

Equality: ‘Fact’ or ‘Value’?

He would cut up the ceilings of the Veronese into strips so that every one might have a little piece. I don’t want everyone to have a little piece of anything, and I have a great horror of that kind of invidious jealousy which is at the bottom of the idea of a redistribution. (Henry James, *The Princess Casamassima*)¹

1 THE RECENT INCREASE IN INEQUALITY

There has recently been a spate of important books and reports about the increase over the last two or three decades in the inequality with which incomes are distributed in most developed countries.² According to one of the most important contributions to this topic that has been published for many decades

Inequality is now at the forefront of public debate. Much is written about the 1% and the 99%, and people are more aware of the extent of inequality than ever before. . . . When the Pew Research Center’s Global Attitudes Project asked respondents in 2014 about the ‘greatest danger to the world’, it found that in the United States and Europe concerns about inequality trump all other dangers. (Atkinson, 2015, p. 1)

One of the most widely publicised and discussed contributions has been the major study by Thomas Piketty, which, with the aid of a wealth of data

going back to the nineteenth century, studied the long-term dynamics of the distribution of income between capital and labour.³ On the basis of this the author constructs a model that not merely explains the increasing share of income from capital over the last few decades but is also supposed to show that this trend is likely to continue into the future in the absence of certain drastic measures to increase taxes on income from capital assets. The implications of Piketty's model for future changes in the distribution of income between capital and labour has been subject to criticism, of course, but his statistical data for the last few decades match other sources of data in highlighting the increase in inequality that has been taking place during this period.

For example, a recent report by the OECD stated that 'the gap between rich and poor is at its highest level in most OECD countries in 30 years. Today the richest 10% [i.e. the top "decile"] of the population in the OECD area earn 9.5 times more than the poorest 10%. By contrast, in the 1980s the ratio stood at 7.1 times'.⁴ It goes on to say that 'The increase in income inequality is evident not just in a widening gap between the top and bottom income deciles, but also in the "Gini coefficient".' (This is a commonly used measure of inequality right across the whole range of the income distribution. Its value varies from zero, where everybody has identical incomes, to 1, where all income goes to only one person.) 'In OECD countries in the mid-1980s, the Gini measure stood at 0.29; by 2011/12, it had increased by 3 points to 0.32. The Gini coefficient increased in 16 out of the 21 OECD countries for which long time series are available, rising by more than 5 points in Finland, Israel, New Zealand, Sweden and the United States and falling slightly only in Greece and Turkey'.

And it should not be thought that the general increase in inequality is confined to the developed countries which are members of the OECD. A recent report from Peking University shows that the Gini coefficient in China rose from about 0.30 in the 1980s to 0.49 in 2012, which is higher than any other country covered by World Bank data except South Africa and Brazil.⁵

In most developed countries the increase in the inequality of incomes over the last three decades represented a break from the preceding decades. For example, in the USA until about 1980 the distribution of (pre-tax) incomes had become more equal and then remained fairly stable, with the Gini coefficient falling from around 0.38 in 1950 to around 0.35 in

the 1960s and 1970s. However, around 1980 it began to become more unequal with the Gini coefficient rising to 0.43 by 1993 and continuing to rise thereafter.

A roughly similar pattern emerged in the UK, albeit from a lower level of inequality. In the UK, post-tax and benefit income inequality fell steeply in the post-war period. However the Royal Commission on the Distribution of Income and Wealth attributed much of this to a steep post-war decline in the share of the top 1% because of much higher taxes.⁶ The Gini coefficient remained fairly stable at around 0.25 for the period from 1960 to 1980. But inequality rose steeply during the following decades, with the Gini coefficient rising from 0.25 in 1980 to some 0.34 by 1991, and to around 0.36 by 2010. Over the period from 1978 to 2005, the post-tax income share of the top 1% in the UK rose from around 6% to over 14%.⁷

The above data refer to the distribution of incomes of households, not of individuals. Hence, the reasons for the changes in the degree of inequality can represent a multitude of different factors. For example, for many of the early post-war years a significant rise in the proportion of women who went to work helped boost the household income of the poorer sections of the population. This meant that greater inequality of wages was offset to some extent by greater employment amongst female members of households, with a particularly pronounced effect in the USA. However, the overall effect of increased female participation is mixed – women with higher earning power are more likely to work, the single adult in one parent families may be able to earn less, and wives of employed husbands tend to earn more than the wives of the unemployed. And in any case, simple comparisons of household income do not take into account household size, as noted elsewhere. But the general view in the recent literature is that increased female participation reduced inequality in both developed and developing countries.⁸

