

**Rawls and Knight:
Connections and Influence in
*A Theory of Justice*¹**

David Coker – George Mason University
(dccoker@mindspring.com)

¹ I would like to thank David Levy, Erik Angner, and Ross Emmett for helpful comments on earlier drafts of this paper. I should especially note David Levy's generosity in making available the scans of Rawls' copy of *The Ethics of Competition and other essays*, and for accompanying encouragement.

For [Rawls], as for the Marxists, positivists, and Utilitarians, moral systems are creations of human societies, designed to solve problems that arise when people live together.

-- Samuel Fleischacker, *A Short History of Distributive Justice*²

No doubt we all agree that extremes of wealth and poverty are unjust -- especially when they do not correspond with personal effort or sacrifice -- and are bad in other ways. The question is, what can we do about it? Can the rules of the economic game be so changed that the winnings, symbolic and real (and the former are not much inferior in importance), will accord better with some accepted or defensible criterion of justice? And can it be done without wrecking the game itself, as a game, and as a producer of the fruits on which we all live?

-- Frank Knight, "The Role of Principles in Economics and Politics"³

I. Introduction

John Rawls' professional life evidences certain "phases" that are more or less distinct, or more or less interconnected. One which is seldom discussed is his greater

² p. 110.

³ Reprinted in *On the History and Method of Economics*, p. 272. Also reprinted in volume 2 of *Selected Essays by Frank H. Knight*, ed. Ross Emmett (University of Chicago Press).

reliance on economic theory, and theorists, in his early work, and through *A Theory of Justice*. In one of his on-going skirmishes with utilitarianism, this passage occurs in the early essay, “Justice as Fairness”, where he is arguing for the distinctiveness of the title concept,

*For one thing, that the principles of justice should be accepted is interpreted as the contingent result of a higher order administrative decision. The form of this decision is regarded as being similar to that of an entrepreneur deciding how much to produce of this or that commodity in view of its marginal revenue*⁴

This fairly trivial instance is indicative of a much more serious interaction with economics, that was to culminate in many ways in *Theory*. There are over twenty separate economists footnoted in *Theory*, but it isn’t quantity alone that is of interest. Much of the argument is approached economically, and markets serve as a benchmark for a system generating efficiency, and some crucial dimensions of fairness.

This paper will focus on a particular economist whose ideas are found in many places in *Theory* – Frank Knight. Knight’s book, *The Ethics of Competition and other essays*⁵, was read by Rawls independently, late in his graduate studies. It was part of a general attempt to inform himself on economics, but Knight’s book may have been particularly important. Rawls credits one of the essays with generating his focus on principles justified “by reference to an appropriately formulated deliberative procedure”.⁶ This alone would be reason to integrate Knight into one’s interpretation of *Theory*, but a closer look at the essays in *Ethics* shows this to be merely a small part of the influence. There are a host of areas where Knight’s ideas seem to be present, beyond the handful that generate entire

⁴ “Justice as Fairness” in *Collected Papers* (Harvard University, Cambridge, 1999), p. 65.

⁵ *Ethics* is now back in print, but for a selection of essays including crucial ones from *Ethics*, see the excellent two-volume selection, edited by Ross Emmett: *Selected Essays by Frank H. Knight, vols. 1 & 2*, The University of Chicago Press, 1999.

⁶ “During this period [end of graduate school and the post-doc at Oxford], Rawls began developing the idea of justifying substantive moral principles by reference to an appropriately formulated deliberative procedure. He said that the inspiration for this idea may have come from an essay by Frank Knight, which mentions the organization of a reasonable communicative situation (“Economic Theory of Nationalism” [in *Ethics*]). Rawls’ initial idea was that the participants should deliberate independently of one another and forward their proposals for moral principles to an umpire. As with later versions of the original position, Rawls was hoping that he could derive substantive results from an exact and elaborately justified specification of a hypothetical situation – that is, without having to implement a procedure with actual participants.” (Pogge, *John Rawls: His Life and Theory of Justice*, Oxford University Press, Oxford, 2007), pp. 16-17.

arguments and are footnoted. This suspicion can now be reinforced, through the presence of Rawls' annotated copy of *Ethics*.⁷ This paper will take three arguments centered on justifying the original position, and examine them in relation to ideas set out by Knight. The three topics will be centered on markets, the political system, and the nature of deliberation behind, and in front of, the veil of ignorance. Beyond establishing the connections between the two works themselves, the attempt will be to demonstrate that these influences ground Rawls' arguments in a somewhat different, and perhaps more convincing, fashion. Knight's influence, until now, has not been widely noted.⁸ But reading *Theory* with Knight in mind brings additional emphases to the text, and makes even more substantial the connections between ideas in Rawls' complex work.

II. The Market as Inadequate Distributional System

In the beginning of *A Theory of Justice*, Rawls specifies that the concept of justice applies (for his purposes) to the "basic structure of society", and the manner in which its institutions "distribute fundamental rights and duties and determine the division of advantages from social cooperation." The four institutions he lists in the early pages are: 1) those insuring the legal protection of freedoms, 2) competitive markets, 3) private property, and 4) the monogamous family.⁹ One can't help but notice that two of the four are central to economic functioning in a market system. Rawls' approval of markets, and construction of his theory to accommodate them, is usually passed over with a brief sentence by other theorists. It is not the preservation of markets that sparks interest for

⁷ Scans of Rawls' annotations in Knight's *The Ethics of Competition and other essays* courtesy of David Levy at George Mason University.

