

# Social Justice or Entrepreneurial Freedom? A Comparative Analysis of Rawls' and Kirzner's Views

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**Abstract:** The global economy exhibits profound disparities in wealth and development across regions, resulting not only in substantial income inequalities between nations but also in widespread unequal opportunities among individuals and social groups. This article provides a comparative analysis of the perspectives of John Rawls and Israel M. Kirzner, two influential thinkers representing distinct economic philosophies, regarding justice, inequality, and the market economy. Rawls defends an egalitarian social model, asserting that the state bears the responsibility to ensure justice and mitigate inequality through redistributive mechanisms. In contrast, Kirzner emphasizes market dynamics and the role of entrepreneurship, arguing that inequality should be evaluated primarily in terms of its impact on productive activities and entrepreneurial discovery. For Kirzner, inequality becomes problematic only when it obstructs market processes and inhibits entrepreneurial initiative. This study elucidates the fundamental divergences between Rawls's and Kirzner's views on social justice, exploring how each conceptualizes and responds to inequality within the framework of a market economy. By juxtaposing these frameworks, the article not only clarifies a central tension in political economy but also proposes that their integration is essential for addressing the structural and dynamic drivers of inequality in today's globalized economy.

**Keywords:** Inequality, Social Justice, Market Economy, Rawls, Kirzner

**Jel Codes:** B25, P16, P26

## *Sosyal Adalet mi, Girişimci Özgürlük mü? Rawls ve Kirzner'in Görüşlerinin Karşılaştırmalı Analizi*

**Cite:** Gökçay, K. & Levent, A. (2026). Social Justice or Entrepreneurial Freedom? A Comparative Analysis of Rawls' and Kirzner's Views, *Politik Ekonomik Kuram*, 10(1), 89-102.

<https://doi.org/10.30586/pek.1807253>

Submitted: 20.10.2025

Accepted: 09.01.2026



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**Öz:** Küresel ekonomi, bölgeler arasında zenginlik ve kalkınmada derin eşitsizlikler sergilemektedir ve bu durum yalnızca uluslar arasında önemli gelir eşitsizliklerine değil, aynı zamanda bireyler ve sosyal gruplar arasında yaygın fırsat eşitsizliklerine de yol açmaktadır. Bu makale, farklı ekonomik felsefeleri temsil eden iki etkili düşünür olan John Rawls ve Israel M. Kirzner'in adalet, eşitsizlik ve piyasa ekonomisine ilişkin bakış açılarının karşılaştırmalı bir analizini sunmaktadır. Rawls, devletin adaleti sağlama ve yeniden dağıtım mekanizmaları aracılığıyla eşitsizliği azaltma sorumluluğunu taşıdığını öne sürerek eşitlikçi bir sosyal modeli savunur. Buna karşılık Kirzner, piyasa dinamiklerini ve girişimciliğin rolünü vurgulayarak, eşitsizliğin öncelikle üretim faaliyetleri ve girişimcilik keşfi üzerindeki etkisi açısından değerlendirilmesi gerektiğini savunur. Kirzner'a göre eşitsizlik, yalnızca piyasa süreçlerini engellediğinde ve girişimcilik inisiyatifi engellediğinde sorunlu hale gelir. Bu çalışma, Rawls ve Kirzner'in sosyal adalete ilişkin görüşleri arasındaki temel farklılıkları açıklığa kavuşturmakta ve her birinin piyasa ekonomisi çerçevesinde eşitsizliği nasıl kavramsallaştırdığını ve buna nasıl tepki verdiğini incelemektedir. Bu çerçeveleri karşılaştırarak, makale yalnızca politik ekonomideki merkezi bir gerilimi açığa çıkarmakla kalmaz, aynı zamanda günümüzün küreselleşmiş ekonomisindeki eşitsizliğin yapısal ve dinamik itici güçlerine yanıt vermek için bu yaklaşımların bütünleşmesinin gerekli olduğunu öne sürer.

**Anahtar Kelimeler:** Eşitsizlik, Sosyal Adalet, Piyasa Ekonomisi, Rawls, Kirzner

**Jel Kodları:** B25, P16, P26

## 1. Introduction

The global economy has engendered prominent economic inequalities and pronounced disparities across various regions worldwide. This phenomenon has resulted in a stark division between affluent and impoverished nations, evident in differences in income, living standards, and access to opportunities. Since 1640, the world economy has been characterized by three structural positions: center, periphery, and semi-periphery. Due to differing initial conditions, the interests of various local groups aligned in northwestern Europe, fostering the development of robust state mechanisms, whereas they diverged significantly in peripheral regions, resulting in much weaker ones. Observing these disparities in state mechanism strength reveals the operation of unequal exchange, where strong states exploit weak ones, and central states dominate peripheral areas.

Capitalism is fundamentally about the “appropriation” of surplus value by property owners from workers, but it also encompasses the extraction of surplus value from the global economy by central regions. This dynamic has been present since the agricultural phase of capitalism and continues into the industrial era. Capitalism has consistently been a global phenomenon, transcending the boundaries of nation-states. Suggesting that capitalism only became global in the 20th century is a misinterpretation of its historical trajectory (Wallerstein, 1974). The disparities within the global economy result in marked variations in economic growth, development, and resource distribution. These inequalities stem from injustices in access to economic resources and opportunities for individuals, groups, and nations. Various political philosophies and economic theories provide distinct lenses through which to understand and address these inequalities.

