Chapter V
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Concluding Remarks

Introduction:

The purpose of this chapter is to briefly summarise the main impressions of the fascinating intellectual journey that was made in the first four chapters in an attempt to review the literature on 'Justice in Economics'. Secondly an attempt will be made to express the researcher's reaction, responses and inspirations derived from such an intellectual exercise with a view to pinpointing the various dimensions and shades of the meaning of the phrase- 'Justice in Economics'.

Chapter I: In Chapter I an attempt is made to take into consideration the term Justice in general, its various synonymous and various aspects, as also a brief review of the theory of justice. This is followed by an elaboration of the terms social justice and economic Justice coupled with an exploration of the relations between them. It was thought necessary to supplement this presentation with theories of social justice by David Hume, Spencer and Kropotkin, form where we shift into a area of economic justice and its various manifestations in the writings of Plato, Aristotle, Thomas Aquinas, Dun Scots, Sir William Petty, Sir Duddley North, John Locke, Cantillion, David Hume, Bentham, Curnot, Gossen, Menger, Walras, Marshall and others. An attempt is also made to relate principles of harmony, equity and justice. Similarly justice as a concept in capitalist framework, in socialist framework and finally in Utopian framework has also been presented. This is followed by a precise presentation of the ideas of Centre for Economic and Social Justice established by Kelso-Adler.

Chapter II: In this chapter an attempt is made to review articles and research papers which appeared in important academic journals, periodicals and new papers. In all twentytwo research papers were sampled in a random

In this review attempt the sampling was mainly based on the criteria of the articles being concerned with directly or indirectly the issues involved in Welfare Economics. It was realised by the researcher that there is an organic interrelationship between the concept of Economic Justice and the concept of Social Welfare.

Chapter III: The third chapter is in a way a continuation of the first chapter. In the initial stage of this chapter, we review literature regarding Justice in Economics, Economic Justice and Justice in general. Justice, as revealed in welfare analysis beginning from various Utopian and Socialist frameworks is followed by more particular attention to Willian Petty, John Locke, Adam Smith, David Ricardo, J.S.Mill and Karl Marx. This is followed by a review of contributions by Pigou, Dalton, Ursula Hicks, Tiebout and Anthony Downs. This covers the period of consolidation of Pigou's Welfare approach to economic issues both at individual and social level. In the final stages of chapter III we have gone into greater details of specific contributions by R.A.Musgrave, Kenneth Arrow, Paul Samuelson, John Rawls and of course Amartya Sen.

Chapter IV: Chapter IV is an effort to highlight the nexus between the existence and operation of the Government and their relationship to realization of the concept of Economic Justice in various social contexts. This chapter examines in a brief fashion the expanding scope of Government activities and its
bearing on welfare dimensions which are ultimately connected with absence or presence of Economic Justice, its quantum and the way in which it is seen or felt. An attempt is also made to identify the relationship between capitalist economy and the scope of government activity, the socialist economy and the scope of government activity as also mixed economy and scope of government activity. Finally, an attempt is made to examine the relation between growth of the government activity and economic justice in a broad way followed by relationship between taxation and economic justice, public expenditure and economic justice and public debt and economic justice.

Critical Comments: "Responses, Reactions and Inspirations".

In the course of this interaction with minds of great intellectuals the various dimensions of justice in Economic or Economic Justice went on unfolding almost in a natural organic fashion.

The first thing to be noted is regarding semantic, it is necessary to note here that Justice in Economics, and Economic Justice have been used by us interchangeably. In fact when deciding the title of the thesis although we used the phrase - "Justice in Economics" what we had in mind was basically Economic Justice. A comparative examination of the meaning of Economic Justice as we get it by a review of literature makes it clear, that the concept of Economic Justice is to be understood at two levels. In the first place, the concept of Economic Justice can be considered as an objective concept where basically various types of equilibria both in respect to product pricing or factor pricing will have to be taken into consideration. This may include even the concept of economic efficiency to the extent that efficient production means minimisation of cost and more reasonable, accessible and affordable price of the product for the buyer. Similarly the highest level of efficiency in the factor utilisation will be that combination of factors where least cost situation is attained.
We know that in product pricing, from a producers point of view, that level of output where total profits are maximised will be point of Economic Justice. We know that in different market conditions, different levels of output result into a position of equilibrium reflecting profit maximisation i.e. The Economic Justice for the producer.

In the field of factor pricing the concept of economic justice assumes greater influence both economically and politically. We know that equality between marginal revenue productivity and wage rate is the position of economic justice both for the worker and the employer, only when there is no divergence between marginal revenue productivity and marginal value productivity. To the extent the markets are (product markets and factor markets) imperfectly competitive, there is bond to be an element of exploitation and greater the extent of exploitation the greater will be the absence of economic justice for the workers.

As a sequel to Utopian, Socialist and Communist approaches to social organisation and sustenance of individual and social life a very important consideration regarding economic justice got crystallised. In its extreme form any ownership of property involves economic injustice and increasing elimination of private property ensures more and more economic justice. Property ownership enables an individual by rights of inheritance, to live without work. Broadly speaking socialist philosophy denounces living on unearned income, in other words you must work to earn to live, it is economic justice. In a social and historical context elimination of possibilities of unearned income and parasitic living is one of the conditions for attaining both economic justice and social justice.

