

# The Myth of Social Justice and the Erosion of the Virtues of Commerce

Martin Calkins  
University of Massachusetts Boston

*Economist Friedrich von Hayek's 1976 critique of social justice as a dishonest term used to undermine individual freedoms is extended to argue that social justice also erodes basic human sentiments and the moral virtues that guide free market behavior. Moreover as demands for social justice replace individual choice, they also undermine the sentiment of fellow-feeling that grounds morality as well as the particular moral virtues of self-command, toughness, honesty, prudence, assiduity, industry, frugality, and parsimony that Adam Smith and others have shown to be necessary for advancing business ethics within free market systems.*

*Keywords: social justice, justice, virtue ethics, business ethics, Friedrich von Hayek, socialism, libertarianism, free markets, bourgeois virtues*

## INTRODUCTION

The term “social justice” has become so commonplace that it is now accepted without much criticism. Widely considered an attribute that individuals and society ought to possess, social justice is so accepted that the Code of Canon Law and official Catechism of the Catholic Church refer to it, institutions of higher education have faculty lines, specialty programs, and dorm areas dedicated to it, and at least one leading business ethics journal has used the term recently as a special section heading.

Even so, social justice is not unassailable nor has it always been so highly regarded. Over 40 years ago in [The Mirage of Social Justice](#), economist Friedrich von Hayek (1899-1992) offered one of the most stinging two-pronged economic and philosophical critiques of what was then social justice's growing acceptance (Hayek, 1976, ch. 9 ‘Social’ or Distributive Justice).

In his critique, Hayek argued that social justice is a hollow and intellectually dishonest term, a will-o'-the-wisp, a mirage, a mark of demagoguery, a form of cheap journalism, and nothing more than a quasi-religious belief. As a moral concept, he held, it is a manufactured ideal that disguises itself under traditional notions of morality while at the same time misrepresenting and undermining longstanding moral terms such as “social” and “justice” (Hayek, 1976, ch.9, 62-67, 70-71, 78-80, 97).

Hayek attributed much of his suspicion of social justice to the similarities he saw between social justice movements of the second half of the 20<sup>th</sup> century and the earlier rise of fascism and communism in Europe. As an Austrian who lived through the horrors of both World Wars and saw the deprivations caused by the spread of fascism and communism worldwide, Hayek recognized social justice as part of a socialist strategy to bring about egalitarian-based economic interventions, dependencies upon special interests, and convoluted intrusions into market systems.<sup>1</sup> Social justice, he concluded, was an especially effective tool of socialists because under its banner small groups of people called “planners” could argue

from a point of moral authority to impose their preferred ideal ends on society. Having sidestepped moral censure, once their plans were effectuated, planners could design and control society. In the end they could create a totalitarian system wherein power and decision-making were concentrated in planning bodies. At the same time, individual liberties could be squashed, free markets curtailed, and people made servants of the state. This process was what Hayek called the road to servitude or “serfdom” (Hayek, 2007).

Not surprisingly, Hayek’s critique was met with resistance then largely dismissed and forgotten. His arguments about the negative effects of social justice on individual liberties, however, remained accurate, compelling, and prescient.

The following will revive Hayek’s critique and then extend it to show how social justice marginalizes if not altogether eliminates the moral virtues of self-command, toughness, and honesty that govern modern free market behavior. It will show, too, how social justice undermines business’ more dispositional moral virtues of prudence, assiduity, industry, frugality, and parsimony and how it destroys the fundamental distinctly human sentiment of what Adam Smith calls sympathy or “fellow-feeling” that grounds true justice and ethical commercial relationships. It will end by encouraging further study of the extent and depth of the corrosive effect of social justice on business morality today.<sup>2</sup>

## **SOCIAL JUSTICE, THE PLANNED ECONOMY, AND THE EROSION OF INDIVIDUAL LIBERTIES**

Although now considered a prominent 20<sup>th</sup> century economist, Hayek’s notoriety came late and only after he spent most of his productive life in the shadow of British economist John Maynard Keynes. Keynes’ 1936 book, The General Theory of Employment, Interest, and Money, so strongly influenced World War II planning and post-war reconstruction that his prescriptions dominated economic thought for most of the 20<sup>th</sup> century (Keynes, 2018).

Hayek regarded many of Keynes’ ideas highly, but disagreed with Keynes’ redistributive economics, claiming that Keynesian redistributions did little but undermine markets, human initiative, entrepreneurship, individual freedom, and democracy. Keynesianism withstood Hayek’s criticisms, but by the 1970s Keynesianism was over extended and brought about economic stagnation and the end of Post-World War II western economic expansion. Hayek’s classically liberal economics began to rise in stature at that time such that the Austrian-born economist was awarded the 1974 Nobel Memorial Prize in Economics.

### **The Locus of Control in Planned Versus Free Market Economies**

In contrast to Keynes, Hayek thought price cues or the “animal” (bull and bear) forces of markets regulate markets better than government regulations. In his most influential work, the 1944 The Road to Serfdom (developed from his 1938 article, “Freedom and the Economic System”), Hayek railed hard against macro-economic interventions that would thwart individual choice.

Although he had been sympathetic to left-leaning ideologies as a youth, Hayek’s views reversed after seeing first-hand the brutality of Nazi fascism and the spread of communism born of the violent reactions to free markets and the ideals of collectivism in Eastern Europe. Simultaneously dumbfounded and appalled that post-war free societies would seriously consider adopting planned economies similar to the ones they had just conquered at great cost, Hayek set about investigating the causes and likely outcome of the abandonment of free market systems (Hayek, 2007, pp. 39-55).

With a touch of humor, Hayek dedicated The Road to Serfdom “To the socialists of all parties” then went after their core: the economic “planners” with preconceived egalitarian ideals framed as aspirations (Hayek, 2007, p. 36). Hayek wrote extensively, warning Brits about the stark binary choice regarding planning that they were being offered in the aftermath of WWII. Planning, he maintained, could mean on one hand that the direction of production is brought about by the free combination of the knowledge of all participants, with prices conveying to each the information needed to help bring about actions in relation to those of others. On the other hand, planning could mean central direction by planners according to

some preconceived social blueprint involving an ideal that some body of people might decide what suits people at the moment.<sup>3</sup> Hayek clearly favored the former in pointing out that:

The question raised by economic planning is, therefore, not merely whether we shall be able to satisfy what we regard as our more or less important needs in the way we prefer: It is whether it shall be we who decide what is more, and what is less, important for us, or whether this is to be decided by the planner. Economic planning would not affect merely those of our marginal needs that we have in mind when we speak contemptuously about the merely economic. It would, in effect, mean that we as individuals should no longer be allowed to decide what we regard as marginal (Hayek, 2007, p. 126).