Another major reason for any discrepancy between trends in the inequality of earnings and trends in the inequality of household incomes *after tax and benefits* is, of course, the incidence of redistributive policies. Atkinson shows that during the early post-war period in Britain the increase in inequality of household incomes was more than offset by the equalising effect of redistributive tax and benefit policies. But this effect went into reverse in the 1980s.⁹

Although the increase in the *post-tax and transfer* Gini coefficient since 1980 has been greatest in the UK (10 percentage points) and the USA (over 7 points), the same trend has occurred in most other OECD

countries, such as Finland (5 points), Germany, Spain, Norway and Australia (approaching 4 points), and the Netherlands, Canada and Japan (around 3 points). The only country that seems to have bucked the trend is France, which has seen a two-point reduction in the Gini coefficient since 1980.¹⁰ Nevertheless, on balance, taxes and benefits still have an equalising effect in all OECD countries. A recent authoritative and detailed study by the OECD summarises the situation regarding the impact of transfers (taxes and benefits) as follows:

Inequality of income before taxes and transfers is mainly driven by the dispersion of labour income and the prevalence of part-time employment and inactivity. Despite their wider dispersion, self-employment and capital income play a smaller role. Tax and transfer systems reduce overall income inequality in all countries. On average across the OECD, three quarters of the reduction in inequality is due to transfers, the rest to direct household taxation.¹¹

However, measures of overall inequality, such as the Gini coefficient, are probably not telling the most important part of the story as far as current political and economic problems are concerned. Perhaps what is more important is the position of the worst off sections of society in contrast to the manner in which the top 1% have increased their lead over the rest. A recent article by Martin Wolf in the *Financial Times* is headed 'The economic losers are in revolt against the elites'.¹²

For the USA there is an abundance of analysis based on official statistics compiled by the US Bureau of Labor and the Social Security Administration that documents the failure of typical wage earners in the USA, the largest market economy in the world, to reap the benefits of the overall increase in productivity and output in that country over the last few decades. For example, during the four decades from 1973 to 2013, although the productivity of the economy rose by about 140% the pay of a typical worker rose by only about 9% in real terms. Indeed, during this period in real terms the legal minimum wage actually declined.¹³ The counterpart of this is that whereas, in the 1980s, the pay of the chief executive officers of the largest American public companies was about 30 times the earnings of the typical workers in these companies, by the early years of the current decade it was about 270 times as much.¹⁴

Of course, among wage earners some did share equally in the overall rise in productivity, but the vast majority failed to do so. In

fact, even excluding the lowest paid workers, the 'middle class' (defined as those in the middle three-fifths of household incomes) received a much smaller rise in their average incomes than they would have done had the overall level of inequality (measured by the Gini coefficient) not increased over the last few decades. More precisely, in the latter part of the decade 2001–2010 the average household income in this group in the USA was about \$76,000, whereas if their incomes had risen in line with overall national income since 1979 it would have been about \$94,000.¹⁵

Although comparable data are not so readily available for other developed countries such data as are available tell a similar story. For example, data provided by the *International Labour Office* show that for the developed countries as a whole real wages rose by only about half of the rise in labour productivity over the last fifteen years. Of course, the picture varies somewhat from country to country. The gap between the rise in productivity and the rise in real wages was greatest in the USA, Germany, Spain and Japan, whereas in many other major developed countries, such as the UK, Australia and Canada, both wages and productivity rose more or less in line.

Given that the overall rise in prosperity in developed countries has been very modest over the last decade it is not surprising that the general failure of the worst off groups in society to share in this meagre overall rise in prosperity has hindered policies to reduce poverty. In the USA there has been little improvement in the poverty rate since the late 1960s.¹⁶ According to a recent report, 'The number of people living in high-poverty ghettos, barrios, and slums has nearly doubled since 2000, rising from 7.2 million to 13.8 million'.¹⁷

And in the European Union the 'at-risk-of-poverty' rate has risen in recent years so that the *European Union Social Protection Committee* reported in 2014 that there are 6.7 million more people living in poverty or social exclusion since 2008, representing a total of 124.2 million people for the European Union – that is, about one quarter of the population.¹⁸ Furthermore, although the correlation is not very high it does appear that, in fifteen OECD countries for which comparable data were available, higher poverty rates do seem to be accompanied by larger shares of income going to the highest income groups. Indeed, Atkinson's data show that, of the fifteen countries covered, only Switzerland has a below average poverty rate with a higher than average share of income going to the richest groups.¹⁹

