5 Economic Justice and Economic Rights

PROPERTY AND JUSTICE

It has often been said that where there is no property, there can be neither justice nor injustice. The statement is usually meant to apply with complete generality to everything that belongs to a man by right—that which is his own or proper to him, whether innate or acquired.

As thus interpreted, the statement covers more than economic property and economic justice. We are here concerned only with the application of it to economic affairs, and especially to the distribution of wealth as that is related to the production of wealth. We are, therefore, excluding from consideration, as having no bearing on the justice of distribution, such wealth as a man obtains by charity or gift on which he has, prior to its receipt, no just claim, as well as the wealth he may obtain by seizure, theft, or other means by which he unjustly appropriates what does not belong to him.[21]

The question with which we are first of all concerned is how a man who already has some property—in the form of his own labor power, capital instruments, or both—can justly acquire additional property.

This question presupposes that if a man has no property at all—that is, if in violation of his natural rights, he is a chattel slave deprived of innate property in his labor power—he may justly claim to have that innate property restored to him; but until it is restored, he has no property whereby he can justly acquire further property.

The underlying proposition is twofold: on the one hand, when a man has no property rights in factors productive of particular wealth, he can have no basis for a just claim to property rights in the wealth so produced; on the other hand, when he owns as his property all of the instruments of production engaged in producing particular wealth, he can lay just claim to all the wealth so produced.

From this it follows that if several men together employ their respective property in the production of wealth, each man's just share in the distribution of the total wealth produced is proportionate to the contribution each has made by the use of his property toward the production of that wealth. It must be repeated once more that it is only through his productive property—his

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[21] Since property in things includes the right of control and disposition in any lawful manner, the laws relating to the transfer of property at death by will or by intestate distribution are merely regulative of special types of transfers of property by an owner. It is frequently said that the right to inherit or to receive property by will is purely artificial or statutory, meaning that it is not based on natural right. While no one has a natural right to receive property by will or inheritance (because no one, as a matter of justice, has a right to receive a gift), the owner of property does have a natural right to control and dispose of it. The justice of laws regulating transfers by will, and therefore of the laws regulating inheritance (which are by custom relied upon as substitutes for affirmative disposition by will), must be measured by the standards governing the relations between the State and the owners of property.

capital instruments or his labor power—that a man can participate in the production of wealth as an *independent* contributor. The slave whose labor power is owned and used by his master is not an *independent* contributor; hence he cannot, as a matter of strict justice, claim any share in the distribution of the wealth produced.

Two hypothetical cases will help us to clarify this basic point. They are stated in terms of the so-called Crusoe economy, a device so often used in the literature of economics.

(1) Imagine first the economy of Robinson Crusoe, before the advent of Friday but after he has taken possession of the island, domesticated a few animals, devised some hand tools, etc. All the further wealth he produces comes from the productive use of Crusoe's own capital and labor power. Part of Crusoe's output may be additional capital goods; the rest, consumables. To whom does it all belong? No one would hesitate for a second to give the one and only right answer: Crusoe. *A man is justly entitled to all the wealth he himself produces.*

(2) Imagine next the same island economy complicated by two additional factors. One is Friday, who, for the purposes of the example, shall be Crusoe's chattel slave in violation of his natural rights. The other additional factor is another man, by the name of Smith, whom Crusoe does not enslave. Since Crusoe owns the island, all the capital goods thereon, and the one available slave, Smith enters into an arrangement with Crusoe whereby he will participate in the production of wealth by contributing his own labor power for which, after some bargaining, it is agreed that Smith shall receive some share in the distribution of the wealth produced.

The fact must be noted that the only way Smith can participate in the production of wealth is by using his own property—the only property he has, namely, his own labor power. Only by contributing his labor can Smith's participation in the production of wealth be the basis for a just claim to a share in the distribution of the wealth produced.

Crusoe's man Friday, his goat, his dog, his tools, and his land all more or less actively participate in the production of wealth. But since their participation does not involve any property on their part, it affords no basis for their claiming a share in the distribution of the wealth produced.

Crusoe gives his dog, his goat, and Friday enough to keep them alive and serviceable. Since they participate in production as Crusoe's property and not independently, he can rightfully claim as his all the wealth they produce. It is his to give them as he pleases or not. But since Smith participates in production, not as Crusoe's property used by Crusoe but independently and by the voluntary use of his own labor, he has a right to claim a share in the distribution, as Friday, for example, does not.

What is Smith's just share? Suppose, in this hypothetical case, that it could be known that the value of Smith's contribution to the total production of wealth was one-tenth of the value of the total final product, the other nine parts being contributed by Crusoe's own labor and capital (*i.e.*, all the forms of productive property he owns). On that supposition, can there be any doubt at all that Smith's share in the distribution should be one-tenth of the total? If it is evident that a man is justly entitled to all the wealth he produces, does it not follow with equal clarity that, when several men jointly produce wealth, each is justly entitled to a distributive share that is proportionate to the value of the contribution each makes to the production of the wealth in question?

The foregoing hypothetical cases exemplify the principle of justice with regard to the distribution of wealth to those who have participated in its production by the use of their own productive property—their capital or labor power, or both. They show us concretely what it means to say that each independent participant is entitled to receive a distributive share of the total wealth produced; and that in each case the distributive share, to be just, must be strictly proportional to the contribution that each makes toward the production of the total wealth by the use of his own property.

This is the only principle whereby the distribution of the wealth produced can be justly grounded on the rights of property engaged in the production of wealth. It is furthermore the only distributive principle that is based on the recognition of the rights of property in productive factors, for the essence of such property lies in the right of the owner to receive the portion (or proportionate share) of the wealth which the productive factor owned by him produces.[22]

In order to apply this principle, we must be able to assess the economic value of the contribution made by each of the independent participants in production. How can their economic value be impartially or objectively determined, and determined in a way that is consonant with the institutions of a free society? More specifically, what assesses the value of the contribution to production made by factors A, B and C, in terms of which the owners of such factors are entitled to receive proportionate shares of the total wealth produced?

Our answer, in brief, is: *free competition*.

FREE COMPETITION AS THE DETERMINANT OF VALUE

In the opening chapter of *Capital*, Karl Marx announces that, in elaborating on a theory advanced by Ricardo, he alone has solved a problem that Aristotle first raised but failed to solve; namely, the problem of finding an objective measure of the economic value of goods and services, so that a just exchange of commodities is possible.

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[22] There are other distributive principles not based on justice or property rights. One is the principle of charity. To continue with the example we have been using, suppose Friday had a sister who became Smith's wife and bore him five children. If Smith's contribution to the production of wealth in the Crusoe economy continued to be no more than one-tenth of the value of the total annual output, his annual income would probably become woefully insufficient for the support of his household of seven. In that case, Crusoe might give him something to supplement the income he earned. Since Smith had not earned this additional wealth, it would represent a charitable distribution on Crusoe's part.