Regardless, war-weary Brits chose instead centralized planning and elected leftist Labour Party leader Clement Attlee as Prime Minister in 1945 (Bew, 2016, 2017). Undeterred, Hayek recognized that while the era of “hot socialism” had ended, “some of its conceptions have penetrated far too deeply into the whole structure of current thought to justify complacency” and so he proceeded from then on to address left-leaning movements and advance his thinking along the lines of his mentor, Austrian economist Ludwig von Mises (Hayek, 2007, pp. 7, 256; Mises, 1974).

In a 1976 volume of Law, Legislation, and Liberty subtitled, The Mirage of Social Justice, economist Friedrich von Hayek built upon his earlier work to offer one of modern history’s most cutting two-pronged economic and philosophical critiques of social justice (Hayek, 1976). In a chapter entitled, “‘Social’ or Distributive Justice,” Hayek described social justice (sometimes called ‘economic justice’) “as an attribute which the ‘actions’ of society, or the ‘treatment’ of individuals and groups by society, ought to possess” (Hayek, 1976, p. 62). He then compared social and distributive justice’s respective roots, before attacking social justice forcefully, calling it “a sign of the immaturity of our minds,” a primitive anthropomorphizing of the results of the spontaneous ordering of markets as if some thinking being deliberately directed them, and an empty attribute signaling something that individuals and groups ought to possess (Hayek, 1976, pp. 62-65, 88-89). In Hayek’s estimation, social justice was intellectually dishonest, a will-o’-the-wisp, a mirage, a mark of demagoguery and cheap journalism, and nothing more than a quasi-religious belief. Worse, as a manufactured ideal that disguises itself under traditional notions of morality, social justice misrepresented and undermined longstanding moral terms such as “social” and “justice” as well as constitutional liberalism (Hayek, 1976, pp. 62-67, 70-71, 78-80).

In line with his earlier work, Hayek thought social justice to be nothing more than a socialist strategy to effectuate egalitarian-based economic interventions and dependence upon special interests and their convoluted intrusions into market systems (Hayek, 1976, pp. 80-84). These intrusions, he argued, are worked out by small groups called “planners” who operate under the banner of social justice to impose their preferred ideal ends on society for the purpose of usurping the power of individuals to make free choices and taking on to themselves the control and destiny of society. Their goal was the accumulation of concentrated power and decision-making in the hands of a small group of people rather than individuals, even if doing so meant the undermining of individual human rights (Hayek, 1976, pp. 82-83; Hayek, 2007, pp. chapters 6-7, pp. 112-133).

### **Neither Conservative nor Militant Individualist: The Value of Rules**

Although an accomplished economist, Hayek often drew from the philosophies of Immanuel Kant, Adam Smith, John Stuart Mill, John Locke, David Hume, and others. Hayek had a rare capacity to dovetail economics, historical analysis, philosophy, and rights theory in ways that underscored his arguments about the ability of social justice to undermine the foundations of individual freedoms and free markets. In this way he established a reputation as a classic liberal and avoided becoming pegged as either a hidebound conservative or a radical individualist. In fact, as Eugene Miller notes, Hayek dismissed the Conservative Party of Britain and its equivalents in Europe because they “had long resisted free market ideas and favoured expansive government, especially one that would maintain established privileges. The conservative parties, rather than resisting the collectivist tide, had accommodated it” (Miller, 2010, p.

181). In a postscript entitled, “Why I Am Not a Conservative” to The Constitution of Liberty, Hayek maintained that “by its very nature (conservatism) cannot offer an alternative to the direction in which we are moving. It may succeed by its resistance to current tendencies in slowing down undesirable developments, but, since it does not indicate another direction, it cannot prevent their continuance... (Thus, the) tug of war between conservatives and progressives can only affect the speed, not the direction, of contemporary developments” (Hayek, 1960, p. 520). In short, Hayek regarded conservatism as too resistant to development and thus insufficiently forward-looking.

In like manner, Hayek was not a militant individualist. While many including James Sterba have labeled Hayek a libertarian, Hayek is not so easily buttonholed. Instead of espousing unbridled free choice as do many libertarians, Hayek held that choices be rule bound. “All valid criticism or improvement of rules of conduct must proceed within a given system of such rules,” he maintained (Hayek, 1976, p. 24). Thus, not unlike Kant, John Rawls, and others, Hayek held firmly for governing rules to guide individual choices and was convinced that individuals *per se* should be able to choose the sorts of rules they would have guide their economic behavior.<sup>4</sup> An economic system befitting a free society, Hayek maintained, must allow individuals to choose their own positions under the law. Once established, governing rules (established at the outset rather than after the fact) would be nearly inviolable. They therefore demanded consistency, that is, rules must be consistent with each other—not so much in terms of logical consistency with some specific desired effect, but in terms of the “compatibility of the actions of different persons which they permit or require” (Hayek, 1976, p. 25).

### **Wary of Collectivism**

Although Hayek evidences a Kantian disposition to favor structural principles, Hayek maintained that the preeminent guiding principle for society should be freedom for the individual because such a rule was “the only true progressive policy” (Hayek, 2007, p. 238). The true liberal, according to Hayek, must concern him or herself not with how fast or how far we should move, but where we should move. Put another way, “all valid criticism or improvement of rules of conduct must proceed within a given system of such rules” (Hayek, 1976, p. 24).

Collectivism, in contrast, does away with free choice by persuading “liberal minded people to submit once more to that regimentation of economic life which they had overthrown because, in the words of Smith, it puts governments in a position where “to support themselves they are obliged to be oppressive and tyrannical.””<sup>5</sup> Not surprisingly, just as Smith before him, Hayek condemned the excessive intrusion of government in markets. In The Constitution of Liberty, Hayek stated, “if we wish to preserve a free society, it is essential that we recognize that the desirability of a particular object is not sufficient justification for the use of coercion” (Hayek, 1960, p. 150).

To underscore the negative consequences of collectivism, Hayek argued that a society that adopts a planned economy will from that point forward have a governing system unable to refuse responsibility for anybody’s fate or position. Echoing Hayek, Robert Nozick argued, “(t)he minimal state is the most extensive state that can be justified. Any state more extensive violates people’s rights” (Nozick, 1974, p. 149). Both Hayek and Nozick held that when planners establish themselves as chief decision makers for society, they assume thereafter the mantle of determining who gets what. All efforts of citizens thereafter will necessarily be “directed toward improving (their) position(s)” and people “will have to aim, not at foreseeing and preparing as well as (they) can for the circumstances over which (they) have no control, but at influencing in (their) favor the authority which has all the power” (Hayek, 2007, p. 138).

