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Research Report

Equality, equity, and distributive justice: Background paper to Te Tai Waiora: Wellbeing in Aotearoa New Zealand 2022

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Equality, equity, and distributive justice

Background Paper to Te Tai Waiora: Wellbeing in Aotearoa New Zealand 2022

Analytical Paper 22/03

December 2022

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**ANALYTICAL PAPER 22/03
BACKGROUND PAPER TO
TE TAI WAIORA: WELLBEING IN
AOTEAROA NEW ZEALAND 2022**

Equality, equity, and distributive justice

MONTH/YEAR

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Executive summary

This paper is one in a series of background papers that the Treasury has commissioned to support its first wellbeing report *Te Tai Waioira: Wellbeing in Aotearoa New Zealand 2022*. Under the terms of the Public Finance Act (1989), the Treasury is required to provide an independent report on the state of wellbeing in New Zealand, at least once every four years.

Te Tai Waioira includes a focus on the distribution of wellbeing. The empirical analysis in the report shows significant inequalities in the distribution of wellbeing among New Zealanders. But it does not necessarily follow that any inequalities in wellbeing are inequitable (in the sense of being unjust or unfair), or necessarily a cause for concern or policy intervention. Making an assessment about equity depends on applying normative assumptions, or value judgements, to the data.

In public policy, elected representatives, such as Ministers, make value judgements on behalf of the population when they make policy decisions. It is not the job of public servants to make these value judgements, and the Treasury does not take a particular position on issues of equity. However, the Treasury can support elected representatives in making value judgements by identifying the normative issues at stake and the trade-offs and tensions between different values.

Theories of distributive justice provide different accounts of what equity (justice, fairness) amounts to. During at least the last 40 years, political philosophers have made significant progress in understanding distributive justice, and this background paper aims to make the key findings more accessible for a public policy audience. The focus in this paper is the logical reasoning and arguments that the different theorists present. The aim is to surface the trade-offs and tensions between the different value judgments.

To summarise briefly, the reasons for – or against – the idea that inequality of wellbeing (and economic inequality in particular) may be a problem, or the circumstances under which it may be a problem, include the following:

1. What matters most is the absolute position of the people who are worst off (and not how badly they are off compared to others). Inequality of things such as income or wealth is only permissible if it is to the greatest benefit of the least advantaged, for example, if it increases the amount of economic product that is redistributed to the worst off [see **Maximin**].
2. The goal should be to maximise the total, aggregate amount of wellbeing in society; how this wellbeing is distributed across different people doesn't matter, except insofar as it impacts on the aggregate amount [see **Utilitarianism**].
3. We should avoid trying to impose a particular distribution of outcomes (including wellbeing outcomes), and instead focus on the process that leads to those outcomes. If the actions and processes that led to a given distribution of wellbeing were fair and just, then the distribution is fair and just [see **Libertarianism**].
4. Inequality of wellbeing could be the result of peoples' choices, or it could be caused by factors beyond their control. It is fair to let people experience the consequences (including impacts on their wellbeing) of their own choices, starting from a place of equal opportunity; but it is not fair or just to let them suffer for things that they could not control [see **Luck Egalitarianism**].

5. What matters, ultimately, is the *moral equality* of people, and this requires that we can relate to each other as social equals. Inequality of wellbeing and economic inequality is morally problematic when it impacts on people's ability to live in society as equals [see **Relational Egalitarianism**].
6. Inequality of wellbeing itself is not necessarily a problem. What lies behind a concern with unequal wellbeing and economic inequality is an intuition that we ought to give weighted priority to those who are worst off [see **Prioritarianism**].
7. Inequality of wellbeing itself is not necessarily a problem. What lies behind a concern with unequal wellbeing and economic inequality is a concern with poverty. We need to ensure that each and every person has enough, or sufficient, wellbeing [see **Sufficientarianism**].

This paper is not intended as a toolkit for policy making. Rather, this paper seeks to surface the different value judgments (or normative assumptions) that might be reasonably applied to the empirical data on distribution, and where and why these value judgments might conflict with each other. This is a first step in showing how normative analysis is a necessary and appropriate component of policy analysis. There is scope for further work to develop guidance or toolkits for the analysis of distribution and equity as part of the policy process.

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1 Introduction

This paper is one in a series of background papers that the Treasury has commissioned to support its first wellbeing report *Te Tai Waiora: Wellbeing in Aotearoa New Zealand 2022*. Under the terms of the Public Finance Act (1989), the Treasury is required to provide an independent report on the state of wellbeing in New Zealand, at least once every four years.

This background paper provides a basic introduction to some key theories of distributive justice. The paper summarises key findings from the existing, well-established academic literature in analytic political philosophy, and does not provide any original analysis of its own.

The Treasury does not take a particular position on issues of equity or ascribe to a particular theory of distributive justice. In public policy, elected representatives, such as Ministers, make ‘value judgements’ on behalf of the population when they make policy decisions. The Treasury can support elected representatives in making value judgements by identifying the normative issues at stake and the trade-offs and tensions between different values.

Theories of distributive justice focus on economic (and other) outcomes (such as wellbeing, resources, income, wealth, etc.), and the distribution or spread of those outcomes across a group of people. More particularly, theories of distributive justice provide accounts of whether a particular distribution is **equitable**, in the sense of being fair and just. When this background paper uses the term ‘we’ it refers to the normative prescriptions for society that follow from a given theory of distributive justice, ie, *what we, as a society, ought to do, if we accept a particular account of equity*. The ‘we’ does not refer to the Treasury, as the Treasury does not ascribe to a particular position.

Legislation requires that wellbeing reports use indicators to **describe** the state of wellbeing in New Zealand. The first wellbeing report *Te Tai Waiora* includes a focus on the **distribution** of wellbeing. The empirical analysis in the report shows significant **inequalities** in the distribution of wellbeing among New Zealanders.¹ But it does not necessarily follow that any inequalities in wellbeing are **inequitable** (in the sense of being unjust or unfair) or necessarily a cause for concern.

¹ The Treasury 2022.

To understand this point, it is important to draw a distinction between descriptive claims and normative claims.² **Descriptive claims**³ refer to the way things *actually are*. A statement like “income inequality has increased” is a descriptive claim. **Normative claims**⁴ refer to the way things *should be*. A statement like “income inequality has got worse” is a normative claim. Descriptive claims are quite different to normative claims, and it is important to recognise the difference. You can assess whether a descriptive claim is true by looking at the data. But the **data won’t tell you anything about a normative claim**. In fact, it is a logical error of reasoning or invalid inference – known as the *naturalistic fallacy* or *is/ought fallacy* – to infer that something is good or bad, right or wrong, based solely on the way things actually are.⁵

Normative claims can be assessed using **reasoning and argument**. That is what theories of distributive justice do; they make use of logical reasoning and argument to assess what would make a particular distribution of economic outcomes inequitable. During at least the last 40 years, political philosophers have made significant progress in understanding distributive justice, and this background paper aims to make the key findings more accessible for a public policy audience. Normative issues are unavoidable in policy making. The fact that normative issues can be addressed using the tools of logic make them suitable for policy analysis.

A basic understanding of the standard theories of distributive justice allows us to assess whether a particular distribution is inequitable or not. Where there is disagreement about whether a distribution is inequitable, an understanding of the theories of distributive justice allows us to locate where people disagree and why; it helps people avoid talking past each other.

Different people will still have different views about whether the distribution of wellbeing is inequitable. And there is still ongoing disagreement among political philosophers about the nature of distributive justice. This does not necessarily mean that value judgments are just a matter of opinion, in the sense of there being no right or wrong answer to these questions, or that claims of inequity can be asserted without argument.⁶ To reiterate, in public policy it is elected officials such as Ministers who make value judgements on behalf of the population when they make policy decisions. However, these value judgments can be supported by rigorous policy analysis, including normative analysis. Normative analysis is often part of the **problem definition** stage of the policy cycle, where the tasks include identifying reasons *why* something might be a concern.

² This is sometimes referred to as the fact/value distinction.

³ Descriptive claims are also sometimes called *empirical* claims, or *positive* claims.

⁴ Normative claims might also be called *moral* claims, or *ethical* claims, or claims that involve *value judgments*.

⁵ See Pigden 2010.

⁶ *Metaethics* is the academic subdiscipline that addresses the question of the fundamental nature of values eg, are value judgments subjective preferences, or socially constructed, or real objects, etc.

1.1 Moral equality

What is meant by the term ‘equality’? Let’s start with the assumption of **moral equality**, something that most⁷ (if not quite all) people accept. The assumption of moral equality is the idea that we should treat everyone as having equal moral worth.⁸ Each and every person matters and matters the same amount. Moral equality is the idea that people can have different sexes, genders, sexualities, ethnicities, races, cultures, abilities, and so on, but none of these factors affects how morally valuable a person is. The assumption of moral equality is shared by people holding a wide range of philosophical and religious positions.

A key question is whether the shared assumption of moral equality has implications for **inequality of wellbeing** in general, and **economic inequality** more specifically, ie, the distributions discussed in *Te Tai Waiora*. The different theories of distributive justice all accept the assumption of moral equality. **The different theories differ from each other in terms of what they take to be the logical implications of that shared assumption for the distribution of economic (and other) outcomes.**

The major theories of distributive justice are summarised in Part II of this paper. The literature on distributive justice is vast, and it is not possible to cover all the nuance in this paper. Rather than providing a superficial summary, this paper focuses on a few key papers and books, written by key figures. The focus is on the **arguments and reasoning** provided by the writers, so that readers might use these to frame their assessments of the normative issues around inequality in New Zealand, and the extent to which it is a problem, and why. References for further reading are included at the end of this paper.

