the mercy of vices as they become the reference points of virtue (mean between vices).

For instance, an individual might have certain virtues that depend on the vice of cowardice. We consider here Jones who is law-abiding but not very courageous. And it is possible that Jones lives in moral fear of being punished in case he acts immorally. His genuineness of character is best
tested when it really matters. His moral worth depends how he would act in concrete situation which affects him personally without being concerned about the viciousness of his nature rather acts purely from virtue.\textsuperscript{31} It is in this sense that Kant’s account of virtue and vice become extremely important to us as Kant gives an independent status to both describing purely from absolute principles.

With this theoretical description of vice as presented by Kant, it is important that we single out the non-virtuous practices in trade and business. It is certain that trade creates lot of vicious persons in the society as it involves money which everyone uses and works to get it. It is the medium of exchange and a gigantic intellectual discovery in history. Its uses are high and need is ever increasing that the human beings apply diverse methods to obtain it which at times includes the unethical ones. Therefore trade and business which involve money brings forth non-virtuous or vicious persons which threaten morality. Morse writes: “a business encourages vicious persons when it both promotes desires for material goods above and beyond what is necessary for the good life, and when it requires that its members pursue excessive profit regardless of the normal confines of justice. In the scenario in which it creates vicious persons, it no longer performs its proper function in society, namely, to promote the good life by providing for the material necessities of its citizens.”\textsuperscript{32}

Thus today, it is trade and business in which we find vicious practices and persons than in any other human activity. When the business unit targets only profit and financial solidity it takes a vicious path diverting from the virtuous road, which might strengthen the company but endangers the fabric of human society. This calls for an intense application of Kantian ethics of virtue to counter the threats of vices which art the non-virtuous practices in business.

\textbf{4.2 Kant’s Doctrine of Right as the Pedestal for Fair Trade and Business}

The term \textit{right} can be understood as a person’s entitlement to a particular thing. We can assume that one has a right when that person is able to act on the other. \textit{Right} involves entitlement which

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empowers a person to perform an action. Rights are generally divided as moral rights and legal rights. Moral rights are based on certain moral norms which the human beings are entitled to have or empowered to perform irrespective of where they live, while, the legal rights are applicable only to certain places under specific judicial territory. Moral rights have no territorial limits as they are related to the individual, for instance; the right to one’s life is a moral right, regardless of the legal system of the place.33

However, Kant’s concept of right differs from the traditional presentation of the term right. Kant adds a twist to the concept of right by clubbing it with freedom. He defines right as, “the sum of the conditions under which the choice of one can be united with the choice of another in accordance with a universal law of freedom” (MM 6:230). Thus, the Kantian understanding of right offers no possibility of clash of rights between individuals. In life situations more often than not, we witness violation of rights leading to clashes when one person’s right oversteps into that of the other. But, Kant’s ethical system is so comprehensive that it embraces common interest whereby the rights of different individuals leading to clash are aborted.

Since, everyone is called to abide by the universal law of freedom; the Kantian system of rights bypasses the inherent tendency to conflict. In Kantian morality, individual rights are not based on individual freedom rather relies on its universal understanding. Kant is emphatic when he states that, “Freedom, insofar as it can coexist with the freedom of every other in accordance with the universal law, is the only original right belonging to every man by virtue of his humanity” (MM 6:237). Thus, Kant narrows down the various rights to one, the right of freedom, which is fundamental in the light of which all other rights derive their meaning.

Today, in trade practices rights has become a significant point of deliberation. Everyone from the General Manager (GM) to the last user of the product of a firm wants their rights upheld. The GM as an executive in a business operation expects that his rights are not infringed upon while the consumers feel that it is their right to get quality-products. And Kantian theory of rights with its emphasis on freedom seems to offer a suitable normative theory for genuine trade and business.

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33 Velasquez, Business Ethics, 90-91.
We live in an age which is witnessing an increase in economic globalization. Business and exchange within country was the trademark of commerce for centuries. But the situation is different today as the recent years have seen rapid expansion and growth of international trade. The MNCs (Multinational Corporations) work in various political jurisdictions which have different legal structures regarding product manufacture, consumer protection, safety measures of workers and environment safety. The laws regarding these are different in the host nations of these MNCs and therefore we have a greater responsibility to respect the rights of those involved and the laws of these countries where MNCs operate. Kantian doctrine of rights plays a significant role in this process.

