

When Theory Clashes with Justice: On Profit and Minimum Wage

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This paper aims to explore a plausible way of “creating economic prosperity” while “maintaining justice for all,” which are two seemingly contradictory ideas. My argument is that these two thoughts are, in fact, not contradictory to each other and therefore, in my “blueprint” for an ideal society, they can both be maintained for the sake of humanity.

Let us begin by finding a viable definition of human nature. I agree with Huang Zongxi that enjoying leisure is an inborn inclination.¹ **People do prefer leisure to work**, less workload to more, given that the resources for maintaining their lives are guaranteed. It is quite common for people in the office or factory to shirk if they know that such behaviour will not be discovered and lead to their being laid off. This also sheds light on another aspect of human nature: **one seeks always to preserve himself**,² and securing his job is a symbol of preserving himself.

Suppose there is a person living on an island alone. On the island, this man has the liberty of doing anything he wishes and taking as many resources

1 黃宗羲，頁1。

2 Rousseau 11.

as he wants. He is not obliged to obey anyone or any regulations. However, if he subsequently becomes a member of a society, he has to give up some rights that he has enjoyed on the island in order to live with others harmoniously. For example, he cannot do whatever he wants, as he did on the island. As Jean-Jacques Rousseau points out, “man is born free, and everywhere he is in chains.”³ Some rights that were enjoyed on a one-man island must be transferred to the society of which he is now a member. So, when evaluating how justice for all is maintained, we should scrutinize the difference of rights possessed by a person on a one-man island and in a society. In my view, it is the individual’s “freedom” and the principle of “human preservation” that should still be emphasized and upheld after the individual becomes a social being because these are the foundation values that should in no way be ignored or sacrificed. Without them, men are just like slaves.

Taking these two values into account, economically, I deem that “private property plus market economy” is an optimal way to bring about economic prosperity because of two reasons: it can cope with the human inclination to “shirk” by providing people with the incentive to work, and it prevents the government from getting corrupted and abusing the people. Firstly, as the capital is owned by a person, in order to make a living, one has to work hard and engage in production. A farmer owns a farmland and the productivity is heavily dependent on his own input, such as the effort he puts into cultivating his land and farming the crops. The more personal labour and resources he puts into the production, the more he will get in return. As we can see, notwithstanding forces of nature that are not within his control, the farmer

3 Rousseau 10.

himself is the determining factor of the return. This induces men to labour despite their preference for leisure to work. Secondly, private property right can ensure that the civil rights of people be well protected because if the government or emperor possesses the dominant proportion of property in a society, their self-interest will likely take the place of the common good.⁴ Worse still, as Rousseau observes, when a king wins a piece of land by military conquest, he usually holds confidence that he owns the inhabitants, too.⁵ In my opinion, it is worth our attention that apart from foreign conquerors, our own government is another potential violator of our freedom, which may in turn pose serious threat to our justice. Protection of individual freedom is essential in defending justice for all. For example, if the government violates my rights, I can exercise my freedom of speech and voice my discontents openly to pressure the government into acting otherwise. As shown above, “private property plus market economy” can, on one hand, create economic prosperity, and on the other, prevent the government from violating our freedom and creating injustice.

According to Adam Smith, division of labour can enhance the overall productivity. I agree with him, and consequently in my blueprint for an ideal society, division of labour should be advocated, too. However, several problems of “private property plus market economy” will inevitably emerge, among which are the determination of “wage” and “resource distribution.” These problems are highly relevant to the issue of justice in the sense that justice can be preserved only when workers’ wages are proportional to the labour that they have invested. I hold my belief that workers deserve a wage

4 黃宗義，第3-4。

5 Rousseau 11.

level that is proportional to their labour input. As a matter of fact, both Smith and Rousseau are in support of this idea. In the beginning of Chapter VI of *The Wealth of Nations*, Smith states that if a worker follows through the process of production on his own, the return is proportional to the labour he puts in and the hardship he endures. When division of labour is developed, people with an accumulated stock will employ people to help the production.⁶ Things become complicated under this case because the return has to be shared by both the employer and workers. I agree with Smith that part of the return should be awarded to the workmen and the rest given to the employer. However, on top of that, I would like to add two more criteria. Firstly, the amount of wages earned by the labourer should at least be sufficient to allow him to provide for his own and his family's needs. **It is quite outrageous if a workman dedicates most of his time to work but does not get sufficient wages in return.** It has nothing to do with economic theory. In fact, it reflects our appreciation towards working. I believe in the principle of "more pay for more work." In my blueprint for an ideal society, this principle is upheld, and economic theories such as "wage is determined by the demand and supply of the market" should not be an excuse for blocking the establishment of minimum wage for low-skilled labourers. Secondly, **the pursuit of profits by the employer should not be indefinite.** I consider Rousseau's *Social Contract* a good reference for this issue. In his book, it is suggested that the essential conditions for establishing the right of the first occupier is that one "must occupy only the amount he needs for his subsistence," "not by an empty ceremony, but by labour and cultivation."⁷ Although it is referring to the right of occupying some natural resources, Rousseau's idea may provide

6 Smith 53–54.

7 Rousseau 23.

some guidance on how to distribute profit between the employer and the employee. By applying his association between right and needs, it is easy to reach the conclusion that the amount of **profit** that the employer is entitled to **should not be** too much and **indefinite**, as long as the profit that he earns is sufficient to cover the costs of materials, the risk of hazarding his stock and his needs for subsistence. This also applies to defining the profit margins of the shareholders. The welfare of employees should take priority over other reasons such as “striving for the best interest for the shareholders.” Thus ends my discussion of how best to determine wage level and to distribute profit between employers and employees.

Apart from the economic concerns, my ideal society also pays attention to the minority. From my point of view, we should be watchful against the tyranny of majority, if we are determined to defend justice for all members in our society. In some circumstances, the majority will may not be right and just for everyone. For example, if the majority proposes laws to deprive homosexual couples of their human rights, such as equal work opportunity, the spirit of “justice for all” is undermined. If we simply judge the policy by majority will, some inalienable rights of the minority may be neglected. Therefore, I strongly go against Rousseau’s belief of “compelling those whoever refuses to obey the general will”. My ideal approach is to stipulate those inalienable rights into something similar to constitution, which requires high threshold and long consultation in order to amend it. This is to make these rights subject to rational discussion by the entire membership of the society, in an attempt to ensure the rights of everyone and justice for everyone.

To conclude, **if economic theories and justice are inconsistent with each other, justice shall prevail** because I believe the inherent values, including personal freedom and preservation of oneself, should be enjoyed

by everyone, regardless of their socio-economic status. Economic theories are developed in order to benefit the humankind. However, we should not treat it as “rigid dogma” or we will be putting the cart before the horse. When the theories become justifications for measures that harm social justice and common good, they should not be respected, as the purpose of these theories is to help us rather than harm us. Furthermore, the tyranny of majority should also be avoided. Only when the poorest and the minority in society are better-off can justice for all be maintained.

References

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