Marx accepts Aristotle's principle of justice in exchange as requiring that the things exchanged be of equal value. He refers explicitly to the pages of Book V on Justice in Aristotle's *Ethics*, and especially to Chapter 5 where Aristotle raises the question of how we can equate the value of beds and houses so that a certain number of beds can be justly exchanged for a certain number of houses.

Aristotle recognized, Marx says, that we cannot equate qualitatively different commodities, unless they can somehow be made commensurable; but lacking any objective and common measure of their exchange value, he found that there was no way to commensurate qualitatively different things. Marx quotes Aristotle as declaring that "it is impossible that such unlike things can be commensurable"; and then adds that Aristotle "himself tells us what barred the way to his further analysis; it was the absence of any concept of value. What is that equal something, that common substance which admits of the value of the beds being expressed by a house? Such a thing, in truth, cannot exist, says Aristotle."[23]

At this point, Marx offers his own solution of the problem which, he says, Aristotle failed to solve. The objective and common measure of exchange value is human labor. According to the labor theory of value, two qualitatively different things can be made commensurable by measuring both by the amount of human labor involved in their production, and when thus measured, things of equivalent value can be justly exchanged.

Turning now to Book V, Chapter 5, of the *Ethics*, we find Aristotle saying, as Marx reports, that a just exchange of qualitatively different things requires that they be of equivalent value; and that

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[23] *Capital*, Book I, Part I, Ch. 1, Sect. 3. "The brilliancy of Aristotle's genius," Marx tells us, "is that he discovered, in the expression of the value of commodities, a relation of equality. The peculiar conditions of the society in which he lived alone prevented him from discovering what, 'in truth,' was at the bottom of this equality." Living in a society that "was founded upon slavery, and had, therefore, for its natural basis, the inequality of men and of their labor powers," Aristotle, Marx thinks, was "prevented from seeing that to attribute value to commodities is merely a mode of expressing all labor as equal human labor."

this in turn requires some way of commensurating their value. "All goods," Aristotle declares, "must therefore be measured by some one thing," and "this unit," he then says, "is in truth demand, which holds all things together; for if men did not need one another's goods at all, or did not need them equally, there would be either no exchange or not an equal exchange."[24] Aristotle admits, as Marx says, that it is impossible for the qualitatively heterogeneous to be made perfectly commensurate; "but," he immediately adds, "with reference to demand they may become so sufficiently."[25]

So far as we know, Marx and Aristotle offer the only recorded solutions to the problem of how to commensurate the value of heterogeneous things in order to determine equivalents for the purpose of justice in exchange. If Marx's labor theory of value is false, as we contend it is, then Aristotle's solution is the only one available; and, as he says, it is sufficient for all practical purposes even if, under actual market conditions, it falls short of perfection.

The exchange value of goods and services is, in its very nature, a *matter of opinion*. Only where free and workable competition exists does the value set on things to be exchanged reflect the free play of the opinions of all, or at least many, potential buyers and sellers. Any other method of determining values must involve the imposition of an arbitrary opinion of value, an opinion held by one or more persons or an organized group; and such a determination of value, to be effective, must be imposed by force. We submit that the human mind can conceive of no other accurate, objective, and

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[24] *Nicomachean Ethics*, Book V, Ch. 5, 1133[a]27-29. We would say today not "demand" but "supply and demand," or "free competition." However, these are merely different expressions for the same thing.

[25] *Ibid.*, 1133[b]19-20. We might add that any variance between the absolutely just relative values of two things being exchanged and the values at which they are in fact exchanged in a particular market merely reflects variances from *perfect competition* in the market. Aristotle is in effect saying that the free and workable competition that is attainable in a market exempt from all monopolistic restraints results in a determination of values which makes goods and services sufficiently commensurable and makes just exchange possible.

impartial determinant of economic value, once the fallacious labor theory of value has been discarded.

What has just been said about free competition as the only accurate, objective, and impartial means of measuring the equivalence of values for the purpose of justice in the exchange of heterogeneous commodities is equally applicable when the purpose is one of measuring the relative contribution of different factors in the production of wealth, in order to allocate a just distribution of the wealth produced among the owners of these productive forces.[26]

One further point should be observed in passing. If the labor theory of value were true—that is, if labor and labor alone were the source of all value in economic goods and services—then labor would be entitled, in strict justice, to the whole of the wealth produced. According to this theory, labor, either in the form of living labor or, as Marx suggests, in the form of "congealed labor" (*i.e.*, the labor that is accumulated and congealed in machines), contributes everything to the production of wealth except what nature itself affords. Hence, everything produced would belong to labor as a matter of just requital.[27]

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[26] In a money economy, the unit of measurement of value is, of course, the unit of money employed.

[27] Twenty years before the *Communist Manifesto*, the Preamble of the Mechanics' Union of Trade Associations (Philadelphia, 1827) declared that labor was the source of all wealth, but instead of demanding all the wealth labor produced, they asked only for an equitable share of it, *i.e.*, that which could be "clearly demonstrated to be a fair and full equivalent" for the productive services they rendered. That they did not think of a "fair and full equivalent" as *all* the wealth they produced is indicated by the following passage: "We are prepared to maintain that all who toil have a natural and unalienable right to reap the fruits of their own industry; and that they who by labor (the only source) are the authors of every comfort, convenience, and luxury are in justice entitled to an *equal participation*, not only in the meanest and coarsest, but likewise the richest and choicest of them all" (italics added). Equal participation left something for the owners of capital who did not, under this theory, contribute anything to the production of wealth. Marx was more consistent and thorough. He carried the labor theory of value to its logical conclusion; namely, that any return whatsoever to owners of capital who do not themselves work is *unearned increment* on their part, obtained unjustly by the exploitation of labor.

Hence if the labor theory of value were true and if a just distribution of wealth were to be based upon it, there would be no problem of how to divide the wealth produced as between the owners of property in capital and the owners of property in labor power. Marx might then be right in arguing that capital property in private hands should be expropriated, and in recommending that the State, having "expropriated the expropriators," should operate all capital instruments for the general welfare of the working masses, to whom all the wealth produced should then be distributed according to their individual needs.[28]

Since, as we maintain, the labor theory of value is false, and capital is a producer of wealth in the same sense that labor is, all the consequences drawn from the labor theory are wholly without foundation. We are therefore confronted by a problem to be solved—one which, so far as we know, has not yet been solved. That is the problem of achieving a just distribution of the wealth produced in an industrial society, while at the same time (1) preserving the prosperity of the economy, (2) securing economic welfare by a satisfactory general standard of living for all, and (3) maintaining the economic and political freedom of the individual members of the society.