⁸ This omission is easily seen. In the following: *A Companion to Rawls*, Jon Mandle, ed. (Wiley-Blackwell, 2013); *Rawls's 'A Theory of Justice': An Introduction*, Jon Mandle (Cambridge University Press, 2009); *Rawls: 'A Theory of Justice' and Its Critics* by Chandran Kukathas (Stanford University Press, 1990); *The Cambridge Companion to Rawls*, Samuel Freeman, ed. (Cambridge University Press, 2002); *Reading Rawls: Critical Studies of 'A Theory of Justice'*, Norman Daniels, ed. (Basic Books, 1974); and *Why Political Liberalism?: On John Rawls's Political Turn* by Paul Weithman (Oxford University Press, 2013), there is, between them, a single reference to Knight in their indices.

⁹ *TJ*, p. 7

commentators; it is how markets form the initial stage to what seems of greater interest: the difference principle. Samuel Freeman, in his excellent study, is representative: “it is against a background of market allocation of factors of production that Rawls assumes that the difference principle will work best to advance the position of the worst-off within a modern economy.”¹⁰ Discussions of markets would seem to offer no extra insight into the central issue of the difference principle, or into Rawls’ structural set-up in general.

It is surprising, therefore, when we encounter passages such as the following:

*The ideal scheme sketched in the next several sections makes considerable use of market arrangements. It is only in this way, I believe, that the problem of distribution can be handled as a case of pure procedural justice. Further, we also gain the advantages of efficiency and protect the important liberty of free choice of occupation.*¹¹

Rawls here uses the terms “efficiency” and “liberty” in the same sentence, and this is, in microcosm, the tension and balance of his argument throughout the book. Ideas that dominates discussion around Rawls tend to be focused in this manner – how the philosophical ideas in isolation relate to one another and are justified. Yet Rawls’ own presentation generally presupposes and analyzes notions of efficiency as an abstract starting point, and explores the degree to which concepts of value are compatible with them. This tension – between efficiency and values – we will see as identical with the argument-structure used by Knight.

Rawls does a great deal more than mention markets and efficiency in passing. He applauds the market for, under certain conditions, making possible a Pareto efficient distribution of goods and choice of productive methods by firms.¹² Also,

*A further and more significant advantage of a market system is that, given the requisite background institutions, it is consistent with equal liberties and fair equality of opportunity.*¹³

And somewhat later,

¹⁰ Rawls, p. 104.

¹¹ *TJ*, p. 274.

¹² “I assume in all interpretations that the first principle of equal liberty is satisfied and that the economy is roughly a free market system, although the means of production may or may not be privately owned.” (*TJ*, p. 66) Also, for the Pareto principle, Rawls footnotes Buchanan, “The Relevance of Pareto Optimality” (*Journal of Conflict Resolution*, vol. 6 (1962)), and Buchanan and Tullock, *The Calculus of Consent*.

¹³ *TJ*, p. 272.

*Moreover, a system of markets decentralizes the exercise of economic power.*¹⁴

So, market structures embody certain notions of efficiency and fairness that Rawls will embed in his theory. As an “ideal conception”, a perfectly competitive market benchmark “may then be used to appraise existing arrangements and as a framework for identifying the changes that should be undertaken.”¹⁵

Given, however, that abstract markets possess all these virtues, from what does the tension arise? It is a very visible part of Rawls’ theory that he doesn’t approve of market distribution as a just outcome – these are the “changes that should be undertaken” that he hopes his theory will “identify” in the previous quotation. So why keep the market process, and praise and utilize it as a theoretical benchmark? Rawls in a sense wishes to jettison the bathwater, but save the baby. Knight is explicit making the point:

*It is a common assumption – for which the exponents of the “productive theory” are partly responsible – that productive contribution is an ethical measure of desert. This has improperly tended to bring the theory itself, as a causal explanation of what happens in distribution, into disrepute; because those who are misled into accepting the standard, but cannot approve of the result realized, react by attacking the theory.*¹⁶

According to Knight, then, it is a mistake to dismiss market theory because you don’t approve of final market distributional outcomes – the two should be viewed as distinct. This is precisely what Rawls does.¹⁷ He rejects market outcomes as just, while accepting the market system as the preferred method for allocating and organizing economic resources. He isn’t “seduced” into dismissing markets altogether because they fail, despite their virtues, to generate clearly just outcomes.

Knight also believes that market outcomes lack ethical significance, and makes a detailed list of why this is so. From Knight’s list of reasons, some of the ones which are

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ *The Ethics of Competition*, p. 54.

