

# ECON 4270 Distributive Justice

## Final lecture: Review

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Welfarism

Rawls

Capability approach

Dworkin

Libertarianism

Marx

Merits

Children

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Why distributive or social justice?

Rawls: Justice is the first virtue of social institutions as truth is of systems of thought

Hayek: Social justice is a mirage:

i. e impossible to achieve

Experiments show: Sense of justice seemingly innate in us  
(Tungodden and Cappelen)

Two types of arguments against:

- Loss of freedom (Nozick, Hayek)
- Loss of efficiency (Friedman, Hayek?)

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Loss of freedom:

Policy for just distribution necessarily increases the size and powers of the state

The state has a monopoly on force

Being forced is always an evil

Hence: the powers of the state should be limited

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Loss of efficiency the most frequent argument against redistribution

We must bake the cake before we can distribute it

Spirit level: Economic equality makes economy MORE efficient in certain ways

## Economic egalitarianism

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Equality of what?

Equality of rights and freedoms:

General agreement

among liberals

Economic equality:

No general agreement

## Economic equality

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Economic equality can be defined in several different ways

Equality of welfare

Equality of marginal utilities

Equality of economic resources

——— Income and wealth (Rawls)

——— External resources (Dworkin)

Equality (?) of capabilities (Sen)

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The discussion is of interest also for non-egalitarians

What is the good a benevolent government should try for?



## What our theories have in common

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- ▶ They are secular, i.e. non-religious
- ▶ Ethical individualism
- ▶ Moral equality of persons
- ▶ Respect for 'preferences'
- ▶ Political liberalism

Does this include Marxism?

I believe it does

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The opposite of ethical individualism:

– Collectivism

— Communitarianism

# Welfarism

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- ▶ Utilitarianism
- ▶ Welfare egalitarianism
- ▶ Economic welfare theory

## Utilitarianism

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$$W = \frac{1}{n}(U_1 + U_2 + \dots + U_n)$$

An example of a social welfare function

For a given size of the cake,

W is maximised if all MUs are equal

Gives equality of income and welfare

if and only if

all preferences are the same

Is inequality neutral in utilities

# Utilitarianism

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If preferences are unequal:

Gives most to the most efficient utility machine

## Welfare egalitarianism

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Gives most to the most needy

## Economic welfare theory

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Social welfare functions may be inequality averse

## Critique of welfarism

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1. Unethical preferences
2. Expensive preferences
3. Adaptive preferences
4. No information about merits
5. Interdependent utilities
6. No rights
7. Soma

Not applicable to children  
(according to Bojer)



## Digression

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Adaptive preferences

Endogenous preferences

two different concepts

## About Rawls

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His justification for social justice:

The existence of a society with cooperation and division of labour creates a surplus which should be fairly distributed

# Rawls

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The original position

The thick veil of ignorance  
a social contract describing  
the basic institutions of society

# Rawls

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Deduces two principles

1. Equal freedom
2. Difference principle

1: so long as the similar freedom of others is not hindered

2: Economic and social inequality permissible only when it is to the advantage of all

(The least advantaged)

# Rawls

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Equality in life prospects  
for social primary goods:

- Income and wealth
- Social status
- The social bases for self-respect

# Rawls

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The difference principle applies to Income and wealth and to social status

Not to other social primary goods

## Rawls

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Critiques of Rawls:

Difference principle not the logical outcome of choice under uncertainty

(Economists)

Equality of income and wealth does not take different needs into account

(Sen)

Family and children not included in the social contract

(Feminists)

## Capability approach

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Is an approach – open

Resources should be distributed so as to ensure capabilities for important functionings

Fasting

Starving

Critique

1. Implies freedom for active adults.

What about children?

Mentally retarded?

2. Is to a certain extent paternalistic  
(cf Nussbaum: truly human)



## Dworkin

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Equality of external resources  
plus insurance

Brute luck

Option luck

Ambition sensitive

Endowment insensitive

# Nozick

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No pattern of distribution

Pure procedural justice

Entitlements

Market distribution just

# Marx

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Workers exploited by the capitalists:

They create all values, but receive only a part

Justice in distribution impossible in a capitalist society

## Effort, responsibility

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Fundamental for our intuitive conception of justice

In defence of his difference principle and economic equality

Rawls argues that people may not always be responsible for lack of effort

Example: health and social class

Counterargument: His argument reduces the dignity of human beings

## Responsibility

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Argument: We should take responsibility for the result of our action  
(When freely chosen)

Counterargument:

Consequences of our actions determined by surrounding society

Example: children

## Contribution to production

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The weakest argument for economic inequality

But also one of the most common

Incentives: for practical reasons,  
does not imply moral rights

## Children

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Rights of children;

Both ethical and pragmatic reasons

Ethical: intuitively right, cf UN rights of children

Difficult to base on main theories of justice

My opinion: reasonable extension of Rawls's social contract

## Rights of children

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Pragmatic reason: Children of basic importance to society

Both quantity and quality

Special rights for women due to pregnancy, giving birth and  
responsibility for child care  
follows

Is time spent on child care really leisure?