To that problem we now turn.

[28] It should be pointed out that even if the labor theory of value were true, and even if it justified placing all capital instruments in the hands of the State so that the wealth produced by "congealed labor" could be shared by all living laborers, it would not provide a just principle of distribution, useful in solving the problem of what shares individual workers would be entitled to receive relative to one another. This explains why Lenin argued against any system of distribution that is based on the rights of workers—equal rights or unequal rights—instead of upon their needs. See his tract entitled *The State and Revolution*, Moscow, 1949: Ch. 5, especially Sects. 3 and 4.

THE PROBLEM OF JUSTICE AND WELFARE IN AN INDUSTRIAL ECONOMY

If the increasing productiveness of labor were the sole source of the increasing output of wealth per man-hour employed, labor could justly claim a larger and larger distributive share of the total wealth produced, by virtue of contributing more and more to its production. An objective evaluation of the services of labor through free competition among all relevant factors in production would automatically award ever increasing wages as a just return for the services of labor. As the total wealth of the economy increased, the standard of living of those who worked for a living would rise.

But as we have already pointed out, the productiveness of submanagerial and subtechnical labor is a relatively diminishing quantity as the productiveness of the whole economy increases with the introduction of productive forces other than human labor. If a competitive evaluation of the contribution of labor were then to set wages at a level which labor could justly claim as a return for its services, labor's standard of living might dwindle to bare subsistence or even fall below it.

Hence in an economy in which the wealth produced is distributed in accordance with the one principle of justice we have so far considered, that principle of distributive justice might work against the welfare of the great mass of men who work for a living, whose only income-bearing property is their own labor power, and whose only income takes the form of wages.

Such conflict would not necessarily occur in a pre-industrial economy, in which human labor was the chief productive factor and in which each man had property in his own labor power (*i.e.*, no man being owned by another as a chattel slave). But the case of an industrial economy is exactly the opposite. As the machines of an industrial economy become more and more efficient in the production of wealth, the problem of the conflict between distributive justice and the welfare of workingmen becomes more and more aggravated.

Before we examine the problem further, let us be sure that the truth about the relatively diminishing productiveness of human labor is clearly seen. The comparison of two slave economies, one more and one less productive, will help us to compare pre-industrial with industrial economies, and less advanced with more advanced industrial economies. In each of these comparisons, the greater productiveness of one economy over the other will clearly be seen to result from productive factors other than mechanical labor.

Let us first consider the hypothetical case of a slave economy in which every man is either a master or a chattel slave. Let us further suppose that each slave owner participates in the production of wealth without any use of his own labor power, but only through the use of his capital property, including the slaves he owns. On this supposition, the total wealth produced would belong to the slave owners; and, other things being equal, more would go to a slave owner who used more land and slaves than to one who had less of such property to use in the production of wealth. Here we see a just distribution of wealth based on participation in production through the use of one's property, no part of which is one's own labor power.[29]

Now let us consider two slave economies, *Alpha* and *Beta*, and let us imagine them as differing in one respect and only one. The slave owners in *Alpha* own beasts of burden as well as human

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[29] Questions about how the slave owner acquired the property he has at the beginning of a particular year may be relevant to other considerations, but not to the matter at hand. We are concerned here only with the total wealth produced in that particular year, at the start of which two slave owners differ in the productiveness of the capital they own. During that year, let us suppose that each employs his property to its fullest productive capacity, and neither contributes his own labor. At the end of that year, the man with the more highly productive capital employed is entitled to a larger share of the total wealth produced than the man with less productive capital involved, for his property has made a larger contribution toward its production.

slaves, while the slave owners in *Beta* have slaves to use but no animals. All other productive factors are equal in the two economies, *i.e.*, both have the same natural resources, the same hand tools, and the same type of slaves (*i.e.*, the slaves in the two cases have equal strength and skill); and, in addition, the slaves who are household stewards and supervise the work of other slaves are equally diligent and efficient.

In which of the two economies is more total annual wealth likely to be produced—*Alpha* with beasts of burden, or *Beta* without them? The answer is *Alpha*, of course.

Since the reason for this answer is that *Alpha* involves a productive factor (animal power) not involved in *Beta*, it is perfectly clear that one economy can be more productive than another without that greater production of wealth resulting from the greater productiveness of its human labor. And if that is clear, is it not equally clear, according to the principle of justice stated, that the distributive share to which labor would be justly entitled does not necessarily increase with every increase in the total productiveness of the economy?

Now, then, substitute machines for animals; and for slaves, substitute men with property in their own labor power. With these substitutions, let *Alpha* be an industrial economy and *Beta* a nonindustrial one. All other factors being equal, *Alpha* will annually produce more wealth than *Beta*; but the contribution of labor, as compared with all other forms of property, will be no greater in *Alpha* than in *Beta*.

The same relationships will hold if *Alpha* is an advanced industrial society with powerful and automatic machinery, and *Beta* is a relatively primitive industrial economy, with few machines and poor ones.

Hence we see that the greater productiveness of one economy as compared with another can be attributed to labor only if, all other productive factors being equal, one economy employs more man power than another, or if, with equal amounts of man power employed, there is some difference in its average skill or strength.

Where it cannot be attributed to mechanical labor, and where, in fact, such labor power makes a relatively diminishing contribution as compared with all capital instruments of production, men who participate in production only through the use of such labor power may be justly entitled to so small a share of the total wealth produced, and would receive on a competitive evaluation of their contribution so small a share, that it may become necessary for them to use the power of labor unions, supported by the countervailing power of government, in order to obtain a reasonable subsistence or, better, a decent standard of living.

Laboring men may thus get what they need, even if it is more than they have justly earned by their contribution to the production of the society's total wealth. And if they do get more than they have justly earned, the distributive share paid out to the owners of capital must necessarily be less than the productive use of their property has justly earned for them. When this occurs, the rights of private property in capital instruments have been invaded and eroded, just as much as the rights of private property in labor power are invaded and eroded whenever the owners of such productive property are forced to take less than a competitively determined wage.

We are, therefore, confronted with this critical problem. In an industrial economy such as ours, is it possible to order things so that (1) all families are in a position to earn what amounts to a decent standard of living, (2) by an organization of the economy which preserves and respects the rights of private property in capital instruments as well as in labor power, and which (3) distributes the wealth produced among those who contribute to its production in accordance with the principle of distributive justice stated above?