Thus Right involves the existence of laws and Kant approves the existence of laws in society. He argues from an ethical perspective that laws are mandatory “however well-disposed and law abiding men might be” (MM 6:312). In *Groundwork* he states that it is the quality of only the rational beings to act on laws; “Only a rational being has the capacity to act in accordance with the representation of laws” (GW 4:412). Thus laws are essential to protect the rights of each other and every rational being has the disposition to act upon laws. Therefore with these sound principles the Kantian doctrine of Right has great significance for local, national and international trade and business which is further explored in the following sections.

### 4.2.1 Kant on the Rightful Possession of Things or Commodities

We claim that someone is in rightful possession of a thing when the concerned person has the right to make use of that object. If one has no right over a thing, it would imply that such a thing is beyond the possession of that person. This also implies that a usable object is beyond the possible use of an individual since he has no right over it. However, another person may have a right of possession over it, or the same person can own it at a later time. As we have discussed above, Kant considers that such a condition does not contradict the principle of right to possess, because it is everyone’s freedom in accordance with universal law, to have a right over a thing.

When we possess a thing, it becomes our own property and Kant defines property as that “with which I am so connected that another’s use of it without my consent would wrong me” (MM
6:245).\textsuperscript{34} This definition of \textit{property} in business ethics makes a significant contribution, since no one can use unethical means for the infringement of each other’s rights over their things. We can consider an example here. The law of business ethics considers \textit{trademark} as a property of the respective business corporation. Usually, the Proprietary rights of trademarks come about through its actual use as a brand logo or sign on the products or through an act of registration. It would be considered an offense by Kant if someone infringes the trade mark right of the other which has become one’s property either by use or registration, because I am closely related with my property and one cannot access it without my consent. Kant would further explicate and assert that, “the object is \textit{mine} because my will to use it as I please does not conflict with the law of outer freedom” (MM 6:253).

Kant is deeply concerned about any unilateral declaration by one party that a thing belongs to it, for such acts would violate the freedom of others. In Kant’s words, “Now, a unilateral will cannot serve as a coercive law for everyone with regard to possession that is external and therefore contingent, since that would infringe upon freedom in accordance with universal laws” (MM 6:256). Everyone should admit that he is compelled to desist from using things which does not belong to him. Though one is free to use his will and have things of his choice, one cannot do it by jeopardising the freedom of the other; rather, any possession should be made in relation to the universal law of freedom. Thus, in business ethics, Kant’s use of freedom based on the law of universal freedom is greatly relevant.

In a business scenario, where competition has become the order of the day, the sales promoters and marketing managers use various ploys to outsmart the other including some unethical ones. In this process, the freedom of the other is encroached as they constantly step into each other’s rightful possessions. We have numerous examples of this namely; copyright violations, pirated

\textsuperscript{34} Kant presents a classical distinction of property with regard to its three types. Firstly, it is the right to a thing, an example of which may be, \textit{land}, a corporeal object in space which I possess even when I am not there and not only when I am there. The second is the right against a person, which is a right to bully someone to perform an action which may take place sometime in the future and may be considered as a contract right. This in some measure includes other’s right with in my right. The third is the most contentious of Kant’s classification in which he includes spouses, children, and servants whom I cannot call as \textit{mine} but may possess them under certain circumstances (MM 6:247-248).
software, stolen trademarks and duplicating popular brands. It is here that Kant’s universal law of freedom becomes an extremely significant code of conduct for the rightful possession of things.

For Kant, these violations mean a lot more than merely taking hold of someone’s property. Kant considers property as a relation between persons, not a relation between a person and a thing (MM 6:260). Therefore when a person attempts to possess something that does not belong to him, the issue pertains here is not between the possessor and the possessed rather between two possessors. Illegal possessions go against the categorical imperative which states, “rational nature exists as an end in itself” (GW 4:428). Every rational being is an end in himself and we cannot treat the other as means and therefore for this reason any illegal possession is unethical.

Ripstein observes that Kant’s theory of property is all about a relationship between persons and how to persist in such relationships, even before they can think about the relationship with the thing that they have just owned through the new acquisition. Kant’s emphasis is not on the efforts made to acquire the thing rather he focuses on the result of such acquisition: only the owner has the right to use it for his needs and not anyone else. Here, one just does not acquire a thing rather the right to use it the way he likes. Using even legitimately does not guarantee the right to decide the future use of a thing or limit the access of someone from using it. The possession of a thing is a matter of owner’s choice and another person who uses the particular thing deprives the owner of that choice.35

Thus, Kant takes the right to possess a thing to a new high by presenting it as a relationship between two individuals rather than a thing and an individual. This awareness is a significant need today as we witness unfair trade practices being carried out purely on cost-benefit analysis. The one who sells a product only thinks of disposing a thing and so does not worry about doing it in any way. But, when one can see it as a commitment to the other person who buys the thing the perspective of the seller changes and he sees any violation as offense of a higher grade. This would in turn lead to valuing business norms and move towards fairness in trade and commerce.