As Hayek explained, once a society allows a select group of planners (society’s elites, a cabal of politicians, unelected bureaucrats, or some such) to direct the economy by means of “arbitrary administrative coercion,” all efforts of individuals must thereafter be oriented toward lobbying planners to act favorably on people’s behalf (Hayek, 2007, p. 50). For those in business, attention will necessarily have to be diverted from entrepreneurial work and prudent decision-making to efforts to improve the position of the business with the planners who act as legislators and bureaucrats (Hayek, 2007, p. 138). Worse, as this planned system expands, people find themselves relegated to the status of “serfs” (Hayek’s

term drawn from Europe's history of feudalism), that is, to a role of subservience to those who control every aspect of people's lives.<sup>6</sup>

## **SOCIAL JUSTICE: USURPING COMMON MORAL TERMS**

Having established the harms to individual freedoms (as well as to justice, individual choice, law, rights, equality, etc.) perpetrated by economic planning driven by idealized ends, Hayek proceeds to show how the words "justice" and "social" have to be amended to appear to be "really the same as those which they, or at least the best among them, have always held, but which were not properly understood or recognized before" (Hayek, 2007, p. 174 and 175). Such modification is difficult, however, because the words justice and social are already commonplace, nuanced, and longstanding. Changes to their meaning or use will thus result in confusion.

### **Warping the Traditional Understandings of Justice and Social**

Modification of the term justice is especially problematic because of justice's importance as a unique attribute of human conduct, its role as "an indispensable foundation and limitation of all law," and its ability to stand separate from structures and particular states of affairs (Hayek, 1976, pp. 62 and 31-33). Justice "does not aim at bringing about a particular state of affairs which is regarded as just" (Hayek, 1976, p. 39). It is not subject to any "blueprint" of special interests and is, "emphatically not a balancing of particular interests at stake in a concrete case" (Hayek, 1976, p. 39).

Changing the meaning of justice to suit new social justice ends is a problem not only because justice is already a social virtue and a longstanding feature of law, but also because justice can be traced to antiquity and is a foundational moral virtue in civil society.

As Aristotle's translator Martin Ostwald observes, the early Greeks settled on a definition of justice as righteousness and honesty (Gk. *dikaiosynē*), as something that "regulates all proper conduct within society, in the relations of individuals with one another, and to some extent even the proper attitude of an individual towards himself" (Aristotle, 1962, p. 304). As such it was a social virtue and a complete virtue and excellence in the fullest sense. Justice allowed the one who possessed it to make use of it "not only by himself but also in his relations with his fellow men."<sup>7</sup> It was mostly identified by its abridgment, that is, in injustice—as when someone takes more than his or her share, treats others unfairly, or some such (Aristotle, 1962, p. V 1 1129b 1121).

Although a trait of the individual, justice was thought to have a social component because it perfected the individual in terms of his or her relations with others. It was an ordering mechanism of associations to preserve happiness for society (in Aristotle's parlance, the *polis*, city-state, or political community) (Aristotle, 1962, pp. V 1 1129b 1133-1135). In The Politics, Aristotle explained that "justice belongs to the city" (Aristotle, 1995, p. I.2 1253a 1244). It ordered political associations and determined what is fair within the relations of the city-state. Justice was therefore related to matters of common concern and the various forms of goodness perceived by members of the community (Aristotle, 1995, p. III.13 1283a 1246). As Ernest Barker explains, justice was thought to be essential to a functioning society because a shared conception of what is good and just made political life possible (Aristotle, 1995, p. 361).

Modern ethicists expanded upon (some might claim, distilled) these early versions of justice to describe it as the preeminent "social virtue." Justice, as explained by David Hume, was thought to be useful in that it supports civil society and is "absolutely requisite to the well-being of mankind and existence of society" (Hume, 1983, p. 31). Although the strict enforcement of the rules of justice might be suspended under certain circumstances, justice had a "public utility" that supported civil society (Hume, 1983, pp. 20-26 and 32).

Adam Smith similarly thought justice to be a social virtue having as its proper object resentment and punishment for the results of harm. Not unlike Aristotle, Smith concentrated on the avoidance of injustice through strict application of the rules of justice: "(t)here can be no proper motive for hurting our neighbour, there can be no incitement to do evil to another, which mankind will go along with, except just

indignation for evil which that other has done to us,” with violations of the “sacred laws of justice” considered so serious that they demanded vengeance and punishment (Smith, 1976a, p. II.ii.2.1 and 2.3).

For Smith, justice “prompts us to beat off the mischief which is attempted to be done to us, and to retaliate that which is already done; that the offender may be made to repent of his injustice, and that others, through fear of the like punishment, maybe terrified from being guilty of the like offence” (Smith, 1976a, p. II.ii.1.4). Framed mostly as a negative virtue, justice “hinders us from hurting our neighbour” (Smith, 1976a, p. II.ii.1.9). As a characteristic of restraint, justice was a “consciousness of ill-desert” implanted by nature in the human breast to safeguard the association of humankind (Smith, 1976a, p. II.ii.3.4). In Smith’s estimation, justice was essential to society’s security. It was “the main pillar that upholds the whole edifice” of society such that “society cannot subsist unless the laws of justice are tolerably observed, as no social intercourse can take place among men who do not generally abstain from injuring one another” (Smith, 1976a, p. II.ii.3.4 and II.ii.3.6; 1978, pp. B, 5–15).

With social justice, all of these and other renderings of justice are modified and given secondary status to achieve a new understanding of the term as having preconceived ideals framed as aspirational ends. Attempts at modification have been difficult, however, because the changes elicit confusion and resentment, become a barrier to rational discussion, and are rightly regarded as a corruption of language. The changes forge, too, what Hayek called a “new faith” identified with emptiness:

It has to be understood how, if one of two brothers embraces the new faith, after a short while he appears to speak a different language which makes any real communication between them impossible. And the confusion becomes worse because this change of meaning of the words describing political ideals is a single event but a continuous process, a technique employed consciously or unconsciously to direct the people. Gradually, as this process continues, the whole language becomes despoiled, and words become empty shells deprived of any definite meaning, as capable of denoting one thing as its opposite and used solely for the emotional associations which still adhere to them (Hayek, 2007, p. 175).

Hayek extended the argument about social justice’s corruption of language to its reworking of the word “social” as well. Whereas in the past, social had a clear meaning “(analogous to formations such as ‘national’, ‘tribal’, or ‘organizational’)...pertaining to, or characteristic of the structure and operations of society,” after the late nineteenth century and the introduction of social justice, social came to refer to “the whole of society, or to the interests of all its members.” With time, the term came to describe almost any action as publicly desirable and to convey the notion of “an appeal to the conscience of the upper classes to recognize their responsibility for the welfare of the neglected sections of society whose voices had till then carried little weight in the councils of government” (Hayek, 1976, pp. 78-79).

In reworking these two significant words of liberal constitutionalism, social justice advocates could now “camouflage under the name of justice what has nothing to do with justice” (Hayek, 1976, p. 98). To do so more effectively, however, advocates needed to also change the understanding of the combined term “social justice” from its original relatively abstract formal concept to a material concept having practical implications.