To summarise briefly, the reasons for – or against – the idea that inequality of wellbeing (and economic inequality in particular) may be a problem, or the circumstances under which it may be a problem, include the following:

1. What matters most is the absolute position of the people who are worst off (and not how badly they are off compared to others). Inequality of things such as income or wealth is only permissible if it is to the greatest benefit of the least advantaged, for example, if it increases the amount of economic product that is redistributed to the worst off [see **Maximin**].
2. The goal should be to maximise the total, aggregate amount of wellbeing in society; how this wellbeing is distributed across different people doesn’t matter, except insofar as it impacts on the aggregate amount [see **Utilitarianism**].
3. We should avoid trying to impose a particular distribution of outcomes (including wellbeing outcomes), and instead focus on the process that leads to those outcomes. If the actions and processes that led to a given distribution of wellbeing were fair and just, then the distribution is fair and just [see **Libertarianism**].

⁷ See, for example, the Universal Declaration of Human Rights: “Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world...”.

⁸ The philosopher Ronald Dworkin has called this an ‘egalitarian plateau’. See Dworkin 1983, p.25. See also Kymlicka 1990, p.5.

4. Inequality of wellbeing could be the result of peoples' choices, or it could be caused by factors beyond their control.⁹ It is fair to let people experience the consequences (including impacts on their wellbeing) of their own choices, starting from a place of equal opportunity; but it is not fair or just to let them suffer for things that they could not control [see **Luck Egalitarianism**].
5. What matters, ultimately, is the *moral equality* of people, and this requires that we can relate to each other as social equals. Inequality of wellbeing and economic inequality is morally problematic when it impacts on people's ability to live in society as equals [see **Relational Egalitarianism**].
6. Inequality of wellbeing itself is not necessarily a problem. What lies behind a concern with unequal wellbeing and economic inequality is an intuition that we ought to give weighted priority to those who are worst off [see **Prioritarianism**].
7. Inequality of wellbeing itself is not necessarily a problem. What lies behind a concern with unequal wellbeing and economic inequality is a concern with poverty. We need to ensure that each and every person has enough, or sufficient, wellbeing. [see **Sufficientarianism**]

As should become clear after reading the theories summarised in Part II, **no author argues in favour of strict equality of wellbeing (or strict equality of outcomes more generally); no author argues that strict equality of wellbeing is equitable.**

Once a particular theory of distributive justice has been assumed, this has implications for the type of **empirical evidence** that is relevant. For example, if we assume or adopt a utilitarian account, then we would seek to understand which distribution of income and wealth maximises overall wellbeing; if we assume maximin, then we need to know which particular distribution is to the greatest advantage of the worst off.

Note that the theories of justice presented in this paper are presented at the level of ideal theory (as opposed to *non-ideal theory*).¹⁰ In seeking to articulate what equity looks like, the theories involve certain abstractions or idealisations that simplify the issues at stake and focus on what is important. **Non-ideal theory, by contrast, takes society as it is now as its starting point** (with all its flaws), and articulates a path towards the ideal equity (as defined by different theories), or at least articulates how to make society slightly more equitable (again, according to the different theories of distributive justice).

Applying the theories of justice to real-world policy problems requires non-ideal theory. But this paper is not intended as a toolkit for policy making. Rather, this paper seeks to surface the different value judgments (or normative assumptions) that might be reasonably applied to the empirical data on distribution, and where and why these value judgments might conflict with each other. This is a first step in showing how normative analysis is a necessary and appropriate component of policy analysis.¹¹

⁹ Choices include decisions over what to study, what type of work to do; accidents of nature include any innate abilities/disabilities, and family upbringing. The balance between these explanations (the extent to which individuals are responsible for their outcomes) is an empirical matter.

¹⁰ For an overview of ideal and non-ideal political theory, see Thompson, 2020.

¹¹ The decision to focus on ideal rather than non-ideal theory reflects the fact that it is still fairly novel to be explicit about the normative assumptions or value judgements in policy making. The suite of different possible normative assumptions, and the reasons for and against them, are clearest in ideal theory.

1.2 Other values

Before moving onto the more detailed explanations of the different theories of distributive justice, it is worth providing a bit of additional context. **People's wellbeing is not the only thing that is important.** Wellbeing is a metric for assessing *outcomes* as they relate to *people*. There might be other things that are important, such as the *processes* that lead to the outcomes (eg, that the actions we take respect rights).¹² And outcomes might be important not just for people; for example, the environment itself might also have intrinsic value.

We might also be interested in economic inequality for reasons other than its impact on wellbeing, such as impacts on productivity.¹³

Furthermore, distributive justice is not the only normative issue to consider when assessing whether a policy is equitable. **Other topics addressed by moral and political philosophers that are relevant to public policy include:**

- Intergenerational justice – theories of distributive justice tend to focus on the current generation. There is a related issue of what a fair distribution of benefits and burdens would look like *over time*, including for future generations.
- Global justice – theories of distributive justice tend to focus on the people within a particular political community. There is a related issue of what obligations we have, if any, to address economic inequalities between nation states.
- Rights and duties – these relate to the *actions*¹⁴ that people or the state might take, and whether the actions are right or wrong. By contrast, wellbeing relates to *outcomes*.
- Equality of what? Theories of distributive justice focus on *how* wellbeing (or resources, or opportunities, or capabilities...) should be distributed. There is a related question in the literature about *what* should be distributed. If we are concerned with equality, should we be concerned with equality of wellbeing¹⁵, or resources, or income, or wealth, or opportunities, or capabilities, or primary goods...? This is sometimes referred to as the 'currency' question.^{16,17}

If we are concerned with wellbeing (as wellbeing reports are) then assessing the distribution of wellbeing also raises a range of quite challenging technical questions, including how to measure wellbeing, how to compare wellbeing, where to set thresholds for sufficiency, how to weight priorities, and so on.

¹² Here the processes themselves are taken to be intrinsically important, independent of any outcomes.

¹³ See 'Box K' in *Te Tai Waiora* for a discussion of this issue.

¹⁴ Or inactions/omissions.

¹⁵ And if we think we should focus on the distribution of wellbeing, what conception of wellbeing should we use? Is wellbeing a psychological state, the satisfaction of preferences, or the possession of some objectively good things?

¹⁶ See, for example, Sen 1979, Nussbaum 2011.

¹⁷ See also Nordhaus and Tobin 1973.

All these issues intersect with the issue of distributive justice, which is the focus of this paper. It is somewhat arbitrary to focus exclusively on the distribution of economic outcomes on the current generation within a nation state, and ignore future generations, or global issues (for example). In practice, the authors covered in this paper *do* address the connections between distributive justice and other values.¹⁸ There are also significant literatures focussed specifically on these other topics.¹⁹ But for the sake of tractability, this paper attempts to abstract away from these other values, as much as possible.

¹⁸ John Rawls (1971) *Theory of Justice* includes a 'just savings principle'; and Rawls' (2001) *The Law of Peoples* addresses relations between societies.

¹⁹ See entries in the [Stanford Encyclopaedia of Philosophy](#) for overviews.

2 Theories of distributive justice

2.1 Maximin

“Social and economic inequalities are to be arranged so that they are... to the greatest benefit of the least advantaged...”²⁰

It is difficult to overstate the significance of the publication, in 1971, of John Rawls’ *A Theory of Justice*. *A Theory of Justice* revitalised research into analytic political theory (which, with a few exceptions, was relatively quiet for much of the 20th century). As much as anything, it is Rawls’ contribution to the *methodology* of analytic political philosophy that has had lasting significance (see Appendix I).

This paper will focus on Rawls’ theory of (distributive) justice, and the arguments he presents to support his theory.²¹ The challenge posed by Rawls is to develop an account of the basic structures of a just society, where the society is comprised of free and equal citizens.

Rawls draws the distinction between the descriptive and the normative, which was outlined above:

Box 1: (Rawls, 1971, p.102)

“The natural distribution [of talents] is neither just nor unjust; nor is it unjust that [persons] are born into society at some particular position. These are simply natural facts. What is just and unjust is the way that institutions deal with these facts.”

Different people have different views about the good life. Different people also have different talents and disadvantages. If we were to deliberate from our actual positions in society, these different views mean we are unlikely to come to a consensus on how to organise society (or at least a consensus that is fair and just).

Rawls solution is a hypothetical **Original Position**. This is an imaginary situation in which all members of society deliberate about the rules that society should be organised by. The device of the **veil of ignorance** strips away the features of participants in the deliberation that make them different (ie, it ensures the moral equality of people). Participants in the original position do not know what their view of the good life is, nor do they know what their abilities or disabilities are, they do not know their sex or gender, or ethnicity, or caste, etc. Participants in the original position do know some things; they know that they will have a view of the good life, they know the basics of economics and psychology, and they know they will live in a society of moderate scarcity.

²⁰ Rawls 1971, p.302.

²¹ Rawls was by no means the only social contract theorist. For example, see Buchanan 1975, Scanlon 1998.