In this study, we delve into the contrasting perspectives of John Rawls, a pivotal figure in contemporary political philosophy, and Israel M. Kirzner, a prominent thinker within the Austrian school of economics post-1970, regarding global inequality. Rawls examines the core principles of justice through an egalitarian lens, emphasizing fairness and distribution. In contrast, Kirzner centers on the role of entrepreneurship and market dynamics, assessing inequality through the prism of economic and entrepreneurial opportunities. Notably, Kirzner dismisses the focus on inequality, arguing that it is not an economic issue unless it impedes production (Meda, 2012).

Rawls develops his core principles of justice through the lens of a social contract, which seeks to ensure equality among individuals, with a particular focus on safeguarding the rights of marginalized groups. When we consider this framework on a global scale, it offers a robust normative foundation for tackling the entrenched structural inequalities that have historically affected peripheral nations. Rawls posits that justice extends beyond merely providing equal opportunities; it must also ensure equitable outcomes. Consequently, the involvement of state or international institutions becomes essential in the pursuit of global justice (Kocaoğlu, 2015).

In contrast to Kirzner’s perspective, which regards economic inequalities as a natural byproduct of market operations rather than a normative issue, I would argue that such inequalities are deeply embedded in the structural dynamics of the global economy. Kirzner posits that inequality can stimulate production and entrepreneurship, suggesting it should not be a primary concern of economic analysis. His market-centric framework relies on the premise that individual entrepreneurship and the market process alone are adequate (Kirzner, 1982). However, as Wallerstein astutely observes, this premise fails to account for the structural dominance that core countries, with their historically robust state institutions, have achieved over peripheral nations (Wallerstein, 1974). Therefore, Kirzner’s model tends to neglect the historical and structural inequalities inherent in the global system.

In examining the perspectives of Rawls and Kirzner within the realm of social justice and inequality, we are not merely engaging with two distinct political and economic theories, but rather exploring two fundamentally different conceptual worlds. Kirzner emphasizes the importance of individual liberty and entrepreneurial spirit, whereas

Rawls advocates for collective responsibility and principles of redistribution to address historical and structural injustices. Consequently, Kirzner dismisses the core elements of Rawls's conception of justice, while Rawls critiques Kirzner's vision of a free market for perpetuating historical inequalities. This dichotomy underscores a profound divergence in the foundational principles that should inform strategies for tackling global inequality. This article contends that the contemporary global economy -marked by hyper-mobile capital, technological disruption, and persistent core-periphery divides- demands an understanding that moves beyond this strict dichotomy. By critically analyzing the contributions of each thinker to our comprehension of systemic versus dynamic inequalities, this study aims to provide a more integrated normative framework for evaluating policies that seek to reconcile innovation with equity in an interconnected world.

## 2. The Limits of Rawlsian Justice: From Theoretical Foundations to the Difference Principle and the Global Inequality Debate

In his work *A Theory of Justice* (1971), Rawls argues that justice should be the foundation of social order. According to Rawls, economic systems play an important role in how people satisfy their desires and how they and their societies are shaped in the process. This idea is a topic that economists -from Marshall to Marx- have addressed across a broad spectrum. How economic regulations can affect social structure and individual development is an issue that societies must consider when choosing their institutions. In this regard, economic institutions should be established in a way that takes people's well-being into account.

Rawls is profoundly influenced by the conditions, assumptions, and rational frameworks found in economics. He integrates justice into rational choice theory, viewing rationality as the capacity to employ the most efficient means to accomplish specific objectives. His examination of societal nature and social justice draws from the paradigmatic scenario that gave rise to economics and politics in the 18th century: the natural state characterized by individuals being dispersed and isolated. In this context, the aim is to articulate the justifications that prompt individuals to choose communal living (Meda, 2012). In this light, Rawls' notion of the original position aligns with the concept of the social contract (Ege, 2011).

Rawls' concept of the original position is fundamentally parallel to Jean-Jacques Rousseau's understanding of the social contract. Both thinkers emphasize that individuals emerge from a state of nature and come together on the basis of a common will and mutual agreement to establish social order. However, while Rawls approaches this process within the framework of rational choice theory, Rousseau focuses more on the principles of equality and freedom. Thus, Rawls' approach can be seen as an attempt to reinterpret Rousseau's social contract with a modern understanding of rationality and justice (Ege, 2011).

Rousseau argues that the contract between the individual and society in the social contract operates on the basis of equality and freedom. According to him, "A person who binds himself entirely to society is actually not bound to anyone individually; for since everyone obtains for himself the same rights he grants to others, each individual both receives the full equivalent of what he loses and gains more power to protect what he has." Rousseau summarizes the essence of the social contract as follows: "Each of us gives all our being and power to the command of the general will, we share it under the supreme rule of this will, and we accept each individual as an inseparable part of an indivisible whole" (Rousseau, [1762] 2019).

