

# Hayek's Concept of Social Justice: A Critical Assessment

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## Abstract

This paper reviews Friedrich Hayek's conceptualization of social justice. It explores the basic tenets of the concept and probes into some of the assumptions of the concept. In the process, the article highlights the issues raised with a view to use the examination of the concepts as a basis for discussion on the probity and relevance of the assumptions for developing nations.

**Keywords:** social justice, redistribution of wealth, social inequality

## 1. Introduction

In Hayek's conceptualization, the word 'justice' refers to general rules of conduct between people. Men, driven by their rational faculty, move away from what Hobbes would call the 'state of nature' to one where they have learned to coordinate the pursuit of their private goals within a context of universal abstract rules. Such rules represent the experience of the past handed down to the present. Hayek has chosen the term 'rules of just conduct' to describe "those end-independent rules which serve the formation of a spontaneous order, in contrast to the end-dependent rules of organization." (Hayek, 1976: 31) These 'rules of justice' help us to be reasonably confident about what others will or will not do. Only human conduct can, therefore be called just or unjust.

To speak of justice, argues Hayek, is to presuppose the recognition of rules which define a set circumstances wherein a certain kind of conduct is prohibited or required. Such rules distinguish between different kinds of conduct which people recognize explicitly as just or unjust. Any attempt to apply the term to a state of affairs raises problems because "a state of affairs which nobody can change, may be good or bad, but not just or unjust" (Ibid, 1976: 31) Since Hayek's ideal society order is not a product of human design, the particulars of such an order cannot be called just or unjust. Justice is viewed as a moral concept and only human deeds can be called moral or immoral, just or unjust.

This paper reviews Hayek's arguments on social justice. The paper further seeks to probe into some of the assumptions in the hope that the issues raised could be used as basis for future further discussion on the probity and relevance of the assumptions.

## 2. Social Justice

Social justice, sometimes referred to as distributive justice, is used to imply that some form of a more equal distribution of income or wealth between the various members of society is fairer and more just. Advocates of the social justice principle are of the view that to redress economic disparities, the state should be empowered to intervene and redistribute the income 'pie' in favour of the less wealthy. This involves, as Lane correctly points out, taking something away from someone in order to give it someone else (Lane, 1986).

Hayek's critique of social justice has been cogently summarized by Edward Feser who simplifies Hayek's views on social justice as follows:

First, Hayek says that justice and injustice can only be attributes of the deliberate actions of individual human beings, and not of states of affairs; in particular, that a distribution of wealth fits a certain pattern is not the sort of thing that can of itself be either just or unjust. Second, he argues that since there can be no rules of individual action the following of which would guarantee that the distribution of wealth comes out a certain way, the notion of social justice would be unrealizable even if it were coherent. Third, he holds that given the absence of such rules of action, and given also the wide disagreement that is bound to exist in a pluralistic modern society over what criteria ought to determine how economic rewards get distributed, there is no principled way in which any ideal of social justice, even if it were coherent, could be implemented consistently with the rule of law, so that the push for social justice threatens us with totalitarianism. (Edward Feser, 2005)

Redistribution of wealth, insists Hayek would imply that people should not be treated equally and this is contrary to the principles of equal application of the rules of conduct. In a market system, only a mixture of individuals' skills and luck determine where they will be placed on the ladder of income and wealth. One's relative position is not the result of anyone's deliberate action, but the outcome of a process over which nobody has any control. Justice has "no application to the manner in which the impersonal process of the market allocates command over goods and services to particular people." (Hayek, 1976: 71) It is therefore mistaken to use the word 'injustice' because nobody has acted unjustly. In other words, how can we justify taking something away from an individual who has done nothing to deserve the punishment inflicted on him? One cannot answer the question of who has been unjust.

On the opinion held by liberal reformers that a more equal treatment of society is desirable to a more

unequal one, Hayek asserts that people differ in intelligence, skill, resourcefulness, perseverance, etc, as well as in their social circumstances and physical surroundings. Once government takes upon itself that task of redistributing incomes on the basis of some 'merit' (which must be arbitrary itself), it will be faced with competing demands by different groups and individuals. Because there are no agreed rules which decide who should get what, the decisions of the government will be arbitrary. "Once politics becomes a tug-of-war for shares in the income pie, decent government is impossible" (Ibid :150). Income redistribution is branded as tyrannical, with a "majority of takers who decide what they will take from a wealthier minority (Hayek, 1960). He adds that the very idea of income redistribution cannot be defended on grounds of justice. (Hayek, 1976)

Hayek also notes that progress is impossible unless there are people with means, who can experiment with new ways of living, whether in terms of material comforts or in intangibles. If people today are able to enjoy owning a car, a refrigerator, a radio or take an air trip at modest cost, it is only because these things were put on the market as undreamed-of luxuries for all, but a few (Hayek, 1976). Many of the improvements we take for granted would never have been possible without this process of experimentation.

