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Introduction

Traditional studies on natural law and justice have been eclipsed by the development of a conception of economic science which, clumsily and mechanically, has tried to apply a methodology originally formed for the natural sciences and the world of physics to the social sciences. According to this conception, the ‘differentiating’ characteristic of economic theory would consist of the systematic application of a narrow criterion of ‘rationality’, so that both individual human action and economic policy at a general level would be considered to be determined by calculations and valuations of costs and benefits through a maximization criterion which supposedly made it possible to ‘optimize’ the attainment of the ends pursued on the basis of given means. According to this approach, it seemed obvious that considerations relative to ethical principles as guides for human behaviour lost relevance and significance. In effect, it seemed that a universal guide for human behaviour had been found and, at its different levels (individual and social), it could be put into practice by applying a simple criterion of maximization of the beneficial *consequences* derived from each action, without the need, therefore, to adapt any kind of behaviour to pre-fixed ethical rules. Science had apparently thus managed to eliminate considerations related to justice and make them obsolete.

The failure of consequentialism

However, the *consequentialist* ideal, consisting of believing that it is possible to act by taking decisions to maximize the forecast positive consequences on the basis of given means and costs which are also known, has ostensibly failed.² First, the evolution of economic theory itself has shown that it is theoretically impossible to obtain the necessary information on the benefits and costs arising from each human action. This theorem of modern economics is based on the innate creative capacity of the human being, who is continually discovering new ends and means, giving rise, therefore, to a flow of new information or knowledge which makes it impossible to predict the

specific future consequences of the different human actions and/or political decisions adopted at any given moment.³ In addition, the failure of real socialism, understood as the most ambitious social engineering experiment carried out by the human race throughout its history, has meant a shattering blow for consequentialist doctrine. In effect, the immense resources devoted, over a period of more than seventy years, to trying to evaluate different political options in terms of costs and benefits, imposing them by force on citizens in order to ‘optimally’ attain the ends pursued, have been seen to be incapable of meeting the expectations that had been placed on them, leading to significant economic underdevelopment and, above all, to great human suffering.

Although, due to lack of the necessary historical perspective, we are not yet fully aware of the far-reaching consequences that the fall of real socialism will have on the evolution of science and human thought, some very significant effects can now begin to be appreciated. First, attention should be drawn to the development of a new economic theory, much more human and realistic, which, based on the study of the human being as a creative actor, aims to analyse the dynamic processes of social coordination which really take place in the market. This approach, the predominant driving force of which comes from the Austrian School of Economics, is much less ambitious than the scientific paradigm that, to date, has filled the economics textbooks and deformed generations of students, generating expectations among citizens regarding the possibilities of our science which, logically, it has been unable to meet.

Another important consequence has been the formation of an evolutionist theory of social processes, also developed by the Austrian School of Economics. This has shown how the most important institutions for life in society (linguistic, economic, juridical and moral) arise spontaneously, over a very extended time period, on the basis of custom, as a consequence of the participation of a very large number of human beings who act in very varied specific circumstances of time and place. Thus, a series of institutions appear which involve an enormous volume of information and which are far in excess of the capacity of comprehension and design of the human mind.

Lastly, the third effect which should be highlighted in the significant re-emergence of ethics and the analysis of justice as one of the most important social studies research fields. In fact, the theoretical and historical failure of scientific consequentialism has returned a leading role to rules of behaviour based on dogmatic ethical principles, the important function of which as irreplaceable ‘automatic pilots’ for behaviour and human freedom is again beginning to be fully appreciated.

