In *Essays on Some Unsettled Questions of the Political Economy*, philosopher and economist John Stuart Mill refutes the notion that the political economy can be defined as "the laws which regulate the production, distribution, and consumption of wealth." - (*"The Definition"*)

P1: If the political economy is defined as a science, its scope is too wide to be usefully applied.
P2: *The Definition* is a scientific categorization.
C: *The Definition* is too wide to be usefully applied.

P2 Just.

As Mills explains, branches of knowledge generally fall into the realm of art or science. According to Mill, the former is a collection of rules while the latter is a collection of facts. The ultimate consequence of this distinction is a complete reversal in their purpose; while science observes phenomena and attempts to ground them in incontrovertible laws, art determines its own "end" and endeavors to discover the means or rules to achieve it. Accordingly, *The Definition* is a scientific definition of the political economy as it endeavors to discover the "laws" that result in the observable end of "production, distribution, and consumption."

P1 Just.

Mills continues his objection by arguing that the political economy as a science would be far too broad for what it aims to describe. For example, the concepts of "wealth" and "production" that *The Definition* cite are heavily influenced by all sectors of physical science. Take the commodities of agriculture for instance. The production of certain staples like milk and wheat are built upon the scientific laws related to physiology, geology, chemistry, and so forth. One may argue that we must only consider those scientific laws applicable to all kinds of wealth. However, Mills addresses this rebuttal by stating that this sort of distinction is not only highly unconventional and inconvenient, but also ineffective; certain sweeping laws of physical science, such as those relating to motion and gravity, impact all forms of matter, and therefore all forms of wealth. In essence, *The Definition* requires that a slew of unrelated scientific laws be included in the study of the political economy making it too broad of a definition.
In *An Essay on the Nature and Significance of Economic Science*, economist Lionel Robbins rejects the notion that positive economics can provide justification for the ideals of normative economics. More specifically, Robbins argues against the idea that the law of diminishing marginal utility justifies the redistribution of wealth. In this paper I will outline this positive economics justification for income distribution and Robbins' subsequent rebuttal.

Argument Reconstruction

P1: If income redistribution can increase social utility, it is economically justified.
P2: The laws of positive economics prove that income redistribution increases social utility in cases where total production is not (meaningfully) impacted.

C: Income redistribution is justified in cases where total production is not (meaningfully) impacted.

Premise One

To examine premise one, it is important to establish what utility means in the context of the argument. Beginning with the latter, utility is best characterized as an individual's "well-being" or "happiness." Accordingly, we can conceive of "social utility" to be the aggregate well-being of those in a society. It is not unreasonable to strive toward a society that endeavors to maximize the total happiness of its constituents. Afterall, isn't the purpose of any economic system or government to increase the well-being of those it governs? Since this rather abstract concept is entirely subjective, it is best to think about utility in terms of what makes an individual happy. Unsurprisingly, the currency of utility is money. While individual A and individual B may be made better off by different material items or experiences, money is the medium of exchange all agents in an economy can use to obtain what increases their utility. Furthermore, an agent will always be made better off by acquiring an additional dollar ceteris paribus as it can always be used to acquire more utility through consumption. According to the argument, with an objective way to measure and distribute utility, there must be an objective way to subsequently distribute it to maximize the benefit to society: the aforementioned purpose of a system or government. It is important here to note that the argument for redistribution does not call for, and generally warns against a policy that would reduce production and therefore the total "pie of utility."

Premise 2

Fundamental to the argument for income redistribution is the law of diminishing marginal utility. This law of positive economics states that the more of an item or service an individual consumes, the less utility she receives from each additional unit of its consumption. While a millionaire will certainly be made better off and prefer an extra $1,000 to nothing, the utility she receives from this extra money will be far less than the utility she received from her first ever $1,000 of income. With this in mind, it takes no stretch of the imagination to find instances where a redistributive subsidy would benefit those socioeconomically disadvantaged more than a tax of equal magnitude would harm wealthier individuals. For a homeless person, an additional $1,000 might quite literally increase their chances of survival, while for a billionaire, it has practically no impact. Considering that in the United States alone, 10% of the households own 77% of total wealth, the colossal gain in social utility that could be realized with redistribution is evident.

Robbins' rebuttal

In Robbins' view, attempts to justify income redistribution based on the law of diminishing marginal utility rest on two sophims: That utility is objective and that maximizing social utility is an objective of positive economics.

Perhaps Robbins' bigger qualm with an economic justification for redistribution centers around the subjective nature of utility. While the magnitude of benefit I receive from consuming my favorite food is knowable to myself and can be compared to the benefit I receive from a substitute, it is only knowable from introspection: therefore subjective. In other words, a third-party may be able to determine I prefer good X to good Y, but not the magnitude of this preference. As Robbins explains, this creates a glaring issue within the redistribution argument which requires an objective viewpoint of utility to properly redistribute it and maximize social utility. If I cannot know exactly how much worse off a wealthier individual will be made by a redistributive tax, nor how much better off a poorer individual will be made by a redistributive subsidy, how can I objectively maximize social utility with economic policy?

Robbins illustrates the incomparable nature of utility in a thought experiment: If I could give $1,000 to individual A or $2,000 to individual B, how would I know which option would maximize utility? Surely, both individuals would urge that their margin of utility would increase more with the additional income, and perhaps believe it too. To examine this example further, let us assume that the net worth of individual B is quadruple that of A's. Furthermore, let us assume that individual A's happiness, or utility is highly correlated to the practice of an artform while the well-being of B is highly correlated to taking expensive vacations. Should I maximize social utility by distributing my money to A, who has less income but can self-actualize through a relatively inexpensive hobby, or to B, who is wealthier but requires more money to find joy?

The final argument Robbins makes against an economic justification for redistribution revolves around whether or not there is an economic obligation to maximize social utility. Even if we could objectively quantity and compare the magnitudes of utility in different agents, why must we then strive to maximize the aggregate? As aforementioned, it may seem intuitive to maximize the total well-being of a society, but as Robbins explains, there is no economic law or generalization that states this must be the case. While a moral grounding for redistribution could certainly be argued, this would fall outside of the realm of objective, scientific economics. Such an argument would take the conversation further away from positive economics and closer to normative economics as we consider ambition, property rights, will-power, and so forth.