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The Justice of Economic Efficiency

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The central problem of political economy is how to organize society so as to promote the production of wealth. The central problem of political philosophy is how to arrange society so as to make it a just social order.

The first question is a question regarding matters of efficiency: what means are appropriate for achieving a specific result--in this case: wealth.

The second question falls outside the realm of the so-called positive sciences. It asks whether or not the goal which political economy assumes to be given can be justified as a goal, and whether or not, then, the means which political economy recommends can be regarded as efficient means for just ends.

In the following I will present an *a priori* justification for the thesis that those means recommended by political economy are indeed efficient means for just ends.

I will begin by describing the means recommended by political economy and explain systematically all the production of wealth attained by adopting them is greater than that produced by choosing any other means. Since my main task is to demonstrate the justice of these means of producing wealth, my description and explanation of economic efficiency will be extremely brief.

Political economy begins by recognizing scarcity. It is only because we do not live in the Garden of Eden that we are concerned about the problem of economic efficiency. According to political economy, the most efficient means of at least alleviating, if not overcoming, scarcity is the institution of private property. The rules underlying this institution have been correctly identified for the most part by John Locke. They are as follows: Every person owns his own body as well as all scarce goods which he puts to use with the help of his body before anyone else does. This ownership implies the right to employ these scarce goods however one sees fit so long as in so doing one does not aggress against anyone else's property, i.e., so long as one does not uninvitedly change the physical integrity of another's property or delimits another's control over it without his consent. In particular, once a good has first been appropriated or homesteaded by mixing one's labor with it--this being Locke's phrase--then ownership in it can only be acquired by means of a contractual transfer of property title from a previous to a later owner.

The reasons this institution leads to the greatest possible production of wealth is straightforward: Any deviation from



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this set of rules implies, by definition, a redistribution of property titles, and hence of income, away from user-producers and contractors of goods and onto non-user-producers and non-contractors. As a consequence, any such deviation implies that there will be relatively less original appropriation of resources whose scarcity is realized, there will be less production of new goods, less maintenance of existing goods, and less mutually beneficial contracting and trading. And this naturally implies a lower standard of living in terms of exchangeable goods and services. Further, the provision that only the first user (not a later one) of a good acquires ownership assures that productive efforts will be as high as possible *at all times*. And the provision that only the physical integrity of property (not property values) be protected guarantees that every owner will undertake the greatest possible *value*-productive efforts, i.e., efforts to promote favorable changes in property values and also to prevent or counter any

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