The importance of an ethical foundation for freedom

Perhaps one of the most important contributions of the theory of freedom in this century has been to show that the consequentialist analysis of costs and benefits is not sufficient to justify a market economy. It is not only that a

large part of the economic science developed to date was based on the intellectual error of presupposing a static framework of given ends and means, but also that even the much more realistic and fruitful analytical point of view of the Austrian School, based on the creative capacity of the human being and the theoretical study of the dynamic processes of social coordination is, *alone*, insufficient to serve as a categorical foundation for libertarian ideology. Even if we abandon the static criterion of Paretian efficiency and replace it by another more dynamic criterion based on coordination, the considerations of 'efficiency' will never be enough, alone, to convince all those who put considerations related to justice before those related to the different ideas of 'efficiency'. In addition, neither does recognition of the effects of social discoordination ('inefficiencies'), which arise, in the long term, from any systematic attempt to coerce the spontaneous processes of human interaction, guarantee the automatic agreement of all those whose *time preference* is so intense that, despite the negative effects of intervention in the medium and long term, they place a higher value on its short-term benefits.⁴

In short, the development of ethical foundations for the theory of freedom is indispensable for the following reasons: (1) because of the failure of 'social engineering' and, especially, of the consequentialism derived from the neo-classical-Walrasian paradigm which has been the mainstream paradigm in economic science to date; (2) because the theoretical analysis of the market processes based on the entrepreneurial capacity of the human being, even though it is much more powerful than the analysis derived from the neo-classical paradigm, is not, alone, *sufficient* to justify the market economy; (3) because, given the situation of ineradicable ignorance of human beings and their constant capacity to create new information, they need a moral framework of principles of behaviour that automatically indicates the guided behaviours they should follow; and (4) because, from a strategic point of view, it is basically moral considerations that drive the reformist behaviour of human beings, who are often willing to make significant sacrifices in order to pursue what they consider good and just from the moral point of view. It is much more difficult to ensure this behaviour on the grounds of cold calculations of costs and benefits which, moreover, are of very doubtful scientific potential.

On the possibility of building a theory of social ethics

A significant number of scientists still consider that it is not possible to achieve an objective theory of justice and moral principles. The development of this opinion has been strongly influenced by the evolution of scientific economics, which, obsessed by the maximization criterion, considers that, not only are the ends and means of each actor subjective, but moral principles of behaviour also depend on the subjective autonomy of the decision-maker. If, under any circumstance, an *ad hoc* decision may be made on the

basis of a pure cost–benefit analysis, the existence of morality understood as a scheme containing previously fixed behaviour guidelines is not necessary, meaning that any such scheme becomes completely blurred and may be considered to be limited to the particular scope of the subjective autonomy of each individual. Against this position, which has been prevalent to date, we consider that one thing is for valuations, utilities and costs to be subjective, as shown by economic science, and a completely different thing is for no objectively valid moral principles to exist.⁵

Furthermore, we consider that the development of a whole scientific theory on the moral principles which should guide human behaviour in social interaction is not only advisable, but also possible. In fact, over recent years, several very significant works in this field have appeared. Among them, Israel M. Kirzner's contribution suggesting a new concept of distributive justice in capitalism should be highlighted. Attention should be drawn to the fact that this contribution has been developed by one of the most distinguished theorists of the Austrian School of Economics, which shows that the field of correctly developed economic theory is significantly interrelated to that of social ethics. The fact is that economic science, even if it is *wertfrei* or free from value judgements, is not only able to help to adopt clearer ethical positions but can, furthermore, as Kirzner illustrates, make logical-deductive reasoning easier and surer in the social ethics field, avoiding the many errors and dangers that would arise from a badly proposed static analysis of economic theory under unreal assumptions of complete information.⁶

According to this conception, the considerations of 'efficiency' and 'justice', far from being a *trade-off* which would allow different combinations in varying proportions, would appear to be two sides of the same coin. In effect, from our point of view, only justice leads to efficiency; and, *vice versa*, what is efficient cannot be unjust. Thus, both considerations, those relative to moral principles and those on economic efficiency, far from being in opposition to each other, mutually strengthen and support each other.⁷

Morality and efficiency

The idea that efficiency and justice are two different dimensions which can be combined in varying proportions is one of the negative consequences which arise naturally from the neoclassical paradigm which has dominated economic science to date. In effect, if one believes that it is possible to decide on the basis of a cost–benefit analysis because one assumes that the required information is given in a static context, not only is it unnecessary for individual actors to follow any prior scheme of guided moral behaviour to direct them in their action (other than merely 'maximizing its utility *ad hoc*'), but it is also easy to reach the conclusion (included, for example, in the 'second fundamental theorem of welfare economics') that any scheme of equity imposed by force is compatible with the static criteria of Paretian efficiency.