If we look to demand analysis, analysis of production based on concepts, like isoquants and isorevenue and various versions of production function, two versions of technical or objective interpretation of economic justice seem to emerge, the first is related to utility analysis gradually evolving into the concept
of indifference, marginal rate of substitution, revealed preference and finally game theory. It is however easy to establish the fact that economic justice in terms of equality between what you pay and what you get (pain and pleasure) is a situation, where an individual feels the most happy or the least unhappy. In the field of, production this assumes technically speaking the nature of factor substitution depending on types of technology chosen. To the extent the role of human element gets less and less important because of mechanisation and economisation, It will be possible for a smaller amount of human labour input to achieve greater and greater material wealth resulting into larger and larger opportunities for higher levels of economic justice for each. This is however true only if labour is a relatively more scarce factor. If it is not so greater reliance on mechanisation, automation and higher levels of technical application may give you much more material wealth at a cost of retrenching a large number of individuals, depriving them of purchasing power and minimum level of social living. In simple terms, unemployment in any form for any reason at any place definitely involves economic injustice.

Earlier literature regarding wage determination and concepts like minimum wage, fair wage and living wage give us one more approach to the concept of economic justice. Minimum wage is in a way a subsistence wage both in Classical and Marxist sense, whereby you do economic justice to a worker if you pay him a wage rate, which will enable him to buy food and rest for today so that he can work tomorrow. If we talk in terms of fair wage the concept of economic justice is realised if different individuals are paid relatively equal wage accounting for productivity differentials. In other words, wage differentials related to differences in efficiency are supposed to connote the existence of economic justice. The most dynamic concept of economic justice implies that over time the wages being paid to worker must enable him to reach higher and higher standard of living involving greater variety, higher quality and more culture in the content of life.
Looking back to history of economic ideas it becomes clear that in the wake of utility analysis coupled with, at a later stage, theory of taxation, a horizon emerges on which the meaning, connotations, dimensions and shades of the term economic justice assume a multi coloured design conveying fortunately at the same time a distinct profile of the entity which in economic literature we describe as welfare.

Before we examine the welfare economics, it is necessary to examine the concept of equity in its various forms. We know that equity is not equality. Equality in a way indicates a feeling of just treatment vis-à-vis economic opportunity, social and actual economic well-being or social well-being. The concept of fairness being in a way synonymous with equity in labour pricing. The concept of equity assumes greater significance in the field of public finance - in all its aspects like taxation, public expenditure, public debt etc. Starting from Smith, Ricardo, Mill, branching out in the field of contributions by Italian economists back to the main tradition from Pigou to Musgrave equity appears to be an all pervading concept.

According to Musgrave it is marginal equal sacrifice that gives us the principle of equity in taxation, in fact a principle of public finance, whereby social welfare is maximised. This assumes progressive taxation, which equates marginal sacrifice of different individuals in possession of different sizes of base of taxation. In the field of public expenditure it is a simple matter of equalisation of marginal returns of public expenditure whereby social welfare is maximised. The consideration of equity assumes greater significance in the federal form of government where due to endowment differences of different regions, intergovernmental resources transfers become inevitable. The concept of equity also becomes important, temporally when we examine effects of certain fiscal operation in respect of benefits and burdens to be shared between the present generation and the future generation. In a very simple form it can be maintained that at least in the field of public finance equity in taxation, public expenditure
and public debt ensures economic justice. To be more precise, if a fiscal operation ensures equity it renders economic justice.

Coming to the final aspect of economic justice we have to adopt a macro view point where the most important variable is social welfare. Any discussion of social welfare is essentially entwined with problem of distribution of property, income, social, political and economic opportunities. It is generally believed that access to social, political and economic opportunities, in a given society is the function of current levels of income, which in turn is a function of ownership of property. In case an individual does not own property, his opportunities depend on the income, that he earns by selling his labour both physical and mental.

One of the most widely accepted economic belief is that greater unequal distribution of wealth and income leads to greater economic injustice, implying from all kinds of society a more and more equal distribution of property and income. It is because of this belief that recent researches into measurement of equality and implications of inequality for welfare maximisation assume great significance. Despite of the fact that more equal distribution of economic capabilities ensures equity enhances economic justice and maximises social welfare, it is also realised that there are bound to be innate differences in respect of physical intellectual capacities and differences in the ownership of property and access to opportunities because of institutional structures like feudal, capitalist, socialist, a communist or a mixed society.

Given a social framework of a democratic representative government where most of the public policy decisions are taken on the basis of some refined measurable and widely acceptable method of majority, it becomes necessary to minimise both micro level and macro level exploitation of individuals in their social life. In fact all efforts in this direction will lead to greater economic justice for members of society.
Avoidance of micro level exploitation or deprivation requires first a very effective compliance of the social necessity of providing a socially required minimum living for the most disadvantaged members of the society. This may assume the nature of poor laws, social assistance, social security legislation, public policy with human face and in a very simple form, a variety of anti-poverty programmes, which in a way amount to elimination of absolute poverty.