¹⁷ In chapter 2, Rawls similarly argues: “In view of these remarks we may reject the contention that the ordering of institutions is always defective because the distribution of natural talents and the contingencies of social circumstance are unjust, and this injustice must inevitably carry over to human arrangements.” (*TJ*, p. 102)

prominent for Rawls¹⁸ also are: 1) the “product or contribution” is measured in price, which does not correspond closely with “ethical value or human significance”, 2) income goes to owners, not factors of production, and “can in no case have more ethical justification than has the fact of ownership. The ownership of material or productive capacity is based upon a complex mixture of inheritance, luck, and effort, probably in that order of relative importance”, 3) “the value of any service or product varies from zero to an indefinite magnitude, according to the demand. It is hard to see that even when the demand is ethical, possession of the capacity to furnish services which are in demand, rather than other capacities, constitutes an ethical claim to a superior share of the social dividend, except to the extent that the capacity is itself the product of conscientious effort’, 4) a similar argument for scarcity, and 5) a similar view of competence.¹⁹ Thus for Knight the efficiency virtues of the market fail to carry over to questions of ethical worth of distributional outcomes.²⁰

Rawls walks this same line of argument (see previous footnote), beginning with efficiency, and noting the limitations of the market system when it comes to “just” outcomes:

Now it is natural to try out the idea that as long as the social system is efficient there is no reason

¹⁸ On the page before this list, Rawls has written in the margin of his copy, in red ink (which he used for special emphasis): “That productive contribution has little ethical significance”. (David Levy Photostats of Rawls’ copy of *Ethics*)

¹⁹ *Ethics of Competition*, pp. 55-57. This entire section is extremely heavily marked in Rawls’ copy of *Ethics*.

²⁰ Or, as Knight argues elsewhere, markets resembling the idealized form simply don’t exist in the real world. So why tie a political/moral theory to them? Rawls asks and answers this question: “It may be objected to the preceding account of the common sense precepts and to the idea of pure procedural justice that a perfectly competitive economy can never be realized. Factors of production never in fact receive their marginal products, and under modern conditions anyway industries soon come to be dominated by a few large firms. Competition is at best imperfect and persons receive less than the value of their contribution, and in this sense they are exploited. The reply to this is first that in any case the conception of a suitably regulated competitive economy with the appropriate background institutions is an ideal scheme which shows how the two principles of justice might be realized. It serve to illustrate the content of these principles, and brings out one way in which either a private-property economy or a socialist regime can satisfy this conception of justice. Granting that existing conditions always fall short of the ideal assumptions, we have some notion of what is just. Moreover we are in a better position to assess how serious the existing imperfections are and to decide upon the best way to approximate the ideal.” (*TJ*, p. 309)

*to be concerned with distribution. All efficient arrangements are in this case declared equally just. Of course, this suggestion would be outlandish for the allocation of particular goods to know individuals. No one would suppose that it is a matter of indifference from the standpoint of justice whether any one of number of men happens to have everything. But the suggestion seems equally unreasonable for the basic structure.*²¹

This argument by Rawls follows an Edgeworth box-type example, where the possible Pareto-efficient set potentially includes one individual having all of both goods. But Rawls begins, as does Knight, with a baseline of a theoretically efficient system, and sees how closely it can or cannot approximate a system that deals adequately with values. And some of Rawls' particular arguments reflect those of Knight above. Rawls is sensitive to the nature of "supply" remaining consistent, while demand shifts. How can moral deservingness be determined purely by the activities and desires of others?

The principles of justice that regulate the basic structure and specify the duties and obligations of individuals do not mention moral desert, and there is no tendency for distributive shares to correspond to it.

*This contention is borne out by the preceding account of common sense precepts and their role in pure procedural justice (sec. 47). For example, in determining wages a competitive economy gives weight to the precept of contribution. But as we have seen, the extent of one's contribution (estimated by one's marginal productivity) depends upon supply and demand. Surely a person's moral worth does not vary according to how many offer similar skills, or happen to want what he can produce. No one supposes that when someone's abilities are less in demand or have deteriorated (as in the case of singers) his moral deservingness undergoes a similar shift. All of this is perfectly obvious and has long been agreed to.*²² (Rawls cites Knight for this section.)

Rawls elsewhere looks favorably upon worker-owned enterprises. And he attacks marginal product as a moral yardstick, arguing that since it depends on supply and demand, the moral connection is severed. "An individual's contribution is also affected by how many offer similar talents. There is no presumption, then, that following the precept of contribution leads to a just outcome unless the underlying market forces, and the availability of opportunities which they reflect, are appropriately regulated."²³

²¹ *TJ*, p.71. Here we should note a comment by Lyons: "It is unfortunate, therefore, that Rawls merely claims, without supporting argument, that distributions flowing from natural or social contingencies alone are arbitrary from a moral point of view." (David Lyons, "Nature and Soundness of Contract and Coherence Arguments", in *Reading Rawls*, edited by Daniels). Lyons misses the arguments from Knight.

²² *TJ*, p. 311.

²³ *TJ*, p. 308. And in this section, close though it is, Rawls does not footnote Knight.

It would appear that, finding a parallel concern in Knight to proceed from concepts of efficiency and market, to concepts of ethical social value, Rawls follows many of the arguments and assessments Knight lays out in his earlier theorizing in *Ethics*. As parallel as their paths are, however, Rawls intends to reach a very different destination. Knight winds up on a vaguely pessimistic note: perhaps capitalist/market structures are not fated to survive. And discussion, requiring dispassionate experts to reach sound moral conclusions, is not precisely envisioned, or even anticipated. Rawls, though, takes the inequalities of market outcomes as a call for both redress, and extensive reconfiguring of the choice environment. The redress is centered on maximin and the difference principle. And reconfiguring the choice environment – avoiding self-interested choices that are further distorted by economic power inequalities – is to locate decisions away from those distortions, behind the veil. In the next section, further support will be found for the original position concept, in the problems and issues that characterize real-world political activity.