2 POSSIBLE CONSEQUENCES OF INCREASING INEQUALITY?

Everyday life is constantly throwing up instances where the ‘justice’ or ‘fairness’ of the distribution or allocation of some goods or entitlements is a real practical problem. As Peyton Young puts it,

Equity is, after all, an everyday concern. Families try to divide up the household chores equitably among their members. Businesses are sensitive to issues of equity in the salaries and perquisites that they offer to their employees. Public agencies worry about equity when they decide who has access to public housing; how much to charge for basic services such as water, electricity, and public transport; who gets a kidney transplant; and who gets into a nursery school (or a nursing home). (Peyton Young, 1994, pp. xi–xii)

In this book I shall not consider these problems, which are in the domain of what Peyton Young calls ‘micro-equity’. Here I am limiting the discussion to the distributive justice of ‘macro-equity’, such as how incomes are distributed. This is because, as mentioned in [Chapter 7](#), the moral significance of an ‘efficient’ (i.e. a ‘Pareto optimal’) allocation of resources in the economy is limited by the macro-distributional features of society. And it is these that are a major source of social and political debate.

In [Chapter 6](#) I discussed the well-known possible conflict between ‘efficiency’ and ‘equality’, or what Arthur Okun called ‘the Big Trade-off’. It was pointed out that these two objectives may not *always* conflict. For example, if, in the interests of equality, there is less discrimination against women in the labour market, this is likely to lead to an increase in productive efficiency. And, conversely, some policies designed to increase productive efficiency may also increase equality between income groups. This would be the case, for example, with taxes on environmental pollution when their incidence falls mainly on richer people and if they enable taxes on poorer groups to be reduced or welfare benefits to be increased.

But there is a theoretical presumption that, in general, measures to reduce inequality, such as taxes on the rich and benefits to the poor, will reduce productive efficiency. After all, what is known as the ‘First Theorem of Welfare Economics’ demonstrates that, under certain conditions such as perfect competition, information, no externalities, and so on, any taxes or benefits will tend to reduce the overall productive ‘efficiency’

with which resources are allocated. Of course, everybody knows that these conditions do not prevail fully. Nevertheless, there is some theoretical and empirical support for the presumption that there is often a conflict between productive efficiency and equality.

According to the OECD study to which reference has been made above,

Some taxes have a greater adverse effects on economic activity than others. Personal and corporate income taxes are the most distortive taxes as they have sizable negative effects on labour use, productivity and capital accumulation. Shifting the tax mix away from such taxes and towards recurrent taxes on immovable property (the least distortive) and consumption taxes should thus raise living standards. However, there is likely to be a trade-off with the income distribution objective since personal income taxes are progressive while real estate and consumption taxes are at best neutral in a lifetime perspective. Targeted transfers, however, can reduce the severity of this trade-off.²⁰

This conflict has always seemed to be important because inequality – beyond a point – was widely believed to be undesirable. There are two classes of reasons for this belief. Many people believe that, beyond a point, inequality is simply ‘unfair’ or ‘unjust’ – that is, that equality is *intrinsically* valuable. Many people also believe that rising inequality has undesirable social or political effects – that is, that equality has *instrumental* value. The former view – that is, that beyond a point, inequality is ‘unjust’, or ‘unfair’ – that has pre-occupied philosophers for millennia. Unfortunately, as discussed later in this chapter, they have still not been able to reach any agreement about the intrinsic value of equality. At least, not yet. By contrast, much more progress has been made in recent years in establishing the *instrumental* value of equality, as summarised in the next section.

But in [Section 4](#), I return to the theory. And the stagnation of the earnings of the worst off sections of society indicated above happens to correspond to one of the most important contemporary contributions to the theory of justice and ‘just’ inequalities. This is John Rawls’s famous theory of justice, which is discussed at length in [Section 4](#). But before discussing this theory I shall digress briefly to review some of the evidence for the view that economic equality also has instrumental value.

