Chapter V

Justice in a Market Economy

As we saw from the last two chapters, the ethical IT professional is embedded in contexts of management, organization, and society. Ethical behavior for the IT professional is, therefore, impacted by the ethics of people and institutions in his or her environment. The primary term for ethical institutions is justice.\(^1\)

In the next three chapters, we will examine the justice of institutions impacting the IT professional. The framework used will be that provided by the works of John Rawls (1999, 2001). Rawls’ work is based on the idea of a social contract, that a justly ordered society is one to which individuals can freely decide to obligate themselves. But our decision will very likely be biased if we base it on our current situation. So Rawls’ major addition is to say that the decision must be made prior to being in society, without knowledge of what our position will be in society, and it will be a decision we will be obligated to stick to and expect others to make and stick to as well. The basic principles for society chosen in this position (which Rawls calls the original position) will be the Principles of Justice. According to Rawls (1999, 2001), there will be two:

1. The First Principle of Justice or Greatest Equal Liberty: Society is to be arranged so that all members have the greatest equal liberty possible for all, including fair equality of opportunity. Each individual has basic liberties which are not to be compromised or traded off for other benefits.
Besides the basic freedoms such as freedom of speech, assembly, religion, and so on, it includes equality of opportunity. Thus society’s rules are not biased against anyone in it and allow all to pursue their interests and realize their abilities.

2. **The Second Principle of Justice or the Difference Principle:** Economic inequalities in society are justified insofar as they make members of the least advantaged social class, better off than if there were no inequality. The social contract basis for this principle is straightforward: If you are entering a society with no knowledge of your specific place in that society, the Difference Principle guarantees that you will be no worse off than you need to be to keep the society functioning.

**Market Economies**

From the point of view of Rawls’ Principles of Justice (1999, 2001), a market economy has very positive features. Competition in a market economy produces very efficient economic results, and it does so without administrative overhead—through the well-known “invisible hand”—with communication of prices and market share taking place through the market itself. Thus, when Dell entered the PC market in the late 1980s, other major suppliers were charging about $1500 for a basic PC. Dell was able to charge about half that price and still make a profit. The other major suppliers lost market share and were forced to lower their prices to regain market share and stay competitive.

It was, of course, important that the PCs being sold by the different vendors had the same features and were of similar quality. In addition to Dell, there have been lower priced PCs with either poorer quality or features and, perhaps most important, poorer technical support for problems. Lower priced PCs of lower quality with poor support would have a much smaller tendency to force overall prices lower. Dell did pay attention to these items, and the result was that competition in a market economy produced a better allocation of resources—the market showed that the older vendors were charging too much for their computers. Some of that excess was transferred to computer consumers in the form of savings.

So a market economy is a very good candidate to be a background institution in a just society. Its efficiency—in the sense of no one being able to be better