However, the consideration of the social process as a dynamic reality constituted by the interaction of thousands of human beings, each of which is endowed with an innate and constant creative capacity, makes it impossible to know the costs and benefits that will arise from any given action in detail, meaning that the human being has to use a series of guides, or moral principles of action, as an automatic pilot. These moral principles tend, furthermore, to make coordinated interaction between different human beings possible and, therefore, generate a coordination process that, in a certain sense, could be described as dynamically efficient. Seen from the conception of the market as a dynamic process, efficiency, understood as coordination, arises from the behaviour of human beings when the latter act following specific moral guidelines and, *vice versa*, human action performed in accordance with these ethical principles gives rise to dynamic efficiency understood as the coordinating trend in processes of social interaction. Therefore, we may conclude that, from a dynamic point of view, efficiency is not compatible with different schemes of equity or justice, but rather arises solely and exclusively from a single scheme.

As we have already said, neither is it admissible to affirm that criteria of efficiency and those of equity are opposed to each other. The polemic between these two dimensions is false and erroneous. What is just cannot be inefficient, nor can what is efficient be unjust. The fact is that, under the perspective of dynamic analysis, equity or justice and efficiency are simply two sides of the same coin which, moreover, confirm the integrated and consistent order that exists in the social universe. The supposed opposition between these two dimensions originates from the erroneous conception of static efficiency developed by the neoclassical paradigm of 'welfare economics', together with the erroneous idea of equity or 'social justice', according to which the results of the social process can be judged regardless of the individual behaviour of those who participate in it. The theoretical developments of welfare economics based on static criteria of Paretian efficiency arose with the vain hope of avoiding the need to explicitly enter the ethics field and have made it impossible to appreciate the serious problems of dynamic inefficiency that emerge when the entrepreneurial process is institutionally coerced to a greater or lesser extent. The consideration of economics as a process not only allows efficiency to be appropriately redefined in dynamic terms, but also throws a great deal of light on the criterion of justice which should prevail in social relations. This criterion is based on the traditional principles of morality which allow individual behaviour to be judged as just or unjust in accordance with general and abstract juridical rules regulating, basically, the property rights that make it possible for human beings to appropriate everything that results from their own innate entrepreneurial creativity. Furthermore, this point of view shows how alternative criteria of justice are essentially immoral. Among them, and particularly open to criticism, is the concept of 'social justice' that aims to judge as just or unjust the specific results of the social process at determined historical

moments *regardless of whether or not the behaviour of its artifices has been in line with general juridical and moral rules*. ‘Social justice’ only makes sense in a phantasmagoric static world where the goods and services are given and the only problem that can arise is their distribution. However, in the real world, where the production and distribution processes take place *simultaneously* as a consequence of entrepreneurial impetus, there is no analytical sense to the concept of ‘social justice’, which may be considered essentially immoral in three different ways: (1) from the evolutionary point of view, to the extent that the principles derived from the idea of ‘social justice’ violate the traditional principles of property rights which have been formed by common law and have made modern civilization possible; (2) from the theoretical point of view, since it is impossible to organize society on the basis of ‘social justice’, as the systematic coercion required in order to impose the objective of the redistribution of income prevents the free practice of entrepreneurship and, therefore, the creativity and coordination that make the development of civilization possible; and (3) from the ethical point of view, to the extent that the moral principle that all human beings have a natural right to the results of their own entrepreneurial creativity is violated. It is foreseeable that, as citizens realize the serious errors and essential immorality derived from this spurious concept of ‘social justice’, institutional coercion on the part of the state which this is considered to justify will gradually disappear.⁸

