**a** **principle of social justice**

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**Ключевые слова:** эгоизм, справедливость, социальная экономика, социальная политика

**Key words:** Justice, Social Economics, Oligarchy, Democracy, Social Policy

**Abstract:** Сочетание индивидуального и социального в человеке определяет индивидуальную и социальную справедливость. В статье рассмотрены три формы управления государством: социализм, олигархия и демократия. При социализме поддерживается социальная справедливость за счет угнетения индивидуального в человеке. Олигархия как правление коллективного эгоизма небольшой группы у власти угнетает обе стороны человеческой природы. При демократии выборная система вынуждает увеличивать расходы на социальную политику и снижать налоги, что уменьшает индивидуальную справедливость.

**Abstract:**  The combination of individual and social in man determines individual and social justice. The paper considers three forms of government, socialism, oligarchy and democracy. Under socialism, social justice was supported by the oppression of the individual in person. Oligarchy as the rule of the collective egoism of a small group in power oppresses the two sides of human nature. In a democracy, electoral system forces politicians to increase spending on social policy and tax cuts that reduces individual justice.

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**Introduction**

Human society and its economy as the basic ideas include the principle of justice, which in turn is born due to each individual request of a social system in which he or she would not feel deprived. If all the people in poverty, it will not cause a sense of injustice. This relative equality of their position in society explains the stability of the economically inefficient social system that as socialism. The main priority of the legislation in the Soviet Union was the suppression of inequality, even at the cost of economic efficiency.

Justice of life in socium suggests that people are dependent on each other. This dependence, in turn, requires certain norm of coexistence, a certain criterion for the actions of each person, which is called the justice.

Justice is divided into social and individual. The first is provided by the state through social policy of supporting the poor segments of society at the expense of the rich. The second means a freedom of the individual in his actions. It is protected by the basic constitutional human rights and by economic policies to support individuals and groups in their economic activities. Its evaluative criteria - economic efficiency.

**Analysis of socialism, oligarchy and democracy from a position of social justice**

What is the balance of improving production efficiency policy and social policy? The first is aimed at preserving diversity, and the second on uniformity, up to full equality in income.

Error of communist ideas is that they puffed out one side of human nature, rejecting the other side. The authors did not care that uniformity hinders economic development as the foundation welfare. What has a chance to vary will be developed. Man is a social being and therefore in his nature concluded ​​unavoidable contradiction between individual development and the need to be part of society. One of the parties limits the other one, and as a result of a compromise is needed. Economic movement based on the initiative of individuals in achieving their advantages over other individuals.

Sycophants seeking equality in essence put the social side of human nature in the first place, calling for equality in the distribution on the basis of the principle of justice, understood as fairness. And this is done at the expense of human individuality, behind which stands the principle of effectiveness. So, John Rawls proposed a theory of justice: “All social values – liberty and opportunity, income and wealth, and the bases of self-respect – are to be distributed equally unless an unequal distribution of any, or all, of these values is to everyone’s advantage” [1].

Supporters of the free market puff out the other side of human nature - individualism. For example, in the sixth section of the Economic Security Strategy (2006) ‘Ignite a New Era of Global Economic Growth through Free Markets and Free Trade’, adopted by the administration of George W. Bush is said: “Economic freedom is a moral imperative. The liberty to create and build or to buy, sell, and own property is fundamental to human nature and foundational to a free society” [2]. As you can see, one half of human nature - the freedom of action is absolutised. The individual is taken by itself, but in fact he is a social being and exists in co-operation, which limits its freedom in all these activities.

Aristotle said, “men … differ in that some think that if they are equal in any respect they are equal absolutely, others that if they are unequal in any respect they should be unequal in all. Hence there are two principal forms of government, democracy and oligarchy” [3]. Poor aspire to equality in general, and are directed against the oligarchy. Privileged strata tend to have privileges in all, primarily through the exploitation of others.

When the oligarchy, the population opposes not only the oligarchs, but the oligarchs confront each other as rival clans in power. Frank exploitation and poverty thrive against the background of ostentatious wealth. Common cause of limitations in the development of the business lies in moving of the economic relations from the equilibrium state to collective selfishness. The purpose of profit justifies the means of receiving it.

Immoral conduct in relation to the buyer, to his working staff and to the surrounding creates a negative perception of the business community. The executive power of the state itself moves on the path of collective bureaucratic egoism. Authority ceases to function as a control, simulating it as a threat to enforce the law, but not with a view to returning the business to moral framework, but to obtain a tribute from him. The executive branch creates situation of profitability from existence of offenders. When their number becomes smaller, the income from violations becomes smaller. Therefore, collective egoism of oligarchic power creates legal collisions that in any business behavior make it a law-breaker, and thus there is a steady corruptional income.

And another technique is used. First they introduce unacceptable restrictions to the entire population, and in pre-election period give a promise to soften them. For example, in Russia introduced a zero rate of alcohol content for drivers, and then promised to reduce it to 0.3 ppm. Distracting techniques create grounds for broad debate in society about anything. Social inequality and poverty of the people are forgotten, the state budget is not spent on social services, and politicians receive electoral support without obligations to society. This is a pseudo justice in form similar to the social fraud, because in exchange for voter support the politician does not have any obligations to them.

What can we oppose to this? This is - the legal responsibility for the implementation of election promises, for progress on the entrusted area of work, the responsibility for the deterioration of the situation. The functional approach to the state administration is the way out from this inefficiency of government. The essence of this approach is in responsibility for the correct execution of public functions. For example, the traffic police authorities should be responsible, along with the drivers for the number of accidents in the area since they do not provide security traffic on the dangerous road sections. Thus, if the oligarchy there is not supported any equality or economic efficiency. Instead of social equality - operation of the people. Instead efficiency - corruption and braking of business.