### **From Formal to Material and Distributive Justice to Redistributive Injustice**

The term social justice reputedly began to be used in 1840 in theology with the Italian Jesuit Luigi Taparelli d’Azeglio (Hayek, 1976, p. 176 fn. 178). At that time, as Thomas Burke explains, social justice was thought to be a formal concept or branch of justice on par with criminal justice or commutative justice. It referred to the impartial, consistent, and strict application of established rules of justice. After WWII, however, social justice “came to mean something very different as the socialist conception of the term won out over its rivals and gained solitary possession of the field. The term now stands for a very particular view of what is right and wrong in society. It has become a material concept rather than a formal one” (Burke, 2010).

This shift in emphasis is important because, as William Frankena proffers about Chaim Perelman's observations, both the formal and the material aspects of distributions frame an accurate understanding of justice (Frankena, 1966, pp. 4-5). An over-emphasis on the material aspect with social justice shifts the meaning of justice to something different than it had previously. As Hayek quoting Bertrand de Jouvenel pointed out, "the justice now recommended is a quality not of a man and a man's actions, but of a certain configuration of things in social geometry, no matter by what means it is brought about. Justice is now something which exists independently of just men" (Hayek, 1976, p. 177 fn. 178). Justice was now less a moral virtue and more a call to action. Its object was now indistinct but nevertheless could be institutionalized and used to inspire people to move, for example, from "awareness to action" (Foley, 2016).

### **Social Justice and Modern Roman Catholicism**

Within Roman Catholicism, a major shift involving social justice occurred in 1931 with Pope Pius XI's anniversary encyclical *Quadragesimo Anno* (In the 40th Year) commemorating the promulgation of Pope Leo XIII's 1891 encyclical, *Rerum Novarum* (On the Condition of the Working Classes) (Leo XIII, 1891; Pius XI, 1931).

In *Quadragesimo Anno*, Pius XI expounded on the "law of social justice," the "norms of the common good," and "social charity," to demand changes in (and management of) wages under the "loftier and noble principles" of charity (Pius XI, 1931, pp. 57, 58, 74, 88, 110, 126). As Michael Novak points out, with the term "social charity" Pius XI framed social justice as a virtue (or habit) necessary for post-agrarian societies. At the height of the Great Depression, he did so to encourage people to organize with others to accomplish ends that benefit the whole community (Novak, 2009; Novak & Adams, 2015).

Later in the 20<sup>th</sup> century, social justice was included in code 222.2 of the Catholic Church's Code of Canon Law under the umbrella of charity, thereby reflecting the influence of *Quadragesimo Anno* in Church law (Canon Law Society of America, 1985, pp. c.222.222, 157). Commentary on the code 222.2, "Social Justice and Charity," recognizes that social justice was not found in *Lex Ecclesiae Fundamental*, in Vatican II documents, or in *De Populo Dei*, but nevertheless recommends Christians to "promote" (commenters' emphasis) social justice. (Canon Law Society of America, 1985, pp. c.222.222, 157). While commentary on the code does not specify the means by which social justice should be advanced, it does suggest the value of activism and social justice promotion within everyday activities (Canon Law Society of America, 1985, p. 157).

The official Catechism of the Catholic Church maintains further that "social justice can be obtained only in respecting the transcendent dignity of man" and the "eminently Christian virtue" of solidarity (United States Catholic Conference Inc.-*Libreria Editrice Vaticana*, 1994, pp. 1928-1948). The Catechism's use of ambiguous terms such as "human community" and its advance of the distinctly communitarian ideal of solidarity were met by some with skepticism (Avineri & De-Shalit, 1992; Bell, 1993; Khushf, 1999; Kuczewski, 1994; Kymlicka, 1988; United States Catholic Conference Inc.-*Libreria Editrice Vaticana*, 1994, p. 1877 and 1880).

Novak notes how the use of social justice in religious contexts was bent by secular "progressive" thinkers to mean uniform state distribution of society's advantages and disadvantages and how this change was problematic because it challenged the long held theological virtue of charity (Novak, 2009; Novak & Adams, 2015). Richard Bayer expands upon the problem of the shift from personal virtue to social principle in his personalist interpretation of social justice (Bayer, 1999, pp. 124-128). He also commends Novak for having "done much to recover an unmuddled interpretation of the term "social justice"" (Bayer, 1999, p. 124).

In these claims, Novak echoes Hayek's earlier observation that large numbers of clergy "appear to have sought a refuge and consolation in a new 'social' religion which substitutes a temporal for a celestial promise of justice" (Hayek, 1976, p. 66). Worse in Hayek's estimation, misinformed clergy anthropomorphize inanimate market forces such that, "the results of the spontaneous ordering of the market is interpreted as if some thinking being deliberately directed them, or as if the particular benefits

or harm different persons derived from them were determined by deliberate acts of will” (Hayek, 1976, p. 66 fn. 68 and 62).

Not only markets but also corporations could now be thought capable of exercising moral behavior. Thus the notion of the corporation as a moral person gained traction and challenged long held beliefs that only people as such and not the instruments that they create have moral responsibilities (French, 1979; Friedman, 1970; Velasquez, 1983; Werhane, 1985). Even economics itself was fractured, becoming a catallaxy of outgrowths of the diverse and disparate goals of certain individuals within a community (Bayer, 1999, p. 125).

### **Distributions Without a Distributor**

Hayek’s historical analysis reveals how social justice was also given equivalent meaning to “distributive justice” as early as within John Stuart Mill’s (1806-1873) treatise, Utilitarianism and how early ideas about distributive justice underwent subsequent modification and expansion by Rawls and his followers (Fleischacker, 2009; Hayek, 1976, p. and 63 fns. 64 and 65).

Distributive justice as such is deceptive, Nozick maintained, because it is not a neutral term. Rather, it involves the presumption that some mechanism uses some criterion to give out a supply of things. The problem with this presumption is that there is no distribution center, no person or group entitled to control and dole out all the resources. A fair exchange instead would be, “what each person gets, he gets from others who give to him in exchange for something, or as a gift.” In this context, the end of distributions “is the product of many individual decisions” (Nozick, 1974, pp. 149-150). In like manner to uphold the arrangement, “(t)he minimal state is the most extensive state that can be justified. Any state more extensive violates people’s rights” (Nozick, 1974, p. 149).

Despite these and other strong objections, social and distributive justice grew by the end of the 20<sup>th</sup> century to be widely accepted (Hayek, 1976, pp. 64-65). So, too, did the layering on of human intention to non-human market mechanisms, which was aided by influential figures such as John Dewey and Louis Brandeis who often argued for the restraint of free markets for redistributive purposes. This attribution of human qualities was necessary to the movement, as V. Denise James shows, because social justice advocates could not promote their just social order if laissez-faire capitalism was the organizing factor of everyday life (James, 2017).

