

# Utilitarianism & Welfare Economics

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## I Utilitarianism and Bentham's Ethical Theory

### § 1 Characteristics of Utilitarianism

What is utilitarianism? To give a perfect definition of utilitarianism is perhaps impossible. But every theory which is classified as utilitarianism has at least two characteristics. They are:

- 1 Pleasure (or avoidance of pain), or satisfaction of desire is considered the good.<sup>(1)</sup>
- 2 A conduct which maximizes pleasure or satisfaction of desire is considered a right conduct.

In this paper I will discuss Bentham's ethical theory and *Welfare Economics* as typical examples of utilitarian theories, and attempt to clarify their characteristics and faults. In §2 I will explain the gist of Bentham's ethical theory, and in §3 I will point out what I perceive to be its faults.

In §4~§9 the old (or Pigou's) and new Welfare Economics will be discussed.

Lastly (in §10~§12), I will give some suggestions concerning income distribution and justifications for implementation.

## §2 Bentham's Ethical Theory

First, we begin with a well known quotation from Bentham.

"Nature has placed mankind under the governance of two sovereign masters, *pain* and *pleasure*. It is for them alone to point out what we ought to do, as well as to determine what we shall do. On the one hand the standard of right and wrong, on the other the chain of causes and effects, are fastend to their throne."<sup>(2)</sup>

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(1) We must, later, investigate the relationship between pleasure and satisfaction of desire. The relationship between them will be discussed in §3 (1).

(2) Bentham, J.: *An Introduction to the Principles of Morals and Legislation*, London 1789, p. i.

Bentham maintains two things:

- 1 Man seeks pleasure and avoids pain.
- 2 Pleasure is the only good and pain is the only evil.

Against the first proposition man may present arguments such as; Why do you go to a dentist? Medical treatment of your decayed tooth does give you great pain, doesn't it? It is not so difficult to answer these questions. We can answer that the quantity of pain resulting from the medical treatment of my decayed tooth is less than that resulting from not going to a dentist.

Is pleasure the only good? If so, it follows that the conduct which maximizes the balance of pleasure over pain or minimizes the balance of pain over pleasure is a right conduct. We must, therefore, carefully investigate whether pleasure is the only good [see, § 3 (2)].

A community consists of a large number of individuals. How shall we, then, think about the quantity of the good of a community? Bentham thinks that we can arrive at the quantity of the good of a community by summing up the good of the members who compose it. But we must take into consideration the fact that one's action seeking pleasure (or the good) often conflicts with another's. We must make some coordination between these conflicting actions. Bentham says that actions which increase the quantity of the good of particular persons but decrease the quantity of the good of a community must be prevented, and that legislator must carry out this task by threatening to punish such actions.

### **§ 3 Faults of Bentham's Ethical Theory**

- (1) Usually Desire Comes First

Bentham's proposition that man seeks pleasure (and avoids pain) is not, strictly speaking, true. Usually desire comes first, and, if it is satisfied, pleasure comes later. For example, when I am hungry I desire food, and as long as my hunger persists food will give me pleasure. That is to say; the hunger, which is a desire, comes first and the pleasure is a consequence of the desire.

But this fault is not a significant challenge to utilitarianism. Because we need only to substitute the proposition that man seeks satisfaction of desire for the proposition that man seeks pleasure.

## (2) 'Desired' and 'Desirable'

To handle the proposition that pleasure is the only good (and pain is the only evil) is much more difficult. We must not infer the following: pleasure is the only thing *desired*, therefore pleasure is the only thing *desirable*. Because the fact that a thing is desired does not directly result in the conclusion that the thing is desirable. Bentham does not, I think, succeed in proving his proposition that pleasure is the only good.

Now, taking into consideration the fact that desire comes first and pleasure later, we can formulate the problem like this: is satisfaction of desire the good on its own account, and is it the only good? I think this is one of the most difficult problems that the utilitarianist must answer. Imagine a state as follows;

- 1 A woman is very proud of the beauty of her body and has a strong desire to show others her naked body.
- 2 A man intensely desires to see the woman's naked body and intends to pay a large sum of money in order to satisfy his desire.

