

Economic Justice: Introduction

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Organisational

Lectures: Tuesday, Wednesday: 14:15-16; Thursday: 16.15-18.

Examination:

Term paper, 10 pages to be briefly discussed orally

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Economic Justice: Basic Questions

Is it acceptable that some are poor and others are rich? Is economic growth always desirable? Is it important what goods we produce, not just how much of them? If yes, why? Is education a final good or an intermediate good? Should health care be free for all?

These and many other questions are rooted in the two basic questions of economic justice:

What purposes should the economy serve?

How should the benefits and costs of economic activity be distributed ?

The course will deal with these basic questions in lectures and tutorials. Lectures will focus mainly on some key theories of justice.

Tutorials will focus mainly on specific policy issues considered through the lenses of the various theories. .

Theories of Justice; an Overview

John Rawls in *A Theory of Justice* (1971) put back the theme of justice at the centre of the debate among anglo-american political philosophers. Most of the theories we study are reactions to or refinements of his theories. His starting point is the opposition to:

Utilitarianism:

Jeremy Bentham: the highest principle of morality is to maximize the overall balance of pleasure over pain.

The original formulation of neoclassical economic theory was based on this principle.

John Stuart Mill: 1) different qualities of pleasures 2) attempts to reconcile the principle with the principle of individuals rights.

Vilfredo Pareto: Utility is replaced by preferences satisfaction in the current formulations of neoclassical theory.

A society should be judged by the degree of preference satisfaction of its members.

Theories of Justice

Contractualism

John Rawls criticises utilitarianism for not taking into proper account the rights of individuals. He tries to show that if citizens met in an ideal contract situation one of principles they would agree on is that inequality is acceptable only if abolishing it worsened the condition of the worst off.

Libertarianism

Robert Nozick defends libertarianism and the minimal state based on the assumption that individuals possess inviolable rights, and that anything more expansive than the minimal state would violate these rights, in particular their property rights.

Egalitarianism and Communitarianism

Jeremy A. Cohen criticizes the difference principle in Rawls as not egalitarian enough. Indeed he doubts the possibility of a market society being just and proposes socialism as the ideal form of social organization. He thinks the Rawlsian just society lacks two key values: solidarity and community.

Equality of Opportunity

Donald Dworkin develops the responsibility objection by Nozick to Rawls: People should be held responsible for their choices and compensated *only* for circumstances outside their control.

John Roemer suggests that a way to achieve EO is to sort people with similar circumstances into types. Their 'relative effort' can be inferred by comparing their behaviour relative to that of other members of the same type. Policies are recommended that allow average types to receive the same.

Relational Equality

Elisabeth Anderson disparagingly defines Dworkin and Roemer (among others) as Luck Egalitarians because for them the fundamental aim of equality is to compensate people only for undeserved bad luck.

She argues instead that the proper aim of egalitarian justice is not to eliminate the impact of brute luck but to end socially imposed oppression and achieve relational equality i.e a system of relationships based on mutual respect and shared power.

Meritocracy

The critique of EO is also at the heart of Michael Sandel's stance on Meritocracy, an apparently self-evident and benign ideal, which may become socially destabilizing. This is because in a society in which inequality is justified by a meritocratic ideology, economic inequalities tend to double up as inequalities in moral worth.

Redistribution and Recognition

This leads us to consider the exchange between Axel Honneth and Nancy Fraser on the (possible or impossible?) decoupling between distribution of income and wealth and social recognition/esteem, a theme which has roots in Hegel's Phenomenology of the Spirit.

A caveat

For the presentation of some theories I adopt the fiction of the "representative thinker" (i.e, Nozick for libertarianism). But, many of these theories are really unions and intersections of theories. The focus is on the basic questions and answers. This has a cost in terms of philological accuracy. Indeed you could teach an entire course on John Rawls, whose thought has evolved through time. My presentation may be faulted for not taking into proper account many interesting subproblems and nuances.

Theories of Justice

A Reflection

The traditional view is: leftists care more about equality, rightists more about freedom.

If these are absolute values no "higher level" principle can decide between them.

But what about in contemporary theories of justice equality *is* this higher level principle? These theories are all egalitarian in the sense that they all agree on the principle that people should be treated as "equals".