We know that Soviet Russia claims or hopes eventually to be able to give all its families a decent standard of living. But we also know that its economy is based on the abolition of private property in capital instruments, and that it violates the principle of distributive justice insofar as it gives to each according to his needs, not according to his deserts. State ownership of all capital instruments and the governmental distribution of wealth in a charitable fashion may be able to achieve human welfare so far as the general standard of living is concerned, but such concentration of economic and political power in the hands of the officials who manage and operate the machinery of the State cannot help infringing, thwarting, or destroying the freedom of all the rest.

We know that in the United States we have already accomplished what Soviet Russia eventually hopes it can do to provide a generally high standard of living. But we also know that the distribution of wealth in this country has largely been effected by the power of labor unions supported by the countervailing power of government, by redistributive taxation, and by government spending to promote full employment. While more than 90 percent of the wealth is produced by capital instruments, about 70 percent of the resulting income is distributed to labor. Hence while private property in capital instruments still exists nominally, property rights are attenuated or eroded by withholding from the owners of capital the share of the wealth produced that is proportionate to the contribution their property makes.

The economy of the United States, or what some of its enthusiastic exponents call our "welfare capitalism," is hardly a system based on property rights and distributive justice. We may have succeeded in meeting requirement (1) of the three *desiderata* stated on the preceding page, but only at the expense of sacrificing requirements (2) and (3).

Can the problem be solved? We think it can be, in spite of the fact that, in an advanced industrial economy, the contribution of mechanical labor to the production of wealth has diminished to the point where the return to which it is justly entitled and which it could obtain in a freely competitive market might well fall below mere subsistence, not to mention a decent standard of living.

With every future phase of technological progress, the discrepancy between (a) the contribution of labor to the production of wealth and (b) the income needed by workers to maintain a desirable standard of living must necessarily widen. But with every technological advance, the increasing productiveness of capital instruments also makes the solution of the problem more feasible.

That solution is based on full respect for property rights and on principles of economic justice which not only respect such property rights but also recognize that each man (or, more accurately, each household) has a natural human right to participate in the production of wealth through the ownership and application of productive property (either property in labor or in capital instruments or in both) to a degree sufficient to earn for that household a decent standard of living.

So far we have stated only one of the three principles of justice that constitute the solution of the problem. By itself, it is inadequate, as will be seen when we show why it needs to be supplemented by the other two.[30]

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[30] An industrial economy faces another problem, which is neither one of justice nor of charity in the distribution of wealth. It is the problem of maintaining a level of consumption adequate to ever increasing levels of productiveness. If it fails to solve this problem, an industrial economy is prone to cycles of boom-and-bust in a mounting series of economic crises of the sort that Karl Marx predicted would bring about the eventual and inevitable collapse of capitalism. His prediction that capitalism will sow the seeds of its own destruction is based, of course, on his assumption that what he called the "capitalistic exploitation of labor" would persist in keeping wages at a bare subsistence level. Since the few who were capitalists could consume only a small portion of the goods an industrial society was able to produce; and since the laboring masses kept at a bare subsistence level did not have enough purchasing power to consume the residue, Marx argued that mounting crises of overproduction and underconsumption are inevitable. Only the widely diffused purchasing power that represents a generally higher standard of living can solve this problem. No plan for the organization of an industrial economy, no matter how just, has any practical significance unless it also solves this problem of the economy's self-preservation. Granting that, we are confronted with these alternatives: (1) Can an industrial economy be saved from self-destruction by adopting principles of economic justice, with full respect for all human rights, including those of private property in capital as well

THE THREE RELEVANT PRINCIPLES OF JUSTICE

Justice, in its most general formulation, imposes the following moral duties or precepts upon men who are associated for the purposes of a common life: (1) to act for the common good of all, not each for his own private interest exclusively; (2) to avoid injuring one another; (3) to render to each man what is rightfully his due; and (4) to deal fairly with one another in the exchange of goods and in the distribution of wealth, position, status, rewards and punishments.

The one principle of justice already stated in this chapter is a special application of the fourth precept to the distribution of shares in the wealth produced among those who have participated in its production. When, according to this principle, the distributive share rightfully due a participant in production is determined, the third precept becomes applicable, for it commands us to render unto a man whatever is his due.

As we pointed out, two more principles are needed to solve the problem stated in the preceding section. The second principle is a special application of the third precept alone for, quite apart from particular exchanges or distributions, it is concerned with the economic rights of individuals and with the obligation of society to see that every family gets its due in accordance with such rights. The third principle calls for whatever legislative regulation of economic activity may be needed to prevent some individuals from injuring others by pursuing their private interests in a way that violates the

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as in labor? Or (2) must it resort to principles of charity and welfare in order to effect a generally higher standard of living, and in doing so violate certain principles of justice by invading the rights of private property in capital (as in the United States) or by abolishing them entirely (as in Soviet Russia)? We think that the first alternative is not only possible, but that it is also morally and humanly better than the second, because by a just organization of the economy it preserves political liberty and gives men individual freedom as well as the economic welfare that is necessary, though not sufficient, for a good life. But it will take the capitalistic revolution we are advocating to bring this about.

economic rights of others. It is a special application of the second precept of justice given above, and indirectly of the first as well.

As applicable to the production and distribution of wealth, these three principles of justice can be briefly stated in the following manner:

1. THE PRINCIPLE OF DISTRIBUTION

Among those who participate in the production of wealth, each should receive a share that is proportionate to the value of the contribution each has made to the production of that wealth.

(It will be seen that this is another way of saying that each participant in production is rightfully entitled to receive the wealth he produces. Where all exchanges, including those which are part of the process of production and distribution itself, are impartially evaluated through free competition, the share received by each participant, paid in money, is the equivalent in value of the contribution he has made.)

2. THE PRINCIPLE OF PARTICIPATION

Every man has a natural right to life, in consequence whereof he has the right to maintain and preserve his life by all rightful means, including the right to obtain his subsistence by producing wealth or by participating in the production of it.

(It will be seen that this is another way of saying that everyone has a right to earn a living by participating in the production of wealth. Since a man who is not a slave can participate in the production of wealth only through the use of his own productive property, *i.e.*, his own labor power or capital, the right to earn a living is a right to property in the means of production. The principle of participation, therefore, says that every man or, more exactly, every household or consumer unit must own property in the means of production *capable*, if employed with reasonable diligence, of earning by its contribution to the production of wealth a distributive share that is equivalent to a viable income.)

3. THE PRINCIPLE OF LIMITATION

Since everyone has a right to property in the means of production sufficient for earning a living, no one has a right to so extensive an ownership of the means of production that it excludes others from the opportunity to participate in production to an extent capable of earning for themselves a viable income; and, consequently, the ownership of productive property by an individual or household must not be allowed to increase to the point where it can injure others by excluding them from the opportunity to earn a viable income.