We wish to point out that Hayek is putting a lot of faith in the taste of the rich and the market. Is it not possible that the wealthy elite could steer the market toward expensive commodities at the expense of more useful ones that cater for the majority basic needs?

### 3. Concluding remarks

Hayek sees the increasing strength of the demand for social justice as one of the major causes of dirigisme and the rise of welfare state measures. To him, these tendencies are incompatible with the rule of law and liberty. The government in a free society has no business trying to determine the material position of particular people or enforce distributive or 'social justice. Social inequality is incompatible with liberty. Social inequality is not unjust if it is a by-product of a free society. Hayek appears to be saying social inequality is good for you, even if you happen to be poor! (Bay, 1971: 99). Any attempts by government to promote egalitarian aims reduces liberty in the Hayekian free market order.

To Hayek, the repeated calls for social justice based on redistribution of income is largely a yearning to a return to the comfortable instinctive world of the hunters and gatherers. He argues that it was the abandonment of this old morality which made the society based on market processes possible. Hayek is emphatic that there is no way in which general rules of economic behaviour can be combined with a predetermined distribution of income or wealth.

Certain questions need to be asked and perhaps addressed if this discussion is to be taken seriously. Could it be that Hayek's is sincerely unaware that he might be speaking for a particular class interest? Could it also be that Hayek's argument for an unfettered free market that should not concern itself with the redistribution of wealth has been overtaken by events?

Much as the learned professor may seek to dissociate himself from conservatism, his book *The Road to Serfdom* made him a hero among American conservatives. In 1964, a compilation entitled *What is Conservatism?* included Hayek among the twelve leading conservative thinkers with his paper, 'Why I Am Not A Conservative,' as his contribution. (Bay 1971: 97)

It can be argued that Hayek would not care about those in the developing world who live in abject poverty in a world dominated by Western military and economic might. Human nature being what it is, writes Hayek, "we cannot feel (genuine concern) about the thousands or millions of unfortunates whom we know to exist in the world but whose individual circumstances we do not know" (Hayek, 1976: 116). "Our task," he urges, "must be to continue to lead, to move ahead along the path which so many more are trying to tread in our wake... even a small decline in our rate of advance might be fatal to us." (Ibid :116). He probably assumes that the benefits of American and West European progress would simply trickle down to developing nations as well. If present indicators are anything to go by, developing countries are in for a long wait.

We will use the example of Africa's development struggle to highlight our point. According to the Hayekian perspectives rooted in modernisation theory, if Africa is to 'take off', it must evolve into a modern society that encourages a free market characterized by an entrepreneurial and competitive industrial market that should not concern itself with the redistribution of wealth issues.

The major anomaly of that paradigm is that it portrays development as an evolutionary movement towards the 'standards' of the developed countries. It fails to realize that the experience of the West cannot be universally applied to all countries. Even if all societies were to evolve on the Western lines, what would happen when some societies tampered with the natural evolution of others? The modernists failed to realize that African countries had been prevented from evolving their own systems by colonialism. As Colin Leys argues, the 'backwardness' of Africa was not an original backwardness that had once been universal. It was a 'new form of backwardness, the product of colonialism.' (Leys in Doro & Stulz, 1986: 169)

The Western countries developed at a time when the world was scientifically and technologically undeveloped. They did not have to confront the challenge of a 'more developed' world than themselves (Ahmad,

1989). Such an environment enabled them to develop their economic and political structures at their own pace. Needless to say, that pace was slow and painful. There must therefore be other processes by which one can achieve that 'modernization' since the historical circumstances of Africa and Western countries are markedly different.

African states also faced some extraordinary pressures as they struggled for viability. When they attained their independence, their economies were very weak. Their inherited economies were closely tied to the former colonial powers and were geared towards the production of raw materials. The multinational corporations (MNCs) dominated the economic activities of various countries. The MNCs were more preoccupied with the export of commodities and profits than to the employment needs of the country's poor. The small indigenous bourgeoisie lacked the expertise and experience to manage their own productive enterprises. The rural population was so close to the margin of survival that mobilization of a high volume of domestic savings was virtually impossible.

Unlike the Western countries that received massive injections of capital to rebuild their economies under the Marshall plan, the African countries had hardly begun their own industrial revolution when they were forced to hurtle towards the high-tech world of the twenty-first century. (Whitaker, 1988). At independence, most countries had to start laying foundations upon which a market economy could thrive. Whereas the post-war Western countries were rebuilding economies that had been in existence before the war, African countries were basically struggling to lay the basis for viable economies.

These empirical failings of modernization theory prescriptions have led to the loss of confidence in its validity. Those who dare to look into the future see a world of diminishing resources. At the same time they are increasingly concerned about the effects that economic growth has on the environment. Hayek needs to be reminded that the limitations of macro-economic indicators as measures of progress lead many to shift their attention to issues that address sustainable development from a holistic perspective.

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