3 THE INSTRUMENTAL VALUE OF EQUALITY

In the last few years several major contributions have been made providing empirical evidence of a link between economic equality and the welfare of society. For example, a recent OECD report states that ‘this long-run increase in income inequality not only raises social and political concerns, but also economic ones. It tends to drag down GDP growth, due to the rising distance of the lower 40% from the rest of society’. People on lower incomes have been prevented from realising their human capital potential, which is bad for the economy as a whole.²¹ A similar conclusion was reached in a recent IMF staff study. This found that

...lower net inequality [i.e. inequality after redistribution via taxes and benefits] is robustly correlated with faster and more durable growth, for a given level of redistribution. These results are highly supportive of our earlier work... redistribution appears generally benign in terms of its impact on growth; only in extreme cases is there some evidence that it may have direct negative effects on growth. Thus the combined direct and indirect effects of redistribution – including the growth effects of the resulting lower inequality – are on average pro-growth.²²

Inequality also has serious social effects, in addition to its negative effect on growth. These have been eloquently summarised recently by Nobel Laureate Joseph Stiglitz, who writes,

There are two visions of America a half century from now. One is of a society more divided between the haves and the have-nots, a country in which the rich live in gated communities, send their children to expensive schools, and have access to first-rate medical care. Meanwhile, the rest live in a world marked by insecurity, at best mediocre education, and in effect rationed health care—they hope and pray they don’t get seriously sick. At the bottom are millions of young people alienated and without hope. I have seen that picture in many developing countries; economists have given it a name, a dual economy, two societies living side by side, but hardly knowing each other, hardly imagining what life is like for the other. Whether we will fall to the depths of some countries, where the gates grow higher and the societies split farther and farther apart, I do not know. It is, however, the nightmare towards which we are slowly marching... Of all the costs imposed on our society by the top 1 percent, perhaps the greatest is this: the erosion of our sense of identity in which fair play, equality of opportunity, and a sense of community are so important.²³

It is true that Stiglitz's vision is of a possible future US society, but trends in the USA tend to be followed in other developed countries without much of a time lag.

Still at a general social and political level, beyond a point inequality has been alleged to have serious social and political consequences on account of its negative effect on a society's sense of cohesion. For example, Robert Reich, in a wide-ranging study of inequality trends, maintains that a thriving democracy depends on trust, and this depends, in turn, on the belief that the organisation of society is basically 'fair'. Hence, if growing inequality creates a general belief that society is operating only for the benefit of the few, not the many, this undermines a general respect for the legitimacy of capitalist democracy.²⁴ Furthermore, it is increasingly difficult to ignore the extent to which great wealth distorts the political process since it enables some of it to influence elections one way or another, through mechanisms such as control of the media.

One well-documented effect of inequality is its harmful effect on the health – both mental and physical – of people who are lower down in 'the social hierarchy'. For example, pioneering surveys by Sir Michael Marmot and others found that the lowest grades of Whitehall civil servants were about four times more likely to die during a given period than those in the highest grades. They were also more likely to suffer from heart problems, depression and back pain. This was after full allowance had been made for other variables, such as smoking and poor diet, and was not because they were impoverished. Among the civil servants, those at the top of the hierarchy – who, presumably, have more stressful jobs – have better health than those at the bottom.²⁵ (In fact, there are even studies that show that similar relationships exist in the animal world, for example in rhesus monkeys, where there is no need to adjust for other variables, such as smoking!)

Richard Wilkinson and Kate Pickett have also convincingly confirmed the conclusions of Marmot's work.²⁶ They showed that 'health gets worse at every step down the social ladder, so that the poor are less healthy than those in the middle, who in turn are less healthy than those further up'. In other words, it is not just those near the bottom of the social ladder whose health is affected.

Thus there is strong empirical evidence for the proposition that greater equality of certain variables, such as income or wealth, is simply desirable because it makes society a happier place, irrespective of any theories of distributive justice. For example, it can be argued that greater equality of

wealth or income reduces envy, or increases community solidarity, or enhances the dignity of the poorer groups in society, or leads to better industrial relations, and so on.

Of course, greater equality might also reduce the pleasure that some people may obtain from their possession of certain goods or services, known as ‘positional goods’, that give pleasure to their possessors on account of their rarity in addition to their intrinsic value. For example, much of the satisfaction of wearing a Dior dress or expensive jewels may come from the knowledge that most other women cannot wear the same things. If *perfect* replica Dior dresses could be worn by all the ladies their appeal to the wealthy would diminish. And if most young ladies wore bikinis hand-painted by Picasso others would probably regard them as rather vulgar (especially since one can guess what Picasso would have painted on them!).