The question for participants in the Original Position is the following: if people are neither altruistic nor egotistic, if they are deciding for themselves what sort of society they would want to live in without knowing what their particular position in that society would be, what rules would they rationally agree to? According to Rawls, there would be a consensus on the following principles:²²

1. Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all (*Greatest equal liberty principle*).
2. Social and economic inequalities are to be arranged so that they are both:²³
 - a. to the greatest benefit of the least advantaged, consistent with the just savings principle (Difference principle), and
 - b. attached to offices and positions open to all under conditions of fair equality of opportunity (Equal opportunity principle).

These principles need to be satisfied in a strict order: the *Greatest equal liberty principle* before the *Equal opportunity principle*; the *Equal opportunity principle* before the *Difference principle*.²⁴ What this means, for example, is that it is not permissible to trade-off liberties or freedoms for the sake of more economic resources – even if the loss of liberty is tiny while the gains in economic resources are massive.

A few points are worth noting. First, Rawls assumes that the talents we have (and other advantages, like our families) are undeserved (from a moral point of view), so any advantages that come from these are themselves unearned. Second, the original position is not supposed to be a real-world thing. Rawls is not suggesting that an Original Position has ever or should ever take place. The Original Position is supposed to be a hypothetical thought experiment. The Original Position is supposed to show what principles rational people would agree to, given certain assumptions.

Third, Rawls' principles relate to the *structure of society* (so features such as the political system and legal system, how markets and families operate), and not the finer-grained issues such as the distribution of wealth and income. Fourth, when it comes to the 'currency' issue, Rawls did not focus on wellbeing, but rather what he termed 'primary goods', namely the things that all rational people value, the things that all people need regardless of, and in order to pursue, their particular life plan (including civil rights and political rights, liberties, income and wealth, the social bases of self-respect, etc.).²⁵

²² Rawls 1971, p.302.

²³ The 'just savings' principle requires that we leave enough capital to maintain just institutions (fair, equitable institutions) over time.

²⁴ Note that in Rawls' ordering, rights and liberties are more important than ensuring a particular economic distribution.

²⁵ As noted earlier, largely due to issues of space, this paper does not address the issue of *what* is distributed; the focus here is on *how* economic goods should be distributed.

The most important of Rawls' principles of justice, for our purposes, is the **difference principle** (also known as **maximin**). According to Rawls, participants in the original position will know that they have some chance of ending up in the worst position in society. Given how horrible the worst-off position in society can be, participants in the original position will rationally want that position to be as good as possible; that is why they would agree to the difference principle/maximin.²⁶

Note that **the difference principle/maximin does not require equal distribution of social and economic goods**. Rawls acknowledged that economic inequalities can be efficient in the sense that paying some people more to do some jobs can increase the amount of economic product, which can then be redistributed to those who are worst-off. For Rawls, it is the absolute position of the worst-off that is significant, not their position relative to others.

What the difference principle (or maximin) demands is that society is structured so that any social and economic inequalities work to the advantage of the most disadvantaged. Economic inequalities are justified (are equitable) *only if* they are to the advantage of the most disadvantaged.

A Theory of Justice has been subject to a range of criticisms, many focusing on the methodological set up. For example, it has been argued that: the veil of ignorance strips away features of persons that are essential to who they are (such as their view of the good life);²⁷ that the whole framework views people as isolated individuals and ignores the important caring responsibilities they have;²⁸ and that it is too ideal and does not give sufficient guidance to the real-world inequities we face.²⁹

There are a number of other criticisms that are particularly salient for the topic of this paper:

- Instead of choosing the difference principle from the original position, it would be entirely rational to choose a principle of maximising your expected utility [see *Utilitarianism*].
- That the redistribution entailed by Rawls' framework would actually involve significant violations of individual rights [see *Libertarianism*].
- That the situation of people who are not the worst off also matters [see *Prioritarianism*].
- That Rawls focuses too much on primary goods and not enough on equal social relations [see *Relational Egalitarianism*].

The criticisms of maximin highlight the tensions between the different theories of distributive justice. The criticisms of other theories of distributive justice, presented throughout this paper, also show where the different theories are in tension with each other.

²⁶ Rawlsian agents in the Original Position are extremely risk-averse; Harsanyi (below) argues that the Rawlsian agents' extreme risk-aversion is irrational.

²⁷ Sen 2009.

²⁸ Okin 1989. See also Hirshman 1994.

²⁹ Sen 2006.

As noted above, the distributive justice theories covered in this note are at the level of *ideal theory*. Still, it may help to give examples to show how assuming the different theories of distributive justice would lead to different normative conclusions in the interpretation of descriptive data. This paper focuses on the example of wealth inequality. The examples are illustrative only, and more nuanced normative analysis would be required for real-world policy analysis.

Applied example: wealth inequality

The current level of wealth inequality, whatever it happens to be, is neither good nor bad, in and of itself. But *if* we assume that the difference principle/maximin is the correct theory of distributive justice, then this allows us to evaluate or assess the current level of wealth inequality. The difference principle states that economic inequalities should be arranged so that they are to the greatest benefit of the least advantaged. According to this normative assumption, the level of wealth inequality in New Zealand would be **equitable** *if* that level of wealth inequality is to the greatest benefit of the people who are worst-off. This might occur, for example, if allowing for wealth inequalities creates incentives that increases the total amount of economic production, and the amount of resource that is redistributed to the worst-off. Of course, contrarywise, if the current level of wealth inequality *is not* to the greatest advantage of the worst off, if a different distribution of wealth would advantage the worst-off even more, then the current level would be **inequitable**. Determining which level of wealth inequality provides the greatest advantage to the worst off is (at least in part) an empirical matter.

2.2 Utilitarianism

*“...it is the greatest happiness of the greatest number that is the measure of right and wrong”.*³⁰

Utilitarianism is a family of moral and political theories, which include the following key features:

- Consequentialism – the rightness or wrongness of an action depends on the consequences, or outcomes of the action.
- Welfarism – the consequences or outcomes ought to be valued or assessed in terms of wellbeing (or utility), which is the only thing of intrinsic value.³¹
- Maximisation – the goal of actions ought to be maximising the wellbeing that results from actions.

³⁰ Bentham 1776.

³¹ This is the utilitarian answer to the ‘currency’ question of *what* is distributed.

There are a number of subtleties here, which generate different forms of utilitarianism. These include:

- Should we perform the act³² that maximises wellbeing, or should we follow rules that tend to maximise wellbeing?³³
- Should we understand wellbeing as a psychological state, as the satisfaction of preferences, or as possessing a set of objectively good things?
- Should we maximise total wellbeing, or average wellbeing?^{34,35}

Utilitarianism values all people equally in the sense that each person is a potential ‘bucket’ for containing wellbeing (ie, the thing to be maximised).³⁶ **All versions of utilitarianism agree that it is the maximisation of wellbeing that is essential.**

Utilitarianism can be articulated in terms of a *Social Welfare Function*.³⁷ Societal-level wellbeing is a function of (is the sum of) individual-level wellbeing; we should prefer the option that maximises this total. (Maximin can also be articulated in terms of a Social Welfare Function; one that gives total weight to the wellbeing of the worst-off individual).

Harsanyi provides a defence of utilitarianism as a theory of distributive justice. First, Harsanyi argues that it would be irrational to follow Rawls’ maximin principle in every-day life:

Box 2: Against maximin (Harsanyi, 1975, p.595)

“If you took the maximin principle seriously then you could not ever cross a street (after all, you might be hit by a car); you could never drive over a bridge (after all, it might collapse); you could never get married (after all, it might end in a disaster), etc. ...

Conceptually, the basic trouble with the maxi-min principle is that it violates an important continuity requirement: It is extremely irrational to make your behaviour wholly dependent on some highly unlikely unfavourable contingencies regardless of how little probability you are willing to assign them.”

³² And if we are an ‘act utilitarian’, does the right or wrong action depend on the actual consequences or reasonably foreseeable consequences?

³³ It is quite challenging for individuals to do the moral calculus to work out what particular *action* of theirs will likely bring about the maximum wellbeing; it may be more practical to follow certain rules or heuristics that tend to maximise wellbeing.

³⁴ If the *total* amount of wellbeing is important, then that is a reason to increase the population, since more people means more total wellbeing (as long as everyone’s lives have net positive wellbeing).

³⁵ There may be other questions, for example: should we seek to maximise wellbeing by enhancing pleasure and happiness, or by preventing suffering and harm?

³⁶ As J.S. Mill (1863) states, citing Jeremy Bentham, “Everybody to count for one, nobody for more than one.” Ch.5.

³⁷ See, for example, Atkinson and Stiglitz 1980, and List 2022.

Second, Harsanyi's provides an argument for utilitarianism that uses Rawls' own framework of the Original Position:

Box 3: A different Original Position (Harsanyi, 1975, p.598)

"...most of us will admit that he would be making a moral value judgment if he chose between two social systems without knowing what his personal position would be under either system. More specifically, let us assume that society consists of n individuals, and that the individual under consideration would choose between the two alternative social systems on the assumption that under either system he would have the same probability, $1/n$, of taking the place of the best-off individual, or the second-best-off individual, etc., up to the worst-off individual. This I shall call the equi-probability assumption. Moreover, let us assume that in choosing between the two social systems he would use the principle of expected-utility maximisation as his decision rule. (This is my own version of the concept of the "original position").

It is easy to verify that under these assumptions our individual would always choose that social system which, in his opinion, would yield the higher average utility level to the individual members of society. More generally, he would evaluate every possible social arrangement (every possible social system, institutional framework, social practice, etc.) in terms of the average utility level likely to result from it. This criterion of evaluation will be called the principle of average utility."