III. Political Options

Rawls' argument for the veil has been challenged as unworkable from a variety of angles, but it has, for some critics, also been viewed as entirely dispensable. T.M. Scanlon is one of the foremost of these, not only because he outlines a competing procedure, but also because he is, like Rawls, a contractarian (though his term for such a system is “contractualism”). Scanlon argues an individual might endorse principles because they are judged to be ones “he could not reasonably reject whatever position he turn out to occupy...”²⁴ Scanlon's option simplifies Rawls' system, and has the additional advantage of projecting it more successfully into the real world. For Scanlon, one might assume, the principles under examination lie at a deeper level than the “interests” which Rawls is anxious to bypass, and so those interests would not be a

²⁴ “Contractualism and Utilitarianism” in *Utilitarianism and Beyond*, edited by Sen and Williams, p.124. For a more complete explanation of his position, see his *What We Owe to Each Other*, Belknap Press, 1998.

hindrance to agreement, even outside the veil of ignorance. This appears a plausible position, and objection. And from it the temptation would be to see if real-world decision environments might serve to achieve Rawls' ends, without the complex machinery of the original position and veil of ignorance. What of, for instance, the political process? If agents can reach their deepest principles with their interests and social position still apparent to them, what is to prevent some form of political choice from replacing the intricate choice conditions Rawls' feels are required?

Rawls arguments are both general, as relates to decisions attempted in "everyday life", and particular, as regards decisions attempted in the political process. His arguments against everyday decision-making are well-understood, so a brief rehearsal of them here will suffice. First, it is against a stringent standard – that of unanimity – that Rawls objections must be understood. Scanlon specifies "reasonable" rejection as a standard, but for Rawls the possibility of someone's interests trumping their reasonableness is eminently possible.

Of course, when we try to simulate the original position in everyday life, that is, when we try to conduct ourselves in moral argument as its constraints require, we will presumably find that our deliberations and judgments are influenced by our special inclinations and attitudes. Surely it will prove difficult to correct for our various propensities and aversions in striving to adhere to the conditions of this situation. But none of this affects the contention that in the original position rational persons so characterized would make a certain decision. (TJ, p. 147)

The veil of ignorance makes possible a unanimous choice of a particular conception of justice. Without these limitations on knowledge the bargaining problem of the original position would be hopelessly complicated. Even if theoretically a solution were to exist, we would not, at present anyway, be able to determine it. (TJ, p.140)

For Scanlon, there would be no "bargaining problem". For Rawls, clearly there is. But Rawls characterizes the problem as running deeper than some form of topical selfishness. And for this he borrows the power arguments of Knight's.

We have seen in the previous sections some of Knight's objections to market activity as it is actually configured in the world. And what characterizes motivation in economic activity, and the resultant differences in levels of power available to actors, carries over completely into the political world. Politics turns out to be a dead end. Its difference from its ideal is seen as even greater than that difference for the market: "The main error on the political side, in the theory of liberalism as expounded by its advocates, is that

competitive politics is not better than economics in this regard, but definitely worse.” (*Ethics*, p. 296; checked, underlined, double-margin marked in Rawls’ copy) Returning to his theme of the ideal market being “atomistic”, it is not surprising to find Knight following the same line analyzing politics. Ideal political interaction should also be atomistic — direct democracy on a small scale allows each participant a vital place. This contrasts strongly with reality, as it did in his analysis of the market. Again, the quest for power finds some “contestants” comfortably, and increasingly, ahead of others. It is a little remarked feature of Knight’s analysis that those gaining power advantages preserve and increase those advantages. In “Economic Theory and Nationalism”, Knight glumly asserts, “As no one needs to be told, the realities in both business and politics have been very different from these ideals. ... And the main weakness is the same in both cases, as compared with an ideal system in which ‘each should count for one and none for more than one’; it lies in the natural cumulative tendency toward inequality in status, through the use of power to get more power.”²⁵ (underlined in Rawls’ text; from “it lies”, much underlined twice, in pencil and then red ink, with red ink margin emphasis as well — David Levy Scans). In case we are in any doubt, Knight continues on the next page, “Thus liberal economics and liberal politics are at bottom the same kind of ‘game’. The fundamental fact in both is the moral fact of rivalry, competitiveness, and the interest in power.”²⁶ For Knight the metaphor of the game is central²⁷: if players are more concerned to win than they are to preserve the game itself, then societal structures themselves become vulnerable.

Rawls picks up on these assessments, and footnotes Knight in his own elaboration of these points. When discussing government specifically, Rawls describes the purpose of the “distributive branch”. The focus is exactly Knight’s focus: “The purpose of these levies and regulations is not to raise revenue (release resources to government) but

²⁵ “Economic Theory and Nationalism”, in *The Ethics of Competition and other essays*, p. 296. One of Knight’s students put it this way: “the deepest contradiction in Knight’s view of human society: on the one hand, he regarded individual freedom as a basic value, and recognized that representative democracy was the only way in which a large society of free individuals could govern itself; on the other, he had basic misgivings about the actual workings of the democratic process -- and was accordingly deeply pessimistic about its future.” (Patinkin, p. 807).

²⁶ *Ibid.*, p. 297.

²⁷ Rawls also uses the game metaphor in this way.

gradually and continually to correct the distribution of wealth and to prevent concentrations of power detrimental to the fair value of political liberty and fair equality of opportunity.”²⁸ The importance of power imbalances, highlighted in Knight’s text by Rawls, find their way into Rawls’ own argument intact.