If satisfaction of desire is the good, it follows that when the woman in question receives money from the man in question and shows her naked body to him, her conduct is a good conduct. But many people do not, probably, think her conduct to be a good one.

J. S. Mill made a distinction between high-grade pleasure and low-grade pleasure. He states:

“Human beings have faculties more elevated than the animal appetites, and when once made conscious of them, do not regard anything as happiness which does not include their gratification.”<sup>(3)</sup>

“It is quite compatible with the principle of utility to recognise the fact, that some *kinds* of pleasure are more desirable and more valuable than others.”<sup>(4)</sup>

“Of two pleasures, if there be one to which all or almost all who have experience of both give a decided preference, irrespective of any feeling of moral obligation to prefer it, that is the more desirable pleasure.”<sup>(5)</sup>

“It is better to be a human being dissatisfied than a pig satisfied; better to be Socrates dissatisfied than a fool satisfied.”<sup>(6)</sup>

If we acknowledge a distinction between qualities of pleasures (or satisfactions of desires), or if we acknowledge a distinction between the more desirable pleasure (or satisfaction of desire) and the less desirable pleasure (or satisfaction of desire), doesn't the claim that pleasure (or satisfaction of desire) is the only good collapse *root and branch*? Don't we

(3) Mill, J.S.: *Utilitarianism*, 1861, in: *Collected Works of John Stuart Mill*, Vol. X, University of Toronto Press 1969, pp. 210-211.

(4) Mill, J. S., *ibid.*, p. 211.

(5) Mill, J. S., *ibid.*, p. 211.

(6) Mill, J. S., *ibid.*, p. 212.

need a standard of good and evil *other than* pleasure (or satisfaction of desire)? I don't know how the utilitarianist could solve this difficult problem.

In this paper I must accept a tentative and irresolute conclusion: satisfaction of desire, including the satisfaction derived from seeing woman's naked body, is the good, but it is not certain that it is the only good.

### (3) Distribution of the Good

According to Bentham, the quantity of the good of a community is equivalent to the sum of the good of the members who compose it, and a conduct which maximizes the quantity of the good of a community is a right conduct. But he does not pay much attention to the way by which the good is distributed among individuals. For example, prohibition of theft is useful to everybody. It can safely be said that this kind of activity will increase the quantity of the good of a community, and that it is a right activity.

But can we conclude that an activity, which increases the quantity of the good of a community and increases the quantity of the good of some persons but decreases the quantity of the good of others, is a right activity? For example, if a country lifts the ban on importing agricultural products, it is likely that the quantity of the good of that country will increase, and the quantity of the good of most people will increase, but the quantity of the good of farmers will remarkably decrease. How should we respond to this kind of phenomenon?

Moreover, we must ask another question: If the good is very evenly distributed in a country, but in another country the good is very unevenly distributed, and if the quantities of the good of both countries are equivalent (assuming that the quantity of the good of a community equals

the sum of the good of the members who compose it), can we consider the degree of goodness of both countries equivalent? Or, is it justifiable to assume that the quantity of the good of a community equals the sum of the good of the members who compose it?

The utilitarianist must not avoid these difficult problems. Therefore, we begin with investigating Pigou's *The Economics of Welfare*.

## II Pigou's *The Economics of Welfare*

### § 4 The National Dividend and the Condition of Maximizing It

#### (1) Economic Welfare and the National Dividend

Pigou discusses *welfare*. This welfare is nearly tantamount to *satisfaction of desire*. To argue about total welfare is very difficult, therefore Pigou confines his arguments to economic welfare. Although it may not be allowed to identify *economic welfare* with *total welfare*, pointing out that usually the effect of any cause on economic welfare is equivalent in direction to the effect on total welfare, he justifies his method of confining his argument to economic welfare.