In Hayek’s estimation, these shifts in meaning were “not only unjust but also highly unsocial” because they amounted “simply to the protection of entrenched interests” under a pretext of “making the interest of the particular groups prevail over the general interest of all” (Hayek, 1976, p. 96 and 97). They had an ability to harm a common understanding of the social virtue of justice and to serve as a blunt political tool to shift society toward a socialist order that he had experienced first-hand and saw as a path to social control by self-serving powerful planners wherein the individual is made subservient to the collective (Hayek, 1945; Hayek, 2007). Hayek was so committed to upending the notion of social justice that he stated:

I have come to feel strongly that the greatest service I can still render to my fellow men would be that I could make the speakers and writers among them thoroughly ashamed ever again to employ the term 'social justice' (Hayek, 1976, p. 97).

### **REACTIONS TO HAYEK’S CRITICISM OF SOCIAL JUSTICE**

To a great extent, the responses to The Mirage of Social Justice echoed the responses to Hayek’s earlier The Road to Serfdom, which Hayek had difficulty getting published. In his introduction to Serfdom, Bruce Caldwell recounts both the troubled chain of events leading to the book’s publication as well as some of the prominent post-publication criticisms (Hayek, 2007, pp. 6-39). Hayek himself recounted in his prefaces to the original, 1956, and 1976 editions how flummoxed he was by the differences in the English and American receptions (Hayek, 2007, pp. 37-55). His critics could be fierce and while Hayek was steeled to criticism, he considered some unfair to the point of libelous, particularly



the comments of Herman Finer: “To any reader who would like to see a specimen of abuse and invective which is probably unique in contemporary academic discussion I recommend a reading of Professor Herman Finer’s Road to Reaction,” Hayek stated (Hayek, 2007, p. 41 fn. 49).

Unlike the reception of Hayek’s earlier work, criticisms of The Mirage of Social Justice generally concentrated on the connection of economics and liberty or, more precisely, the argument about the underlying propensity of social justice to undercut the ability of the individual to control his or her own actions. While some critics rooted their arguments in philosophy and history, most concentrated on the political impact and historical roots of Hayek’s arguments.

Samuel Morison, for one, questioned certain of Hayek’s broad notions of economic justice and whether or not social institutions should intervene in market processes (Morison, 2005). Adam Tebble explored Hayek’s rebuke of market intervention, claiming that the fact that Hayek did not argue against direct provision by the state of even minimal welfare shows that Hayek’s contribution fails (Tebble, 2009, p. 581). David Schmitz, in contrast, focused on Hayek’s notions of justice and Hayek’s concerns about planners, updating Hayek’s terminology with the introduction of the phrase “merit czar” (Schmitz, 2012, p. points 4 and 5).

Other critics concentrated on the origins of Hayek’s thinking. Edward Romar, for one, framed the ethical foundation of Hayek’s political and social contributions to libertarianism and free market capitalism in the works of Friedrich Nietzsche’s “will to power” and noble/slave ethics (Romar, 2009, p. 57). In contrast, Charles McCann noted that Hayek’s brand of liberalism is more akin to one variant of modern communitarianism than it is to the libertarian strain of liberal thought (McCann, 2002, p. 5). Huei Chun Su, in clarifying the relationship between social justice and liberty as well as their status in relation to the ultimate principle of rules in the philosophy of Mill and Hayek, explained why, in Mill’s utilitarian philosophy, the pursuit of social justice aligns with the real freedom of everyone, but in Hayek’s philosophy, it is a hindrance (Su, 2009, p. 387).

Eric Mack, in rejoining A.M. MacLeod’s query about whether or not questions about the applicability of the terms “justice” to both states of affairs and actions, went on to support Hayek’s view of order (spontaneous orders or the order of organizations) (Mack, 1983; MacLeod, 1983). John Gray considered the ethical (especially Kantian and Rawlsian) foundations of Hayek’s notions of liberty and the political and legal critiques that emanate from them (Gray, 1981). David Johnston, Steven Lukes, Theodore Burczak, Ryszard Legutko, also tore at Hayek’s arguments (Burczak, 2006; Johnston, 1997; Legutko, 1997; Lukes, 1997). Andrew Lister observed that although Hayek maintained that the idea of social justice was nonsense, he argued against only a particular principle of social justice, one that Rawls too rejected, namely distribution according to individual merit. Any attempt to make reward and merit coincide, Hayek argued, would undermine the market’s price system, leaving us all poorer and less free (Lister, 2013, p. 409).

Still other critics explored the political implications of Hayek’s charges of social justice’s relationship to fascism, Nazism, and other forms of collectivism (Grafstein, 1986; Kaboub, 2009; Sadurski, 1984, 1985). Even the controversial figure Alain de Benoist mused about Hayek’s views of national liberalism, ultimately describing “bad liberalism” as that which leads to libertarian or anarcho-capitalist movements and “good liberalism” as that which is concerned with preserving tradition (and the difficulty in reconciling the two within a nationalist perspective) (de Benoist, 1998). Finally, Tomáš Otáhal considered how Hayek’s ideas (following the lead of Ludwig von Mises) upheld the notion that private ownership might solve the problem of corruption (Otáhal, 2014, p. 399).

Despite these criticisms, as Edward Feser observed, most of Hayek’s critics “fail(ed) to draw any blood, for they (did) not seriously deal with Hayek’s central claim that the very notion of social justice is incoherent” (Feser, 1998).

## **SOCIAL JUSTICE AND THE DESTRUCTION OF MORAL VIRTUE**

Hayek's observations about social justice highlight two important moral problems: (1) social justice's propensity for upsetting moral sentiments and (2) social justice's ability to undermine justice as a moral virtue.

### **False Beneficence, Marginalization of Human Sentiment, and Usurpation of Moral Virtue**

First, Hayek maintained that social justice is falsely beneficent. It poses as "an innocent expression of good will towards the less fortunate" but is actually, "a dishonest insinuation that one ought to agree to a demand of some special interest" while giving no real reason for it (Hayek, 1976, p. 97).

In this regard, social justice is not just dishonest but also "destructive of moral feeling" (Hayek, 1976, p. 97). It rests on an arrogant "belief in the community of aims and interests with fellow-men (that) seems to presuppose a greater degree of similarity of outlook and thought than exists between men merely as human beings" (Hayek, 2007, p. 161). In doing so, it replaces the human sentiments that ground all human moral virtue with a purportedly superior good forged by special interests. It thereby replaces reliance on the relational connection of individuals with the demand to obey authoritarian figures who claim that their plans will bring about what is best for society.

Second, social justice undermines moral virtue as such. As we have seen, it warps the notion of the cardinal (hinge) virtue of justice and distorts one of the primary moral virtues that identify the human being as such. It does so by removing justice as a volitional feature of the individual to replace it with vague principles determined by outside agents.

Plato, for one, argued that justice is built by individuals doing that for which they are best suited or, more precisely, "doing one's own business, and not being a busybody" (Plato, 360 B.C.E.-b, p. 433b). As David Bauman explains in terms of Plato's tripartite soul, justice "emerges when citizens do their own work and it contributes more to the virtuous city (Bauman, 2018, p. 258).