But how that choice affects government policy in a democracy? Globalization leads to uniformity in the approach, and then to the similarity in the actions of governments. The market economy, having a property of economic efficiency at the same time creates a property differentiation. The latter has given rise to measures to restore justice in the form of a model of social market economy with its redistribution of income from the rich to the poor.

In the notion of justice is necessary to distinguish short-term and long-term fairness. As an example of short-term fairness, the “fundamental axiom” of Jeremy Bentham can be called. Bentham said, "it is the greatest happiness of the greatest number that is the measure of right and wrong" [4]. From the perspective of long-term fairness we need supplement utilitarianism that dominated the Anglo-Saxon tradition of political economy since the nineteenth century.

Short-term fairness characterizes the actions of the authorities, supported by the majority of voters, because they believe these actions are useful for themselves. Once on the path of short-term fairness, the politician has no right to abandon this path because he will lose the support of the majority of voters who received short-term benefits. It is for short-term fairness a ratchet effect operates.

Thus, there is a cyclicity of short-term fairness. At the first positive stage the social transfers increase confidence in the government. In the second stage there are negative consequences. Then it returns to its previous state, accompanied by mass discontent and the change of government, the elimination of short-term fairness, the elimination of the adverse effects, creating conditions for a new round of promises of short-term fairness. This model resembles the hysteresis loop.

Long-term fairness means the absence of negative consequences, the scale of those force to abandon short-term gains that gave rise to these negative effects. In other words, the long-term fairness is to stop in on the way of beneficial to the public immediate promises and not to go to a hopeless situation. Desperate situation gives rise to the rejection of short-term fairness and followed by a massive dissatisfaction with the government of the most of the population. Recent examples gave Greece and Spain.

Government, redistributing funds, make people more dependent on social transfers, what in the opinion of Friedrich von Hayek leads to totalitarianism. In fact, the government itself is depending on the need to fund social support. And with each passing election, this dependence is growing. Since elections are regular, then these costs are increasing from time to time. And no politician dares to say about the need to reduce them, without risking to lose the votes of the majority of the population. Every new election leads to the addition of new promises and to new portion of the redistributed funds, because you can’t promise what has already been done. So they accumulate social obligations from government to government, regardless of the rise or fall of the economy. Finally social benefits exceed the capabilities of the budget.

The government increasingly borrows from other countries and international organizations, and then the sovereignty of their country is threatened by intervention of the creditors in the spirit of neo-colonialism. Russia has entered on this path until in frame of the initial positive stage. President's campaign promises have already demanded in 2012-13 the growth of public debt to fulfill them.

Ratchet effect in social policy leads to a drop in production efficiency and reduce tax revenues. Friedrich von Hayek said: This is, however, irreconcilable with a competitive market order, and with growth or even maintenance of population and of wealth. Thus people have come, through such errors, to call `social' what is the main obstacle to the very maintenance of `society'. `Social' should really be called 'anti-social' [5].

In response to the excessive taxes, the large taxpayers are trying to hide in tax havens, transfer the production to developing countries. Production becomes less efficient, narrowing the basis for the redistribution of funds from the minority to the majority of voters. As a result, you can’t give up the obligation of social policy because of the threat of losing elections. And due to its reduction in production cuts funds for active social policy.

One way of leaving the pernicious path of increasing social promises are such distracting social initiatives of politicians in election races that do not require spending budget. These new techniques include support for social ideas of individual minority groups. For example in France legally supported same-sex marriage. In Russia supported the law on the protection of religious feelings. Authorities initiate discussion about the reintroduction of the death penalty, about keeping daylight saving time in winter, changing time zones.

Another limitation is the recession. It becomes possible to explain to the population the inevitable reduction of social transfers while tax increases, to find good arguments for not providing benefits to the population, accumulated by election promises.

The principle of equity in the distribution should not cause the ratchet effect. Fair redistribution should not pass a certain limit, beyond which it is contrary to the efficiency of production. The last provides a means for fair distribution and therefore has priority. Therefore, the moral imperative is to compromise economic freedom and social responsibility, and not just in one freedom and not only one social responsibility of governments. On the one hand, the trade-off between the individual and the social origins of man must be the basis of social order and as a compromise, you can save the individualism to such an extent that every member of society had a stable and predictable future self-development and the welfare of his family. On the other hand, the differentiation created by individualism should not lead to poverty near the ostentatious wealth. So the balance of society is built on the basis of justice.

Discretionary policy follows the election promises. Politicians are free to their promises, but after winning the election a promises become the liabilities. Therefore, such a policy should be introduced into the framework of the rules that will limit promises. For example, you can’t spend on social assistance to more than the statutory percentage of the state budget. Justice in the fact that people should be equal as subjects of law, equal before the law. From the standpoint of production, each must have equal starting opportunities. Enrichment achieved through the production and not at the cost of reducing the welfare of others, not redistribution corresponds to justice in the spirit of Pareto efficiency.

Generally progressive tax scale should be based on the rules of conservation for the taxpayer of his social status. From standpoint of distribution in subjective understanding is unfair when you take away something without equivalent. In the objective sense, such a confiscation, which does not affect the consumption level of the individual, his usual way of life would be fair. Progressive income tax subjectively unfair for the rich, but objectively does not change their consumption bundle. However, excessive amounts of progressive tax on income equates them to subordinate middle class, that is, change their social status, and therefore unfair and will cause resistance and refusal to pay "draconian" tax. They do not want to fall below their subordinates by disposable income. Policy rules should replace the policy of the discretion to deter election promises and to support the long-term social justice.

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