4 THE INTRINSIC VALUE OF EQUALITY AND THE STAGNATION OF EARNINGS OF THE ‘WORST-OFF’

As indicated in [Section 1](#), one of the most striking features of the last two or three decades in some developed countries has been the stagnation of the ‘real’ incomes of the lowest paid members of society. It is likely that this has added to an increased dissatisfaction with the current state of society and resentment against the well-known increasing wealth of the richest members of society. And it is not surprising that this trend is regarded as politically dangerous. For it can obviously provide a culture in which populist extremist views can easily take root and flourish. And, as Martin Wolf points out in the article mentioned above, ‘Native populists must not win. We know that story and it ends very badly indeed’.²⁷

Thus, although there appear to be good reasons to believe that inequality in general has harmful social and political effects, it is probably not the general increase in inequality that has been most important in recent decades in creating a sense that society is, somehow or other, ‘unjust’. For the vast majority of people have never heard of a ‘Gini’ coefficient, or of ‘decile values’ and other widely used measures of general inequality in society. But most people are aware of how well-off they are and whether their economic position has been improving or not. And those on the lower rungs of the social and economic ladder will know that over the last

two or three decades their position has stagnated. Furthermore, the media and the cult of celebrity means that they are probably also well aware of the growth in the incomes of those on the top rungs. This contrast will inevitably create a feeling that while the economy as a whole may be growing, they are not getting a 'fair' share in it and all the benefits are going to the rich.

But what principles of justice would justify such a reaction and how would they relate to 'fairness'? An answer to this question happens to be a crucial ingredient in the most important contemporary contribution to the theory of justice, namely the Rawlsian theory of justice. For, roughly speaking, a central ingredient of Rawls's theory is that everybody, including the least well-off, should get *some* share in any increase in the general prosperity and stability of their society to which they contribute in however a modest way. And, as shown in [Section 1](#), this has manifestly not always been the case over the last two or three decades.

But most people who believe that some particular degree of inequality is 'unjust' would do so on purely intuitive grounds without explicitly deriving this from some prior coherent theory of justice. In his great book, *A Theory of Justice* (1971), Rawls tried to rescue sympathy for certain principles of justice, including dislike of considerable inequalities in society, from being purely intuitive or *ad hoc*, and to provide them with firmer and explicit logical foundations. His rejection of utilitarianism – and indeed of any teleological framework aimed to maximising some 'good' without reflecting the relationships between individuals – also corresponds to his emphasis on the function that principles of justice play in enabling people to live together peacefully in spite of different interests and beliefs. No philosophical publication in the last few decades has spawned such a vast literature as has this book. Naturally, given the subtlety, the vast scope, the originality and the ambition of Rawls's project, even Rawls's sternest critics find it difficult to discuss political philosophy without starting from Rawls.

Rawls constructed a theory that helped reconcile two apparently conflicting conceptions of justice, namely justice as *mutual advantage*, and justice as *fairness*, which is closely linked to the concept of justice as *impartiality*. Justice as mutual advantage is in a long and honourable contractarian tradition, going back to Hobbes, Locke, Hume and Rousseau – though each formulated their theories in very different ways and drew different conclusions. In this tradition a contract is 'just' if it is a freely negotiated contract by parties who have reached some agreement in

the light of their own self-interest. According to Rawls, 'Justice as fairness is an example of what I have called a contract theory'.

How did Rawls manage to combine a contractarian theory of justice with his emphasis on justice as fairness or impartiality? His ingenious solution was to conceive of a hypothetical contract as being drawn up *not* by actual people who knew what their particular situation in life happened to be, but by notional people in what he called the 'original position', behind a 'veil of ignorance'. In such a situation 'no one knows his situation in society nor his natural assets, and therefore no one is in a position to tailor principles to his advantage'. This appears to be an ingenious way of combining contractarianism with justice as fairness.

Since they would have no axe to grind the parties to the contract would be perfectly impartial. The 'original position' device suggests the image of a group of people drawing up rules for playing some game – like football or bridge – without knowing in advance what particular abilities or disabilities they will have when the game begins – for example, whether one will be fleet of foot, or possess good hand-eye coordination or quick thinking, or be good at mental arithmetic, or whatever. But since they agreed on the rules in question none of them could have cause to complain that the rules were 'unfair' if, when the game commences, some of them discover that the rules did not favour the particular skills that they possessed.