“When we have ascertained the effect of any cause on economic welfare, we may, unless, of course, there is specific evidence to the contrary, regard this effect as *probably* equivalent in direction, though not in magnitude, to the effect on total welfare.”<sup>(7)</sup>

*Economic welfare* means that part of total welfare which can be brought directly or indirectly into relation with the measuring-rod of *money*.<sup>(8)</sup>

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(7) Pigou, A. C.: *The Economics of Welfare*, Macmillan, London 1920, 4th ed. 1932, reprinted 1962, p. 20.

(8) Pigou, A. C., *ibid.*, p. 11.

The economic welfare of a community is defined as follows:<sup>(9)</sup>

$$\begin{aligned} & [\text{the economic welfare of a community}] = \\ & [\text{satisfactions derived from the use of the national dividend}] \\ & - [\text{dissatisfactions involved in the making of it}] \end{aligned}$$

*The national dividend* in the above equation is defined as follows:<sup>(10)</sup>

$$\begin{aligned} & [\text{the national dividend}] = \\ & [\text{things purchased with money income}] \\ & + [\text{services people obtain from inhabiting houses owned by} \\ & \quad \text{themselves}] \end{aligned}$$

## (2) Two Major Propositions Concerning the National Dividend

In Part I, Chapter VII and VIII of *The Economics of Welfare*, two major propositions which are the core of Pigou's theory are presented:

- 1 Provided the dividend accruing to the poor is not diminished, increases in the size of the aggregate national dividend, if they occur in isolation without anything else whatever happening, must involve increases in economic welfare.<sup>(11)</sup>
- 2 Any cause which increases the absolute share of real income in the hands of the poor, provided that it does not lead to a contraction in the size of the national dividend from any point of view, will, in general, in-

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(9) Pigou, A. C., *ibid.*, p. 85.

(10) Pigou, A. C., *ibid.*, p. 34.

(11) Pigou, A. C., *ibid.*, p. 82.



crease economic welfare.<sup>(12)</sup>

In our world the factors, which cause the increase or decrease of the national dividend, affect the income distribution, too. But, because to argue 'the increase or decrease of the national dividend' and 'the change of the income distribution' simultaneously is very difficult, Pigou analyzes them separately. We begin with examining the first proposition.

### (3) The Condition of Maximizing the National Dividend

Although Pigou does not explicitly insist that welfare is the good and that the conduct which maximizes welfare is a right conduct, it is obvious that his theory assumes so. If not so, such a thoroughgoing investigation into the measures which increase or decrease economic welfare would not have been done.

In Part II of *The Economics of Welfare*, the question of under which condition the national dividend becomes a maximum is discussed. The answer is: when the arrangement of resources that makes *the values of the marginal social net products* equal in all uses is accomplished, this arrangement is the one that makes the national dividend a maximum.<sup>(13)</sup>

After this condition is clarified, the questions of what factors break this equilibrium, and of what measures should, then, be employed, come under discussion.

## § 5 Three Questions Concerning Income Distribution

To argue the second proposition in § 4 (2) is much more difficult than the first.

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(12) Pigou, A. C., *ibid.*, p. 89.

(13) Pigou, A. C., *ibid.*, p. 136.

Bentham focuses his arguments on total pleasures of a community, and does not pay attention to the distribution of pleasures [see, § 3 (3)]. But Pigou argues not only about total economic welfare, but also about the distribution of it. Concerning his proposition that *any cause which increases the absolute share of real income in the hands of the poor, provided that it does not lead to a contraction in the size of the national dividend from any point of view, will, in general, increase economic welfare*, we must ask at least three questions.

- 1 Provided the national dividend does not change, will the increase in real income of the poor (or to make the income distribution more even) cause the increase in economic welfare?
- 2 Won't the cause, which increases the national dividend, make the income distribution more uneven?
- 3 Won't the measure, which makes the income distribution more even, decrease the national dividend?

Let's examine the first question. The second and third questions will be discussed in § 6.