Aristotle, too, considered justice to be a characteristic of the person. In his view, justice was a characteristic habit that perfected the soul (Aristotle, 1962, pp. II I 1103a, 1114-1125). As all virtue, justice is not just endowed by nature but rather, acquired by putting them into action. "We become just by the practice of just actions, self-controlled by exercising self-control, and courageous by performing acts of courage" (Aristotle, 1962, pp. II I 1103b, 1130-1137). While justice is reflective of the ideals, attitudes, beliefs, and values of a community of people and there are various kinds and attributes of justice, but as Aristotle notes in Chapter 3 of Nicomachean Ethics, man is the responsible agent (Aristotle, 1962, pp. II V 1129a 1121 to V 1138b 1114, 1111-1145).

Social justice minimizes if not altogether rejects the longstanding view of justice as a characteristic habit of the person. It disallows the individual practice of just actions, replacing the notion of practiced moral behavior by individuals with capitulation to the definition and decisions about just action by others. In this way, individuals become purposely stunted in their moral development as those in control of what constitutes just actions become more powerful. In the end, the aggregate of just actions within society becomes diminished as fewer people exercise the virtue and the notion of justice is defined by those in office having unproven practice of just behavior themselves.

## **SOCIAL JUSTICE AND COERCION**

Not only does social justice destroy individual choice and upend the sentiments and moral virtues that define humanity, but it does so by means of ongoing stories and rhetoric designed to convince and placate.

As Hayek showed, the acceptance of social justice relies on a string of claims of perceived abuses needing correction by beneficent planners having access to instruments of power. These claims are presented in narrative format, target the emotions, and are built upon each other not unlike an epic. The stories typically involve bad guys and saviors and are played out over time like a shifting melodrama. The stories themselves are necessarily multipisodic, as Nozick notes, because "no end-state principle or

distributional patterned principle of justice can be continuously realized without continuous interference with people's lives" (Nozick, 1974, pp. 161-163). The ultimate end of such story telling is to manipulate and coerce, to convince and placate so as to nullify resistance to the social justice ends of the story tellers.

### **The Allegory of the Cave and the Mirage of Social Justice**

Plato's "Allegory of the Cave" illustrates how social justice narratives work in a similar fashion. Whereas Hayek called social justice a mirage, here it is suggested that social justice is a myth of epic proportion on par with Plato's Cave.

In Plato's cave, individuals are imprisoned and chained so as to be unable to turn their heads to question a story presented to them by prison guards. After a time, a few prisoners manage to escape to experience the beauty and complexity of the outside world. They find adjustment jarring at first, but eventually become accustomed to the real world. Afterward, in a rush of fellow-feeling, they return to the cave to enlighten their former prison mates. Instead of being well received, however, the former prisoners are vilified by those content to remain chained and kept ignorant of the outside world (Plato, 360 B.C.E.-a).

In this parable Plato draws connections among knowledge, free choice, and moral virtue to show how real-world knowledge and responsible individual moral choices are related. He shows how people can be placated, controlled, and misled through seemingly true emotion-laden dramas that encourage them toward passivity and complacency. Viewers are entertained and emotionally engaged with the dramas such that they lose interest in understanding a world beyond the one presented to them. The fiction, in the end, becomes the reality.

Plato explains in his parable that the captors use physical chains to restrain captives. At the same time he also shows how captors exert control by deftly manipulating important aspects of the prisoners' psyches. Captors target what Plato calls the prisoners' "tripartite souls": the appetitive (Gk. *ἐπιθυμητικόν*, *epithymetikon*) or animal-like aspects of the soul related to the lust for pleasurable things, the spirited (Gk. *θυμοειδές*, *thymoeides*) or irascible parts of the soul inclined toward anger and fear, and the logical (Gk. *λογιστικόν*, *logistikon*) portion of the soul where justice thrives upon reason (Plato, 360 B.C.E.-b). The captors amuse and entertain prisoners, play out fearsome situations to rile the prisoners to anger, and appeal to the prisoners' sense of reasonableness of the fictive situations at hand. In this way they keep the prisoners placated and under their control.

In the "Allegory of the Cave" Plato makes the important point that mediated knowledge is dangerous in that it is unreliable, easily manipulated, and misleading. Hayek in The Mirage of Social Justice similarly showed how social justice narratives depend upon the interpretation of reality and emotion-invoking rhetoric of others. Just as in "Allegory of the Cave," The Mirage of Social Justice reveals how real-world knowledge and responsible individual moral choices are related and how such secondary knowledge is unreliable, easily manipulated, misleading, and dangerous to liberal constitutionalism.

### **UNDERMINING THE VIRTUES OF COMMERCE**

We have seen thus far how Hayek addressed the impact of social justice on morality. He did so broadly, however, and did not specify how social justice undermines the particular moral virtues relevant to free markets. While his arguments involving the damage to the driving sentiments and moral virtue of justice still pertain, they can also be applied to the moral virtues of business laid out by Smith in 1759 in The Theory of Moral Sentiments (Smith, 1976a). With this treatise as background, Smith went on to write in 1776 The Wealth of Nations (Smith, 1976b).

In The Wealth of Nations Smith argued that a nation's wealth is derived from the productive capacity and aggregate holdings of rational, self-interested, wealth maximizing individuals (Smith, 1976b). In Smith's words, in a free market, every individual continually exerts:

himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in

view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society (Smith, 1976b, p. IV.ii.4).

Aggregate wealth of this sort is built up by self-interested individuals satisfying others' needs and not by means of practiced groveling before others: "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages" (Smith, 1976b, p. I.ii).

Smith made clear here that meddling with market forces, including the tendency of governments to use laws to protect certain segments of the economy for political ends, is unwise due to its economic inefficiency. He made this especially clear with an example of the Scottish government's foolish proposal to establish a law to prohibit the importation of all foreign wines so as to encourage claret and burgundy production in Scotland (Smith, 1976b, p. IV.ii.15).

### **The Value of Self-command, Sympathy, and Prudence in Business**

In his earlier treatise, The Theory of Moral Sentiments, Smith described what came to be called the "bourgeois virtues," by building upon and often countering aspects of Bernard Mandeville's work as well as that of the Hellenistic Stoics and others (Berry, 1992; Calkins & Werhane, 1998; Mandeville, 1714; McCloskey, 1994; McCloskey, 2008; Smith, 1976a). Here, Smith identified self-command as the preeminent individual moral virtue for business people. For Smith, self-command was a virtue so great that, "all the other virtues seem to derive their principal lustre" from it. A habit of self-discipline, the one who possessed self-command is able to control his or her passions by means of a combination of knowledge, foresight, self-reliance, and self-control (Smith, 1976a, p. VI.iii.1 and IV.ii.6). For Smith, one who is self-commanded will develop a reputation for probity, prudence, generosity, and frankness, avoiding both the extreme of Spartan discipline with its abnegation of the passions and the extreme inactivity of the polite and idle rich. He or she will, in the end, have an acquisitive yet moderate demeanor reflective of the natural beauty that pertains to the customary human form. Self-command's greatness thus derives from the fact that anyone who possessed it can set aside selfish interests for the sake of peaceful coexistence with others. A sort of combination virtue, self-command brings together aspects of earlier notions of temperance and courage (two of the earlier cardinal or "hinge" virtues) that enable the social virtue of justice to flourish.