*It is these institutions [guaranteeing fairness] that are put in jeopardy when inequalities of wealth exceed a certain limit; and political liberty likewise tends to lose its value, and representative government to become such in appearance only. The taxes and enactments of the distribution branch are to prevent this limit from being exceeded.*²⁹

And a similarly bold statement in Knight:

*Consequently, under individualistic freedom, and under the condition that men want more wealth, for whatever reason, it will be used to get more, giving rise to a cumulative growth of inequality. Two further consequences follow in turn: (a) With "gross" inequality in the distribution of wealth among individuals, all ethical defences of freedom lose their validity; and (b) the automatic system of control (market competition) breaks down, for competition requires a large number of units, every one of negligible size.*³⁰

Inequalities of wealth and power here, for both authors, generate significant negative effects, forcing “all ethical defences of freedom [to] lose their validity”, and allowing “political liberty ... to lose its value”. The surprising intensity of Rawls’ critique – paralleling that in Knight – is largely passed over in analyses of Rawls’ system.

Rawls’ final diagnosis of the political system is entirely Knight’s. The next passages cited are just after the passage quoted above. They are not sanguine. “Historically one of the main defects of constitutional government has been the failure to insure the fair value of political liberty. The necessary corrective steps have not been taken, indeed, they never seem to have been seriously entertained. Disparities in the distribution of property and wealth that far exceed what is compatible with political equality have generally been tolerated by the legal system.” (*TJ*, p. 226) Rawls then restates Knight’s position, comparing political processes unfavorably to those of the market (“Essentially the fault lies in the fact that the democratic political process is at best regulated rivalry; it does not even in theory have the desirable properties that price theory ascribes to truly competitive

²⁸ *TJ*, p. 287.

²⁹ *Ibid.*, p. 278.

³⁰ Knight, *Ethics*, p. 291. The phrase "a cumulative growth of inequality" is underscored in red in Rawls' copy. (David Levy Photostats)

markets”).³¹ Fortunate historical periods of equality will be quickly undermined. Universal suffrage is “an insufficient counterpoise”.³² “Basic measures needed to establish just constitutional rule are seldom properly presented” because “the political forum is so constrained by the wishes of the dominant interests”. Politics so characterized is obviously not an argument for possibilities outside the original position. Whether these inclinations are termed “interests” or “seeking after power” (and for Knight these are identical), Rawls views the inevitability of their influence as strong indications of the need for isolating the original position.³³

IV. Discussion, Consensus, and the Original Position

This section, centering on decisions made in the original position, has a number of involved and complex strands, so will be simplified in the following way. I will focus on two facets of decision: a) belief in a goal to be reached, and b) consensus vs. simple agreement. These two dimensions show considerable overlap between Rawls and Knight, in a manner pointing to the philosophical as well as economic commonality of their arguments.

a.) Beginning with Knight, we see an effort to ensure that concepts like “objectivity” and “truth” aren’t partitioned away from social questions, to be located solely in the domain of science. The idea of objectivity being attributable only to science is questioned; Knight firmly links investigations of scientific and social questions.³⁴

³¹ *TJ*, p. 226.

³² Identically in Knight: “Equal suffrage” provides “little or no guarantee of equality...” Knight, *Ethics*, p. 291. (“Equal suffrage” underlined in red twice by Rawls, in the middle of very heavily marked pages) (David Levy Scans)

³³ In his lectures on Locke, Rawls makes the assertion that Locke’s social compact is marred by exactly this problem: individuals retain bargaining advantages within the compact-forming environment, resulting in a post-compact class structure. See the three lectures on Locke in *Lectures on the History of Political Philosophy*, particularly pp. 151-2 and 155.

³⁴ We might be curious about the level of reliance Rawls places on Knight. Fleischacker provides one reason: “When Rawls started writing, pretty much only Marxists and utilitarians were willing to develop normative accounts of political issues, and even they were under constant siege by the upholders of the reigning positivist paradigm, for whom

Although there are valid discriminations between them in terms of reliance on data, and objective testing, they have dramatic and critical similarities. Both are investigations that rely on “values”, and both achieve validation through some form of consensus. Knight was widely read, and he was skeptical of science as an “absolute” description of reality – his phrase was to describe things as “relatively absolute absolutes.” Knight’s analysis dissolves everyday realities:

The attempt of science to find what is real in human behavior reduces it first to mechanical movements and physiological processes, in themselves sufficiently different from the “immediate” experience or observation of life. The rest is inference and emotion. But physiology just as inexorably dissolves into chemistry, and chemistry into physics, and all that physics leave of reality is electric charges moving in fields of force – things far more unreal than the characters in the most fanciful works of fiction. Moreover, the experts in science and scientific method (vide Mach, Pearson, Russell) are frankly skeptical of the reality of any of it, and talk in terms of concepts useful for the purposes of analysis, and of the simplification of our thought processes.³⁵

Science was for him less a discovery of bedrock reality than it was a mode of thinking, and a development of a means of “analysis” (p.94). It is, nonetheless, capable of reaching conclusions. This is true for social questions as well. Knight explicitly attacks the dichotomy:

In view of the virtual deification of science, in modern thought, as the only mode of valid intellectual activity, the point needing emphasis is the large number of kinds of mental activity which have to be regarded as intellectual and affected with validity. The black-and-white dualism of the modern empirical-utilitarian world view – the notion that every statement relates either to a physical world in which truth is absolute or to “subjective” preferences, any ascription of validity to which is either illusion or arrogant presumption – is a major heresy of our civilization. The truth is rather that opinions in both fields have greater or lesser degrees of validity. Truth is an ideal in which we must believe to give meaning to thought and to life; but there is no way of knowing that any particular belief is true, and every belief must be held subject to revision – except the belief that there are better and worse reasons for believing. (Ethics, p. 346-7) (This quote heavily underlined and margin-marked in red ink by Rawls.)