Pigou attempts to justify income redistribution by relying upon the concept of 'law of diminishing marginal utility.' He says that if a transference of income from a relatively rich man to a relatively poor man takes place, it enables more intense wants to be satisfied at the expense of less intense wants, and increases the aggregate sum of satisfaction.<sup>(14)</sup>

If satisfaction of desire is the good, it follows that income redistribution which increases the good (or the aggregate sum of satisfaction) is right, and that we ought to carry out it.

(14) Pigou, A. C., *ibid.*, p. 89.

## § 6 The National Dividend and Labor's Real Income

Let's turn to the second and third questions presented in § 5. These are the main subjects in Part IV of *The Economics of Welfare*.

Pigou says that we cannot investigate directly into how the national dividend is distributed among the rich and the poor. He, therefore, proposes to identify the poor with the wage-earners, and the earnings of wage-earners with the earnings of the factor labor.<sup>(15)</sup> By doing so, we can directly apply the familiar analysis of economics, while, according to Pigou, no appreciable error is introduced.

Now, we can change the above questions as follows:

- 2' Won't the cause, which increases the national dividend, decrease the earnings of wage-earners?
- 3' Won't the measure, which increases the earnings of wage-earners, decrease the national dividend?

### (1) Capital, Labor, and Invention

Pigou maintains that capital, labor, and invention are the most important factors which affect the size of the national dividend (*The Economics of Welfare*, Part IV, Chapter III and IV).

First, according to Pigou, an increase in the supply of *capital* means that the supply of *waiting*, or of *uncertainty-bearing*, or of both, has been increased, or that people have been willing to undertake more waiting for the fruits of labor and more exposure of those fruits to uncertainty.<sup>(16)</sup> Pigou's conclusions are: an increase in the supply of capital ①does in-

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(15) Pigou, A. C., *ibid.*, pp. 656-658.

(16) Pigou, A. C., *ibid.*, p. 658.

crease the size of the national dividend, and ②does not decrease the real income of wage-earners.<sup>(17)</sup>

The second main factor is labor. When dealing with an increase in the supply of labor, we must distinguish between ①an increase in the number of workpeople, and ②a rise in their average capacity.<sup>(18)</sup> When the number of workpeople increases, (i) the national dividend increases, and (ii) the total real income of the working-class increases, but (iii) the real income *per capita* decreases. On the other hand when labors' average capacity rises, (i) the national dividend increases, and (ii) the total real income of the working-class increases, moreover (iii) the real income *per capita* increases.

Thirdly, we must deal with invention. Pigou divides inventions into three types; ①capital-saving inventions, ②labor-saving inventions, and ③neutral inventions.<sup>(19)</sup> An invention which reduces the ratio of capital to labor in the industry where it applies is a capital-saving invention, one which increases it is a labor-saving invention, and one which leaves it unchanged is a neutral invention.

As to inventions Pigou infers as follows: ①The majority of inventions have been labor-saving inventions, but, ②because (i) the prices of the goods principally purchased by the working-class have been reduced by inventions,<sup>(20)</sup> and (ii) certain sorts of inventions, by giving a new field for "spending", may cause rich people to save less and so to provide less new

(17) Pigou, A. C., *ibid.*, p. 662.

(18) Pigou, A. C., *ibid.*, pp. 664-668.

(19) Pigou, A. C., *ibid.*, p. 674.

(20) Pigou, A. C., *ibid.*, p. 675.

(21) Pigou, A. C., *ibid.*, pp. 676-677.

capital,<sup>(22)</sup> therefore, ③the great majority of inventions will increase the real income of wage-earners as well as the aggregate national dividend.<sup>(23)</sup>

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I think that Pigou's inference as to inventions is wrong. If he stated that the majority of inventions have been labor-saving inventions, he ought to have concluded that inventions, after all, have been harmful to the working-class. It was K. Marx who most exhaustively deployed the argument that the majority of inventions have been labor-saving inventions, and, therefore, inventions have been harmful to the working-class. I can not accept both Pigou's and Marx's arguments. I think the proposition that the majority of inventions have been labor-saving inventions is false.

