

## DISTRIBUTIVE JUSTICE AND FREE MARKET ECONOMICS: A EUDAIMONISTIC PERSPECTIVE

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IN TODAY'S SOCIETY, a peculiar understanding of distributive justice has developed which holds that *social justice must be distributed by the coercive force of government* (Arnhart 1968; Bastiat 1968; Bragues 2009; de Jasay 2007; Dorn 2010; Ebeling 1999; Foley, Jr. 1984; Hayek 1944; Hayek 1962; Maloberti 2009; Narveson 2009; Santelli, Jr. et al. 2002). This idea, as Adam Smith in *Wealth of Nations* argues, developed most notably from the reign of Queen Elizabeth (Smith 2007) and lasted until the French Revolution (Ginzberg 2002). It became prevalent again in early to mid 19<sup>th</sup> century Europe, especially in France via the “coercive government” schemes against which Frédéric Bastiat (1968) fought.

For this author at least, the idea of an external entity imposing its will upon individuals to re-distribute justice is a perversion of the term. True, society must provide the conditions that “allow people to obtain what is their due, according to their nature and their vocation” (Catechism 2000, 899), but only by government guaranteeing our “life, liberty, and property” (Bastiat 1968) in order to permit us as humane and civilized persons to act through our voluntary association. If we see people living in poverty or without food and shelter, then we should address it through our volunteered acts of compassion. As John Dewey puts forth in *Democracy and Education*, two conditions are required for a democratic society: (1) a numerous and varied amount of interests that are consciously shared amongst members of society and which are relied upon in guiding society and (2) a fuller and freer

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interplay of various forms of private and civil association that the members can enjoy which in turn effect social habits in the democratic community.

Therefore, the purpose of this paper is to offer an alternative definition and understanding of distributive justice. This definition is grounded in the notion that “social” or distributive justice is only achieved by voluntary self-actualizing ubiquitous human interaction. Meaning, it is being distributed via the human actions of persons who are seeking their “happiness” in interaction with others who are doing the same. Hence, distributive justice is the “respect for the human person and the rights which flow from human dignity and guarantee it” (Catechism 2000, 899).

In this paper I first will overview the philosophical foundations of distributive justice. Next, I will propose a eudaimonistic definition of distributive justice. Finally, I will highlight examples of distributive justice operating in a free market economy.

## I. Roots of Distributive Justice

The perspective of distributive justice which I wish to put forward has its roots in the school of thought referred to as self-actualization ethics or *eudaimonism*. Eudaimonism holds that each person is unique and each should discover whom he or she is (the *daimon* within)—to actualize his or her true potential and to live the “good life” within the congeniality and complementarity of personal excellences of his or her fellow members of community (Norton 1976, 1991). Therefore, through the course of self-actualization a person is obligated to live up to individual expectations and the expectations of his community. Where, community is understood as being “rooted in the individual and is formed, led and enriched by distinct responsible persons. Rather than a collectivity of people, it is a mutual sharing of their particular endowments” (Niegorski 1986, 326). It is about interpersonal association, a “form of association intermediate between the individual and society-at-large” (Norton 1991, 138). Furthermore, it consists of integrated persons who interact voluntarily with one another as “whole persons” (*ibid.*):

Everything that is the person is continuous with what appears in each expression and supportive of it...Each of a person's expressions reflect one or another of [his or] her life-shaping choices and [his or] her life-shaping choices are themselves complementary to one another and contributory in their distinctive ways to the individual's enterprise of self-actualization.

In addition, these integrated persons find solidarity in a shared belief system that is “embodied in institutions and practices” and it is within this

context that we acknowledge those who are members and non-members of a community and to care for one another as whole persons (*ibid.*). Hence, this caring is best actualized by the community creating the conditions necessary for people to do self-fulfilling work.