If we accept Rawls' framework of the Original Position (and veil of ignorance, etc.) but we swap out the maximin principle for the average utility principle, then we arrive at a justification for utilitarianism. Harsanyi's argument is that utilitarianism is a plausible theory of distributive justice for a society, since it is what rational individuals would agree to.

As noted above, utilitarianism is a type of *consequentialist* theory, ie, the correct course of action depends on the outcomes of that action. As such, the empirical evidence about the impacts of different actions on outcomes becomes very important. In the case of utilitarianism, we need to know what will bring about the greatest amount of wellbeing. In principle, and all else being equal³⁸, we would expect that an equal distribution of income would maximise wellbeing, on the grounds that income has decreasing marginal utility.³⁹

Utilitarianism has been subject to several criticisms, the most significant of which is arguably the **moral separateness of persons**. In fact, this criticism was a starting point for Rawls' *A Theory of Justice*.

³⁸ And assuming that the actions to reach an equal distribution of income do not in fact decrease the total amount of wellbeing.

³⁹ Pigou 1920. See also Kahneman and Deaton 2010.

Box 4: The moral separateness of persons (Rawls 1971, p.23,24.)

“The most natural way, then, of arriving at utilitarianism (although not of course, the only way of doing so) is to adopt for society as a whole the principle of rational choice for one man... This view of social cooperation is the consequence of extending to society the principle of choice for one man, and then, to make this extension work, conflating all persons into one through the imaginative acts of the impartial sympathetic spectator. Utilitarianism does not take seriously the distinction between persons.”

It is rational, as an individual, to make trade-offs across time, or in different areas of our lives. For example, you might forgo a promotion so that you can spend more time with your family, or you might avoid spending money now so that you can save for a house deposit. These trade-offs, these benefits and burdens, balance out in the sense that they fall on the same person (*you* miss out on the job, but *you* see more of your kids; *you* miss out on having a holiday, but then *you* get a house). But according to Rawls we make a mistake if we assume that what is prudent for an individual also applies to society as a whole; society is not a single person, society is made up of different individuals. You have your interests and I have my interests. Why should *I* face a burden so that *you* can benefit? Is it fair, for example, to expect *me* to avoid spending money now to pay for *your* house deposit?

There may be other reasons for not accepting the assumptions underlying utilitarianism:

- The consequences or outcomes of an action might not be the only morally relevant factors. For example, individuals might have *rights* that rule out certain actions, even if the actions would maximise overall wellbeing (or more generally have good consequences) [see *Libertarianism*].
- There might be value in things other than individual human wellbeing. For example, we might think that the environment has intrinsic value.⁴⁰
- As will become clear after considering other theories in this note, there are reasons and arguments against maximising wellbeing and in favour of other social welfare functions or other accounts of fairness [see, for example, *Maximin*, *Sufficientarianism*, *Prioritarianism*, *Luck Egalitarianism*, *Relational Egalitarianism*].

⁴⁰ This criticism applies to all theories of justice that focus exclusively on the needs and interests of humans.

Applied example: wealth inequality

What does utilitarianism entail, when applied to a practical issue, such as the level of wealth inequality? Again, the current level of wealth inequality, whatever it happens to be, is neither good nor bad, in and of itself. In a rough approximation, *if* we assume utilitarianism, then the level of wealth inequality is **equitable** to the extent that it maximises the total amount of wellbeing, and **inequitable** to the extent that it does not maximise the total amount of wellbeing.⁴¹ The precise level of wealth inequality that maximises total wellbeing is an empirical matter.⁴²

2.3 Libertarianism

“Individuals have rights, and there are things no person or group may do to them (without violating their rights).”⁴³

Libertarianism is a broad political theory, with ‘left’ and ‘right’ versions. This paper focuses on one key text in the libertarian tradition: Robert Nozick’s 1974 *Anarchy, State and Utopia*. *Anarchy, State and Utopia* can be seen as a counterpoint to Rawls’ *A Theory of Justice*.

Nozick, like Rawls, criticises utilitarianism for failing to respect the moral separateness of persons:

Box 5: The moral separateness of persons (Nozick, 1974, p.32-33)

“Individually, we each sometimes choose to undergo some pain or sacrifice for a greater benefit or to avoid a greater harm... In each case, some cost is borne for the sake of [our own] greater overall good. Why not, similarly, hold that some persons have to bear some costs that benefit other persons more, for the sake of the overall social good? But there is no social entity with a good that undergoes some sacrifice for its own good. There are only individual people, different individual people, with their own individual lives. Using one of these people for the benefit of others, uses him and benefits the others. Nothing more. What happens is that something is done to him for the sake of others. Talk of an overall social good covers this up.”

Nozick, like Rawls, assumes the idea of individual people as free and equal, as ends in themselves, as capable of autonomy and deciding for themselves what is important and how to live their lives. But Nozick comes to very different conclusions about what this assumption entails. For Nozick this entails that *“Individuals have rights, and there are things no person or group may do to them (without violating their rights).”⁴⁴*

⁴¹ Different individuals may be more or less efficient at generating wellbeing from wealth.

⁴² The questions here include the mechanisms by which wealth inequality might generate wellbeing eg, to what extent do wealth inequalities create incentives for risk taking and innovation? To what extent do inequalities reduce social cohesion and the costs doing business?

⁴³ Nozick 1974, p.ix.

⁴⁴ Nozick 1974, p.ix. See also p.30-31.

Rights, in Nozick's formulation are 'side constraints' on the actions that someone (a person or the state) might take. Rights protect individuals from being used for the sake of generating certain outcomes. For example, my right to bodily integrity prohibits you (or anyone) from forcing a medical intervention on me, even if that is for my own good or the good of others. For Nozick, rights are 'natural' in the sense that they are not granted by the state or by social convention or agreement.

The key question for Nozick is what sort of state could form without violating the rights of individuals, ie, what would a legitimate state look like? Nozick's answer was only *"...a minimal state, limited to the narrow functions of protection against force, theft, fraud enforcement of contracts, and so on, is justified; and that any more extensive state will violate persons' rights not to be forced to do certain things, and is unjustified..."*⁴⁵ What does this mean for distributive justice? The implications include *"... that the state may not use its coercive powers for the purposes of getting some citizens to aid others..."*⁴⁶

Nozick argues against imposing any pattern of distributive justice. For Nozick, a just (a fair, an equitable) distribution is determined entirely by the process that generated it; he termed this an 'entitlement' theory of justice. A just distribution can only be generated by the repeated application of:

1. Justice in initial acquisition – people can acquire any previously unowned property.⁴⁷
2. Justice in transfer – people can acquire property through free exchange (this rules out theft and fraud).

Nozick also acknowledged that there would be a need for a third principle, of justice in rectification, to redress historical violations of principles 1 and 2. So, in sum, an equitable distribution is one that arises from people acquiring property in a just way, and exchanging (buying, selling, gifting) property.⁴⁸ This implies that any attempt to redistribute, any attempt to bring about a particular distribution (a pattern) is *unjust* and *inequitable*, since it involves violating the rights of individuals.⁴⁹

Nozick presents an example that is intended to generate moral intuitions in support of his entitlement theory, and against any patterned theory of distributive justice.

⁴⁵ Nozick 1974, p.xi.

⁴⁶ Ibid.

⁴⁷ There are complexities and controversies here concerning how someone can legitimately come to acquire property that was previously unowned, and what is meant by ownership.

⁴⁸ Ie, acquiring and exchanging property in a rights-respecting manner.

⁴⁹ The relevance of the entitlement theory of justice for the New Zealand context, and Te Tiriti, should be obvious.

Box 6. Wilt Chamberlain example p.160,161.

"[Pick your favourite theory of distributive justice]; perhaps everyone has an equal share, perhaps shares vary in accordance with some dimension you treasure. Now suppose that Wilt Chamberlain is greatly in demand by basketball teams, being a great gate attraction.... He signs the following contract with a team: In each home game, twenty-five cents from the price of each ticket of admission goes to him. ... The season starts, and people cheerfully attend his team's games; they buy their tickets, each time dropping a separate twenty-five cents of their admission price into a special box with Chamberlain's name on it. They are excited about seeing him play; it is worth the total admission price to them. Let us suppose that in one season, one million persons attend his home games, and Wilt Chamberlain winds up with \$250,000, a much larger sum than the average income and larger even than anyone else has. Is he entitled to his income? Is this new distribution...unjust? If so, why?"

Note that in the Wilt Chamberlain example, people willingly pay their money to Chamberlain, and it is their free actions that create the significant income inequality. The moral intuition Nozick seeks to create with this example is that *any* ex-post distribution of economic outcomes is equitable, as long as the process that generated it respects individual rights. Chamberlain is now much richer than the fans, after the fans have willingly paid their money to watch him play. Do the fans now have reasonable complaint about the resultant income inequality?

Standard criticisms of Nozick's *Anarchy, State and Utopia* might include:

- Not all people start life with the same opportunities [see *Luck Egalitarianism*].
- Just acquisition and just transfer in property may lead to some people ending up in poverty [see *Sufficientarianism*].
- Just acquisition and just transfer in property may lead to unequal social relations [see *Relational Egalitarianism*].