## (2) Transference of Purchasing Power

Won't the cause, which increases the national dividend, decrease the earnings of wage-earners? Pigou's answer is "no". Now, we must turn to question 3': Won't the measure, which increases the earnings of wage-earners, decrease the national dividend?

In order to raise the standard of living of wage-earners, we can use such measures as the forcing-up of wage rate, subsidies to wages, bounties on things purchased by wage-earners, transference of purchasing power to wage-earners, and so on. Of these, transference of purchasing power to wage-earners is probably the most important. We, therefore, take up here only transference of purchasing power to wage-earners. When we deal with the effect of it on the national dividend, we must investigate, at

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<sup>(22)</sup> Pigou, A. C., *ibid.*, pp. 678-679.

<sup>(23)</sup> Pigou, A. C., *ibid.*, p. 680.

least, three factors: ①the effect of taxation, ②idleness and thriftlessness, and ③the capacity of wage-earners.

First, in order to transfer purchasing power to wage-earners, we must find a source of revenue. If the necessary funds are raised by means of progressive income and inheritance taxes, the national dividend will considerably diminish through the effect of (i) emigration of rich people, (ii) the flight of capital to foreign countries, (iii) a decrease in the amount of work done by rich people, and (iv) a decrease in the amount of saving. (*The Economics of Welfare*, Part IV, Chapter IX)

Secondly, it is likely that idleness and thriftlessness will spread among the poor, if they expect relief from public funds. But the extent and intensity of idleness and thriftlessness will vary as the way of transference of purchasing power varies. (*The Economics of Welfare*, Part IV, Chapter X)

Thirdly, when the purchasing power transferred to wage-earners is expended on (i) training, (ii) care for the sick, and (iii) education, the average capacity of wage-earners will rise, and the national dividend will increase. (*The Economics of Welfare*, Part IV, Chapter X II)

### III The New Welfare Economics

#### § 7 Law of Diminishing Marginal Utility and Income Redistribution

Pigou says: ①there is a high probability that the national dividend will diminish when transference of purchasing power to wage-earners is carried out (§ 6); ②but we ought to carry it out within a certain limit; ③because the increase in real income of wage-earners causes an increase in the economic welfare of a community (§ 5).

The crux of Pigou's argument is 'law of diminishing marginal utility.' According to Robbins, the argument to justify income redistribution by

dint of 'law of diminishing marginal utility' can be formulated as follows.<sup>(24)</sup>

(Although Pigou and Robbins use the word 'utility', we ought to interpret it as the satisfaction of desire.)

- 1 The Law of Diminishing Marginal Utility implies that the more one has of anything the less one values additional units thereof.
- 2 Therefore, it is said, the more real income one has, the less one values additional units of income.
- 3 Therefore, the marginal utility of a rich man's income is less than the marginal utility of a poor man's income.
- 4 Therefore, if transfers are made, and these transfers do not appreciably affect production, total utility will be increased.
- 5 Therefore, such transfers are "economically justified."

Robbins criticizes the abovementioned argument. His criticism is twofold.

First, Robbins points out that the third proposition "begs the great metaphysical question of the scientific comparability of different individual experiences."<sup>(25)</sup>

When there are goods M and goods N on the market, whose prices are equal, it is easy to determine which goods a person A prefers (or which goods gives him more satisfaction of desire). You can ask him which goods he prefers, or observe which goods he in fact selects. But we can not get the answer likewise as to which is larger, 'the satisfaction of desires derived by a person A from an income of ¥ 10,000' or 'the satisfac-

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(24) Robbins, L.: *An Essay on the Nature and Significance of Economic Science*, Macmillan, London 1932, 2nd ed. 1935, p. 137.

(25) Robbins, L., *ibid.*, p. 137.

tion of desires derived by person B from an income of ¥10,000.' It is of no use to ask them. A may answer, "The satisfaction of desires which I derive from an income of ¥10,000 is larger than that which B derives from an income of ¥10,000", whereas B may insist, "The satisfaction of desires which I derive from an income of ¥10,000 is larger than that which A derives from an income of ¥10,000." According to Robbins, there is no *scientific* way of deciding which insistence is true.