Rawls' theoretical construct, which he calls the "original position," is a systematic attempt to investigate the conditions under which the idea of a social contract can be established in a legitimate and fair manner. In this context, Rawls, relying on Rousseau's assumptions, questions the rational foundations of the social contract and analyzes how such a contract can be made possible within a normative framework (Ege, 2011). What

Rawls does is to take the classical social contract theories represented by Locke, Rousseau, and Kant in a broader sense to a universal level and reconstruct these theories at a higher level of abstraction (Rawls, 2017).

Rawls's theory of justice posits that the foundational institutions of our social structure must equally safeguard the rights and freedoms of all individuals. Moreover, any social and economic disparities should only be permissible if they serve to enhance the condition of the least advantaged members of society. Within this theoretical framework, the significance lies not only in the outcomes of social interactions but also in the equitable distribution of social positions among individuals. Rawls's vision of justice requires a moral assessment of the structural conditions that shape individuals' life opportunities, asserting that justice depends on both individual choices and the equality of the environment in which these choices are made (Rawls, 2006).

This approach aligns with the critiques of thinkers such as Elizabeth Anderson and Michael Sandel regarding the moral limits of market mechanisms. Anderson (1993) develops a "*theory of pluralist value*," arguing that different goods and values should be evaluated in different normative ways. According to Anderson, the characteristic norms of market relations are of a lower order than the higher forms of valuation that prevail in other areas of social life. Anderson contrasts the basic form of valuation in market norms, "*use*" (*instrumental valuation*) with higher forms of valuation such as respect. In this context, market transactions are inherently instrumental and focused on personal interests; they do not consider intrinsic value in a social context and, in this respect, have a lower moral status (Anderson, 1993). Anderson acknowledges that the ideal of economic freedom is defined by market norms, but points out that this freedom is defined in a negative way, meaning avoidance of social and moral obligations (Bruni & Sugden, 2013).

In a similar vein, Michael Sandel, in his 2009 work, refrains from presenting an alternative to John Rawls' abstract individualistic framework. Instead, Sandel advances a notion of justice rooted in virtue ethics. He argues that justice extends beyond mere formal equality, encompassing the process of acknowledging and rewarding the virtues individuals exhibit. This perspective necessitates normative evaluations regarding which lifestyles society ought to promote and which virtues merit recognition and accolade. Therefore, Sandel argues that justice must be considered not only in terms of impartial rules but also in terms of the inherent teleological structures of social practices and the virtues that these structures encourage (Sandel, 2009).

In the realm of social sciences, Rawls underscores the imperative of applying the principle of justice as fairness to the foundational structure of society. This principle serves as a crucial concept for curbing social structures that are inherently closed systems from the beginning (Rawls, 2017, pp. 35-36). This perspective diverges from the individual-centric approach typical in welfare economics, which primarily assesses the welfare of individuals rather than the collective welfare of groups or society at large (Arrow & Scitovsky, 1969). Within this context, Rawls deliberately refrains from employing the terminology of welfare economics, opting instead for the term "social choice." This term signifies a more structural evaluation that transcends individual preferences. Nevertheless, Rawls's adoption of "social choice" indicates an influence from economists, as social choice extends rational choice theory. This theory encapsulates the consistency in economic decision-making and elucidates economic activities within the economic sphere. Broadly speaking, it identifies certain patterns in human behavior. While rational choice theory traces its origins to David Hume (Sugden, 1991), it primarily derives its substance from 20th-century economics and exerts influence across various social sciences.

According to Rawls, a political economy doctrine cannot be adequately satisfied with an understanding based solely on the aggregation of individuals' interests or preferences. It must transcend this limitation and encompass an interpretation of the public good grounded in the concept of justice. Within this framework, such a political perspective must consider not only economic activity or the maximization of welfare but also the

organization of the fundamental structures of society, particularly the distribution of rights, freedoms, and opportunities. This view refers to specific principles of justice, which are criteria based on fairness, to determine the equitable distribution of social advantages among individuals when evaluating the overall functioning of political structures. In Rawls' approach, these criteria are too fundamental to be reduced to personal preferences and are regarded as a prerequisite for political legitimacy and stability (Rawls, 2017; Schmidtz, 2010).

In accordance with Rawls' approach, the paramount issue of justice pertains to the organization of the fundamental societal structure. Building upon this conception, substantial social institutions assume a pivotal role in determining the equitable distribution of societal benefits, encompassing the rights and responsibilities of individuals (Kocaoğlu, 2015). Rawls delineates large institutions as political constitutions, economic systems, and social arrangements. Within this framework, illustrative examples such as freedom of thought and conscience, competitive markets, the utilization of private property as a means of production, and the legal safeguarding of individuals and families serve as tangible manifestations of these institutions. When we comprehensively consider these significant structures, it becomes evident that they constitute the elements that delineate individuals' rights and obligations, as well as shape their aspirations and expectations regarding their lives. The fact that the fundamental structure stands as the primary subject of justice is directly correlated with its profound and enduring implications; as this structure serves as the foundational element of society and has existed since its inception (Rawls, 2017, pp. 290-293).

Rawls emphasizes that the sense of justice encourages individuals to create fair designs and highlights the necessity of helping others fulfill their share while everyone in society fulfills their own. For example, when a person takes precautions against a contagious disease, they protect not only themselves but also other members of society. With this understanding, the role of law and government should be to provide social corrections when necessary (Rawls, 2017). Rawls' theory of justice provides a framework for different economic systems to be fair and proposes a schematic approach to determine the basic elements of a fair economic system.