The principles of justice that would emerge from 'the original position' would depend on how the original position is characterised. Rawls assumed that the participants in the original position would not suffer from envy, but they would be risk averse. So they would not want to run the risk of being condemned to lives of poverty or oppression. He also assumed that they would be rational and that '... each tries as best he can to advance his interests'.²⁸ Given the characterisation of the original position as one in which participants would not know what position they would come to occupy, the principles of justice that emerge from it will be 'fair' in the sense that they emerge as a result of totally impartial negotiations over these principles. The glue that binds *actual* people to principles of justice, whatever position they happen to occupy, has to be stronger than self-interest and include respect for their manifest 'fairness'.

To what basic principles of justice would the participants in the Rawlsian original position agree? Rawls argued that the notional participants in the original position would agree to the following two basic principles:-

- (a) Each person has an equal right to a fully adequate scheme of equal basic liberties, which is compatible with a similar scheme of liberties for all.
- (b) Social and economic inequalities are to satisfy two conditions. First, they must be attached to offices and positions open to all under conditions of fair equality of opportunity; and second, they are to be to the greatest benefit of the least-advantaged members of society (this is what he called 'the difference principle').²⁹

Of course, as they stand these two principles raise a host of questions concerning their precise interpretation and justification, and whether they are even consistent with each other. It is to these that Rawls devoted a substantial part of his 1971 book and his later (2001) clarifications and amendments. But I am only concerned here with some of the implications of his guiding principles. In 2001 he reformulated them slightly to make more explicit the point that inequalities should work to the benefit of the least well-off members of society.³⁰

The idea is that even the least fortunate groups in society will accept certain economic inequalities as 'just' as long as they believe that the system of rewards necessary for social cohesion and increased economic progress benefits them as well as everybody else. In simple terms, they accept the 'trickle down' theory and believe that it justifies their relatively low position. The details of what it is that is to be distributed equally or unequally are spelt out in detail by Rawls, but basically they are social 'primary goods', which include rights and liberties, opportunities and powers, income and wealth, and the basis for self-respect, which he suggests may be the most important primary good.³¹

One way of appreciating the distributive principle is to go back to the problem that is supposed to have been first formulated by Plato, concerning what to do with a flute. Who has the greatest claim to it? The person who made it, or the person who would derive the most pleasure from it, or the person who would be the most skilful performer with it? Of course if we are talking about a single good, such as one flute, one can hardly cut it up and share out the pieces to the different people who have a claim. But the person who made the flute presumably has *some* claim, so he should be rewarded somehow or other, such as a nice Greek vase to put on his mantelpiece.

And in an economy in which a vast number of different goods and services are produced, there is no technical difficulty in giving some appropriate reward to everybody who has made some contribution,

however modest, to the viability and progress of that economy. Their ‘right’ to this reward would be one of the principles of justice that would be enshrined in the contract drawn up by people in the ‘original position’. So, if some members of society today feel that they are getting nothing out of the peaceful functioning and progress of their society, Rawls provided them – with extraordinary prescience – with a theoretical justification for their resentment at being victims of an injustice.

In conclusion, in addition to the *instrumental* value of equality set out in the last section, it seems that a strong case can also be made out for it also having *intrinsic* value by virtue of its part in a theory of justice.

5 THE LIBERTARIAN CRITIQUE OF EGALITARIANISM

Of course, one would not expect such a position to go unchallenged. And Rawls’s theory of justice has been challenged from opposite directions. From one side it can be challenged as being insufficiently egalitarian, for one reason or another.

But the most common challenges have come from those who maintain that Rawls is *too* egalitarian. One of the most important of these has been the late Robert Nozick’s theory of entitlements, set out in his scintillating and seminal 1974 book, *Anarchy, State, and Utopia*. Many years later he wrote that the view he expressed in that book was ‘... one that now seems seriously inadequate to me’.³² But one of the basic themes of the book, which is still commonly regarded as expressing the essence of ‘libertarianism’, was, as mentioned earlier in [Chapter 10](#), that ‘Individuals have rights, and there are things no person or group may do to them (without violating their rights). So strong and far-reaching are those rights that they raise the question of what, if anything, the state and its officials may do’ (Nozick 1974, ix).

The essence of Nozick’s theory is that, as long one has acquired one’s assets legitimately, it does not matter – within reason – what particular pattern of distribution of assets then emerges from the exercise of freedom to do what one likes with them. This is not so much a critique of egalitarianism *per se* as a criticism of the enforcement of a particular pattern of distribution since this may conflict with certain rights, notably rights to property that had been acquired by legitimate means.