As an extension to what has just been said about self-actualization, it is important to note six basic principles of eudaimonism (Reber 2003, 138–41):

- Self-actualization only occurs if basic needs and preconditions have been met first (freedom, physiological needs, safety needs, belongingness and love needs, and esteem needs).
- Self-actualization occurs not in socio-psychological isolation but within the context of “antecedent sociality” and “consequent sociality.” According to David Norton who is recognized as one of the leading thinkers of eudaimonism, antecedent sociality is the enculturation we receive by the society into which we are born, and hence this becomes our “moral starting point.” Whereas, consequent sociality is that sociality to which we share responsibility (Norton 1976, 253) since it is through the process of self-actualization, becoming what one is potentially, that we each contribute to the actualization of one another.
- Self-actualization is guided by a set of virtues in human cultures. Several scholars (Boyer 1995; Dewey 1991, 1997; Gardner 1999; MacIntyre 1984; Makiguchi and Bethel 1989; Norton 1976, 1991; Taylor 1989) have recognized the importance that a set of virtues plays in guiding society. For this paper, a virtue is defined as “a distinctive disposition of character that serves as utility for one’s self-actualization; defines and sustains the intrinsic goods of one’s profession which in effect helps to further the actualization of the self; and sustains the traditions that provide the context for both individual lives and professions to develop” (Reber 2003, 139).
- Self-actualization occurs only in mature individuals. According to both Abraham Maslow (1987) and David Norton (1976), self-actualization is an act of maturity. In a self-actualization study that Maslow did on university students, he concluded that self-actualization does not occur in young people or children because they “have not yet achieved identity, or autonomy, nor have they had time enough to experience an enduring, loyal, post-romantic love relationship, nor have they generally found their calling, the altar upon which to offer themselves” (1987, 126).

- Children and youth can only achieve self-actualization through “good-growth-toward-self-actualization,” i.e., learning and experience before determining one’s life-work.
- “Good-growth-toward-self-actualization” is a process that is based upon an ideal of “desert,” that is, one receiving what is due to him or her and doing what is his or hers to do. Charles Taylor states this principle as that of “fairness, which demands equal chances for everyone to develop their own identity” (1989, 59).

## II. A *Eudaimonistic* Definition of Distributive Justice

As was stated at the beginning of this paper, distributive justice is the “respect for the human person and the rights which flow from human dignity and guarantee it” (Catechism 2000, 899). However, despite this definition, people still hold to the notion that it is the government’s role to distribute social justice. Nothing could be further from the truth. The idea of a non-negotiated external entity, such as a national legislature, determining for all of society a social justice is a violation of human dignity. One cannot have both compulsion and choice. Either one is free to choose or is not free to choose.

In order to clarify this idea of distributive justice, I shall couch it in eudaimonistic terms, and refer to Norton’s concepts of proportional equality: Proportional productive equality and proportional recipient equality. Proportional productive equality “obtains when A and B are alike doing the work for which each is by nature best suited” (Norton 1991, 161). This holds that government has a responsibility to create the conditions that provide people ample opportunities to do the self-fulfilling work that is theirs to do. In other words, as I have already argued, government must protect our liberties. It is only through voluntary self-actualizing ubiquitous human interaction can a community assist its members into the *right* work. Right work in this context is work that exists or has the potential to exist in the community that can be done by those people who have the commensurable nature and capacities to do the work. This extends beyond the limits of racial, physical, cultural, or gender equity.

Proportional recipient equality “obtains when A and B alike possess the particular goods and utilities to which each is entitled” (ibid.). This means that not all people will be entitled to all goods, but all people will be entitled to only those goods that assist with their self-actualization. It is only in answering this question where things get messed up: “Who determines this?” For Plato in *The Republic* he believed that it was the role of the Guardians, i.e. the State. But for Americans, the responsibility rests in the hands of

mature, self-governing individuals who are interacting with one another through voluntary association. For children and adolescents, the process of entitlement is assisted by parents, the extended family, teachers, mentors, guides, and coaches. However, it does not rest in the hands of our current guardian—The Government. Each person is entitled to those goods that he or she requires for his or her self-development and the limits of one's entitlement are determined by the course one chooses in his or her life. To express the idea of distributive justice more concretely, I refer to Norton (1991, 121–22):

The individual who possesses self-knowledge and lives by it manifests justice, first by not laying claim to goods that he or she cannot utilize, and second by actively willing such goods into the hands of those who can utilize them toward self-actualization. What is expressed in both cases is not “selflessness,” but the proportionality of a self-responsible self that is situated in relations of interdependence with other selves that are, or ought to be, self-responsible. An individual who possesses self-knowledge and lives by its direction recognizes goods to which he or she is not entitled as distractions from his or her proper course of life...And to will to others their true utilities is at the same time the concrete expression of respect for them as ends in themselves and recognition that we stand to gain from the worthy living of others.