Applied example: wealth inequality

What does libertarianism entail, when applied to the issue of wealth inequality? The current level of wealth inequality, whatever it happens to be, is neither good nor bad, in and of itself. *If* we assume libertarianism (or at least Nozick's entitlement theory of justice), then the level of wealth inequality is **equitable** if people acquired their wealth through just acquisition and just transfer. The level of wealth inequality is **inequitable** if people acquired wealth through theft or fraud. The important point to note is that you cannot tell whether the level of wealth inequality is equitable or not by looking at the outcomes, or 'patterns' of distribution, as Nozick called them; the justice depends entirely on the processes that generated the outcomes.⁵⁰

⁵⁰ See, for instance, Gupta et al. 2002.

2.4 Luck egalitarianism

Inequalities in outcome that are the result of choices individuals have made are fair and just; inequalities in outcomes that are the result of accident are unfair and unjust.

Luck Egalitarianism incorporates personal responsibility and desert into an account of distributive justice. Luck egalitarianism also accords with a moral intuition that people deserve equal opportunities in life.

If we are considering what a fair, or just, or equitable distribution of wellbeing would be, a useful starting point might be strict equality of wellbeing, ie, everyone with exactly the same level of wellbeing. But Ronald Dworkin⁵¹ presents the *Problem of Expensive Tastes* as a counterexample to the idea that equality of wellbeing is an equitable (fair, just) outcome.

Box 7: The *Problem of Expensive Tastes* (Dworkin 1981a, p.229)

“... suppose that someone (Louis) sets out deliberately to cultivate some taste or ambition he does not now have, but which will be expensive in the sense that once it has been cultivated he will not have as much welfare on the chosen conception as he had before unless he acquires more wealth. These new tastes may be tastes in food and drink: Arrow’s well-known example of tastes for plovers’ eggs and pre-phylloxera claret. Or they may (more plausibly) be tastes for sports, such as skiing, from which one derives pleasure only after acquiring some skill. Or, in the same vein, for opera. Or for a life dedicated to creative art or exploring or politics. Can Louis be denied extra wealth, taken from those who acquire less expensive tastes (or simply keep those they already have), without contradicting the idea of equality of welfare that his community has embraced?”

The Problem of Expensive Tastes identifies a feature of human nature: people respond to incentives. There is a utilitarian argument against compensating for expensive tastes: compensating for expensive tastes incentivises their cultivation, and having expensive tastes reduces average welfare, given fixed resources. But there is also a further reason, which is Dworkin’s focus: by demanding extra resources, we seem to trespass on the fair shares of others. For example, my friend and I might get the same amount of wellbeing from participating in sports. But if I choose a relatively cheap sport like running, and they choose a relatively expensive sport like skiing, is it really fair to expect me to subsidise their choice? Surely it is fair (so the argument goes) to hold people responsible for the impacts of their choices (the options they have taken) on their own future wellbeing, and not guarantee everyone the same level of wellbeing regardless of how they choose to act. If we accept the implications of the *problem of expensive tastes*, then **equality of wellbeing is NOT an equitable distribution.**

⁵¹ Ronald Dworkin is the most prominent political theorist to advocate Luck Egalitarianism, although Dworkin himself rejected the term and described his views as ‘equality of resources’.

To avoid the problem of expensive tastes, and incorporate the notion of personal responsibility, Dworkin draws a distinction between *Brute Luck* and *Option Luck*. Brute Luck relates to our 'endowments', to things we have no control over, such as our genetic inheritance, and accidents of nature. Option Luck relates to 'ambitions', to our preferences and choices.⁵² According to Dworkin, an equitable distribution is one that is 'ambition sensitive' but 'endowment insensitive'.

Luck Egalitarianism implies that any distribution of outcomes that is the result of Option Luck (our preferences and choices) is equitable; any distribution that is the result of Brute Luck (accidents of nature) is inequitable and may warrant intervention. Dworkin suggested that justice would be served if adults started life with equality of resources, something like a 'level playing field' (or equality of opportunity).

Dworkin presented a thought experiment involving a group of shipwreck survivors organising a fair and just society on an uninhabited island. The details are not relevant for our purposes.⁵³ The upshot is that even if we were to have an equal starting point, individuals' preferences and choices will inevitably lead to unequal outcomes (to differences in outcomes). Again, under this theory, this is not unfair or unjust. To the contrary, allowing individuals to face the consequences of their choices respects individual agency. And redistributing resources away from those who make low-cost choices towards those who (for example) cultivate expensive tastes is unfair and unjust.

There are two important features of Dworkin's framework that bear mention, both of which relate to Brute Luck. Consider some obvious examples such as a fire, flood, earthquake or storm that might destroy someone's property. These seem like classic examples of Brute Luck. If an individual faced such bad luck, should the government automatically compensate them? Not if private insurance is available. In Luck Egalitarianism, insurance provides a link between Option Luck and Brute Luck.⁵⁴ Individuals have the choice of avoiding accidents of nature by purchasing insurance against them. If individuals choose *not* to insure against these risks, that is a choice they make; there is no justification for compensation if these risks eventuate (according to Luck Egalitarianism).⁵⁵

⁵² In practice it may not so easy to draw a clear distinction between the factors that count as Option Luck and the factors that count as Brute Luck.

⁵³ For details, see Dworkin 1981a and Dworkin 1981b.

⁵⁴ In other words, insurance can 'turn' Brute Luck into Option Luck.

⁵⁵ Note the significance of this point – almost all adverse events are the sorts of things that could be insured against (in principle, at least). The availability of insurance means that almost all outcomes in life can be seen as the result of Option Luck.

But there are some types of Brute Luck that cannot be insured against, including pre-existing medical conditions and disabilities. Having a disability may mean that someone needs more resources to generate the same level of wellbeing as someone without a disability. And disabilities are unchosen; a corollary of holding individuals responsible for the outcomes they had control over is *not* holding people to account for outcomes they had no control over. Disabilities deserve compensation, under Luck Egalitarianism. Simple equality of resources would not be fair or just for individuals with significant disabilities who need and deserve higher levels of resources to achieve wellbeing. Dworkin proposes a hypothetical insurance market to provide for people with disabilities. Roughly, the amount of compensation someone would receive for a disability (and the tax or levy other individuals would pay) depends on how much individuals would be willing to pay for insurance against the risk of disability if they did not know if they would need it.

Luck Egalitarianism is subject to a number of criticisms. One key criticism of Luck Egalitarianism comes from the philosopher Richard Arneson.⁵⁶ Dworkin rejected the label of 'Luck Egalitarianism'; Dworkin claimed that his theory of distributive justice was *equality of resources*, ie, if people start life with the same amount of resource, then any inequality of wellbeing that results from the choices that people make in their lives is fair and just. Arneson argued that it is more plausible to characterise this view as **equal opportunity for welfare (wellbeing)**.⁵⁷

Arneson also argues that Dworkin makes a mistake when it comes to the treatment of **abilities, talents and disabilities**. Dworkin argued that abilities and disabilities are unearned, and so should be considered as part of the collective 'resources' to be allocated equally across the population. This can lead to a problem of 'slavery of the talented', where someone born with talents has to work for the benefit of others without compensation. But people tend to feel a sense of ownership of their talents; people don't feel as if their natural abilities (which they did not earn) are communal property. The solution to the problem of 'slavery of the talented', according to Arneson, is to acknowledge that the preference that a talented person has for their personal liberty cannot reasonably be treated as an expensive taste that someone chooses to cultivate. In other words, talents, abilities and disabilities should not be treated as common resources to be distributed equally.

Additional criticisms of Luck Egalitarianism include:

- It may be inefficient, in the sense that it will not necessarily maximise the total amount of wellbeing [see *Utilitarianism*].
- It would seem to violate property rights and prohibit passing down property through the generations [see *Libertarianism*].
- Luck Egalitarianism abandons reckless people to their fates [see *Relational Egalitarianism*].
- Some people will end up in poverty [see *Sufficientarianism*].
- It may lead to unequal social relations [see *Relational Egalitarianism*].

⁵⁶ Arneson 1989.

⁵⁷ The practicality, or otherwise, of this view is addressed in Chambers 2009.

Applied example: wealth inequality

What does Luck Egalitarianism entail, when applied to the issue of wealth inequality? It entails that a given level of wealth inequality is **equitable** if people acquired their wealth via Option Luck, ie, via their choices and actions (eg, through work, saving, entrepreneurial activity), and **inequitable** to the extent that it is the result of Brute Luck (eg, inherited wealth). It is an empirical task to determine the extent to which the levels of wealth inequality are the result of choice versus accident.⁵⁸

2.5 Relational egalitarianism

The point of egalitarianism is equal moral and political status; the distribution of economic goods is instrumental to this end.

Relational egalitarianism is a theory of equity that makes a tight connection to the *moral equality* of individuals, as set out earlier in this note. Relational egalitarianism can be read as a criticism of theories of distributive justice that focus heavily on the distribution of economic goods (resources, income, etc.) as if the goods are important in and of themselves, rather than as means to an end. In particular, relational egalitarianism can be read as a criticism of Luck Egalitarianism. As the philosopher Elizabeth Anderson writes:

“Recent egalitarian writing has come to be dominated by the view that the fundamental aim of equality is to compensate people for underserved bad luck – being born with poor native endowments, bad parents, and disagreeable personalities, suffering from accidents and illness, and so forth. I shall argue that in focusing on correcting a supposed cosmic injustice, recent egalitarian writing has lost sight of the distinctively political aims of egalitarianism. The proper negative aim of egalitarian justice is not to eliminate the impact of brute luck from human affairs, but to end oppression, which by definition is socially imposed. Its proper positive aim is not to ensure that everyone gets what they morally deserve, but to create a community in which people stand in relations of equality to others.”
(Anderson, 1999, p.288)

The core counterexample Anderson presents against Luck Egalitarianism is that Luck Egalitarianism entails the abandonment of victims of bad Option Luck, and that in doing so, fails to uphold the equal respect and concern for individuals which it assumes.