In *A Theory of Justice*, Rawls addresses the moral implications of economic policy. Economic policy pertains to the public sector and the institutions that govern economic activities. These institutions encompass fundamental elements such as tax policies, property rights, and market structures. According to Rawls, all citizens must derive equal benefits from public goods and services. The distribution of these services should be guided by general principles of justice, rather than individual preferences. Consequently, the regulation of public goods and services must be subject to political processes, not the market (Rawls, 2017, pp. 294-296; Rawls, 2007).

In Rawls' theory, the economic system is not merely a tool for meeting current desires and needs; it is also seen as a means for creating and shaping future needs. Consequently, the economic foundations of a society are as important as its moral and political foundations. The principle of fairness and justice applies not only to political systems but also to economic systems (Rawls, 2020; Rawls, 2017, p.299).

In examining Rawls' framework, we find that justice is fundamentally about upholding the freedoms of every individual within a society, while simultaneously enhancing the living conditions of those who are most disadvantaged. Rawls posits that a core tenet of justice is the establishment of a society that strives to offer equal opportunities to all. Yet, this pursuit of equality acknowledges that certain differences are essential. This is encapsulated in the "difference principle," which asserts that social and economic disparities are permissible only if they advantage the least well-off. Consequently, global economic inequalities should be evaluated not merely by income or wealth disparities but also by their potential to uplift the most vulnerable members of society. However, the application of the difference principle should be confined within national borders, as extending it internationally would necessitate some parties bearing

the distributional costs of decisions made in other jurisdictions (Pennington, 2014). The distinction between applying the difference principle domestically and internationally becomes untenable.

In this theoretical framework, when we transcend perspectives that restrict the scope of the difference principle, merely justifying inequalities that benefit the most disadvantaged is insufficient to achieve justice. We must also ensure that equal opportunity is genuinely available. According to Rawls' theory of justice, the principle of equal opportunity, which is the second fundamental principle, mandates that social positions and advantages be accessible to all individuals based on personal attributes such as ability and effort, rather than being reserved for a specific group (Rawls, 2020). In light of this argument, the fact that economic inequalities become a limiting factor in individuals' access to such positions is contrary to both a fair society design and Rawls' theoretical framework. Therefore, the legitimacy of inequalities depends not only on outcomes but also on whether access to opportunities is regulated fairly. This argument demonstrates that achieving social justice requires adopting not only a results-oriented but also a process-oriented approach (Ege, 2011).

While Rawls' theory primarily addresses justice within the confines of a nation-state, it nonetheless offers indirect insights into the realms of global justice and inequality. He posits that achieving global justice necessitates international collaboration and the establishment of an egalitarian world order. Critics, however, have challenged Rawls' perspective, contending that inequality is not solely attributable to social and economic dimensions. Furthermore, there exists a spectrum of debates concerning the theory's applicability and practical efficacy. Despite these critiques, Rawls' most significant contribution lies in his assertion that justice transcends theoretical abstraction, serving as a tangible objective that enhances the well-being of all societal members. Rawls' work is profoundly influenced by economic thought, a trend that persists as he critiques utilitarianism. His employment of rational choice theory to elucidate his theory of justice further underscores this economic influence.

### 3. Israel M. Kirzner and Inequality from an Entrepreneurial Perspective

One of Kirzner's most important observations was that fundamental concepts in the Austrian tradition provided a natural theoretical foundation for the entrepreneur. The most important of these concepts are subjectivity, ignorance, and economic error, all of which can be traced back to Carl Menger, the founder of the Austrian school. Although the main body of Kirzner's academic work focused on the entrepreneur, he also expanded into several other areas, particularly economic methodology, the role of policymakers, and economic justice and freedom (Douhan et al., 2007, p. 214).

One of the most important figures of the Austrian school of economics after 1970, Kirzner is known for his theories on entrepreneurship and market processes. He explains economic inequality and the distribution of resources through market dynamics and the role of entrepreneurship. His theory argues that market processes have an unequal structure, but that this structure is balanced by the free movement of entrepreneurs.

Kirzner argues that standard criticisms of the fairness of capitalist income distribution are incorrect because they fail to view capitalism as a "discovery procedure" in which the creation and distribution of the social pie is never fully known in advance. He asserts that the capitalist system consists of countless entrepreneurial discovery actions by all market participants. These actions must be sharply distinguished from deliberate search and deliberate production actions. Based on these insights, Kirzner advocates the "finder-keeper" rule as a morally weighty rule of common sense. Fundamentally, Kirzner believes that a society that does not accept the finder-keeper rule cannot take advantage of the opportunities capitalism offers in terms of technological innovation and wealth creation. Economists' market theory generally ignores or fails to sufficiently appreciate the institutional conditions and moral preconditions that enable entrepreneurial discovery and a vibrant entrepreneurial society (Kirzner, 1989). Kirzner's

defense of capitalism, stemming from an understanding of the nature of entrepreneurship, sometimes appears to be a "rights-based" (Lockean) approach. An entrepreneur is a creator of value and therefore entitled to the fruits of their creation. However, closer examination reveals that while Kirzner does indeed appeal to the idea of rights, his defense is firmly rooted in his understanding of the consequences of entrepreneurial action (Lewin, 2002, p. 2). Kirzner's defense of capitalism, based on entrepreneurial discovery, provides valuable insights into how the capitalist system operates. However, it does not include detailed considerations of how this system arose and evaluates capitalism solely based on its results (Levent, 2024, p. 3).