So for Knight the same standards of analysis, and the same hope of reaching conclusions, span both the technical sciences and social and moral investigations. For the reader, this

all normative declarations were expressions of emotion and did not belong in scientific or philosophical analysis.” (A Short History of Distributive Justice, p. 110)

³⁵ Ethics, p. 94.

has the dual effect of rendering science less “scientific” (in the traditional sense) than before, while social and moral questions become more scientific. In the terminology of modern analysis, these latter questions of social and political morality become more *tractable*. And Knight includes economics, viewed from a certain vantage, as a discipline partaking of this more complex involvement with meaning and “values”. The “science” of economics he considers mere mechanics: it has use as a standard, but human actors within its framework aren’t really human – he calls them pinball machines! But economics more fully considered does contain value and meaning. For instance, economic activity is a matter not merely of selecting among pre-existing wants, but must instead involve both desires and causes of desires.

They [wants] have to be thought of and treated as much more than forces, conscious or unconscious, which dissolve into mere phenomenal uniformity of coexistence and sequence. On the one hand, desires have a primary, assertive, creative, and experimental character; they are choices. On the other, they have a cognitive quality. (Ethics, p. 97)

Skepticism, as Knight points out, is as correctly applied to scientific as to social-value conclusions, but we cannot be complete skeptics and live. Knight’s “relatively absolute absolutes” describes all searches: in both science and social science, as well as straight morality, the goal is conditioned by, and directed towards, values. For Knight our deepest “wants” are those we create, and the process of want-creation is at the base of the transition of economics from a simple mechanical description of “forces”, to a description imbued with human significance. This for Knight also forms the weakness of what he terms the empirical-utilitarian view. As soon as choice is no longer accurately described as between baskets of “goods” -- as soon as those goods are in the process of being “created” -- then the choice-calculus begins to break down. Knight campaigns against “the assumption that human wants are objective and measurable magnitudes and that the satisfaction of such wants is the essence and criterion of values.”³⁶ Utilitarianism for Knight, like economics in its “science” configuration, is fundamentally mechanical in nature. Ethical and value dimensions are excluded almost by definition. We are left with the ability to calculate, but such calculations can only be completed in a world of “given”

³⁶ *Ethics*, p. 41.

wants and ends. There is a leap beyond pure calculation that must be made. It is such a leap, made by individuals behind the veil of ignorance in Rawls' scheme, that causes utilitarian and Bayesian critiques to miss their mark.³⁷

Much of this would clearly be in step with Rawls' inclinations, and the direction of his project. Specifically, beginning with the last point, Rawls endorses the complication that want-creation represents:

*Moreover, the social system shapes the wants and aspirations that its citizens come to have. It determines in part the sort of persons they want to be as well as the sort of persons they are. Thus an economic system is not only an institutional device for satisfying existing wants and needs but a way of creating and fashioning wants in the future.*³⁸

These sentences occur in a section entitled "The Concept of Justice in Political Economy". It could, however, easily be descriptive of the function of choice in the original position. What Rawls intends us to do under the circumstances it presents is not merely import conclusions about principles for social structuring, unmodified, that we already hold. He supposes, rather, that some views will partially conflict with others, as they must. We are then to let more deeply held notions interact with those less deeply held, and so modify and alter them. The end result of this reflective deliberation is a new synthesis, an equilibrium.³⁹ Knight has a parallel argument about beliefs and

³⁷ It also highlights what is, and isn't being appropriately decided in the original position. Debates about particular post-original position gains or losses are deprived of their calculation basis. For debates still concerned with winners and losers, see the following. Mueller (1989, p. 417) argues that the sacrifice that causes problems is the one the rich are asked to make to benefit the poor. This notion is also mentioned in Nagel (1974) and Scanlon (1974). Knight's power arguments, or his leap from calculation to value, are not mentioned. A paper more fully exploring this connection is in process.

³⁸ *TJ*, p. 259. A further quote in Knight was exceptionally heavily marked by Rawls: "The development of wants is really much more important than their satisfaction: there is no poverty so deplorable as poverty of interests." (*Ethics*, p. 103)

³⁹ "In describing our sense of justice an allowance must be made for the likelihood that considered judgments are no doubt subject to certain irregularities and distortions despite the fact that they are rendered under favorable circumstances. When a person is presented with an intuitively appealing account of his sense of justice (one, say, which embodies various reasonable and natural presumptions), he may well revise his judgments to conform to its principles even though the theory does not fit his existing judgments exactly. He is especially likely to do this if he can find an explanation for the deviations which undermines his confidence in his original judgments and if the conception presented yields a judgment which he finds he can now accept. From the standpoint of moral philosophy, the

consciousness: we operate in our network of beliefs, for the most part, fairly unconsciously. These beliefs might contain inconsistencies, or be incompatible with other beliefs, but these problems are not troubling because we are operating largely unconsciously. But once we focus consciously on a belief, we can no longer retreat to our unconscious acceptance. We must now work out a more “deliberate and rational” justification.⁴⁰ Something of this sort appears to be happening with Rawls and his idea of reflective equilibrium.