Box 8: The problem of abandonment of negligent victims (Anderson 1999, p.295,296)

“Consider an uninsured driver who negligently makes an illegal turn that causes an accident with another car. Witnesses call the police, reporting who is at fault; the police transmit this information to emergency medical technicians. When they arrive at the scene and find that the driver at fault is uninsured, they leave him to die by the side of the road.” (Anderson 1999, p.296)

⁵⁸ This could involve an empirical investigation into the *causes* of the wealth inequality.

The idea that we should abandon someone to their fate, simply because their situation is the result of the decisions they have made, may strike many as morally counterintuitive (at least in some cases). And yet this is what is entailed by (at least some versions of) Luck Egalitarianism. This implies that either the moral intuition is wrong, or the theory of Luck Egalitarianism needs to be caveated, modified or abandoned.

Anderson presents further counterexamples to Luck Egalitarianism, only a few of which are considered here. One is occupational choices. Some people – police officers, soldiers, firefighters – decide to do important but dangerous jobs with the full knowledge of the dangers they face. Others choose to take time out of the paid labour force to undertake important unpaid work caring for children or sick or disabled family members (and these care roles are disproportionately taken up by women). These choices – to take on dangerous jobs, or jobs that are important but poorly remunerated – are *choices*; they are the result of individuals exercising their Option Luck. According to Luck Egalitarianism, the outcomes of these choices are the responsibility of the individuals themselves, and not something that society has any responsibility to compensate for when the choice leads to material disadvantage (despite of the importance of this work for society).

There are also problems associated with the victims of bad Brute Luck.⁵⁹ As discussed above, Luck Egalitarianism provides for compensation to individuals who are born with congenital disabilities – or who lack marketable talents – via an insurance scheme which would be paid for by those who are able bodied and talented, in accordance with their willingness to sacrifice resources to avoid becoming disabled themselves. Anderson argues any such scheme would be patronising and disrespectful,⁶⁰ as coming from a motive of pity and superiority.

Anderson proposes an alternative theory of egalitarianism to Luck Egalitarianism, namely *Relational Egalitarianism*.⁶¹ She arrives at this view by considering what historical egalitarian political movements sought to oppose, ie, social orders based on hierarchies or rankings of human beings. These include racist, sexist, classist, caste-ist... regimes. What these regimes have in common is the denial of the equal moral worth of individual persons:

“Negatively, the claim repudiates distinctions of moral worth based on birth or social identity – on family membership, inherited social status, race, ethnicity, gender, or genes. There are no natural slaves, plebians, or aristocrats. Positively, the claim asserts that all competent adults are equally moral agents: everyone equally has the power to develop and exercise moral responsibility, to cooperate with others according to principles of justice, to shape and fulfil a concept of their good.”
(Anderson, 1999, p.312)

For Anderson, egalitarianism is based on universal moral equality; egalitarianism seeks to end oppression and domination and bring about a society where people enjoy relations as social equals.

⁵⁹ The dividing line between Option Luck and Brute Luck may not be so clear, or at least is contested.

⁶⁰ Compensation is available since able-bodied and talented individuals were so concerned about the risk of being disabled and untalented that they were prepared to pay insurance premiums to hedge against this risk.

⁶¹ Though she termed her theory ‘democratic equality’ (see Anderson, 1999, p.289).

One way to understand the difference between Luck Egalitarianism and Relational Egalitarianism is over what is of instrumental importance. For Luck Egalitarianism, the distribution of economic goods (income, resources, wellbeing...), or the opportunity to acquire these goods, is what matters for justice; social relations are of instrumental importance to this. For Relational Egalitarianism, by contrast, the relations themselves are what matters for justice; the distribution of economic goods is of instrumental importance to these relations.

Relational Egalitarianism requires that individuals have access to the goods that allow them to function as equal citizens – ie, to participate in society as an equal of everyone else, and to be seen by others as an equal. Note several points:

- Suitable *access* (not actual possession) is required.⁶²
- These goods must be accessible over people's lifetimes,⁶³ even if people act imprudently.⁶⁴
- Not all types of goods are necessary for equal relations (more on this below).
- Access must be at a sufficient (not equal) level.⁶⁵
- Participation as a citizen includes economic as well as political participation.
- Depending on circumstances, individuals may need different goods, or different levels of goods, to be treated as equals (eg, people with some types of disabilities may require wheelchairs).
- The goods are not provided out of pity, but out of a recognition that individuals have equal status.

The capacity to function as an equal citizen requires, *inter alia*, sufficient food, clothing, medical care, and educational opportunities. People also need certain rights, such as the right to free speech, the right to enter into employment contracts, and freedom of association. People need whatever it takes to have the ability to be in the public space without shame.

One concern with Relational Egalitarianism is that if we guarantee the goods necessary for individuals to relate as equals, then people will lack the incentives to act prudently, and this will result in a less wealthy society. Luck Egalitarianism is motivated, in part, by the observation that incentives matter,⁶⁶ hence its distinction between the outcomes that individuals are responsible for and deserve (Option Luck), and the outcomes that individuals are not responsible for and may warrant state intervention (Brute Luck).

⁶² In common with Luck Egalitarianism, the thing that is morally guaranteed to people is an opportunity rather than an outcome.

⁶³ In contrast to Luck Egalitarianism, Relational Egalitarianism is *not* a 'starting-gate' theory; *ex ante* equal opportunities are not the only things important. Individuals need suitable opportunities throughout their lifetime. If individuals make choices that diminish these crucial opportunities, then these require remedies.

⁶⁴ So you must have repeated and consistent opportunities, not just a one-off opportunity.

⁶⁵ Strict equality of voting power may be required for equal relations. But only sufficient (not equal) educational levels may be required for equal relations.

⁶⁶ See the *Problem of Expensive Tastes*.

Relational Egalitarianism seeks to address the problem of incentives in a different way: by drawing a hard line around the small subset of goods that are strictly necessary for equal relations, and by requiring only that these goods are accessible, not that they are actually taken up.⁶⁷ Adults therefore retain incentives to make good choices – both to access the goods available to them by right, and to access the wider variety of goods that are not guaranteed to everyone.

Relational Egalitarianism has important normative implications for things such as income inequality, as indicated in the quote below:

“Once all citizens enjoy a decent set of freedoms, sufficient for functioning as an equal in society, income inequalities beyond that point do not seem so troubling in themselves. The degree of acceptable income inequality would depend in part on how easy it was to convert income into status inequality – differences in the social bases for self-respect, influence over elections, and the like. The stronger the barriers against commodifying social status, political influence, and the like, the more acceptable are significant income inequalities.” (Anderson 1999, p.326)

Criticisms of Relational Egalitarianism might include:

- The redistribution required to provide everyone with the goods that allow them to function as equal citizen entails a violation of property rights [see *Libertarianism*].
- Relational Egalitarianism does not go far enough in providing for equal opportunities; we might be concerned with more than a sufficient level [see *Luck Egalitarianism, Prioritarianism*].

Applied example: wealth inequality

When applied to the issue of wealth inequality, *if* we assume Relational Egalitarianism, then the level of wealth inequality is **equitable** if people have enough wealth (on an ongoing basis) to participate in society, and the level of wealth that some people have does not violate the moral equality of citizens; the level of wealth inequality would be **inequitable** to the extent that this does not hold. The extent to which wealth inequality impacts on social equality is an empirical matter.⁶⁸

⁶⁷ For example, adequate (sufficient) income may be required for equal social status; this can be accessed by taking up a suitable offer of employment.

⁶⁸ See, for instance, Winkelmann 2012, which suggests that the prevalence of luxury cars in an area has a negative impact on individuals' own income satisfaction.

2.6 Prioritarianism

*"[B]enefiting people matters more the worse off these people are."*⁶⁹

Prioritarianism is a theory of distributive justice most closely associated with the philosopher Derek Parfit.⁷⁰ Parfit criticises equality of outcomes (eg, equality of wellbeing) as a view of equity. Parfit claimed that while equality (of outcomes) may have some instrumental value,⁷¹ equality itself does not have intrinsic value (as an outcome). Parfit supports this claim with two counterexamples:

- The Divided World example (Box 9).
- The Levelling Down Objection (Box 10).

Box 9: The *Divided World* example (Parfit 1997, p.206, 212)

Suppose that the world's population is divided into two halves, who are entirely unaware of each other's existence. Suppose that we have a cardinal measure of utility (wellbeing), and that there are two possible states of affairs:

1. Half at 100; half at 200.
2. Everyone at 145.

Which possible state of affairs – (1) or (2) – is better?

In the Divided World example, there is greater aggregate wellbeing in (1) than in (2). If we think that the total, aggregate amount of wellbeing is important (see Utilitarianism), then (1) is better.⁷²

But suppose that we think *inequalities in outcomes are bad*. What reason do we have to object to (1) and prefer (2)? In this thought experiment, the two halves of the world have no interaction and are entirely unaware of each other's existence; a person with a wellbeing of 100 has no idea than someone else in the world has a wellbeing of 200, so the inequality itself has no bad effects. Parfit states that for someone who thinks that equality is intrinsically good, their "...explanation would be this. While it is good that, in (1), people are on average better off, it is bad that some people are worse off than others. The badness of this inequality outweighs the extra benefits." (Parfit, 1997, p.206).