Israel Kirzner’s contribution to ethics

Kirzner’s great contribution consists, precisely, of having shown that a large part of the thinking about distributive justice, which has constituted the majority position to date and has formed the ‘ethical foundation’ of important political and social movements (of socialists and social democrats), has its origin and fundamentals in the erroneous static conception of economics.⁹ In effect, the neoclassical paradigm is based, to a greater or less extent, on the assumption that information is objective and given (either in certain or probabilistic terms) and, therefore, it is possible to make cost–benefit analyses on the basis thereof. If this is the case, it seems logical that utility maximization considerations are completely independent of moral aspects and that these two factors can be combined in different proportions. Furthermore, the static conception inexorably leads to the presupposition that, in a certain sense, the resources are given and known, meaning that the economic problem of their distribution is different and separate from the problem posed by their production. In effect, if the resources are given, how both the means of production and the result of the different productive processes are to be distributed among the different human beings acquires an exceptional importance.

This whole idea has been made obsolete by the dynamic conception of market processes developed by the Austrian School of Economics in general

and, specifically, by the analysis of entrepreneurship and its ethical implications carried out by Israel M. Kirzner. For Kirzner, entrepreneurship consists of the innate capacity of all human beings to appreciate or discover the opportunities for gain that arise in their surroundings and act in consequence in order to take advantage of them. Entrepreneurship consists, therefore, of the typically human capacity continually to create and discover new ends and means. Under this conception, resources are not given, but rather both the ends and the means are continually thought up and conceived *ex novo* by entrepreneurs, who are always anxious to attain new objectives which they *discover* to have a higher value. If the ends, the means and the resources are not given, but are continually being created from nothing by the entrepreneurship of human beings, it is clear that the fundamental ethical approach is no longer how to distribute 'what exists' on an equitable basis, but should rather be conceived as the way to stimulate creativity most adapted to human nature. It is here where Kirzner's contribution to social ethics reaches its full force: the conception of the human being as a creative actor makes it inevitable to accept, as an axiom, that *all human beings have a natural right to the fruits of their own entrepreneurial creativity*. This is not only because, if it were not the case, such fruits would not act as an incentive capable of stimulating the entrepreneurial and creative alertness of the human being, but also because it is a universal principle which may be applied to all human beings in all conceivable circumstances.

The ethical principle we have just explained also has other significant advantages. First, its great intuitive attraction should be highlighted: it seems evident that if somebody creates something from nothing, s/he has the right to appropriate it, since nobody is prejudiced (before it was created, what was created did not exist and, therefore, its creation does not prejudice anyone and, at least, benefits the creative actor and may well also benefit many other human beings). In the second place, it is a universally valid ethical principle, closely related to the principle of Roman Law concerning the original appropriation of resources that do not belong to anyone (*ocupatio rei nullius*), allowing the resolution of the paradoxical problem posed by what is known as 'Locke's proviso', according to which the limit on the original appropriation of resources is based on leaving a 'sufficient' amount thereof for other human beings. As Kirzner shows in what is perhaps one of the most original contributions of his work on social ethics, his principle based on creativity resolves the existence of 'Locke's proviso' and makes it unnecessary, since any result of human creativity did not exist before it was discovered or created entrepreneurially and, therefore, the appropriation thereof cannot prejudice anyone. Locke's conception only makes sense in a static environment in which it is assumed that the resources already exist (or are 'given') and are fixed, and that they should be distributed among a predetermined number of human beings.

Kirzner also shows us, in the third place, how most of the alternative theories on justice, particularly the theory developed by John Rawls, contain

the underlying paradigm of full information, which presupposes a static environment of pre-existing resources. Although Rawls considers a ‘veil of ignorance’ in his analysis, he reaches the conclusion that the most just system is the one in which, without knowing the exact place that s/he will occupy in the social scale, each human being may nevertheless be sure that, if the most unfavourable situation corresponds to him or her, s/he will have a maximum of resources.¹⁰ It is clear that, if economics is considered as a dynamic entrepreneurial process, the ethical principle has to be very different: the most just society will be the society that most forcefully promotes the entrepreneurial creativity of all the human beings who compose it. In order to do this, it is indispensable for each human being to be certain, *a priori*, that s/he will be able to appropriate the results of his or her entrepreneurial creativity (which would not exist in the social body before being discovered or created by each individual actor) and that nobody will expropriate them.