Thus, I can conclude with an alternative definition of distributive justice:

*Distributive justice is the allocation of goods and utilities via the voluntary ubiquitous human interaction of self-actualizing individuals who not only recognize the human dignity of the self and other and the rights which flow from and guarantee it, but also actively will goods and utilities toward the self and other so as to manifest human dignity.*

### III. Examples of Distributive Justice in a Free Market Economy

Perhaps the greatest literature I have read thus far on distributive justice and free market interaction is Frédéric Bastiat's writings on political economy, especially *What Is Seen and What Is Not Seen* (1968). I enjoyed his writings so much that I even wrote my own systems thinking free market economics activity book which goes through all twelve chapters of Bastiat's monograph of *What Is Seen and What Is Not Seen*.

But it is not necessary to provide a boring summation of my activity book. Instead, what I wish to do here is choose three examples that Bastiat gives in *What Is Seen and What Is Not Seen* and draw parallels to those examples with the economic situation we face today in order to animate the eudaimonistic definition of distributive justice.

*A. Theaters and Fine Arts (Subsidies)*

In this chapter, Bastiat rails against the idea of government subsidies to be paid out to support theaters and fine arts. In fact, what he is really attacking is the perversion of distributive justice and even invokes the term (Bastiat 1968, 11–12):

There is, first of all, one could say, a question of distributive justice. Do the rights of the legislator go so far as to allow him to dip into the wages of the artisan in order to supplement the profits of the artist? M. de Lamartine said: “If you take away the subsidy of a theater, where are you going to stop on this path, and will you not be logically required to do away with your university faculties, your museums, your institutes, your libraries?” One could reply: If you wish to subsidize all that is good and useful, where are you going to stop on *that* path, and will you not logically be required to set up a civil list for agriculture, industry, commerce, welfare, and education?

Today, the US has greatly embedded itself in subsidies. In fact, we can call the US a subsidy society. Many of us know about the farm subsidies which farmers receive, and to a great extent many think they deserve them. However, the problem of subsidies is that it is an infraction upon distributive justice. When people see a subsidy, what they see is that it increases the benefit for the person who receives it, and then they assume this is good for the economy. But what people forget, and what Bastiat points out throughout his entire monograph, is that these subsidies have to come from the taxpayer. Bastiat refers to this infraction upon distributive justice as plunder (1968, 64):

When property is transferred without the consent of its owner and without compensation, whether by force or by fraud, from the one who possesses it to anyone who has not created it, I say that property rights have been violated, that plunder has been committed. I say that this is precisely what the law is supposed to suppress always and everywhere. If the law itself commits the act that it is supposed to suppress, I say that this is still plunder and, as far as society is concerned, plunder of an even graver kind. In this case, however, it is not the one that profits from the act of plunder who is responsible for it; it is the law, the legislator, society itself, and it is in this that the political danger consists.

So, money which could have been spent upon your or my own “happiness” has now been taken away by the Government to be spent upon some other person’s happiness. Distributive justice, as now defined, has been violated, since distributed justice can only occur via the *voluntary ubiquitous human interaction of self-actualizing individuals*.

The lesson to be learned: Instead of giving people and organizations subsidies, the free market should run its course because the free market *is* the ubiquitous interactions of self-actualizing individuals who are giving and receiving goods and utilities for one and another's own "happiness," i.e. the free market *is* the socio-economic mechanism by which distributive justice operates.

### B. *Restraint of Trade*

In this section, Bastiat points out the deficiencies in passing laws which prevent individuals from acquiring goods and services. In his time it was a law to prohibit French from purchasing Belgian iron, which in effect increased the price of iron by five francs. Today, it is the Obama Administration cracking down on Chinese imports.