(It will be seen that this is another way of saying, first, that chattel slavery is unjust, for it makes men propertyless and thus deprives them of their natural right to earn a living by their ownership of any means of production; and, second, that, in an economy in which the private ownership of capital as well as labor is the basis of an effective participation in the production of wealth, injustice is done when the ownership of capital is so highly concentrated in the hands of some men or households that others are excluded from even that minimum degree of participation in production which would enable them justly to earn a viable income for themselves.)

If the meaning of these three principles is clear; if the relation of the second to the first and of the third to the second is also clear; if their special significance for an industrial as opposed to a nonindustrial economy is seen; and if it is understood how the operation of these three principles would solve the problem stated in the preceding section, the reader does not need the amplification which follows in the remainder of this chapter. It is offered to provide a commentary that may be needed. It sets forth, in the light of the foregoing principles, the conditions requisite for the just organization of any economy, and especially of a capitalist economy.

THE ORGANIZATION OF A JUST ECONOMY

To show how the first principle is supplemented by the second, and the second by the third, we will discuss the three principles in the order named.

(1) *The Principle of Distribution.* While the fourth precept in the general formulation of justice is almost exclusively concerned with economic transactions so far as exchanges are concerned, it has both political and economic application with regard to distributions.

Exchangeable goods are largely economic goods—commodities and services which have exchange value. Here the rule of justice is the simple rule of equality: that in the exchange of heterogeneous goods, the things exchanged should be of equivalent value. On the other hand, as the fourth precept indicates, wealth is not the only thing that is subject to distribution among men.

Political status and position can be justly or unjustly distributed. The rule of justice here is that equals should be treated equally, and unequals unequally in proportion to their inequality. The application of this rule depends on the ascertainment of the facts of equality and inequality.

The fact that men are by nature equal makes the democratic distribution of citizenship—universal and equal suffrage—just.[31]

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[31] The assertion that all men are by nature equal means that all are alike in their natural possession of the dignity of being human and, as persons, of having the natural endowments of reason and freedom which confer on all the capacity for active participation in political life.

From this fact it also follows that all oligarchical restrictions of citizenship and suffrage are unjust for, in restricting this fundamental political status, to which all men are entitled, oligarchies treat equals unequally.

The other fact, that men are individually different and unequal in their innate talents and acquired virtues, calls for an unequal distribution of political offices or functions. Some men by their individual merits are better qualified than others to perform the special functions of government above the basic plane of political participation on which all men are equally entitled to operate as citizens. To the extent that a democracy selects men for its hierarchy of public offices or functions according to their merit, it distributes these posts justly; for it thereby treats unequals unequally and proportionately, placing men of greater ability in positions of greater responsibility. What we have called a “rotating aristocracy of leaders” is as essential to the political justice of a democracy as is the institution of equal suffrage for all men.

The foregoing brief statement of the principle of distributive justice, as applied to the basic political status of citizenship and the hierarchy of public offices, prepares us for the statement of an analogous application of the principle to the distribution of wealth among the households of a community.

Considering *only* those who are engaged in the production of wealth, and relying on free and workable competition as the only way to ascertain the facts about the equal or unequal value of the contributions made by each of a number of independent participants in production, distributive justice is done if the share (whether in the form of wages, dividends, rents, etc.) received by each participant in production is proportionate to the value of his contribution to production.

Concretely stated, this means that if A, B, C and D are four persons or families in a society having only four independent participants in the production of wealth; and if, through the use of the productive property they own, A, B and C contribute to the total wealth produced in the ratio 3, 2, 1, then the distributive shares they should receive, according to their just deserts, should also be in the ratio of 3, 2, 1. And if the contribution of D, the fourth member, is equal to that of A, B or C, his distributive share should in justice be equal to that of A, B or C.

We can now explain why this principle is by itself inadequate to solve our problem or to set up a just economy.

As stated, the principle does not take account of every man's natural economic right to share in the distribution of wealth as a result of participating in its production. It looks only at the actual facts of participation without questioning whether the existing state of affairs is just in other respects, *i.e.*, whether it provides every household with the opportunity to participate in production to an extent capable of earning thereby a viable income.

Thus, for example, the principle of distributive justice might be operative in a pre-industrial slave economy even though that economy were unjust in other respects. It would be unjust insofar as it deprived the men whom it enslaved of their natural right to earn a living and, consequently, of their right to life itself. It would also be unjust insofar as the concentrated ownership of labor power by a small class of slave owners prevented other men who were not slaves from earning by their own labor a viable income for themselves or families. Nevertheless, under such unjust conditions, distributive justice would still be done if the slave owners, who were also the major landowners and owners of hand tools and beasts of burden, received the major share of the wealth produced because the major portion of that wealth had been produced by their property, *i.e.*, the means of production (land, tools, labor, etc.) which they owned.

Before we turn to the second and third principles of justice—the principles of participation and limitation—it is necessary to remind the reader of something said at the end of Chapter Four; namely, that these three principles of justice apply only to primary distribution, and not at all to secondary distributions, for it is only the primary distribution of wealth that directly results from participation in its production. It is also necessary to deal with a problem which may have arisen in the reader's mind with respect to the principle of distribution that we have been considering. Facing this problem here may not only prevent certain misunderstandings of that principle, but may also contribute to the understanding of the other two principles which are still to be discussed.

The problem to be faced arises from the consideration of those aspects of human society which contribute to the production of wealth where such contributions are not paid for. The most obvious of these things, especially from the point of view of an industrial society, is accumulated scientific knowledge together with the dissemination of it through the educational system. But other things can also be mentioned, such as good public roads, an efficient postal system, adequate care of public health, and other services of government which protect or facilitate productive a ctivity.

If certain factors enter into the production of wealth for which no one is paid because these factors do not represent private property for the productive use of which anyone can justly claim a return out of the primary distribution of the wealth produced, then how can it be said that each participant in production receives a distributive share that is proportionate to the competitively determined value of his contribution? Is there not a leak here?

If in the primary distribution of the total wealth produced, that total is divided among those alone who, by their labor or capital, have participated in its production, do they not inevitably receive some portion of the wealth that unpaid-for factors have contributed to producing? And do not these unpaid-for contributions especially benefit the owners of capital instruments which embody scientific discoveries or inventions that have not been protected by copyrights or patents or upon which the statutory copyright or patent protection has lapsed? Does not the income they receive for the contribution made to production by such capital instruments contain and conceal an "unearned increment"—a payment to them for something they did not contribute? If it does, then there is something wrong or inadequate in our principle of distributive justice which asserts that the distributive shares should in every case be proportioned to the value of the contribution made by those who actually participate in production through their ownership of currently active productive property, whether capital or labor or currently furnished raw materials.