In the fourth place, another advantage of Kirzner’s analysis is that it makes obvious the immoral nature of socialism, understood as any system of institutional aggression carried out by the state against the free practice of human action or entrepreneurship. In effect, coercion against the actor prevents the latter from developing what is most natural to him, that is, his innate capacity to create and conceive new ends and means and to act in consequence to attain them. To the extent that state coercion prevents entrepreneurial human action, the human being’s creative capacity will be restricted and neither the information nor the knowledge necessary to coordinate society will emerge. Precisely for this reason, socialism is an intellectual error, since it makes it impossible for human beings to generate the information required by the governing body in order to coordinate society through coercive commands. Furthermore, Kirzner’s analysis has the potential to demonstrate that the socialist system is immoral because it is based on preventing, by force, human beings from appropriating the results of their own entrepreneurial creativity. Thus, socialism is not only seen as something that is theoretically erroneous or economically impossible (i.e. *inefficient*), but also, simultaneously, as an essentially *immoral* system, since it violates the most intimate entrepreneurial nature of human beings and prevents us from freely appropriating the results of our entrepreneurial creativity.¹¹

The social doctrine of the Catholic Church and Kirzner’s contribution

Perhaps one of the most significant aspects of the latest formulations of the social doctrine of the Catholic Church in favour of a market economy stems from the great influence that the thinking of the Austrian School of Economics has had, particularly that of Hayek and Kirzner, the former of whom was a non-practising Catholic agnostic, while the latter is a profoundly religious practising Jew. In effect, the Catholic thinker Michael Novak surprised

the world when he made public the long personal conversation between Pope John Paul II and Hayek which took place before the latter's death.¹² Subsequently, in his book *The Catholic Ethic and the Spirit of Capitalism*, Novak points out the great parallelism that exists between the conception of creative human action developed by the pope in his doctoral thesis entitled *The Acting Person* and the conception of entrepreneurship we owe to Kirzner.¹³

This concept was refined by John Paul II in his encyclical *Centesimus Annus*, where he expressly refers to entrepreneurial capacity or creative human action as the decisive factor in society or, in his own words, '*man himself, that is his knowledge*', in its two embodiments of scientific knowledge and practical knowledge, which John Paul II defines as what is necessary in order to 'perceive the needs of others and to satisfy them'. According to John Paul II, this knowledge allows human beings 'to express their creativity and develop their potential' and to introduce themselves into 'the network of knowledge and intercommunication' that constitutes the market and society. Thus, for John Paul II, 'the *role* of disciplined and creative *human work* [I would prefer to say 'human action'] and, as an essential part of that work, *initiative and entrepreneurial ability* becomes increasing evident and decisive'.¹⁴ Without any doubt, the encyclical *Centesimus Annus* shows how its author's conception of economic science has been enormously modernized and taken a significant leap from the scientific point of view, rendering a great deal of the Church's former social doctrine obsolete. It even surmounts significant sectors of economic science itself which have, to date, been anchored in the mechanism of the neoclassical–Keynesian paradigm and been unable to include the eminently creative and dynamic nature of entrepreneurship in their 'models'. For the first time in history, thanks to the positive influence of the Austrian School of Economics, the social doctrine of the Catholic Church has overtaken the mainstream paradigm of economic science, which has, so far, ignored the creative human being and continues anchored in a static conception of market and society.

Some critical comments

An objection can be raised to the best of books, and small defects contribute to a good book – as to a good man – to the same extent as virtues. I would not, therefore, like to conclude this comment on Kirzner's work on social ethics without referring to two specific aspects in which I think his position could be improved.