Self-command is essential to commerce because it allows the individual to integrate into society, practice justice, and thereby participate in the community's fruitful or productive interactions. Smith considered self-command to be critically important because it curbed the rapacious inclinations of individuals in business.

In opposition to the association of greed with business, Smith maintained that avarice evidences a lack of the control necessary for peace and contentment and a happy life. He provides numerous impassioned, vivid, and real-life examples of the corruption of the person and loss of true happiness that results when individuals—in particular, the young—pursue wealth at any cost.

Smith held firmly self-command to be necessary to facilitate the flourishing of fellow-feeling (or what he calls "sympathy"). This notion of sympathy, as Robert Boyden Lamb points out, stands in contrast to self-interest as a motivating force in morality (Lamb, 1974). For Smith, sympathy was an "original passion of human nature" or "fellow-feeling" that develops through "changing places in fancy" with someone else. It is the ground of morality and a universal trait of human nature (Smith, 1976a, p. I.i.1.1 and I.i.1.3). Sympathy was foundational to morality and necessary for people to relate to each other well because it enabled two people to work in tandem and to consider giving to each other as they deserved. In this way, sympathy was necessary for the moral virtue of justice to thrive and for fair business transactions.

Smith also recognized the importance of the guiding virtue of prudence (Gk. *phronēsis* practical reasoning or cautiousness, circumspection, and care (Beabout, 2012, p. 420; Hariman, 2003). In the

context of business, Smith viewed prudence as manifest in sagacity and good judgment related to practical ends and the prevention of harm. “The best head joined to the best heart,” prudence is a combination of knowledge and skill directed toward the security and the preservation of the individual’s well-being (Smith, 1976a, p. VI.i.15). An essential business virtue, prudence was evident in dispositions such as assiduity, industry, frugality, and parsimony. It had the individual remain satisfied with a certain income, serve his or her country when asked to do so, and regulate self-interested behavior (Smith, 1976a, pp. VI.i.6, VI.i.8 and 9, and VI.i.12 and 13).

Contemporary ethicists have recognized the importance of Smith’s notions of self-command, sympathy, and prudence when building upon and contextualizing these for today’s business environment (Cavanagh et al., 1995; Melé, 2010; Moberg, 2007; Schwartz & Sharpe, 2006, 2010; Solomon, 1992b, 1999; Wittmer & O’Brien, 2014). While they have replaced antiquated words such as assiduity, industry, frugality, and parsimony with more contemporary iterations and refrain from using sympathy or fellow-feeling to describe the foundation of moral business practice, they nevertheless stress the importance of honest dealing and trust-based relationships. The old virtue of “self-command” might have been replaced by Robert Solomon’s “toughness,” described as a balance of ruthlessness and stubbornness tempered by cooperation and congeniality, but Smith’s bourgeois virtues were not so much discarded as they were modernized and contextualized for current business practice (Solomon, 1992a, p. 337; 1999, p. 35; van Wensveen, 1995).

As social justice takes hold as a preeminent guiding force, fellow-feeling is sidelined in deference to the judgments and enforced mandates of authoritative bureaucrats, planners, and overseers. Self-command, sagacity, assiduity, frugality, moral toughness, and trustworthiness of individuals are replaced as decisions are made by unaccountable third parties. Even prudence and the careful discernment of individuals about practical affairs is given secondary status to the preconceived idealized ends put forward by utopian authority figures.

At a broader level, as the overseers of social justice take control, business ethics as a discipline becomes irrelevant and meaningless. Business ethics loses its normative force when individuals are not allowed to make decisions and instead must comply with the codes, rules, certificates verifying acceptable behavior dictated by planning groups.<sup>8</sup> Business ethics in this way becomes dehumanized, less identified with human choice, and more concerned with ever-shifting and, as Aneel Karnani argues, questionably valuable notions of corporate social responsibility (Karnani, 2010).

## **FROM MIRAGE TO MYTH: SOCIAL JUSTICE TODAY**

We have seen here the misuse of terms, Hayek’s assertion of social justice as a mirage, how social justice’s emotion-laden multi-episodic narratives mirror aspects of Plato’s “Allegory of the Cave,” and how social justice sidelines the foundational sentiment of fellow-feeling and the moral virtues that define our humanity and guide moral behavior in business.

Oddly enough, while Hayek cautioned against social justice more than 40 years ago, his warnings have been overshadowed in the same way his cautions against Keynesianism were. They have been so thoroughly rejected that even today a leading business ethics journal recently published a volume having a special section entitled, “Social Justice and the Corporation” (Néron, 2015; Norman, 2015; Singer, 2015).

Despite what appears to be their purposeful neglect, Hayek’s arguments nevertheless ring true. This article has shown that social justice is redundant, misuses critical moral terms, usurps individual freedoms, undermines critically important aspects of liberal constitutionalism, promotes the narrow and idealized ends of those with political agendas, and replaces the moral decisions of entrepreneurs working for profit with those of powerful central planning bodies (Hayek, 2007, p. 83). In short, we have seen here how the mirage of social justice has become a misleading myth of epic proportion.

## Future Research Areas

Although social justice advocates continue to promote egalitarianism and the class-based distinctions of the 19<sup>th</sup> century, they have now taken on a mantle of legitimacy through the use of reworked moral terms and indistinct notions of social charity directed toward the common good. Moreover, they have developed a sophisticated planning network and an extensive cache of stories that are inter-related, flush with appealing characters, and evocative of emotion and thought.