So far as minimisation of above poverty line economic differential is concerned, economic justice will be safeguarded, if innate inter-personal differential in productive and creative ability are appropriately compensated. To avoid continuation of the innate differentials, social policy measures in the field of education, health and family welfare will have to be undertaken by the public authorities. If this is done interpersonal difference will be minimised but at the same time the social growth rate of material well-being will be maximised in the process, opportunities for further welfare maximisation will automatically multiply.

Before we conclude, it needs to be maintained that economic justice in a social framework mainly depends on the institutions of private property, inheritance, the variety of educational and health institution, and the purity of democratic systems including electoral transparency, legislative majority and executive equity. It is for this reason that the more critical creative examination of the theory of Justice as propounded by John Rawls and Amartya Sen in his ‘Development As Freedom’ is undertaken at the earliest.

Ultimately, the purpose of economic justice is to ensure that each individual gets adequate and appropriate opportunities and entitlements to suit his mental, and physical endowments, in order to generate a socially acceptable level of sustenance in a dignified manner. Most of the World Development Report and more particularly the recent Human Development Index reports, emphasise these aspects. This review of literature on economic justice can be considered completed but not comprehensive if we do not make a reference to
the ethical or religious dimension of the concept of economic justice. We know that as a social science, Economics is concerned with the intricate and complex action and motives of human behaviour and therefore it is closely connected with ethics. This relation is much closer in application where there has been increased attention to the problem of distribution of wealth, which bring into focus economic justice with greater prominence.

It is for this reason that we conclude this review by making specific references to some ideas of justice in general and economic justice in particular by the most widely known religions of the world.

We begin with Jainism. Jain doctrines are broadly divided into (a) Philosophical (b) Practical. Jain philosophy consists of ontology, metaphysics and psychology. Where as, the practical doctrines are concerned with ethics, asceticism, monasticism and the life of the 'Laity'. According to Jain ethics the ultimate aim of Life is 'Moksha' for which the possession of right faith, right knowledge, right conduct is essential. These are known as the 'Ratnattraya' the basic principles of living of jains are: 1) Non violence (2) Truth (3) Not stealing 4) Abstaining from sex 5) Giving up property.

If we examine the final principle, which is alternatively known as 'Aprigrah' it becomes clear that the most recurrent and prevalent cause of economic justice is ownership of property. Buddhism, though in its analysis and manner of preaching is simpler and more accessible to average individual, the essential philosophy is that of renunciation leading to emancipation. Keeping aside the abstract philosophical connotation, minimisation of ownership of property becomes one of the ways of achieving greater economic justice for larger number of people. It is maintained that Sikhism, like Jainism is organically related to Hinduism both in its religious thoughts and community of believers. The religious philosophy of the Gurus shows that both a continuity with and a reaction against earlier Hindu thought. It is also to be noted that though there are differences in many details, the three religions of India, Hinduism, Buddhism
and Jainism believed that the universe is not geo-centric, it is immensely large, immensely ancient and would endure for a very long time, if not forever. All these three religions believed in the maximization of welfare of the people for which ceaseless toil of every member of society is required. All these religions advocate the service of the poor and sufferers. If we go by what Bhagwad Gita says for a society, the ultimate stage of social welfare maximization means the highest level of economic justice for all, is the ultimate of a social system that is why the Bhagwad Gita says,’”

सर्वेऽ पुस्विनः सन्तु ।
सर्वेऽ सन्तु निरापदः ।
सर्वेऽ भ्रात्रणि यथातु ।
मा कः रिखत हुः खण्डनुञ्चातः ।

In other words total elimination of pain and sorrow from everybody’s life is the ultimate stage of economic justice and maximum social welfare.

If we consider the religion of Islam, the economic policy is the objective of the laws, which deal with the management of basic human needs i.e. food, shelter, education, health and security. The Islamic rules that deal with the economy are based on three principles i.e. a) Initial ownership b) Disposal of ownership c) Distribution of wealth;

Islam gives three types of ownership i.e.

a) Individual ownership
b) State ownership
c) Public ownership.
In the Islamic tradition, it is through a judicious management of these types of ownership, the means of economic justice at micro and macro level can be completely satisfied. In the Islamic tradition a continuous war against poverty has been waved as a matter of religious demand. It is not of the poverty of the nation as a whole but also the poverty of individual. The Islamic system aims at eliminating poverty from the society rather than managing the poor. One of the companion of Prophet Mohammed, Ali Bin Abu Talib stated, "If poverty were a man, I would certainly kill him." It is for the elimination of poverty that the Islamic religion uses the institution of ‘Zakat’, which means worship. In a different context, Zakat means the charity, which the Islamic society will use to eliminate poverty. In the Islamic tradition, at the macro level the main problem to be solved by the system is the poverty of the individuals, it is in this sense that the Islamic index is based on the food that is available to each and every member of the society. All this leads to conclude that,

1) Eradicating poverty
2) Minimization of inequality
3) Rationalization of property distribution
4) Equalization of economic opportunities—For all together constitute economic justice resulting into social welfare maximization.