Kirzner and the supposed relativism of ethical principles according to historical circumstances

The first objection we would raise to Kirzner's analysis refers to the concession – unjustified, in our opinion – that he makes on pages 126–127 and 176–177 of his book *Discovery, Capitalism and Distributive Justice* when he

affirms that it will be in circumstances where the levels of disequilibrium, uncertainty and creativity are greatest that the principle of justice he proposes, based on the appropriation of the goods and services discovered by the entrepreneurs, will be most relevant.¹⁵ However, he then states that, in relatively more stable markets and in particular circumstances, his rule of justice will be less relevant. In our opinion, the dynamic rule of justice proposed by Kirzner has, on the contrary, universal validity, regardless of what the particular circumstances appear to be at any given moment. Whenever institutional coercion is used in order to redistribute the social product, the use of a creative capacity which originates from the most intimate and essential nature of the human being is being impeded to a greater or lesser extent, thus harming the possibilities of creating information and coordinating the social process. Furthermore, there is no analytical possibility of distinguishing situations in which the relatively more 'stable' nature of the social process supposedly permits application of alternative criteria, based on 'social' or distributive justice, from situations where the relative social stagnation is, precisely, a direct result of the systematic practice of state coercion with which such alternative criteria always manifest themselves. However, Kirzner himself acknowledges that 'the extent to which discovery insights need to be introduced into both the economics and moral philosophy of capitalism seems to be greater and greater as capitalism itself develops and becomes more intricate and "open-ended"'.¹⁶ Our disagreement with Kirzner, therefore, stems from the fact that we consider that there are no exceptions to the principle of justice based on entrepreneurship that he proposes. The principle is universally applicable to all conceivable historical circumstances in which a human being, intrinsically endowed with an innate entrepreneurial and creative capacity, is involved.

The application of the Kirznerian theory of entrepreneurship to the emergence of institutions and moral behaviour

Recently, in two somewhat disconcerting articles, Israel Kirzner has upheld the thesis that the theory of entrepreneurship, which he has developed so brilliantly and with so much perseverance throughout his academic life, is not directly applicable in order to justify the existence of a spontaneous trend towards the formation and improvement of social institutions.¹⁷ The main (and only) argument put forward by Kirzner in support of this thesis, is the supposed existence of an 'externality' that prevents the institutional improvements relevant to society from materializing in the form of opportunities for explicit gain that may be exploited and appropriated by entrepreneurs. Thus, according to Kirzner, the process of entrepreneurial creativity and discovery would not take place in the field of institutions, since the entrepreneurs would be unable to appropriate for themselves the profits arising from their entrepreneurial activity in the institutional field. In addition, Kirzner correctly maintains that, in a market context, the existence of a

situation of 'public good' cannot be considered a defect if the state prevents an adequate definition and/or defence of property rights by force, since it is absurd to classify the non-existence of a Utopian situation resulting from institutional insufficiencies as a 'market defect'. Kirzner goes on to say, and this is where we disagree, that these institutional insufficiencies may also emerge and be maintained as the result of a supposed situation of 'public good', which, as we have already mentioned, prevents, according to Kirzner, entrepreneurial activity from discovering and driving forward the necessary institutional improvements.¹⁸

We cannot share this paradoxical and restrictive position that Kirzner has recently adopted in relation to the application of his own theory of entrepreneurship to the emergence of institutions. First, within the dynamic context of the market process, we do not consider that public good problems are not a market defect simply because they emerge as the result of an institutional 'inefficiency'. In our opinion, the public good 'problem' is never a market defect, since whenever an apparent situation of joint supply and the impossibility of exclusion of *free riders* arises, in the absence of the coercive intervention of the state, the incentives necessary for entrepreneurial activity to come into operation emerge and, appropriating the results thereof, it discovers the technical, juridical and institutional innovations required to conclude the supposed public good situation. This is, for example, what occurred in relation to the commons in the American West, where, until it was possible to adequately define the property rights over the land that belonged to the different users (farmers and stockbreeders), there were significant conflicts and difficulties in social coordination. However, this situation created precisely the incentive for the entrepreneurs finally to discover and introduce an important technological innovation: barbed wire, which, from then onwards, allowed the property rights over large extensions of land to be separated and defined at a reasonable cost. This resolved the public good problems. Another example refers to lighthouses as an aid to navigation. At many times in history, they have been run privately, various technical and institutional procedures having been found through entrepreneurship in order to force preferences to be revealed and the beneficiaries to assume the cost thereof (social boycott of *free riders*, associations of fishermen and ship-owners, etc.). We do not even need to mention many other technological innovations, such as cable television, that have solved, thanks to entrepreneurial creativity, the public good problems that existed up to now in their respective fields. Therefore, from a dynamic point of view, if the state does not intervene, the set of public goods tends to become empty as a result of the creative capacity of entrepreneurship.