Socialists believe that economic equality is necessary for the principle to be realized while libertarians believe that each individual has an *equal* absolute right to its property.

If this egalitarian core/common denominator of all theories holds then we can try to see which of the theories better articulates the principle.

Income and Wealth Inequality I

Most advanced countries have experienced in recent decades an increase in income and wealth inequality, as we will see in detail. The concept of inequality is complex and multidimensional even if we limit ourselves to its economic aspects. Should we, for example, care more about inequality in income or wealth or in consumption, or perhaps in some other dimension? Should we consider inequality between households or individuals or between different people living in different areas of a country? Should we measure income inequality at a fixed point in time or consider lifetime incomes?

Income and Wealth Inequality II

Democratic equality and EO provide different views of why different kinds of inequalities are problematic. For democratic equality the problem is that money can become political power. For equality of opportunity, the question is whether the family you are born in, the colour of your skin, your gender have a strong effect on your chances in life. Policy implications are very different. If you oppose inequality for the first reason, you will advocate taxing wealth. If you oppose it for the second reason you will want rules against discrimination and massive investments in public child care services and education (to be financed how?).

Global Justice

Modern political thinking has focused on the just organization of a society within a single state. However in recent decades “Globalization” has eroded national boundaries.

These raises a dramatic array of new questions. What does distributive justice require at the global level? Why would people have human rights? What does fairness in trade require? Should we live together in states or in some other form of political organization ? What constraints on the flow of immigration are justifiable?

Environmental Justice I

Environmental justice can be defined as the fair and equitable distribution of environmental benefits and burdens of economic production.

A confidential World Bank memorandum, published in *The Economist* (February 8, 1992, p. 62) asked:

"Just between you and me, shouldn't the World Bank be encouraging more migration of the dirty industries to the LDC's [less developed countries]?" Three arguments in favor of this admirable policy were offered. Larry Summers, then the World Bank's chief economist, absorbed the criticism the memorandum provoked, but he was probably not the author. We will consider this debate.

Environmental Justice II

Global income and wealth inequalities are indeed tightly connected to ecological inequalities and to inequalities in contribution to climate change. On average humans emit 6.6 tonnes of carbon dioxide equivalent (CO₂) per capita and per year. The dataset at wid.world on carbon emissions shows that top 10% of emitters are responsible for close to 50% of all emissions, while the bottom 50% make 12% of the total. These inequalities are not just a rich vs. poor country issue. There are high emitters in low and middle income countries and low emitters in rich countries.

Environmental Justice III

In Europe, the bottom 50% of the population emits around 5 tonnes per year and per person; the bottom 50% in East Asia emits around 3 tonnes and the bottom 50% in North America around 10 tonnes. This contrasts sharply with emission levels of the top 10% in these regions (27 in Europe, 34 in East Asia and 69 tonnes in North America).

These data are for emissions generated by goods consumed not “territorial emissions”, which correspond to goods produced. In this way the emission is linked to those who benefit from it.

Gender Equity

Feminist economics highlights that economics is mainly gender-blind and that women are heavily underrepresented in the economic discipline, which in turn may affect scientific findings. Central questions focused on are:

Why have housework and care not been recognized as *work* in economics since the 19th century?

What is women's current situation with respect to labour-market participation and wage income and why?

Is the image of a rational, egoistic, objective, utility maximizing homo economicus gender neutral?

Often women's subordination is seen in connection with other forms of oppression. This 'intersectional' approach looks jointly at racial justice, queer justice, immigration justice etc.

Moral Limits to Markets

As economists we are taught that markets being complete is a good thing. But: "Money can't buy me love": does it mean markets being complete is bad?

Is there something wrong with a world in which everything is for sale? Think about buying bodily organs from poor people or paying mercenaries to fight wars. What about selling citizenship to immigrants?

Finally

The list of theories and issues that has been presented is a mainly a proposal. You are encouraged and indeed expected to 1) propose new topics, explaining why you consider them important 2) discuss and criticize our take on the topics.

“Every man who says frankly and fully what he thinks is so far doing a public service. We should be grateful to him for attacking most unsparingly our most cherished opinions.”

John Stuart Mill, On Liberty

The course will be a success only if you agree with these words and behave accordingly!