The second criticism Robbins makes concerning the argument justifying income redistribution by dint of 'law of diminishing marginal utility' is as important as the first, although most economists have paid little attention to it. According to Robbins, if the four propositions from the first to the fourth were scientifically legitimate, they would not allow us to directly deduce the fifth proposition from them. Because the fact that <sup>(26)</sup> *the transference of purchasing power from the rich to the poor causes the increase in the total satisfaction of desires of a community* does not directly justify the value judgement that *such transference ought to be carried out*. 'The increase in the satisfaction of desires of a community' does not prove 'the desirability of the increase in the satisfaction of desires.'

"Propositions involving *ought* are on an entirely different plane from propositions involving <sup>(27)</sup> *is*."

However, I adopted a tentative conclusion that satisfaction of desire is the good [see, § 3 (2)]. Therefore, if the transference of purchasing power from the rich to the poor causes the increase in the satisfaction of desires of a community, I think such transference ought to be carried out.

(26) Robbins, L., *ibid.*, pp. 142-143.

(27) Robbins, L., *ibid.*, pp. 142-143.



## § 8 Hicks and the New Welfare Economics

Robbins's criticism of the argument to justify income redistribution by dint of 'law of diminishing marginal utility', especially the first part, leads *the economics of welfare* to a new phase; that is, *the new welfare economics*.<sup>(28)</sup> Its characteristics can be summarized as follows:

- 1 In the new welfare economics, the possibility of comparing the satisfactions of desires derived by different individuals from a certain amount of income *is denied*.
- 2 The new welfare economics *begs* the very problem of comparing the satisfactions of desires derived by different individuals from a certain amount of income.

Hicks exhorts to concentrate attention upon the case which is *an exception to the general rule that the impossibility of inter-personal comparisons prevents any estimation of the general efficiency of the economic system*.<sup>(29)</sup> And he distinguishes ① *the case in which a person can improve his position without damaging the satisfactions of other people* from ② *the case in which an improvement in his position (an upward movement on his scale of preferences) involves a downward movement for other people on their scales*.

The latter cannot be estimated, because there is no scientific way of comparing the satisfactions of desires derived by different individuals from a certain amount of income. But the former, Hicks says, does represent an increase in economic welfare, or an increase in the efficiency of the system

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<sup>(28)</sup> Hicks, J.: The Foundations of Welfare Economics, 1939, in: *Wealth and Welfare — Collected Essays on Economic Theory*, Vol. I, Basil Blackwell, Oxford 1981, pp. 61–62.

<sup>(29)</sup> Hicks, J., *ibid.*, pp. 63–64.

as a means of satisfying wants, *from any point of view*. He, then, defines an *optimum* organization of the economic system as one in which *every individual is as well off as he can be made, subject to the condition that no reorganization permitted shall make any individual worse off*.<sup>(30)</sup>

## § 9 Feast and Starvation

Imagine a community in which most people are starving, while a small minority of the population are living luxurious lives. Then, a change of the allocation of resources happens. Although the total quantity of wealth increases, all the new wealth added to the community fall into the hands of the rich. Now, the rich can provide each other with even more extravagant feasts than before, but the masses are still starving as ever.

Can you call this new situation an *optimum*? According to the new welfare economics, it is an optimum.

Marx maintains that although, under capitalism, the wealth of a community increases, almost all the wealth added to it fall into the hands of capitalists. According to Marx, this process is not only one of the capitalistic evils,<sup>(31)</sup> but also one of the factors which will cause the collapse of capitalism.

If I were a Marxist, I would call the new welfare economics an ideological pawn of capitalists attempting to justify unequal income distributions.

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<sup>(30)</sup> Hicks, J., *ibid.*, p. 64.