Now consider the **Levelling Down Objection**.

⁶⁹ Parfit 1997, p.213.

⁷⁰ Parfit 1997.

⁷¹ For example, equality may be conducive to self-respect (inequality can be damaging self-respect), or equality helps ensure political and economic freedoms (economic inequality may allow some to have power over others). Parfit also accepts that equality may have some intrinsic value, in the sense that people ought to be treated equally (fairly).

⁷² To make this example work, it may require an assumption that '100' is a sufficient level.

Box 10: The Levelling Down Objection (Parfit 1997, p.210)

"If inequality is bad, its disappearance must be in one way a change for the better, however this change occurs. Suppose that, in some natural disaster, those who are better off lose all their extra resources, and become as badly off as everyone else. Since this change would remove the inequality, it must be in one way, a change for the better. Similarly, it would be in one way an improvement if we destroyed the eyes of the sighted, not to benefit the blind, but only to make the sighted blind. These implications can be more plausibly regarded as monstrous, or absurd. The appeal to such examples we can call the Levelling Down Objection".

An important point to emphasise with the Levelling Down Objection is that the wellbeing that is lost to the people who are better off does not go to the worse off; instead, the wellbeing disappears.⁷³

Moral intuitions can reasonably differ. However, the intuitions that Parfit suggests ought to be generated by the Divided World example and Levelling Down Objection is that it does not matter – per se – if some people have higher wellbeing than others, and that no good can come from 'levelling-down' just to make people equal in terms of wellbeing.

Parfit then asks: why might some people still have the moral intuition in Divided World that (2) is better? One explanation is that we are tacitly assuming that when we make things equal, we are improving the situation of those who are worst-off (that is, we are *not* levelling-down). In Divided World, the worst-off have a utility of 100 under (1) and 145 under (2), so (2) is better for the worst-off than (1). But if this is the case, then the moral principle that can explain our moral intuition is not that equality is good, but that helping the people who are worst off is good. And that moral principle is **prioritarianism**: ***"[b]enefiting people matters more the worse off these people are."***⁷⁴

Prioritarianism does not trigger the Levelling-Down Objection. Prioritarians care about the situation of the worst off, and because levelling-down does not benefit the worst off, a prioritarian will *not* recommend levelling-down.

Note that prioritarianism is a non-comparative view. As Parfit says:

"...if I am worse off than you, benefits to me matter more. Is this because I am worse off than you? In one sense, yes. But this is nothing to do with my relation to you.

It may help to use this analogy. People at higher altitudes find it harder to breathe. Is this because they are higher up than other people? In some sense, yes. But they would find it just as hard to breathe even if there were no other people who were lower down. In the same way, on the Priority View, benefits to the worse off matter more, but that is only because these people are at a lower absolute level. It is irrelevant that these people are worse off than others. Benefits to them would matter just as much even if there were no others who were better off." (Parfit 1997, p.214)

⁷³ Note that 'Levelling Down' involves a violation of weak Pareto efficiency.

⁷⁴ Parfit 1997, p.213.

Note also that with prioritarianism, the weighting given to those who are worse off is not a result of the marginal utility of resources. The claim is *not* that those who are worse off can gain comparatively more wellbeing from a certain amount of resources. The claim of prioritariness is that it is morally better to benefit those who are worse off. Suppose, for example, that you could give \$1m to someone who is badly off or \$1m to someone who is extremely well off, and suppose that in either case it would lead to the same gain in wellbeing for either person.⁷⁵ Prioritarianism implies that it is morally better to give the \$1m to the person who is worse off, even though it would generate just as much utility to give the money to the person who is better off.

As with utilitarianism and maximin, prioritarianism can be articulated in terms of a Social Welfare Function. According to prioritarianism, the total goodness of a state is the sum of individual wellbeings, where the individual wellbeings have been transformed by a concave function that gives greater marginal weight to lower levels of wellbeing.⁷⁶

Although prioritarianism avoids the Levelling Down Objection, it faces its own objections. The most significant of these is an objection also facing utilitarianism, concerning what John Rawls termed the 'moral separateness of persons'⁷⁷ (see Box 4).

Other criticisms of Prioritarianism might include:

- Prioritarianism would seem to be concerned with the fact that millionaires are worse off than billionaires; but there may be a point at which the relative differences between people are no longer morally relevant [see *Sufficientarianism*].
- Prioritarianism focuses too much on economic distribution, and not enough on moral equality [see *Relational Egalitarianism*].
- The redistribution implied by prioritarianism entails a violation of property rights [see *Libertarianism*].
- The redistribution towards people who are worse off ignores the issue of whether people are personally responsible or not for their situation [see *Luck Egalitarianism*].

Applied example: wealth inequality

The **levelling down objection** provides an argument against wealth inequality itself being (intrinsically) problematic: if inequality (difference) in wealth levels is a problem, then it would be a good thing if the wealthy lost some of their wealth even if it would in no way benefit the less wealthy. If Levelling Down seems absurd, then inequality of wealth is not the problem.

⁷⁵ You could imagine that the person who is badly off has a debilitating medical condition, and \$1m buys treatments that will increase their wellbeing by units of '12'. The extremely well off person has expensive tastes that means a lot of expenditure is required to raise their wellbeing; still, \$1m raises their wellbeing by '12' units as well.

⁷⁶ Prioritarianism can be thought of as a form of utilitarianism with weights; or utilitarianism can be considered a special case of prioritarianism in which there are equal weights applied to individuals.

⁷⁷ See, in particular, Otsuka and Voorhoeve 2009.

2.7 Sufficiencyarianism

It is bad if people do not have enough.

Sufficiencyarianism is a different response one can take to the Levelling Down Objection (Box 10). It is not the inequality, per se that bothers us; nor do we think we ought to give priority to the worst off. **According to sufficiencyarians, what concerns us is that some people do not have enough. When we say that we are concerned about inequality, what we are really concerned about (or should be concerned about) is poverty.**

Harry Frankfurt, a proponent of sufficiencyarianism, notes some downsides to the assertion that equality of outcomes is intrinsically important. One is the concern that egalitarianism may conflict with freedom/ liberty.⁷⁸ Another is that a focus on equality of outcomes encourages you to compare what you have with what others have, instead of a thinking about what your own needs are. Of course, the claim that equality of outcomes may not be intrinsically valuable can still allow that equality may be valuable for other, instrumental reasons.⁷⁹ And equality of treatment may be important for the sake of moral equality.

Utilitarian arguments in favour of equality of outcomes are premised on the idea that people get decreasing marginal utility from economic goods – so an equal distribution can maximise wellbeing. But, of course, this is somewhat simplistic; different individuals have different utility functions. Furthermore, in some cases of scarcity, an egalitarian distribution minimises the total amount of wellbeing (Box 11).

Box 11: Utility thresholds (Frankfurt, 1987, p.30)

“...suppose that there is enough of a certain resource (eg, food, or medicine) to enable some but not all members of a population to survive. Let us say that the size of the population is ten, that a person needs at least five units of the resource in question to live, and that forty units are available. If any members of this population are to survive, some must have more than others. An equal distribution, which gives each person four units, leads to the worst possible outcome, namely, everyone dies. Surely in this case it would be morally grotesque to insist upon equality!”

⁷⁸ Freedom of choices mean that the distribution of economic goods will become unequal; if we act to make things equal again, we may violate individual freedoms.

⁷⁹ Your political power may depend on your relative wealth.

An alternative to an egalitarian distribution, under conditions of scarcity, is to maximise sufficiency.

An insight that Parfit generated from the Levelling-Down Objection is that the egalitarian impulse may be generated, in part, by a tacit but false assumption that when we equalise by taking away goods from those who are well-off, those goods are redistributed to those who are worse off. Frankfurt draws a related insight: part of the egalitarian impulse towards redistribution may be generated by a tacit assumption that it necessarily makes the worst off at least slightly better off. But, of course, this tacit assumption is false, as the situation in Box 11 illustrates.

As Frankfurt states:

“Quite often, advocacy of egalitarianism is based less upon an argument than upon a purported moral intuition: economic inequality, considered as such, just seems wrong. ...What I believe they find intuitively to be morally objectionable, in the types of situations characteristically cited as instances of economic inequality, is not the fact that some of the individuals in those situations have less money than others but the fact that those with less have too little.” (Frankfurt, 1987, p.32)

Frankfurt bolsters this claim with the observation that we are generally not concerned, morally, with the economic inequality between people who are well off and people who are *rich*. Similarly, if an individual exhibits high subjective wellbeing we may be unconcerned with the amount of money they have relative to others. Also consider the attitudes of those who endorse egalitarianism; as long as they have a sufficient standard of living, they are probably not bothered if some have a higher living standard than them.

Sufficientarianism implies a threshold that should be satisfied. It does not mean that having more than this threshold is undesirable, only that redistribution to individuals who have reached that threshold is not morally required. Where exactly this threshold lies is a matter for further investigation,⁸⁰ on which reasonable people may have different views.