In either case, what happens when a trade restriction is put into place is that people are not able to acquire those utilities to assist them in furthering their self-actualization. It is a violation of their human dignity. At first, we may think that trade restrictions help save jobs, but in fact, they violate our human rights. Free trade allows more competition and more utility availability, which in turn increases economization, which in turn increases specialization, and results in lower costs. This in turn increases GDP overall. However, when a trade restriction is put into place people do not see that restraint of trade is a net loss in GDP.

Let us consider Bastiat's case of Belgian iron (1968, 27–28):

Yes, the five-franc piece thus legislatively rechanneled into the coffers of Mr. Protectionist constitutes an advantage for him and for those who get jobs because of it. And if the decree had made the five-franc piece come down from the moon, these good effects would not be counterbalanced by any compensating bad effects. Unfortunately, the mysterious hundred sous did not come down from the moon, but rather from the pocket of a metalworker, a nailmaker, a cartwright, a blacksmith, a plowman, a builder, in a word, from James Goodfellow, who pays it out today without receiving a milligram of iron more than when he was paying ten francs. It at once becomes evident that this certainly changes the question, for, quite obviously, the *profit* of Mr. Protectionist is counterbalanced by the *loss* of James Goodfellow, and anything that Mr. Protectionist will be able to do with this five-franc piece for the encouragement of domestic industry, James Goodfellow could also have done. The stone is thrown in at one point in the lake only because it has been prohibited by law from being thrown in at another.

Hence, *what is not seen* counterbalances *what is seen*; and the outcome of the whole operation is an injustice, all the more deplorable in having been perpetrated by the law.

Now, like the Belgian iron case of Bastiat's day, the same thing is happening with the Obama Administration, but to Chinese goods. In a recent Opinion section of the Wall Street Journal (2010, 11), the writer states that the 35% tariff on Chinese tires has done nothing to increase employment:

The measure hasn't boosted employment. In the first five months of this year, the number of workers at U.S. tire factories fell about 10% compared to the same period last year, according to an analysis from the pro-trade U.S.-China Business Council. The drop is part of a trend dating back at least a decade.

The lesson: If the free market is allowed to run its course, then distributive justice will exist.

### C. *Credit*

The final example is something to which every adult American can relate because of the current credit crisis. In Bastiat's case on credit, he talks about two farmers, John and James, who both wish to buy a plow from Peter but need credit to do so. The lesson here is that there is only one plow, one form of utility, and that no matter how much credit you have in the world, credit cannot increase the quantity of utility. So, the only way to distribute justice (the plow in this matter), is to determine a person's worth. In other words, is a person at a level of self-actualization where he or she is in desert of a certain kind of utility? In this case, Bastiat describes John as the honest farmer who has property, a good name, and guarantors. People *believe* in him—He has *credit*—He is *worthy*. On the other hand, James does not inspire confidence, has no guarantors, and is less reliable.

Now, under a free market system, John would receive the plow. However, under a system where Government re-distributes justice, it says to Peter (Bastiat 1968, 37):

“Lend your plow to James. We will guarantee you reimbursement, and this guarantee is worth more than John's, for he is the only one responsible for himself, and we, though it is true we have nothing, dispose of the wealth of all the taxpayers; if necessary, we will pay back the principal and the interest with their money.”

And this is exactly what has happened in the last few years. The Government has not only bailed out the bad home loans of Fannie Mae and Freddie Mac, but also it has bailed out AIG, GM, Chrysler, Goldman Sachs, Bank of America, and the list goes on and on. Is this justice?! How can this be justice



when the taxpayer's human dignity has been violated? The only outcome of this scenario will be a worsening of the economy: A decline in distributive justice causes a decline in credit worthy individuals because it enforces a psychology that says, "If the government violates my human dignity by awarding others what is my due, then what is my incentive for doing good? What the heck, if the government is guaranteeing my loan, then why should I even worry about paying it back?" As a result, loan repayments decline, taxes increase "to bail out the bums," and taxpayer disposable income declines even more. This causes GDP to decline, which in turn causes employment to decline, which then exasperates a decline in credit worthy individuals.

The lesson: If the free market is allowed to run its course, then distributive justice will exist.

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