However, Theodore Burczak (2002, p. 76) finds Kirzner's "finder-keeper" ethical approach flawed in two respects. First, Kirzner's defense of the fairness of entrepreneurial profit rests on the legitimacy of the exchange of wages for labor-time. However, there are good reasons to doubt the fairness of the exchange of wages for labor time, and consequently, the fairness of the profits earned in capitalist firms created through such exchanges. The profit earned by a capitalist firm employing wage labor can only be considered fair if we deny that people are responsible agents when used by an entrepreneur. However, if we always consider the employed people as responsible agents, Kirzner's defense of entrepreneurial profit generated in a capitalist enterprise weakens. Secondly, Kirzner's thesis that in a market economy everyone has, in principle, an equal opportunity to be an entrepreneur managing a productive enterprise or to be an entrepreneur speculating is debatable. According to Kirzner, in a market economy that imposes no legal restrictions on the economic activities an individual can participate in, as long as these activities do not infringe on the property rights of others, every person has, in principle, the opportunity to act according to the same understanding of entrepreneurship as others. Specifically, possessing wealth does not confer any entrepreneurial advantage: A poor person who recognizes an opportunity for entrepreneurial gain is, in principle, no less likely to seize that opportunity than a rich person.

Kirzner defines entrepreneurship as discovering opportunities in market processes and profiting from them. He views entrepreneurs as a balancing force against economic inequality. According to Kirzner, every individual in the market has the ability to see and evaluate opportunities. This situation may cause some individuals to have access to greater opportunities, while others remain at a disadvantage. However, this inequality allows entrepreneurs to become more efficient in the market and enables resources to be distributed more effectively. Observing a difference in the price of a good (categorically the same good) in two different places suggests an opportunity to buy at a lower price and sell at a higher price. The same applies to the perceived "undervaluation" of any good; this presents an opportunity to buy the good now and sell it at a profit later. In all these cases, taking advantage of opportunities will lead to entrepreneurial profit. Therefore, profit is the reward for correctly perceiving and utilizing existing opportunities (Lewin, 2002, p. 3).

The work of Kirzner suggests that there are constantly unused profit opportunities in the economy. Profit opportunities arising from imbalances in the economy are not immediately apparent to everyone. Information deficiency is an inevitable situation for individuals in the market. Profit opportunities depend on individuals seeing them. It is the job of entrepreneurs to see these profit opportunities and take advantage of them. In this way, previously unknown information in the economy is revealed and disseminated to individuals in the market. Every entrepreneurial activity eliminates certain imbalances in the economy and helps to achieve equilibrium. Unlike Joseph A. Schumpeter's disruptive entrepreneurial approach, Kirzner sees entrepreneurship as a means of balancing supply and demand. The existence of an imbalance in the market indicates profit opportunities. Regardless of the stability of equilibrium, entrepreneurial activities mean meeting consumer demands (Oğuz, 2005). The difference between the two prices of the same good creates an opportunity for pure profit. A buyer who purchases at a lower

price can sell it at a higher price and thus earn the difference as pure profit. The entrepreneur accomplishes this through alertness. Once entrepreneurial alertness comes into play, issues related to profit change significantly. Now, even if it is not certain, there is a possibility that an alert entrepreneur will notice the profit opportunity created by the price difference (Kirzner, 2000). Therefore, the market process is created at any moment by entrepreneurial decisions. The market is full of opportunities. The problem is discovering them. Entrepreneurs create a difference by discovering opportunities with their alertness based on the pursuit of pure profit. Inequality arises because of this difference. And there is no harm in this. The existence of inequality does not pose any problem in terms of market efficiency and increasing profit opportunities. Human's entrepreneurial alertness consistently seeks to situate within the broader context of human action. While routinely calculating the optimal allocation of specific resources according to particular competing goals, humans also keep an entrepreneurial ear on alert for anything that suggests available resources are different from assumed, or that a different set of goals might be worth striving for (Kirzner, 1984, p. 416).

Drawing inspiration from Kirzner, without creative individuals, very little or no production can take place. The volume of pure profit earned by entrepreneurs refers only to a small portion of capitalist "profits" in the broad sense of the term used by classical economists. He states that it is no coincidence that pure profit does not occupy a more important place in classical debates on capitalist justice (Kirzner, 1989), noting that this profit is generally less emphasized in traditional economic theories. By emphasizing the role of entrepreneurs and the significance of pure profit, Kirzner endeavors to present a novel and dynamic perspective on economic processes.

In acknowledging the potential for a free market economy to generate disparities, Kirzner posits that these disparities will be naturally rectified through market mechanisms. As the market presents economic opportunities, entrepreneurs are incentivized to capitalize on these opportunities, thereby enabling those who were previously disadvantaged to enhance their economic standing by seizing these chances. Within the framework of the global economy, this perspective suggests that economic inequality should be regarded as an inherent outcome. Nonetheless, it also emphasizes the proactive role that entrepreneurs play in addressing and mitigating these inequalities.