We contend that the principle of distributive justice as stated is neither wrong nor inadequate. To begin with, this can be clearly shown with regard to the contribution that scientific discoveries and inventions make to the inherent productiveness of a technologically advanced industrial society. What can be said on that score applies to all the other unpaid-for factors that have been mentioned as grounds for questioning the justice of the distributive principle which should be operative in the primary distribution of wealth in a free society.

It is true that the construction and use of capital instruments and related techniques of production do involve the appropriation, from mankind's funded knowledge, of ideas without which we would still be obtaining our subsistence in the most primitive manner. It should be noted, in the first place, that the ideas thus appropriated come from knowledge that is the achievement of the human race as a whole, not just our own society; and noted, in the second place, that even where some specific new discovery or invention has been recently made within our own society, and is then technologically applied to the production of wealth, that recent discovery or invention invariably involves the appropriation and use of innumerable "old ideas" or elements of applicable knowledge that have been in mankind's possession for centuries, *e.g.*, the wheel.

The present inventor of an electronic control instrument which would eliminate the human control of some widely used productive machinery may contribute something quite novel. It may even be patentable under existing patent laws which, if the inventor takes advantage of them, would give him for a limited length of time a right (*i.e.*, a property right) to charge a royalty for the use of his invention; after which time, the idea becomes "public domain" and can be appropriated by anyone without payment of royalty to the inventor or his heirs. But this new invention, even if it is capable of being patented, depends of necessity upon the contributions of thousands of scientists, mathematicians, discoverers and inventors in the past.

Readily granting the importance and propriety of laws that encourage inventors by enabling them to obtain, for a limited time, a property right in their contribution to production, there can be no question that all the technologically applicable knowledge that lies back of inventions, which can be protected by patent laws, properly belongs, upon the expiration of statutory patent rights and copyrights, in the public domain. It is the common inheritance of all men simply because they are men; *and precisely because it is common, all have an equal right to use it just as all have an equal opportunity to add to it.*

The equal right of every man to appropriate and use knowledge that belongs to all men in common certainly does not entitle those who make no use of such knowledge to share equally in the wealth produced by those who take advantage of their right to use it by putting it to work in a productive instrument or process. Yet that is the only distributive effect which could follow from supposing that, since the knowledge is the common possession of all, all should stand to profit equally from its use.

To recognize that injustice would be done by thus treating equally those who, with respect to knowledge in the public domain, have not made an equal effort to use it productively is to see that the principle of distributive justice, *as stated*, is neither wrong nor inadequate, even when we take into account the contribution to production that is made by the technologically applicable knowledge that is the common possession of mankind.

The equality of men with regard to useful knowledge is an equal right to the opportunity to master it, use it, and take advantage of it. Men who use the common knowledge that spoiled food may be poisonous do not share the illness of those who remain ignorant or fail to apply such knowledge. It is said that one of the great technological feats of mankind was the domestication of animals. Once that was achieved, did the men who had the opportunity to take advantage of it, but did nothing about it, have a just claim for sharing equally with those who captured and domesticated animals for use as instruments of production?

Society and the State may well have a duty to all men to afford them an equal opportunity to make use of the funded common knowledge of mankind. A system of universal, free public schooling goes a long way toward creating such equal opportunity for all. The existence of free public libraries is another step in the same direction. But Society and the State cannot have a moral responsibility to see that those who take advantage of such opportunities to acquire knowledge which they then subsequently put to use in the production of wealth should share in the proceeds of production on an equal basis with those who, having the same opportunities, make no use of them. That would not be justice but rank injustice.

The production of wealth is a current activity for a current result. If a man produces something by his labor and sells the product in a free market, he has currently received the return for his efforts and has no further claim on any return from the use that is later made of the thing he has sold. If, subsequently, the purchaser makes a productive use of it, then it is the purchaser of the thing, not the original producer of it, to whom the current return must be made.[32] He acquired property rights in it, and so long as these are vested in him, he has sole right to claim a distributive return for contributions to production made by the employment of his productive property, even as, at an earlier moment, the original producer of the thing in question had sole right to claim a distributive return for the use of his labor power in producing it.

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[32] Of course, specific contractual arrangements, such as provisions for royalty payments on tools embodying patented inventions, may be the basis of a duty of an otherwise outright owner to pay for using his property in production.

Hence those who take advantage of the common knowledge of mankind and use it in the production of wealth by capital instruments that incorporate such knowledge, as well as those who acquire by legal means property rights in capital instruments of this sort, have no obligation whatsoever to share their current returns from the economic productivity of their capital property even with those who made the discoveries therein incorporated (assuming they could be identified), except to the extent provided by patent laws or by specific contractual arrangements between those who made the discoveries or inventions and others who wish to make use of them.

There is even less of an obligation on the part of those who own capital instruments that incorporate elements from the funded common knowledge of mankind (which all capital instruments do) to share with all members of society all or even some portion of the wealth produced by these instruments. Justice is done if the benefit that each participant in production derives from the funded common knowledge of mankind depends on the specific use he makes of that knowledge in the current production of wealth. Those who currently contribute to the fund of man's technologically applicable knowledge can derive a current benefit from their contribution to whatever extent they can take advantage of the existing patent laws or enter into special contracts of advantage to themselves.

What has been said on the subject of useful knowledge holds for other aspects of man's social life which contribute to the production of wealth, but which are in the public domain and which, therefore, all men are equally entitled to use to their advantage. Those who do are then entitled to derive a benefit corresponding to the productive use they have made of the factor in question. But in the case of the economically useful services of government another consideration enters. Such services, *e.g.*, road building and maintenance, postal service, etc., which promote the production of wealth, are among the functions of government the costs of which are paid for by taxation.

Under an equitable system of taxation, all members of society contribute to defray the costs of government. All are equally entitled to take advantage of those services performed by government which are helpful to anyone engaged in producing wealth. Hence, here as before, there is no ground for maintaining that those who make use of this right are not entitled to the benefit derived from the use they have made. To think otherwise is either (a) to assert that all who pay taxes should share equally in the economic benefits derived from the services of government, regardless of whether they take advantage of them in the production of wealth, or (b) to admit that the availability of such useful services in the production of wealth can have no definite effect on its distribution.

(2) *The Principle of Participation*. In the fourfold formulation of the general meaning of justice with which we began, the third precept called for rendering to each man what is his due by right. When it is declared that life, liberty, and the pursuit of happiness are among man's natural and inalienable rights, criteria are laid down by which to measure the justice of the political and economic institutions of a society.