As for “truth”, or the concept of being able to reach best outcomes, Rawls argues that the first step is the “fairness” in “justice as fairness”. By this he means the principles of justice that would be chosen from inside a fair choice environment. He must first justify the original position:

The concept of the original position, as I shall refer to it, is that of the most philosophically favored interpretation of this initial choice situation for the purposes of a theory of justice. (TJ, p. 18)

Much follows from how the initial position is characterized. In fact, each of the systems that compete with Rawls’ own would have its distinctive attributes, which would be reflected in different original positions. So Rawls can affirm that, given the variety of starting points, his system is but one of many. This is also what dramatically separates Rawls’ system from those which do not describe an initial choice environment. The principles chosen behind the veil are “the only choice consistent with the full description of the original position.”⁴¹ So, in a straightforward way, everything the system concludes hinges on how the original position is specified. Particular principles are then reflective of that original environment. Yet this is still essentially predicated on their being something beyond the “purely subjective” and wayward variety of principles which might be arrived at, no matter how the original position is restricted. Justification for acceptable “conclusions” being out there at all is substantiated by, among other inputs, arguments

best account of a person’s sense of justice is not the one which fits his judgments prior to his examining any conception of justice, but rather the one which matches his judgments in reflective equilibrium.” (TJ, p.48)

⁴⁰ *Ethics*, p. 347.

⁴¹ *TJ*, p. 121.

from Knight. It was from Knight, after all (according to a statement from Rawls), that the deliberative choice environment was first envisioned.⁴²

b.) In the “political” section, the difficulties that plaque open discussion of principles were briefly sketched. Knight is wary of “persuasion”⁴³ or bargaining as means of reaching principled conclusions; these are elements of a contest, where power and not principle is the relevant currency. Knight’s answer to this problem is to attempt to refine the nature or environment of the choice: it should be made by disinterested actors, who are specialists in such deliberations. Rawls answers these problems by also characterizing the conditions of choice – this is his original position. And because the veil screens off the particular interests of participants there, in the original position we escape distortions from bargaining and power imbalances.

Thus there follows the very important consequence that the parties have no basis for bargaining in the usual sense. No one knows his situation in society nor his natural assets, and therefore no one is in a position to tailor principles to his advantage. (TJ, p. 139)

Discussion, therefore, although in an ideal sense being what one wants, is ruled as inadvisable in a real-world environment. And because agreement could be reached through means of discussion, agreement itself as a criterion of excellence is under suspicion. Discussion can take place on any number of different “levels”; it is Knight’s and Rawls’ contention that the least desirable levels might be the operative ones. Knight guards against this through restrictions about which he doesn’t seem particularly optimistic. Rawls has instituted much more extreme precautions. Rawls feels that if he can successfully restrict consideration to the appropriate contemplation of principles, then suitable outcomes could be anticipated.⁴⁴ Rawls, however, faces very different challenges

⁴² See footnote 5.

⁴³ *Ethics*, p. 345.

⁴⁴ Though is it possible that too many restrictions have been imposed? Barber argues for this view: “Now there is a considerable question in my mind about whether it is possible to conceive of men as having a hypothetical knowledge of what it means to have interest and desires without having particular interests and particular desires. Mutually disinterested men might turn out to be uninterested men, men incapable of comprehending the meaning of interest. Rawls suggests as much when he concedes that ‘some may object that the exclusion of nearly all particular information makes it difficult to grasp what is meant by the original position’ (p.138). At the level of psychology it seems possible that particularity is built into the notion of interest and that it cannot be cut away without rendering interest

than does Knight. His system is presented as being in the tradition of contract; it would seem at first blush that ruling out ordinary discussion would put a dagger through the entire enterprise. Yet Rawls follows Knight's progression in an odd way: Rawls restricts the "variety" of his individuals' rational deliberations by stripping away those factors which would generate differences. Just as Knight restricts the numbers involved in his deliberations to achieve a greater consensus (and a higher quality consensus) of opinion, so Rawls whittles down his innumerable individuals to a single deliberator. The speed with which this is argued is worth recapitulating:

To begin with, it is clear that since the differences among the parties are unknown to them, and everyone is equally rational and similarly situated, each is convinced by the same arguments. Therefore, we can view the choice in the original position from the stand point of one person selected at random. (TJ, p. 139)

In just a few sentences, Rawls achieves the unified viewpoint that Knight struggles over for an entire essay. The beauty of the original position, with its veil of ignorance, is that the barriers to consensus are ruled extraneous by definition. It is not the purpose of this paper to argue whether these restrictions are excessive, or even feasible. But they are an intriguing method for gaining an agreement so widespread it can be termed unanimity.