Kirzner's market-centric perspective posits that entrepreneurship alone can fully rectify economic disparities. However, this assertion faces scrutiny, as it may not consistently hold true in real-world scenarios. Critics contend that market forces might not suffice to eradicate these inequalities, particularly when equitable access to resources and opportunities remains unattainable globally. Additionally, market failures and externalities can hinder entrepreneurs' ability to identify opportunities.

#### **4. Comparing Rawls and Kirzner's Understandings of Inequality**

In examining global economic disparities, Rawls and Kirzner offer distinct viewpoints. Rawls champions equality and justice as the bedrock of societal structure, yet he insists that such inequalities should serve the interests of the least advantaged. Conversely, Kirzner posits that market dynamics and entrepreneurial activity are instrumental in mitigating economic disparities and ensuring equitable distribution of opportunities. Thus, he perceives inequality as an inherent outcome of market operations.

In the realm of social sciences, we can draw a fascinating contrast between the perspectives of Rawls and Kirzner on the issue of inequality. Rawls posits that inequality is permissible only if it serves to enhance the conditions of the least advantaged in society. This aligns with his broader vision of a more egalitarian social order. In stark contrast, Kirzner views inequality as an inherent outcome of the market process, suggesting that it will naturally be rectified through the dynamics of the free market and entrepreneurial activity.

Kirzner's approach is more aligned with Robert Nozick's theory than with Rawls'. He places significant emphasis on Nozick's entitlement theory of justice, which is central

to his advocacy for a minimal state. This theory fundamentally opposes any state intervention in the market on the grounds of distributive justice. Kirzner fully endorses Nozick's entitlement theory but seeks to reinterpret it through a "finder-keeper" ethic, which is rooted in the concept of discovery. According to this ethic, an individual has a rightful claim to a resource they discover, as it is a natural product of their labor.

The entitlement theory, as articulated by Kirzner, is clear: if an object is initially acquired fairly from nature and all subsequent exchanges of the object are conducted fairly, then the current possessor holds it justly. This principle remains unaffected by any aesthetic or moral considerations regarding what might be considered a desirable distribution pattern (Kirzner, 1978).

A comparison of Rawls and Kirzner's ideas illustrates that economists' narrow definitions of the moral nature of the market have made it difficult to evaluate market institutions as a social practice in the context of virtue ethics. Traditional economic theory has viewed the market as an arena where individuals rationally maximize their self-interest, assuming that social benefit arises spontaneously from the sum of these individual interests. Two classic expressions of this approach can be found in the works of Adam Smith: Smith states that individuals' activities in the market stem not from benevolence toward others but from the pursuit of their personal interests, and he argues that these interest-based behaviors serve the public good through an invisible hand (Smith, [1776] 2024).

Although the fundamental motivation in Smith's market analysis is "self-love" it should be emphasized that this does not necessarily imply a direct contradiction with virtue. This is because, in Smith's *Theory of Moral Sentiments* ([1759] 2018), although social virtues such as sympathy and benevolence are given ample space, these virtues remain secondary in economic analysis. Nevertheless, in Smith's perspective, market behaviors are consistent with certain virtues, particularly in the context of character traits associated with long-term self-interest. Traits such as prudence, moderation, and self-control are defined as economic virtues that foster not only individual success but also social harmony (Hirschman, 1997).

It's crucial to consider the nature of interpersonal relationships within the market. When economic actors engage solely through instrumental reasoning, they may neglect the inherent normative framework of social practices, which includes mutual recognition, respect, and virtues. This highlights the limitations of market mechanisms, aligning with Rawls's conception of justice. Rawls's theory of social justice emphasizes not just outcomes but also the moral underpinnings of processes, ensuring they align with egalitarian principles. Thus, the interactions individuals have in the market should be assessed not only for utility maximization but also for respect, equality, and virtue.

From this standpoint, contemporary critiques of the structural limitations of market norms necessitate rethinking not only the boundaries of economic justice but also the moral foundations of social relations.

Kirzner criticizes Rawls' understanding of the market by incorporating it into the standard neoclassical view. According to him, this understanding is based on general equilibrium and does not recognize the market process approach. Therefore, Rawls is mistaken in two respects. First, he does not take into account private profit-motivated entrepreneurs, who are the main actors in the capitalist market process. Second, it makes a very sharp distinction between the allocative function of prices and the distribution function of resources. Because of these two errors, Rawls is influenced by the socialist view of the market. In particular, he continues to uphold the view of Oskar Lange and Abba Lerner in the 1930s, who regarded prices as parameters and believed that the same production decisions could be made in both socialism and capitalism. However, according to Kirzner, this is a major misconception. According to Ludwig von Mises and Friedrich August Hayek, markets do not function outside of entrepreneurial activities seeking profit. From this perspective, Kirzner argues that Rawls neither correctly understood how markets function nor properly evaluated entrepreneurial discovery

activities (Kirzner, 1989). Additionally, Kirzner's defense of the market procedure is grounded in Hayek's knowledge problem. It is doubtful that a central planner will know exactly where to find or how to search for all the scattered elements of information known somewhere within the economic system. Furthermore, it is doubtful that the central planner will be fully aware of the nature and extent of their own knowledge gaps in this regard. Generally, they may realize that there is information whose location they do not know, but this will give them no clue as to where to look for it. Consequently, it is unlikely that the planner will utilize all the information at their disposal. Clearly, the dispersion of information creates a new dimension of implementation for the core information program. What makes Hayek's critique of the information problem in central planning so devastating is that, in a market system with decentralized decision-making mechanisms, the intractable information problem faced by central planners tends to dissolve through the entrepreneurial-competitive discovery procedure (Kirzner, 1984, p. 414).