It is true that, in the field of social institutions (juridical, moral, economic and linguistic), the problems arising from the individual appropriation of the results of entrepreneurial creativity are more arduous and difficult. However, this does not mean that it cannot be done and that, therefore, improvements are not constantly being introduced. Moreover, without the creative capacity

of entrepreneurship, neither the process of generation nor that of development and improvement of the most important social institutions can even be conceived. This is precisely what Menger showed in his analysis of the evolutionary emergence of social institutions, which he applied specifically to money and which can only be understood as the result of the initial leadership of a few relatively more alert human beings, who realized before the others that they could attain their ends more easily if, in exchange for their goods and services, they asked for goods that were more easy to commercialize on the market, which thus became known as 'means of exchange'. This behaviour, through a learning process, was extended throughout the market until the means of exchange became generally used and, therefore, were converted into money.¹⁹ In addition, it is clear that languages are constantly evolving and that, thanks to the creativity of a large number of actors, new terms are introduced, old ones are improved, grammatical rules and rules of pronunciation are simplified and modified, etc., in such a way that, if we compare documents written in the same language at different times, we note important and very significant details. None of these could be explained without the entrepreneurial capacity and alertness of the users of each language and each moment of history.

Finally, it is evident that there is no objective criterion that allows us to establish that a 'rationally' conceived institution is more efficient from the point of view of the dynamic social processes moved by the impetus of entrepreneurship than one which has been formed through evolution. Is, perhaps, Esperanto a more perfect and 'efficient' language than English or Spanish? Using what criteria can we establish that a metric system is more efficient from the point of view of dynamic coordination processes than any other? And, with regard to the very few essential juridical principles that make social coordination and the practice of entrepreneurship possible, they have clearly emerged through an evolutionary process and could be reduced to: respect for life, for property, for peacefully acquired possession and fulfilment of contracts.

The idea that the theory of entrepreneurship developed by Kirzner is precisely, in spite of its author's opinion, the missing link that was required in order to improve and provide adequate foundations for the Austrian theory on the emergence and development of social institutions, does not mean that it is not possible to theorize on the possibilities of 'improving' currently existing social institutions.²⁰ However, it is a work of immanent 'criticism', in other words, of exegesis, refinement of logical defects and application of the principles formed through evolution to new areas and challenges which arise as a consequence of entrepreneurial creativity (for example the application of the body of traditional principles of contract law to new privatized areas of the sea or to the 'rental' of mothers, etc., etc.). We can, therefore, conclude that, curiously, Kirzner does not appear to be sufficiently Kirznerian with regard to the recognition of the possibilities of applying his own theory of entrepreneurial analysis to the emergence, development and improvement of social institutions.

Conclusion

The above objections in no way diminish the great merit of Kirzner's work in the field of entrepreneurial theory and its application to the development and provision of foundations for a whole theory of social ethics, which has been capable of setting aside the demands of 'social' or redistributive justice based on the analytical error of presupposing a static economy with given resources and information. The dynamic conception of the market makes it easier to take up a position in the ethical field and strengthens the consideration that free markets driven by entrepreneurship not only are more efficient from the dynamic point of view, but are the only just markets. Therefore, there is no justification for any actors who act entrepreneurially and meet the traditional principles of property law feeling any sense of guilt when they appropriate the results of their creative capacity. Understanding how the entrepreneurial market process functions in dynamic terms makes it obvious that the essential principles of social justice and ethics should be based on appropriation of the results of the entrepreneurial creativity of each actor, and, as is logical, it is perfectly compatible for this entrepreneurial creativity and spirit also to be used voluntarily, to seek, discover and alleviate any situations of urgent need into which other human beings may have fallen.