PHILOSOPHY OF ECONOMICS & POLITICS

LECTURE 18: DISTRIBUTIVE JUSTICE

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Today’s agenda

- Today we’ll be looking at some ‘principles of distributive justice’
- One way to motivate concern for justice is to look at the massive inequalities that characterise today’s world
- Many consider these to be unjust; principles of distributive justice help to rationalise these intuitions and to argue about good policies and socio-economic institutions
- Specifically, we’ll look at
  - Utilitarianism
  - Rawls’ Difference Principle
  - Sen’s Capabilities Approach
A World of Inequality

- In 2012, Qatar had a PPP income of $100,889 p/c; Congo $365 (IMF) – that’s 275 times as much

- Within countries: average income of richest 10% is 9 times that of the poorest 10% in OECD countries; developing countries fare far ‘worse’

- Inequality is on the rise

- And concerns wealth as well: ‘Britain's five richest families worth more than poorest 20%’ (Guardian on Monday)

- And not just ‘money’
Welfare-based approaches

- **Welfarism** is the view that *well-being is all that matters*

- One version: **utilitarianism**

- ‘Utility’ = *pleasure (or happiness) or preference satisfaction*

- Classical u.: ‘The greatest amount of happiness for the greatest number of people’

- Contemporary u.: maximise sum of all satisfied preferences

- There are many different version: e.g., shall we take the sum or the average? This makes a big difference for population policy. What about other species? (-> animal rights) What about future generations? (-> climate change)

- Because of ‘law of diminishing (marginal) utility’ utilitarianism underwrites redistributive policies
Utilitarianism:

- For an individual one can justify utilitarian considerations on the basis of prudence: it seems prudent to sometimes sacrifice one’s momentary pleasure for future gain (for instance, by saving), but this seems mistaken when applied to society.
- In last consequence, it means that it is morally permissible (even demanded) to kill a man in order to save five (‘trolley problems’).
- In the social case there is no sentient being; nor does it require that the sacrificing individuals consent.
- Income redistribution is in fact an attenuated version of a trolley problem...
Utilitarianism:

- Another important problem is with the ‘wrong’ kinds of preferences

- For instance: ‘expensive tastes’

- Or crazy or changing preferences

- Or how about racist, sadist or other kinds of anti-social preferences? Under utilitarianism, they should all count the same

- As we have seen before, utilitarians respond by requiring preferences to be rational or tutored or considered...
Utilitarianism: Criticism

- A huge issue: interpersonal comparisons of utility
- Fine for hedonism but (probably) unsolvable for preference satisfaction theories
- Economists: recommend policies that constitute Pareto improvements
- Problem: this is almost never the case because there are always winners and losers!
Quote (from A Theory of Justice):

1. Each person has an equal right to the most extensive scheme of equal basic liberties compatible with a similar scheme of liberties for all.

2. Social and economic inequalities are to satisfy two conditions: they must be (a) to the greatest benefit of the least advantaged members of society; and (b) attached to offices and positions open to all under conditions of fair equality of opportunity.
Rawls’ principles of justice

These principles are ‘lexicographically ordered’:

- (1), aka, the ‘priority of liberty’, has priority over (2)
- (2b) has priority over (2a), aka the ‘difference principle’

The first principle is to be used to design the political constitution

The second, to determine the social and economic order
The priority of liberty principle

... affirms for all citizens familiar **basic rights and liberties:**
- liberty of conscience and freedom of association,
- freedom of speech
- liberty of the person,
- the rights to vote,
- to hold public office,
- to be treated in accordance with the rule of law
- *etc.*

The principle ascribes these rights and liberties **to all citizens equally** (unequal rights would not benefit those who would get a lesser share of rights, so justice requires equal rights for all in all normal circumstances)
Fair equality of opportunity

* ... requires that citizens with the same talents and willingness to use them should have the same educational and economic opportunities regardless of their (cultural, economic...) background

* ... the opportunities must be genuine, not merely formal
The ‘difference principle’

... basically says that **we can tolerate inequalities as long as the least advantaged still profit** (for instance, if certain inequalities are a necessary condition for economic growth, we can tolerate them as long as poor people benefit)

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The difference principle

- Could be used to argue in favour of (welfare) capitalism over socialism

- But only if it is true that the poorest (say, the recipients of social benefits) have more than they would have under socialism

- Any inequality in society has to be checked in this way

- For example, suppose we live in a republic; question: shall we introduce a monarchy? The answer is yes if this inequality (in social rank!) leads to an improvement of the status of the least advantaged

- Who is the ‘least advantaged’?
The difference principle: Criticisms

- Come from all camps:
  - Strict egalitarianism: The difference principle isn’t egalitarian enough
  - Utilitarianism: The difference principle doesn’t maximise utility
  - Libertarianism: The difference principle justifies violations of basic liberties
  - Sen: In some situations it seems reasonable to violate even basic political rights
The Capability Approach as a Theory of Justice

- We’ve discussed the CA (in Martha Nussbaum’s version) at length a few weeks ago, so today I’ll be very brief.

- The CA (understood as a theory of justice) is a consequentialist account of justice: acts, policies and rules/laws are evaluated in terms of their consequences — in particular, their consequences on individuals’ capabilities.

- In comparison to utilitarianism, the CA makes two contributions:
  - Well-being is understood as multi-dimensional.
  - What matters is the potential to ‘function’ along the various dimensions, not the outcomes or what individuals actually achieve.
The Capability Approach as a Theory of Justice

**Problem**: a ‘capability’ is not something that is observable; I can decide to remain ignorant even though my intelligence and material resources would enable me to know a lot; I can be of ill health even though my material resources and social status would allow me to have good health because I prefer to smoke and drink and…

**Sen**: there are three ways to measure capabilities

- The **direct approach** (try measure vectors of things people value – health, longevity, education; e.g. ‘Multidimensional Poverty Index MPI of the the Oxford Poverty and Human Development Initiative OPHI)
- The **supplementary approach** (supplement information on income by information on other aspects of well-being such as health)
- The **indirect approach** (adjust traditional income measures by information on other aspects of well-being: discount income by illiteracy, say)

**Note** that Sen assumes that on average people do what they value (clearly, if a population is very healthy, it must be the case that it has the capability of being healthy; Sen assumes that if a population is characterised by low health measures, it is deprived in its health capabilities)
Sen’s theory isn’t a full-fledged theory of distributive justice

One thing to which Sen draws our attention is that justice has many dimensions

But for policy, we’ll eventually have to make choices (shall we pursue policies that affect health or those that affect literacy, for instance)

Moreover, we have to decide whether we want to be egalitarians with respect to capabilities or ‘sufficientarians’ or ‘prioritarians’
The Libertarian Beef with Any such Theory...

- Robert Nozick calls any of the principles of distributive justice we’ve looked at today a ‘patterned’ principle.

- The problem with any pattern is that the second we have a just society according to any patterned principle, it will be upset as long as people are free to make their own decisions.

- Wilt Chamberlain thought experiment.

- Therefore, to uphold any pattern the government must constantly interfere and violate people’s rights!