

1-1-1998

Justice

John B. Davis

Marquette University, john.davis@marquette.edu

Published version. "Justice," in *Encyclopedia of Political Economy*. Eds. Phillip Anthony O'Hara. London: Taylor & Francis (Routledge), 1998: 596-599. [Publisher Link](#). © 1998 Taylor & Francis (Routledge). Used with permission.

justice

Justice is generally agreed to be about treating equals equally and unequals according to their relevant inequalities, and is thus closely associated with fairness. Justice has a variety of senses, two of which need to be distinguished to understand thinking about justice in economics. *Commutative* justice concerns

whether exchange is fair, such as in connection with the payment of wages and the setting of prices. *Distributive* justice concerns whether there is a fair distribution of resources, of society's benefits and burdens, and of such things as income, jobs, goods, property, taxation and social services. Both senses of justice are important in economics, but distributive justice has historically received more attention, since for many whether contracts are fair and just is often believed to depend upon whether resources are justly distributed. For example, it may be thought fair to pay one person a higher wage than another (based on skill differences) if the latter person, having greater needs, is still left with a higher after-tax income.

Distributive justice and heterodoxy

Debates regarding distributive justice revolve around different schools advocating different criteria for a just distribution of resources. With a few exceptions, however, these debates in the last half-century have only involved heterodox economists, since mainstream economists have generally ignored issues of distributive justice and restricted their normative interests to Pareto efficiency judgments. Why this is the case helps explain why heterodox economists are interested in distributive justice. Standard neoclassical models treat individuals' endowments as exogenous, and also assume that markets are generally competitive.

In contrast, heterodox economists endogenize endowments, that is, understand them to be determined by market forces and the economic process, and see market power as the rule rather than the exception. Distributive justice is thus central to heterodox economists' concerns, because understanding how societies settle on "fair" distributions of resources is inseparable from understanding how their economies operate. It is also central to heterodox concerns, because understanding the connection between the distribution of resources and the operation of the economy imparts an understanding of opportunities for social reform, a concern shared by many heterodox economists.

Perhaps not surprisingly, given their differ-

ent theoretical approaches, heterodox economists emphasize different traditions with competing criteria to explain the just distribution of resources. Chief among these traditions are the Marxian view of distribution according to need, the utilitarian view of distribution according to what maximizes utility, the libertarian view that emphasizes freedom, and the Rawlsian social contract view. All have supporters among heterodox economists, and elements of each often find their way into the views of many.

Marxian view

The Marxian view is premised on a critique of capitalist society as being based on class **EXPLOITATION** of workers by capitalists. The capitalist system of justice is part of bourgeois society's legal and ideological requirements for capitalist production, one of the most important of which is the defense of private property in the means of production. For Marx, class oppression does not constitute a legitimate or ultimately historically viable basis for a just society, which he believed would only come about with the revolutionary appearance of communist society (Marx 1867). In such a society, resources would be distributed according to need, where generally need was a matter of human development (see **SOCIALISM AND COMMUNISM**). This general criterion, however, has also been defended by a variety of non-Marxists (e.g. Braybrooke 1987), with the debate over what needs individuals possess further differentiating competing views of what distributive justice requires. Indeed, for most heterodox economists, a just distribution of resources depends at least in part on addressing individual and social **NEEDS**.

Utilitarian theory

The utilitarian theory of just distribution is best formulated in terms of *rule* rather than *act* utilitarianism, the former being the idea that we do not judge every single action by the standard of whether it contributes to the greatest utility, but rather according to society's

rules and practices on this basis (Brandt 1959). On this view, social rules are preferred that raise overall utility, irrespective, in principle, of its distribution. In practice, however, the classical utilitarians, including Jeremy Bentham, J.S. Mill and Henry Sidgwick, believed that utility is increased by having more equal distributions of resources. Earlier neoclassical economists thus used the principle of diminishing marginal utility and the concept of interpersonal comparisons of utility to argue that overall utility would be enhanced if goods and/or income were transferred from well-off individuals, for whom this would involve a modest loss of utility, to less well-off individuals, for whom this would involve a significant increase in utility. In the limit this implied that an equal DISTRIBUTION OF INCOME produces maximum utility (Pigou 1920), an egalitarian conclusion reinforced by the assumption that every person's utility counts equally.

After Lionel Robbins, however, the fact that nothing in utilitarianism in principle required any assumptions regarding distribution enabled neoclassical economists to abandon interpersonal utility comparisons and distributive justice concerns. This has not prevented many heterodox economists from arguing that a more equal distribution of resources is just, because it increases the greater good.

Libertarian thinking

Libertarian thinking about justice has been most recently associated with the views of Robert Nozick (1974). Following such thinkers as Friedrich von Hayek, Nozick's entitlement theory of justice regards economic outcomes as just if they arise from acquisitions of what was unowned or what was voluntarily transferred. Just acquisitions are those that neither violate others' rights nor their individual freedoms. This implies that the redistribution of wealth and income is only justified when it remedies previous violations of rights or freedom. Such a view naturally places heavy weight on the theory of rights and freedom, which for Nozick and most neo-Austrian economists are taken

prima facie as status quo rights and freedoms associated with existing property arrangements. However, it can be argued that many current property rights are the product of forcible property expropriations in the past, and consequently that redistribution of property is often just on libertarian grounds. Moreover, while libertarians generally understand freedom in a negative sense, that is, as non-interference, a positive conception of freedom involving capacities to act would permit an even more flexible view of just redistribution.

Rawls's social contract

John Rawls's social contract view in *A Theory of Justice* (1971) develops two principles of justice that he argues rational individuals would agree to behind a hypothetical "veil of ignorance" regarding what positions they might occupy in society. The first of these, based on the idea that individuals would seek to safeguard their basic political liberties, is that "each person is to have an equal right to the most extensive basic liberty compatible with a similar liberty for others" (Rawls 1971: 60). The second is that society's social and economic institutions may allow economic inequalities only to the extent that they tend to promote the "greatest benefit of the least advantaged," and are "attached to offices and positions open to all under conditions of fair equality of opportunity" (Rawls 1971: 83). Well-being and benefit are measured not in terms of preference satisfaction but rather "primary social goods," such things as education or income that function as all-purpose resources for the variety of activities in which people engage. Thus Rawls's view is both egalitarian in its view of what a just distribution of resources involves, and yet also compatible with a market society in which individuals' transactions produce differing degrees of preference satisfaction.

There are other views of distributive justice (for example, the institutionalist view; see Tool 1979: 329–36), but these four have attracted the most attention from heterodox economists. In most cases, it is probably fair to say that

heterodox economists tend to draw on each of these frameworks in some degree to explain justice. Need, utility or the greatest good, rights, freedom and equality are all notions that have a place in a full normative framework. Their integration, however, requires that distributive justice become a more central concern in economics, and that the mainstream's single-minded focus on Pareto reasoning be displaced.

See also:

crime; ethics and morality; inequality; poverty: absolute and relative

Selected references

Brandt, Richard B. (1959) *Ethical Theory*, Englewood Cliffs, NJ: Prentice Hall.

Braybrooke, David (1987) *Meeting Needs*, Princeton, NJ: Princeton University Press.

Marx, Karl (1867) *Das Kapital*, vol. 1 published as *Capital*, New York: Progress.

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

Pigou, A.C. (1920) *The Economics of Welfare*, London: Macmillan.

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

Tool, Marc R. (1979) *The Discretionary Economy: A Normative Theory of Political Economy*, Santa Monica, CA: Goodyear Publishing Company.

JOHN B. DAVIS