It should therefore be apparent that aspects of social justice need further exploration. Relevant questions of concern include but are not limited to:

1. How is social justice unique and necessary?
  - a. How is social justice not redundant of traditional notions of justice as a social virtue?
  - b. How do communitarian notions of social justice not weaken justice as a moral characteristic habit of the individual?
2. What are today's dominant social justice narratives?
  - a. Are multiple social justice narratives operating at the same time?
    - i. Do social justice stories overlap and work together?
    - ii. Does one social justice story grow out of another?
  - b. In what ways are social justice narratives multi-episodic?
  - c. Who are the enduring characters in social justice stories?
    - i. How are the dominant characters in the stories related to each other?
    - ii. Who are the bad guys? Who are the good guys? Why are they good and bad?
  - d. How do social justice narratives draw on emotion?
  - e. What is the role of grievance in social justice narratives?
  - f. What are the roles of originality and consistency in social justice narratives?
3. What evidence is there of social justice planning?
  - a. Does social justice planning exist today?
  - b. Who are the current advocates of social justice and how are they planning to bring about social justice?
  - c. Who supports social justice planners and why?
    - i. Who pays the planners and what are the tradeoffs for payment?
    - ii. What are supporters' motives?
    - iii. Is support widespread or narrow?
4. Who vests the authority to frame, carry out, and enforce social justice?
  - a. Is liberal constitutionalism a ruse, ineffectual, or non-existent in light of social justice demands?
  - b. Do existing public systems adequately sustain justice within society?
  - c. Who or what monitors the authority to implement and enforce social justice?
  - d. When actualized, how is social justice enforcement malfeasance punished?
  - e. Who pays for social justice enforcement?
5. Does social justice allow for diversity of thought?
  - a. Does social justice accommodate different perspectives and individual free choice?
  - b. Is reasonable resistance to calls for social justice possible?
  - c. Should any resistance to social justice demands be punished?
6. How legitimate are claims of solidarity, social justice, and social charity?
  - a. What distinguishes "the human community" from humanity, mankind, and the aggregate of individuals?
  - b. What does solidarity mean in the context of a liberal constitutional democracy?
  - c. Do social justice inspired social charity demands outweigh free choice and the exercise of individual moral virtue?
  - d. Must individual resistance to social justice demands be framed only in terms of the priority of the conscience?
7. Do class distinctions with corresponding duties exist in modern democracies?

- a. Are terms such as “the well-off” and “the poor” relevant today or are they dehumanizing class distinctions of the past?
  - b. What does “the well-off” mean and how well do the duties of the well-off reflect the contributions they make to society?
  - c. Are “the poor” victims having no duties to society whatsoever, or do the poor also have moral duties?
8. What is the difference between distributive justice and redistributive injustice?
    - a. Does social justice guide distributive justice or vice versa?
    - b. By what criteria or to what extent should resources be removed from one individual or group and given to another?
    - c. Who decides when distributive justice becomes redistributive injustice?
  9. What are social justice’s historical associations with authoritarianism?
    - a. How do modern calls for social justice echo past social justice movements?
    - b. Do social justice initiatives vary over time and place?
    - c. How successful have past and current social justice-based redistributive initiatives been?
  10. What are social justice’s effects on entrepreneurship and business in free market systems?
    - a. Does compliance with social justice norms relieve individuals of their moral responsibilities?
    - b. Do compliance instruments to foster social justice adequately ensure fair exchanges?
    - c. Should businesses be overseen or constrained by social justice advocates having no tangible stake in the firm?
    - d. Can corruption be avoided as overseers control business activities and limit free markets?

The above is just a short list of questions in need of exploration. Many more could be included.

As we have seen, social justice is ill-defined but nevertheless a deeply rooted myth of epic proportion. It thrives and appears to be unstoppable, yet it also has a corrosive effect on both individual freedom and human morality. In contrast to the common conception of it, social justice is not an unassailable benevolent and harmless aspirational ideal. Rather, it is a vacuous and misleading notion that has the capacity to captivate, undermine individual liberties, subvert fellow-feeling, sideline the moral virtues that define our humanity, destabilize liberal democratic constitutionalism, erode moral leadership, and eviscerate the discipline of business ethics. Concerned individuals would thus do well to further question social justice along the lines proffered here.

## ENDNOTES

1. (Hayek, 1976; Hayek, 2007). According to Hayek, socialism is a species of the genus collectivism (Hayek, 2007, p. 84). Socialism is similar but not identical to communism. Whereas in communism, the working class owns everything and everyone works toward the same communal goal, in socialism the focus is on equality of ends but workers earn wages that they can spend while government owns and controls the means for production. Collectivism is the principle of giving a group priority over each individual in it. Communitarianism is a weak form of collectivism that emphasizes the responsibility of the individual to the community, especially social units such as family, social group, or sub-culture. All are distinct from individualism, which favors freedom of individual action over collective or state control. For more on these distinctions, see (Avineri & De-Shalit, 1992; Bell, 1993; Daly, 1994; Hauerwas, 1981).
2. My thanks to the journal reviewers and participants of the Society for Business Ethics annual conference for helpful input on early versions of this article.
3. (Hayek, 1938; Hayek, 2007, pp. 39-40). In the Forward to the 1956 American Paperback Edition, Hayek explained the historical reasons for the different orientations toward central planning in Europe and America. See (Hayek, 2007, pp. 39-46).
4. John Rawls adopted a similar stance to Hayek’s with Rawls’ Kantian-inspired hypothetical veil of ignorance to achieve rules of justice (Rawls, 1955, 1958, 1971). David Gauthier’s notion of morality as something generated “as a set of rational principles of choice” made on an agreed basis of cooperation and Michael Walzer’s notion of the need for rules to limit the abuse of power in politics and other spheres of

influence in modern democracies also echo Hayek's view that people are governed by rules that they construct for themselves (Gauthier, 1986, p. 5 and ch. V; Hayek, 2007, pp. 112-113; Walzer, 1983, p. ch. 12).

5. (Hayek, 2007, p. 84). Hayek's Smith quote is from Dugald Stewart's Biographical Memoir of Adam Smith written in 1755, see (Hayek, 2007, p. 84 fn. 82).
6. (Hayek, 2007, p. 38 fn. 32; Keynes, 2018). Although The Road to Serfdom was published in 1944, Hayek wrote the book mostly in 1941-42 and stated that the title "idea came from (Alexis de) Tocqueville, who speaks about the road to servitude; I would like to have chosen that, but it doesn't sound good. So I changed 'servitude' into 'serfdom,' for merely phonetic reasons" (Ebenstein, 2003, p. 116).
7. (Aristotle, 1962, pp. V 1 1129b 1128-1130). While justice is the whole of virtue (complete), it is not identical to virtue. Justice differs from other virtues in being "complete" in that it is excellence in the fullest sense because the one who possesses it can make use of it not only by him or herself but also in his or her relations with other people (Aristotle, 1962, pp. V 1 1129b 1131-1132). As J.A. Stewart explains, whereas "virtue is the state conceived simply as a state; justice is the state conceived as putting its possessor in a certain relation to society" (Stewart, 1892, p. 401). The difference between justice and virtue *per se*, in other words, is the difference between things assigned to the category of quality and things assigned to the category of relation respectively (Stewart, 1892, p. 401). Thus, insofar as justice is exhibited in relation to others it is justice, but insofar as it is simply a characteristic of moderation it is a virtue (Aristotle, 1962, pp. V 1 1130a 1111-1116).
8. For good discussions of codes in business ethics, see (Asgary & Mitschow, 2002; Cleek & Leonard, 1998; Cressey & Moore, 1983; Dean, 1997; Gaumnitz & Lere, 2002, 2004; Heath, 2006; Robin et al., 1989; Schwartz, 2005). For certifications and ISO 9000 standards, see (American Society for Quality, 2019; Boiral, 2003, 2012; Miles & Munilla, 2004).

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