4.2.2 Rationality of Contract Rights in Business and Trade

Every business deal is a relationship in contract. Even the customer who purchases a pen worth only a penny still enters into a contract. There is a contract between the employer and employee and producer and consumer. Besides, there are other contracts as well in business which may be among the shareholders and owners, between the sales agents to the retailer etc. Every firm has a duty to customers which is inherently a contractual relationship. When a consumer buys something, he enters into a contract with the firm which assures goods of certain specific characteristics and the consumers in return agree to pay for the same. It implies the basic duty complying with the agreement made by both the parties.36

Looking from the Kantian perspective, it may appear that in a contract the individual is used as a means because, when I employ someone to sell my products, there is a contract between me and the employee, where the other serves as a means to perform the job. But, in order to have a right perspective we need to look into Kant’s definition of contract rights which reads, “my possession of another’s choice, in the sense of my capacity to determine it by my own choice to a certain deed in accordance with laws of freedom is a right; but there is only a single sum of laws, contract right, in accordance with which I can be in this sort of possession” (MM 6:271).

Thus for Kant, contract is the united choice of two persons and he would consider both the parties as ends in a contract. Therefore, any infringement of the contract would be considered disrespecting the humanity in the other. For Kant, “By a contract I acquire something external... what I acquire directly by a contract is not an external thing but rather his deed, by which that thing is brought under my control so that I make it mine. By a contract I therefore acquire another’s promise and yet something is added to my external belongings” (MM 6:274).

Thus Kant states that by a contract, it is not that I gain something external but there is a deeper bond which it generates. It is by this that I involve with the other in a spirit of commitment, for every deed calls for a common action. There is a mutuality which is shared by both parties which has to be sustained till the end of the execution of the contract. This is the key to the success of

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36 Velasquez, Business Ethics, 340.
any business today. Every business deal brings along with it both external and internal aspects. The external could be the transportation of goods or services agreed upon in the contract, while the internal is the deed or the promise which comes directly to me. Kant gives a deeper meaning to the contract rights in business. Any attempt to dismantle an established contract for Kant would mean disrespecting not just the external person but also the internal i.e. the dignity of the human being which the second formulation of the categorical imperative upholds.

Ripstein observes that, “In a contract, I have given you that thing, as a matter of right, and so if I fail to deliver, I wrong you in the way I would if I took it back. In cases of contract, one person has the use of the other’s powers, as specified by their agreement, without having possession of the other person.” When a contract is signed there is a mutual use of each other’s powers but at no instance possession of another person may be tolerated. This view is at par with Kant’s moral scheme which does not permit the possession of other to obtain one’s objectives. Contract is not a right against another person for Kant says, “I cannot acquire a right against another through a deed of his that is contrary to right (facto iniustoalterius)” (MM 6:271).

Thus in the view of Kant, contract does not entitle one to possess the other rather it is bringing together by agreement the individual wills of both parties. It is not the performance of two separate acts performed by the parties or not even pairing of interlocking acts but performance of a single act by both wills of individuals concerned. This rare type of relation can only be understood if their individual acts are considered to be expressions of what Kant calls a “united will of all” (MM 6:314).

A contract does not confer an entitlement to have something happening as automatic event rather it confers an entitlement specifically on individuals involved to make that thing happen. It is where we need to view business contracts as acts of united will as envisaged by Kant. Contract rights play a pivotal role in the field of business and trade without which business would have no rational theory as its base. Contracts specify the rubrics of a trade agreement which forms the normative theory for that particular transaction. It assures that a legal discipline could be invoked in the absence of maintaining the agreement and Kant’s insights in this regard have been very

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stimulating. Thus, Kant’s theory of rights gives immense possibilities for realizing one’s rights and be on guard against exploitation. It has tremendous implication towards maintaining fair trade whereby a strict following of Kantian theory of rights would foster trade understanding and avoid disputes. Therefore, a careful reading of Kant and integration of his principle of right is of an enormous value to business and trade.