A just society is one which, by its constitutions, laws, and arrangements, recognizes and protects all of man's natural rights; and to the extent that society violates one or more of these, it is unjust in its organization. Some of these rights belong to man as a human being, *e.g.*, the rights of life, liberty and the pursuit of happiness; some belong to man as a civic person or member of the political community, *e.g.*, the right to suffrage, the right of association, the right to form political parties; and some belong to man as an economic person or member of the economy, *e.g.*, the rights of man as an owner of property and as a producer or consumer of wealth.[33]

We are here concerned with man's economic rights. Among these, two are of paramount importance for the just organization of an economy.

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[33] For an enumeration and classification of natural rights, see Jacques Maritain, *The Rights of Man and Natural Law*, New York, 1951: Ch. II, esp. pp. 73-114.

One is man's right to property in his own labor power. As we have seen, the injustice of chattel slavery or forced labor consists in the violation of this right. But while an economy which has abolished chattel slavery or forced labor grants all men the right to be independent participants in the production of wealth through the use of their own labor power, that by itself is not enough in any economy in which men who wish to *earn* a living by the use of their property are unable to do so.

We are thus brought to the consideration of a second basic right, which is complementary to man's right to produce the wealth he needs, or, what is the same thing, to share in the distribution of wealth as a result of earning his share.

This second right derives immediately from the most fundamental among all of man's natural rights—his right to life or existence. The right to life involves more than a right not to be murdered or maimed. Since a man cannot live for long without having the means of subsistence, the right to life is meaningless unless it involves a right to acquire subsistence by rightful means.

This right has sometimes been referred to as the "right to a living wage."[34] As that phrase indicates, it is a right to *earn* a living, not to receive it as a gift or to obtain it by theft. To say that it is a right to *earned* income is, therefore, to say that the share of wealth received must be proportioned to the contribution made.

The chattel slave may be given subsistence; but since he is deprived of all property—property in his life and liberty as well as labor power—he has, under these unjust conditions, no way of earning his living. A man who cannot find employment may be kept alive by private charity or by the public dole; but he, too, is unable to earn a living so long as he is unable to use the only property he has, his labor power, to participate in the production of wealth and thereby have a just claim upon a share in its distribution.

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[34] See Msgr. John A. Ryan, *A Living Wage: Its Ethical and Economic Aspects*, New York, 1906.

Thus we see that there are two conditions under which a man's life may be preserved and yet his right to subsistence denied, *i.e.*, his right to obtain a living through the use of his own property. One is the condition of slavery, in which a man lacks any property through which he can participate in the production of wealth. The other is the condition of those who have productive property but whose property, under the prevailing economic circumstances, is rendered ineffective as a means of obtaining a viable income.

We are, therefore, required by justice to do more than abolish chattel slavery. We are required to organize the economy in such a way that every man or family can use his or its property to participate in the production of wealth in a way that earns a living for that man or family.

This principle of justice, which is based on the right of every man or family to obtain a viable income by *earning* it, is integrally connected with the principle of distributive justice already stated. The latter declares the right of every independent participant in the production of wealth to receive a share of that wealth proportionate to his contribution. It indicates that a man's right to an earned income is a conditional right; for it imposes upon him the duty to contribute by the use of his property to the production of wealth. Unless he does so, he cannot rightfully claim a share.

Unless a man exercises his right to earn a living by actual participation in production, he is not entitled to any distributive share. But the right to earn a living by participating in the production of wealth would be a wholly illusory right if the only means by which it could be exercised were in fact incapable of producing wealth or of making a large enough contribution toward its production to earn a viable distributive share. Hence the principle of distributive justice does not operate to guarantee the right to earn a living unless the economy is so organized that every man or family has or can readily obtain property which can be effectively used to participate in the production of wealth to an extent that justifies the claim to a share which constitutes a viable income for that man or family.[35]

When, relative to the increasing productive power of capital instruments, labor as a whole makes a progressively diminishing contribution to the production of wealth, the full employment of those whose only property is such labor power, even if that is accompanied by a just distribution to them of what they earn through the contribution they make, would not provide such men and their families with a viable income.

Hence in an industrial economy, and especially in one that is technologically advanced, the right to obtain subsistence by earning it involves more than the right to work and the right to a just return for work done. It involves the right to participate effectively in the production of wealth by means consistent with the existing state of technology and with the greatest technological advances of which the economy is capable.

As labor becomes less and less productive of wealth, the ownership of nothing but labor power becomes less and less adequate to satisfy the principle of participation, on condition, of course, that the share of wealth labor receives is equivalent to the value of its contribution as competitively determined. When, for example,

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[35] In any society, there cannot help being marginal cases of economic failure or economic incompetence. After justice has been done, private or public charity always remains as the remedy for those who are in dire need through no moral fault of their own. In the organization of the economy, justice takes precedence over charity. Only after every step has been taken to see that justice is done, and only after every rightful claim is requited, should charity become operative in response to those pressing human needs which even the most just organization of the production and distribution of wealth may fail to provide for. On this point, see W. Stark's essay *The Contained Economy* (Blackfriars Publications, London, 1956: Aquinas Paper No. 26). Stark points out that "however desirable a spirit of charity may be in social life, society can yet survive without it. But justice is not just an embellishment of human co-existence, it is the very basis of it, an indispensable precondition." Declaring that "a sin against justice is an attack on the social bond itself," Stark maintains that "a sin against justice is a very much more serious affair than a sin against charity" (*op. cit.*, p. 18).

the state of automated production reaches a point where, at current levels of consumer demand (free from artificial stimulants designed to create “full employment”), the demand for labor is substantially less than the number of those whose only means of participating in production is through their labor, then for a large number of men the mere ownership of labor power may give them insufficient income-earning property to satisfy the second principle of justice. *When the great bulk of the wealth is produced by capital instruments, the principle of participation requires that a large number of households participate in production through the ownership of such instruments.*

To assert that every man has a right to obtain his living by earning it is not, therefore, the same as asserting everyone’s right to a living wage. Under pre-industrial conditions, it might have been possible for those who had no property except their own labor power to have earned a living wage if their contribution to the production of wealth had been justly requited. But in an advanced industrial economy, in which most of the wealth is produced by capital and in which the ownership of capital is concentrated so that all but a few households are entirely dependent upon their ownership of labor for participation in production, it is apparent that labor—at least mechanical labor—would not earn a living wage if the contribution it makes, relative to that made by capital instruments, were justly requited; that is, if instead of being overpaid, the value of its services were objectively and impartially evaluated under conditions of free competition.