<sup>(31)</sup> I think this conclusion of Marx is false. His conclusion is derived from the false hypothesis that the majority of inventions have been labor-saving inventions. [see, § 6 (1)]

## IV Income Distribution, Market, and Economic Policies

### § 10 The Masses—Means or End?

Are the masses only a means which enables noble men to live noble lives? Or, do the respective lives of the masses have their own intrinsic values? If the lives of the masses are only a means to realize the noble lives of noble men, we may be allowed to call the process assumed in § 9 (that is to say, the process in which almost all the new wealth added to a community fall into the hands of the rich) an *improvement* of situation. Although man may replace the rich with a king, aristocrat, hero and so on, the coexistence of enriching the minority and starving the majority will, in any case, be justified.

I reject the view that the masses are only a means to realize the noble lives of noble men, and I insist that everybody has the right to enjoy his own life. Although it is not easy to completely refute the view that the masses are only a means, I will attempt to do so.

How can we cope with the view that the masses are a means? First, we can refer to the reactions of those who are assigned the role of means. They may not accept the assigned role. They may attempt a struggle against the minority. If this happens, fear and hatred will spread among the noble men, and their noble character will disappear. I hope many people think it desirable to avoid the social system which assigns the majority of population the role of means.

Secondly, we can appeal directly to the feelings of those who advocate assigning the majority the role of means. By letting them imagine the misery of starving people, we can awaken their universal sympathies. Most people have strong or weak sympathies for others, and they feel unhappy when they see or hear others suffer. Many people cannot,

therefore, to relate the state in which the majority of population are suffering at the nadir of unhappiness, while the small minority live noble and graceful lives.

But, there might be those who are not disturbed at all by the abovementioned arguments. They might assert: the more violent the struggle fought by the vulgar masses becomes, the more brightly the dignity of the solitary noble man shines; the man who can relentlessly crush the rebellion attempted by the vulgar masses must be the ruler; those who are disturbed by the suffering of petty beings have no right to become the ruler.

A man, who is not disturbed at all by arguments and, moreover, dedicates himself, as a means, to realize the noble lives of noble men, may be called a fanatic. If there were such a fanatic, I wouldn't know how to cope with him.

## § 11 Suggestions Concerning Income Distribution and Redistribution

If the view that the masses are only a means to realize the noble lives of noble men is rejected, it is very difficult, if not impossible, to justify the coexistence of 'the extravagant feast enjoyed by the small minority of population' and 'the starving masses.'

In this section, I will give some concrete suggestions concerning income distribution.

### (1) Income Distribution and Market Mechanism

*Most people* would probably object to a very uneven distribution of community wealth (for example, while the greater part of the wealth falls into the hands of the few, the majority of population are starving). And most

people would probably think this kind of distribution ought to be changed. It is relatively easy to argue this point.

What kind of distribution, however, ought to be pursued, after a very uneven distribution is improved? There are various arguments as to the desirable distribution. I propose to let market mechanism determine people's incomes. I think it undesirable to give a particular person or organization the power to determine people's incomes.

Based on market mechanism people's incomes are determined in proportion to how much they satisfy consumers' desires. Now we must ask if the market is in the state in which the increasing wealth falls into the hands of the few, while the standard of living of the masses is not improved at all. We need not worry about this kind of phenomenon. Because, in capitalistic countries whose allocation of resources are coordinated by market mechanism, the standard of living of the masses has been raised.

## (2) Three Conclusions

Today few people doubt that market mechanism is one of the most important causes for the high standard of living in the developed countries. But, under market mechanism, those who cannot contribute to satisfy consumers' desires can get no income. How should we deal with those people? I think we ought to help them.

On the other hand, there are a small number of people who accumulate enormous wealth. How should we deal with them? I think we must not forget the virtue of tolerance when we deal with the rich. It is likely that a charge against the enormous wealth of the few, derives from envy. Moreover, if we impose too high a tax on the rich, we must ourselves suffer from a decrease in the national dividend[see, § 6 (2)].

I present three conclusions as to income distribution.

- 1 We ought to let market mechanism determine people's incomes.
- 2 But we ought to help people whose income is insufficient to provide a decent living. In other words, we ought to establish and maintain an institution of social security which includes health insurance, unemployment insurance, a pension scheme, public assistance and so on.
- 3 Although we may adopt a progressive income tax and a progressive inheritance tax, we must be careful not to let the degree of progressiveness go too far.