As with utilitarianism, maximin and prioritarianism, sufficientarianism can be articulated in terms of a Social Welfare Function, one that aggregates the numbers of individuals above the sufficiency threshold.⁸¹

⁸⁰ See, for example the Report of the Royal Commission of Inquiry (1972) *Social Security in New Zealand*, Government Printer, Wellington.

⁸¹ Note that, depending on the ‘currency’ used, sufficientarianism may violate the weak Pareto condition ie, we might increase the incomes of everyone below the threshold of sufficiency, but not enough to cross the threshold; this would not count as a social improvement. This points to the need to consider a variety of values (see Conclusion).

Criticisms of sufficientarianism might include:

- We should be concerned about socio-economic inequalities above the threshold of sufficiency [see *Prioritarianism*].
- The redistribution required to ensure a minimum sufficient threshold for all involves the violation of property rights [see *Libertarianism*].
- Sufficientarianism focuses too much on the distribution of economic goods, and not enough on moral equality [see *Relational Egalitarianism*].

Applied example: wealth inequality

When it comes to the issue of wealth inequality, with sufficientarianism – as with all of the other theories we have looked at - the fact that people have different levels of wealth is not necessarily a problem. *If* we accept sufficientarianism as a theory of distributive justice, and we accept that there is a minimum threshold level of wealth that people should be above, then a given distribution is **equitable** if everyone is above this threshold, and **inequitable** to the extent that people fall below this threshold.

Conclusion

As noted in the introduction, each of the seven theories of distributive justice outlined in this paper share the assumption of the moral equality of all people, ie, each and every person matters, and matters the same amount. The different theories differ from each other in terms of what they take to be the *logical implications* of this shared assumption for the distribution of economic (and other) outcomes.

One way to understand the differences between the different theories is in the factors that they consider relevant for the equity of distribution. Four of the theories of distributive justice share a further assumption that the ‘pattern’ of distribution is the only factor that is relevant for assessing equity; these four theories then differ from each other in terms of the pattern (or social welfare function) that is argued to be equitable. According to these theories, a distribution is equitable if:

1. Maximin: it maximises the situation of the person who is worst off.
2. Utilitarianism: it maximises the total (it is efficient).
6. Prioritarianism: it gives weighted priority to the worse off.
7. Sufficiencyarianism: everybody is above some minimum sufficient threshold.

The remaining three theories *do not* share the assumption that the pattern of distribution is relevant for the equity of distribution. Each argues for a different factor as being relevant for equity:

3. Libertarianism: rights and entitlement: distributions are equitable if they result from processes that respect property rights.
4. Luck Egalitarianism: desert and opportunity: distributions are equitable if they result from choices people have made.
5. Relational Egalitarianism: moral equality: distributions are equitable if they uphold the fundamental social equality of people.⁸²

⁸² If we assume Maximin, Utilitarianism, Prioritarianism or Sufficiencyarianism, then it is possible to assess the equity of a distribution by looking at the pattern. But if we assume Libertarianism, Luck Egalitarianism or Relational Egalitarianism, then the pattern of distribution of outcomes itself does not provide enough information to assess the equity of a situation. Instead, we need to look for different empirical information, such as the history that leads to the outcome (Libertarianism), the causes of the outcome (Luck Egalitarianism), or whether there is evidence that the distribution of outcomes impacts on social equality (Relational Egalitarianism).

The only way to draw logically valid conclusions about equity from data is to make value judgments (normative assumptions). The seven theories of distributive justice outlined in this paper cover most of the value judgments that people make. **These value judgments themselves are the sorts of things that can be reasoned about;** this has been illustrated in this paper by presenting some of the main arguments by key authors in the literature and showing the tensions between the different theories. The fact that the differences between the theories are articulated in logical terms makes them amenable to and suitable for policy analysis. It means that policy analysts can advise what policy options might align with different theories, and where trade-offs between different values might be required, and help elected officials understand and work through the value judgments associated with the choices they make.

As noted in the introduction, the theories of justice presented in this paper are presented at the level of *ideal theory*,⁸³ which involves certain abstractions or idealisations that simplify the issues at stake. In reality, most people will likely accept a combination of value judgments. For example, someone might believe that rights, efficiency, desert, and concern for the worst off are all important. **Adjudicating between the different theories of distributive justice or weighting the different values** is challenging. In public policy, elected representatives, such as Ministers, make the value judgements on behalf of the population when they make policy decisions. However, good policy analysis can at least make choices about values – the trade-offs and tensions between the values – as transparent as possible.

⁸³ Again, 'non-ideal' theory takes, as its start point, a society as it actually is, and charts a path towards an equitable society, or at least articulates how to make the actual society slightly more equitable.

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Appendix 1 – The methodology of analytic political philosophy

Contemporary analytic political philosophy (arguably) begins with the publication, in 1971, of John Rawls' *A Theory of Justice*.⁸⁴ In *A Theory of Justice*, Rawls seeks to identify a set of principles to govern the structure of a well-ordered society. The publication of *A Theory of Justice* also kicked off research in what is one of the major research topics in contemporary political philosophy, namely equality and distributive justice. It was not Rawls' own view of distributive justice that became influential so much as the methodology he employed for research in political philosophy; in particular the method of *reflective equilibrium*.

In a very rough approximation, we can use the method of reflective equilibrium to bring coherence to our sets of moral or ethical beliefs. All of us seem to have a faculty for making moral judgements about particular cases. We also have the capacity to draw out general moral or ethical principles. The method of reflective equilibrium can involve testing the moral principles we have identified with counterexamples, and adjusting the principles until they fit the counterexamples.

This description of philosophical methodology may seem opaque; an example below will hopefully clarify things. But two additional pieces from the philosopher's toolkit are required first: deductive logic; and thought experiments.

Deductive logic is a form of reasoning or argumentation such that if the assumptions are true, the conclusion is necessarily true. An important example of a deductive argument is *modus tollens*:

1. If P, then Q. If it has been raining, then the roads will be wet.
2. Not Q. The roads are not wet.
3. Therefore, not P. Therefore, it has not been raining.

Argument forms such as *modus tollens* are 'valid' ie, the truth of the assumptions guarantees the truth of the conclusion; it is logically impossible for the assumptions to be true and the conclusion false. An argument is 'sound' if it is valid *and* has true assumptions.

Thought experiments are (often contrived) examples that can be used elicit moral judgements. Consider the following:⁸⁵

Imagine you are on a footbridge over a railway line. You can see that a train is about to come down the railway line and kill five people working on the tracks. There is a large person next to you on the footbridge – if you were to shove the person onto the tracks, they would die but the train brakes would automatically trigger, saving the lives of the five other people. What should you do?

⁸⁴ Rawls 1971.

⁸⁵ See Thomson 1985.

The moral intuition that many people have is that it would be *wrong* to push someone onto the train tracks, even if it would save the lives of five other people. This thought experiment is deliberately contrived – it is highly unlikely that you would ever find yourself in such a situation. But the extreme, artificial nature of the thought experiment is deliberate, and intended to abstract away features of more day-to-day moral reasoning that may cloud our judgements.

The use of deductive reasoning, and thought experiments, allow us to engage in the process of reflective equilibrium⁸⁶:

1. If utilitarianism were the correct moral principle, then in the ‘footbridge’ case we should shove someone onto the tracks.⁸⁷
2. But our moral judgements tell us that it would be *wrong* to shove someone onto the tracks.⁸⁸
3. Therefore, utilitarianism is false.

This digression into the method of reflective equilibrium, deductive logic, and thought experiments was important, since much of the debate in the literature on equality and distributive justice proceeds in this manner, of iterating the two steps below:

1. We start with a default principle of distributive justice.
2. A theorist presents a thought experiment that serves as a counterexample to the previous principle of justice and articulates a different principle of distributive justice that can accommodate the counterexample.

Given that the method of reflective equilibrium, and *modus tollens*, are used regularly throughout the literature, this paper focusses on the different counterexamples or thought experiments, which the theorists use. The key counterexamples/thought experiments are highlighted in boxes like the following:

**Box x: A significant counterexample or thought experiment
(Famous philosopher, year)**

⁸⁶ For the avoidance of doubt, this example is illustrative. The Treasury does not ascribe to any particular theory of distributive justice.

⁸⁷ Utilitarianism would prescribe that we save the greatest number of lives.

⁸⁸ This is a moral intuition that someone might have. But moral intuitions can reasonably differ.

Readers should be able to take a counterexample from a box and construct the argument for themselves. For example, take the *Levelling Down Objection* presented in Box 10. Fully fleshed out, this forms an argument such as the following:

1. If inequality is bad, then there will be some cases in which it is better that those who are better-off experience some event so that they become as badly off as those who are worse-off. [If P, Then Q]
2. But this (1) is absurd; there is no point in making the better off as badly off as everyone else just to make people equal. [Not Q]
3. Therefore, inequality is NOT (intrinsically) bad. [Therefore, Not P]

This argument immediately above is deductively valid⁸⁹; whether the argument is sound⁹⁰ depends on the truth of the premises. Premise (1) is entailed by end-state egalitarianism. The soundness of the argument depends on the truth of premise (2); whether it would be absurd to make some people worse off just so everyone is equal. And the thought experiment of making sighted people blind is supposed to elicit a moral intuition that assumption (2) is indeed true.

⁸⁹ If the premises are true, then the conclusion is necessarily true; it is logically impossible for the premises to be true and the conclusion false.

⁹⁰ An argument is 'sound' if it is logically valid, and has true premises/assumptions.