To contend that, under all conditions, men are justly entitled to a living wage is, therefore, equivalent to saying that men have a right to the continuance of the conditions under which wealth is produced primarily by labor. There is, of course, no such right; nor would men wish to see it implemented or enforced if there were. To speak of the right to a living wage is, therefore, an inaccurate statement of the right to earn a viable income by effective participation in the production of wealth. The principle of participation entails a right to produce wealth in a manner consistent with the way wealth is in fact being produced, taking full advantage of the existing state of technology.

In an industrial economy, there are two basic ways in which a man or a household may participate in the production of wealth to an extent sufficient to earn thereby a viable income. One is through the productive employment of one's own labor power. The other is through the productive employment of the capital instruments in which one has property (normally represented by shares of capital stock, but capable of being represented by other forms of securities or by partnerships or other proprietary interests). A household may also participate in production through combinations of these two means.

In all three cases, the income is *earned* income, for it is earned by the productive use of one's private property, whether that is property in capital instruments or property in labor power.

The right to earn a viable income is thus seen as the right of every man or family to own property which, under the prevailing system of producing wealth, is capable of enabling its owner to contribute to the production of wealth to an extent that justly entitles him to receive in return an earned income to support a decent standard of living.

(3) *The Principle of Limitation*. This third principle is implied by the first and second, *i.e.*, the principles of distribution and participation.

Capital instruments are productive of wealth in exactly the same sense that labor power is productive of wealth. In the absence of chattel slavery, the ownership of labor cannot be concentrated; on the contrary, it is completely diffused, each free man having proprietorship in his own labor. But it is possible for the ownership of capital to become highly concentrated. Such concentration is capable of reaching the point at which some men or households are either totally excluded from participation in production or excluded from participating to an extent sufficient to earn them a viable income or, as we sometimes say, a decent standard of living. It is at this point that the principle of limitation must become operative to prevent such concentrations of capital ownership as are injurious to the economic rights of others, *i.e.*, their right of effective participation in production and to earn thereby a viable income in the form of the distributive share to which they are justly entitled by the value of their contribution.

This principle of limitation has significance only for an economy based on the institution of private property in the means of production and on the joint participation of a number of independent contributors to the production of wealth. If the size of the distributive share an individual receives bears no relation to the value of the contribution he makes; if, in other words, the principle of distribution is "from each according to his ability, and to each according to his needs," then the principle of limitation is without significance. On the contrary, if the distribution of wealth is based on a principle of charity divorced from property rights, instead of on a principle of justice in acknowledgment of property rights, then the distribution of wealth may be more effectively accomplished through the greatest possible concentration of capital ownership, *e.g.*, its total ownership by the State.

As the methods by which an economy produces its wealth call for proportionately more capital and less labor, the opportunities to participate in the production of wealth increasingly rest on individual ownership of capital and decreasingly on individual ownership of labor. The concentration of capital ownership—a wholly normal process where the inherent productiveness of one factor is constantly increasing in relation to that of the other—will tend at some point to become a monopolization of the principal means of production by some members of the economy. When this happens, others will be excluded from opportunities to which they have a natural right.

To whatever extent the concentrated ownership of a society's capital stock excludes any portion of its members from effective participation in the production of wealth (*i.e.*, effective in the sense of earning a viable income through the productive employment of their own property), such concentrated ownership is intrinsically unjust. It not only violates the common good but also does direct injury to those individuals who are deprived of their natural right to earn a viable income under a system of production in which it is impossible for them to earn a living wage by forms of labor whose contribution, competitively evaluated, would not justly entitle them to a decent standard of living for themselves or their families.

Accordingly, the concentration of ownership in the hands of some men or families must not be allowed to go beyond the point where, under a just system of distribution, it would prevent other men or families from earning a viable income by participating effectively in production. When the preponderant portion of the wealth is produced by capital, participation in the production of wealth must be preponderantly through the ownership of capital— a requirement which at some point, to be empirically determined, imposes a limit upon concentration in the ownership of capital.[36]

It is not our purpose here to anticipate the legislative deliberations which must precede the determination of the point at which, under given technological conditions and for any given general standard of living, the concentrated ownership of capital becomes destructive of the opportunities of others to participate effectively in the production of wealth. In the second part of this book, devoted to outlining a practical program for accomplishing the capitalist revolution, we will suggest what we believe to be a number of feasible ways of making the principle of limitation operative.[37] Suffice it to say here that *the principles of distribution and participation cannot be observed in the absence of laws designed to make the principle of limitation effective*.

The liberty of each man to pursue his private interests, so far as this can be done without injury to others or to the common good, would not be infringed by legislation preventing individual accu-

[36] It should be noted that the principle of limitation calls for no upper limit to the private ownership of nonproductive property, *i.e.*, consumer goods.

[37] This is done in Chapter Thirteen.

mulations of capital from exceeding the amount at which they tend to prevent others from effectively participating in the production of wealth by their ownership of capital. If any line can be drawn between liberty and license, it is certainly at the point at which one individual seeks to do as he pleases even though he thereby invades the rights and liberties of other men. In his essay *On Liberty*, John Stuart Mill circumscribed the sphere of actions in which the individual is justly entitled to be free from interference or regulation on the part of society or government, by excluding from that sphere actions which injure others or work against the public interest.[38]

In Mill's terms, the principle of limitation we are here discussing calls for a justifiable limitation on individual liberty to acquire wealth in the form of capital goods. It limits such liberty by a just concern for the rights of others. It simply says, to paraphrase Mill, that no man's ownership of the most productive form of property in an industrial economy should be so extensive as to exclude others from an economically significant participation in the production of wealth, or as to reduce their participation below that minimum level where their competitively evaluated distributive share is a viable income for themselves or their families.

In a democratic polity, political freedom and justice are as widely diffused as citizenship. If one wishes freedom and justice, the thing to be in a democracy is a citizen. As one cannot now ef-

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[38] "The object of this Essay," he declared, "is to assert one very simple principle, as entitled to govern absolutely the dealings of society with the individual in the way of compulsion and control. . . . That principle is, that the sole end for which mankind are warranted, individually or collectively, in interfering with the liberty of action of any of their number, is self-protection. That the only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. . . . The only part of the conduct of anyone, for which he is amenable to society, is that which concerns others" (*op. cit*., Ch. 1). And in Chapter V he reiterated that "for such actions as are prejudicial to the interests of others, the individual is accountable, and may be subjected either to social or legal punishment, if society is of opinion that the one or the other is requisite for its protection."

fectively participate in democratic self-government without suffrage, so in the fully mature industrialism of the future it may be impossible to participate effectively in the industrial production of wealth without owning capital.

It should not come as a surprise, therefore, that in a truly capitalist economy, economic freedom and justice will be as widely diffused as the ownership of capital. The thing to be in a capitalist democracy is a citizen-capitalist.