According to Kirzner (1948, p. 415), while the market does not eliminate the problem of dispersed knowledge, it possesses the weapons to combat it. These weapons are embodied not in the functioning of a hypothetical equilibrium price system, but in the functioning of the price system itself. The importance of prices in dealing with the Hayekian information problem lies not in the accuracy of the information that equilibrium prices convey about the actions of similarly informed others, but in the ability of disparate prices to present pure profit opportunities that can attract the attention of astute, profit-seeking entrepreneurs. In situations where market participants cannot coordinate their activities due to scattered information, this manifests as a set of prices that reveal to astute entrepreneurs where they can reap pure profits.

Two intractable theoretical differences are separating Rawls from Hayek. First, in terms of economic theory and the difference principle, Rawls sees market socialism as something compatible with, and perhaps even necessitated by, the principles of justice. Hayek, on the other hand, criticizes the theory of market socialism as both impractical and ethically indefensible. Hayek rejects market socialism because it establishes a theoretical and practical distinction between the allocative and distributive aspects of market prices. His critique of welfare capitalism is along the same lines, similar to that of Milton Friedman, who argues that the allocative and distributive functions of market prices should be "closely linked" on the grounds of efficiency, freedom, and justice. In other words, Hayek and Friedman prefer the "equality of freedom" interpretation of the difference principle, leaving the allocation of resources and the distribution of benefits to the market to determine. Rawls, conversely, argues that it is necessary to "distinguish between the allocative and distributive functions of prices" and to rely, to varying degrees, on the political determination of the distribution model. This supports the interpretation of the second principle as "democratic equality". The second significant difference between Rawls and Hayek lies in their opposing views on what the principle of justice permits in the realm of distributional policies. Hayek bases his opposition to conventional economic distribution schemes on the primacy of the principle of justice. Furthermore, Hayek rejects taxation as a tool for income redistribution. He believes that advanced capitalist market systems do not require state protection of the social minimum (DiQuattro, 1986, pp. 307-309).

One of the main virtues at the core of market ethics is the principle of universality. This principle refers to the tendency to conduct transactions with everyone on equal terms and based on mutual benefit, regardless of individuals' identities, affiliations, or personal relationships. If the market is to be regarded as an institution that enables interactions that provide the widest possible mutual benefit, universality must be accepted not only as a functional necessity but also as a normative virtue. In this context, practices such as favoritism, nepotism, protectionism, and patronage undermine the inclusive and impartial nature of the market, emerging as elements that limit its capacity for expansion and evolution (Bruni & Sugden, 2013).

The virtue of universality requires that market relations be free from personal or emotional ties—such as kinship, community membership, friendship, or gratitude. Such ties, in the words of Elizabeth Anderson (1993), fall within the realm of “higher” forms of valuation and are incompatible with the characteristic instrumental nature of market norms. As Anderson points out, market transactions are defined by usage-based, impersonal, and instrumental forms of valuation. In this sense, the principle of universality encourages the market not only to view individuals as economic actors but also to establish relationships between these actors that are non-privileged, symmetrical, and based on mutual consent (Anderson, 1993). When evaluated within this framework, the place of the principle of universality in market ethics gains significance in terms of both Rawls’ understanding of justice and Kirzner’s market theory, albeit in different ways.

From Rawls’ perspective, the universality of the market is linked to the institutional guarantee of social justice. In Rawls’ theory of justice, the principles of equal distribution of fundamental rights and freedoms and equal opportunity require that individuals have the right to access all positions in society regardless of their personal qualities or inherent privileges. Therefore, the absence of favoritism, privilege, or inherited advantages in market transactions can be seen as the economic reflection of Rawls’ principle of “fair equal opportunity” (Rawls, 2020; Rawls, 2017). In this context, universality is a moral requirement that ensures the impartial and inclusive functioning of the social structure.

In Kirzner’s framework, the principle of universality holds significant value as it facilitates the unimpeded development of entrepreneurship and the efficient functioning of the discovery process within the market. Kirzner perceives the market as a dynamic arena where individuals navigate information asymmetries to identify opportunities. The success of this process hinges on the market’s openness to all participants and the independence of transactions from personal privileges. Thus, while the principle of universality is crucial to Kirzner, it is not framed as an institutional assurance of social justice. Instead, it is seen as essential for the market’s effectiveness and dynamism (Kirzner, 2000).