Knight struggles to get his decision-situation configured so that principled conclusions are possible, but it involves an elitist retreat to a restricted set of "experts". Rawls, as a contractarian, cannot follow down this path. But he finesses the difficulty: each person is expert enough, if we pare away distracting focuses on personal interests, and situate the principles themselves within the reach of every person's common sense. The generality of this decision is further accentuated through the notion of publicity: each idea must be acceptable to all, and the individual in the decision-environment must take that demand into account. In this manner, the fact of agreement behind the veil is transformed into a concept of consensus; we now are not in the realm of power conflicts, but in the realm of value. Knight's concerns have been addressed; Rawls has defused the conflicts real-world interactions would engender – the dimensions of power – by creating a decision-field that removes the knowledge that would fuel rivalry and influence. For Rawls in a hypothetical contractarian experiment, agreement would be a difficult enough

unintelligible." (Benjamin Barber, "Justifying Justice: Problems of Psychology, Politics, and Measurement in Rawls", in *Reading Rawls*, edited by Norman Daniels)

hurdle; to stipulate further that agreement itself carries no principled significance would seem to make the task insuperable. These are some of the issues Rawls highlights in *Ethics*. Yet Knight's half-hearted restrictions point the way to Rawls' own much more extensive maneuvering. By defeating the interest-conflict sketched by Knight, Rawls also manages to unify the rational deliberations of his actors behind the veil. In one fell swoop he achieves unanimity while preserving the fragile contractarian basis of his system. Whether this might be considered a coup too far is certainly open to debate. No matter what the assessment of these innovations, however, the intersection with the arguments and concerns of Knight's makes Rawls' strategies more readily apparent.

V. Conclusion

Rawls' original position is one of the most striking, and central, features of his system. The functioning of his theory is predicated on it; choices between principles which might be clouded in real-world settings become clarified behind the veil as he envisions it. Without knowledge of social position or particular psychological dispositions, reasonable deliberation in a state of "reflective equilibrium" can lead to acceptance of the principles he proposes. Rawls does not claim that this is the only possible view of justice that might prove acceptable, but it is one of them. Appraisal of the original position concept frequently begins right there, with questions about how reasonable it is as a psychological state, or how its premises could generate completely divergent conclusions. This paper has focused, instead, on looking at the alternatives to the original position, how the original position addresses shortcomings Rawls discovers in these alternatives, and how these arguments tie together with similar arguments in Knight. These were broken down into three main areas.

First, when discussing the market, Rawls makes the unusual choice of faulting market outcomes, but preserving faith in markets as a process and benchmark. He also uses markets as his example, in the efficiency half of the efficiency—values continuum.

But efficiency virtues of markets break down when transitioning from allocation to distribution. Too many factors – from initial wealth allotments to luck to supply and demand or scarcity being unrelated to deservingness – are present to establish any reasonable link between market outcomes and moral worth. This is a combination of both exterior inputs being unavoidable, and real-world markets not fully preserving the virtues of their ideal counterparts. Rawls examines and presents these arguments in some considerable detail. He concludes that the failure of the market to provide ethical justification for its distributional outcomes necessitates conditioning decisions made previous to such social structures, decisions needing to be made in an atmosphere characterized by reflective equilibrium, behind the veil.

Secondly, the political arena is considered as a setting for ethical deliberation. Rawls in *Theory* is discussing the political dimension “in turn”; that is, he examines the various stages of deliberation, and the political process is one of them. But, implicitly, the reader is guided to assess whether a “later” stage might possess the structural conditions necessary to make it a particularly promising stage for ethical deliberation. Or not. And if this proved to be the case, the question would arise of whether it might replace a more problematic, less realistic “earlier” stage. While political institutions might seem a promising alternative, it turns out that political decisions share the faults of market participants’ striving for power, but to a still greater extent. The urge for power is even more focused than it is in the market. Its failure is a strong argument for considerations of justice needing to be built in before this stage is reached.

Thirdly, discussion as an ideal is undercut by a) interests, and b) the tendency to reach agreement through bargaining. Bargaining (as a trading of interests) and agreement per se are not processes assured of ethically compelling outcomes. Quite the reverse. The ideal of the single deliberator is achieved through the veil, where a lack of interests and knowledge of social position assures that all actors can be modeled as a single actor, and hence unanimity can be achieved. Reliance on common sense and reflective equilibrium implies that sufficiently “expert” judgments can be realized, without the elitist connotations that concept implies. Individuals, then, are empowered in some sense through isolation; in the environment where social positions are known, and others present for discussion and bargaining, nothing of ethical consequence, Rawls believes,

could be accomplished. Achieving the specifics of this helpful isolation is the characterizing of the original position.

It has been the purpose of this paper to elaborate these ideas from a particular perspective: through the lens of certain essays by Frank Knight. Through matching of quotes and noting parallel lines of argument, it tries to show Rawls' indebtedness to Knight. And these parallels have been able to be rendered even more emphatic through Rawls' extensive annotations of Knight's essay collection. But beyond being a source, or crucial reinforcing, for ideas in *Theory*, it is hoped that the perspective through Knight has rendered Rawls deliberative paths in greater relief. This paper has focused on the arguments against alternatives to the original position – there could have been other interesting focuses. Rawls and Knight share an interest in using the idea of the “fair game” as a metaphor. They each discuss “want-creation” as opposed to “given” wants. This last deserves its own separate treatment. Rawls' justifications for his theoretical constructs, usually elaborated extensively in his text, are necessarily summarized by his critics. It is unfortunate that these summaries tend to skirt the supporting arguments from Knight. A reading of *Theory* with them in mind makes their exclusion seem almost a distortion of intent. In any case, their inclusion renders *Theory* a clearer and more satisfying experience.

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