### § 12 Justifiable?

All three conclusions in § 11 (2) are my *subjective* judgements. These judgements must be justified somehow or other. I will attempt to justify my conclusions by means of the conjecture that *most people in the developed countries will agree with my conclusions*.

Is it legitimate to resort to *most people's agreement* when we attempt to justify a value judgement? I divide this question into two parts.

- 1 When all people agree with a value judgement, can all people's agreement be a legitimate ground to justify that value judgement?
- 2 When, although most people agree with a value judgement, the few disagree with it, how should we act?

#### (1) Cognition vs. Value Judgement

Let us assume that, in 1543 when Copernicus died, all people on the earth had agreed with the hypothesis that *the sun goes around the earth*. As far as cognition is concerned, it is obvious that we cannot use all people's agreement to prove the hypothesis. On the other hand, if all people on the earth had, then, believed in a view that *monarchy is the best*

*form of government*, could all people's belief be a legitimate ground to justify the view? I think it could be.

One of the characteristics of modern philosophy has been the inclination toward *subjectivity*, and this inclination has entailed *relativism*. In this paper I have been dealing only with the relativism in the realm of value. Relativism in the realm of cognition (or epistemology) is another difficult problem which I cannot include in this paper.

Analytic philosophers in the 20th century have analyzed 'the subjectivity of value judgement.' Their analysis, I think, reached its peak with R. M. Hare's *The Language of Morals* <sup>(32)</sup> (1952). He uses the word 'prescriptivity' to describe the subjectivity of value judgement. But a turn in thinking had already begun at that point. I interpret Hare's later works (*Freedom and Reason*, <sup>(33)</sup> 1963; *Moral Thinking*, <sup>(34)</sup> 1981) to be attempts to salvage the cognition of *the subjectivity of value judgement* from the morass of *relativism*.

Every value judgement is subjective. But, if everybody agrees as to the most fundamental value judgement(s), we can avoid the morass of relativism. Therefore, I think that, when all people agree with a value judgement, its agreement can be a legitimate ground to justify that value judgement.

## (2) Persuasion

When, although most people agree with a value judgement, the few disagree with it, how should we act? Let us consider this problem, by taking up unemployment insurance as an example.

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<sup>(32)</sup> Hare, R. M.: *The Language of Morals*, Clarendon Press, Oxford 1952.

<sup>(33)</sup> Hare, R. M.: *Freedom and Reason*, Clarendon Press, Oxford 1963.

<sup>(34)</sup> Hare, R. M.: *Moral Thinking*, Clarendon Press, Oxford 1981.

Assume that a man objects to unemployment insurance, and that he thinks that the unemployed must suffer, because his idleness caused his unemployment. Those who advocate establishing and maintaining unemployment insurance should try to persuade him as follows: First, idleness is not the only cause of unemployment, but rather depression can cause unemployment. If a man, in spite of all his efforts, loses his job because of depression, and if we reject establishing unemployment insurance, are we just to him? Secondly, whether the rejection of establishing unemployment insurance is just or not, will the neglect of the suffering of the unemployed cause social unrest? If we wish to avoid social unrest, we should pay attention to the problem of unemployment. Thirdly, we can appeal directly to the feelings of the opponent of unemployment insurance. We may ask him, "Seeing, hearing, or imagining the woes of the unemployed and his family, can you remain calm?"

I hope that, after undergoing the abovementioned persuasion, all people will agree to establish and maintain unemployment insurance.

\*                      \*                      \*

When religion or nationalism comes under discussion, especially when man is seized with religious or nationalistic fever, persuasion is probably very difficult, nay, it seems to be impossible. However, those who not only recognize 'the subjectivity of value judgement,' but wish it does not cause violence, must not give up. They must perseveringly continue their persuasion in order to lead people to 'an agreement as to the most fundamental value judgement.'