This distinction highlights the core divergence between the theoretical frameworks of Rawls and Kirzner regarding market justice. Rawls emphasizes justice as a normative objective to be realized through institutional mechanisms. In contrast, Kirzner assesses the market as a process, not for its ethical implications, but for its ability to coordinate. Within Rawls’s perspective, the market is regarded as an instrument that requires regulation. Conversely, Kirzner advocates for the market as a self-regulating structure that fosters individual liberty.

However, both philosophers implicitly agree that the market must be free from personal relationships and privileges. In this theoretical context, the principle of universality plays a central role in both Rawls’ theory of justice and Kirzner’s theory of entrepreneurship, even though it is justified on different philosophical grounds. However, this commonality does not change the fact that their approaches to the definition and application of justice are quite different.

Rawls’ egalitarian approach advocates state intervention to ensure justice and aims to increase social welfare. Kirzner’s approach, on the other hand, relies on the market discovery process and does not consider state intervention in the economy appropriate. This is because, according to Kirzner, the state’s entry into the market as an actor or its restriction of profit rates will hinder the emergence of profit opportunities in that market. Individuals will prefer alternative markets and environments where profit opportunities are not restricted. The result is that innovations emerge more slowly in regulated markets (Oğuz, 2005: 260). At the same time, the market discovery process, which does not consider state intervention in the economy appropriate, undermines approaches to social justice or distributive justice that contain criticisms of capitalism’s inequality. From this perspective, it is impossible to reconcile Rawls and Kirzner’s social theories on distributive justice.

## 5. Conclusion

Rawls and Kirzner approached economic inequality from different theoretical foundations, which led to different proposed solutions. Rawls, in laying the foundations for an egalitarian society, emphasizes the role of the state in ensuring social justice and guaranteeing equal opportunity. As Rawls contends, improving the living conditions of the most disadvantaged individuals in society forms the cornerstone of a fair system. Kirzner, on the other hand, accepts the market economy and entrepreneurship as a result of inequality and claims that the market order will naturally find its balance. As Kirzner asserts, the autonomous functioning of the market generates opportunities and establishes a mechanism that will harmonize economic disparities within its inherent processes.

The core distinction between these two theoretical frameworks centers on their conceptualization of justice and the means by which it should be realized. Rawls' theory seeks to address and rectify structural inequalities through systemic changes, whereas Kirzner perceives inequalities as inherent and transient byproducts of the dynamic processes inherent in market economies. This fundamental divergence suggests that relying exclusively on either market mechanisms or state interventions is inadequate for achieving a sustainable reduction in economic disparities. Instead, a nuanced integration of Rawls' justice principles with Kirzner's emphasis on entrepreneurship is essential. A viable framework would be one that embeds Rawlsian safeguards for basic liberties and a social minimum within an institutional setup designed to protect and stimulate Kirznerian entrepreneurial discovery. This requires market-facilitating states that actively ensure fair equality of opportunity and mitigate extreme inequalities, not by stifling entrepreneurial dynamics, but by investing in human capabilities and public goods that enable all individuals to participate meaningfully in the market process.

Historically, the global economy has fostered structural inequalities between core, peripheral, and semi-peripheral countries, laying the groundwork for injustice that extends beyond national borders and permeates the global stage (Wallerstein, 1974). From this theoretical standpoint, it is evident that economic inequalities are systematically reproduced not only among individuals but also among countries and geographical regions in terms of production, development, and access to resources. The theories developed by Rawls and Kirzner on social justice and inequality present a striking contrast when evaluated within this global context.

Ultimately, the enduring significance of examining Rawls and Kirzner together lies not in choosing one over the other, but in recognizing that their theories illuminate complementary -and equally real- dimensions of contemporary global inequality. Rawls provides the indispensable diagnostic and normative lens for understanding the structural and historical injustices embedded in the world-system (Wallerstein, 1974), particularly the entrenched disparities between core and peripheral nations. Kirzner, conversely, offers a critical analytical lens for understanding the dynamic and discovery-driven nature of modern capitalism, dominated by innovation, financial mobility, and entrepreneurial adaptation.

Therefore, the central contribution of this study is to argue that an adequate response to 21st-century inequalities must be architecturally dual: it requires Rawlsian foundations to ensure a just baseline and correct historical inequities, built upon with Kirznerian mechanisms to foster adaptive efficiency and opportunity creation. The practical implication is the model of the "market-facilitating state" outlined above -a state that invests in human capabilities and public goods (a Rawlsian imperative) to empower all citizens to become effective participants in, and beneficiaries of, entrepreneurial market processes (a Kirznerian insight). In conclusion, while Rawls's theory offers a more comprehensive normative framework for global justice, Kirzner's focus on process and dynamism acts as a crucial corrective against static or purely redistributive models. It is in the tension and potential synthesis of these two visions that more pragmatic and sustainable paths for reducing economic disparities, both within and between nations, can be forged.

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**Conflict of Interest:** None.

**Funding:** None.

**Ethical Approval:** None.

**Author Contributions:** Kemal GÖKÇAY (%50) Adem LEVENT (%50)

**Çıkar Çatışması:** Yoktur.

**Finansal Destek:** Yoktur.

**Etik Onay:** Yoktur.

**Yazar Katkısı:** Kemal GÖKÇAY (%50) Adem LEVENT (%50)

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