In an important respect he shares with Rawls the rejection of the utilitarian neglect of the rights of the individual. But Rawls and Nozick differ, however, on the question of which rights are most important. To oversimplify, we can say that for Rawls, one of the most important

distributional rights is a right to a share of society's output. For Nozick, on the other hand, the most important rights are rights over oneself – the rights which constitute 'self-ownership'.³³ There is obviously no objective way of comparing the intrinsic value of these conflicting 'rights'.

Starting from the rights over oneself, Nozick went on to develop – rather as did John Locke in 1690 – an 'entitlement' theory of property rights to the effect that everybody has an equal natural right to dispose of their property in any way that they please, provided that this does not infringe on other people's rights and that the property in question has been acquired as a result of freely negotiated transactions. To take away any property that has been acquired legitimately would, therefore, violate a 'negative' right, in other words the right not to have certain things done *to* you, such as deprive you of your property or liberty, by contrast with a 'positive' right to have certain things done *for* you, such as provide you with a job or a house and so on. Nozick made the point that certain principles of 'justice', such as that everybody has a 'right' to something or other, '... treat objects as if they appeared from nowhere, out of nothing'.³⁴ In other words, it seems to avoid the problem that the goods or services in question belonged to somebody who had acquired them 'legitimately'. In the absence of a theory that justified this violation of property rights this would rule out many – and perhaps all – of the 'positive' rights that are commonly claimed today in many spheres of social organisation and that one eloquent exponent of libertarianism, Anthony de Jasay, describes as '... the obligatory buzzwords in any political theory aspiring to modernity'.³⁵

6 THE 'LEVELLING DOWN' CRITIQUE OF EGALITARIANISM

A more general and well-known philosophical objection to the intrinsic value of egalitarianism is what Derek Parfit called 'The Leveling-Down Objection'.³⁶ This is the objection that equality cannot be *intrinsically* valuable since, if it were, it would make sense to promote it by reducing the particular 'good' (whatever it happens to be) of those who happen to have most of it even if this did not lead to any increase in the amount of the 'good' received by the worst off.

Thus, consider a change that results purely in greater equality but in which the worse off do not receive any of the 'good' taken away from the better off. And exclude, for the time being, cases where the reduction in the inequality of the 'good' increases society's welfare indirectly. Many people would believe that such 'pure' levelling down would not make

sense. If we achieved greater equality of incomes, for example, simply by taking some away from the rich even though none of it would go to the poor (e.g. it would all get lost through reduced incentives, bureaucratic procedures, etc., that Okun referred to as the ‘leaky bucket’) few people would approve an increase in equality achieved this way on the grounds of its intrinsic value. Some of those who did so may be motivated largely by envy, which has no moral significance.

Why should we believe that levelling down without improving the welfare of the worse off has no moral force? One reason would be that many people would subscribe – without, presumably, being aware of it – to what is known among philosophers as the ‘Person-Affecting Claim’ (to use the terminology of Parfit, who first demonstrated fully the power and implications of this claim), or what Temkin has called, more conveniently, ‘The Slogan’.³⁷ Temkin defines ‘the Slogan’ as follows: ‘*One situation cannot be worse (or better) than another if there is no one for whom it is worse (or better)*’.³⁸ Thus a more equal society cannot be ‘better’ than a less equal society if nobody is better off in it. Consequently, if reducing the G (i.e. the ‘good’) of the better off does not improve anybody else’s G then the new situation cannot be better than the old one. It has nothing to do with what we take to be G. Whether it is utility, or welfare, or resources, or opportunities for any of these things, or for anything else, the notion that we should equalise G by reducing the amount of G of those who have most of it without increasing the G of anybody else does not seem appealing. Nevertheless, some political philosophers would assert that ‘fairness’ has an intrinsic value, so that, even if nobody is better off as a result of some levelling down, it could still be justified on ‘fairness’ grounds provided the reduction in overall G is not excessive.

Whether the elimination of ‘unfair’ inequalities even if nobody is actually made better off has the intrinsic value that Temkin and some others claim is, of course, a major value judgement. As Roger Crisp once said to me, ‘Even if there is a kind of goodness that is not good for any being, why should we care about it?’ In other words, what is so ‘good’ about it?

7 PRIORITARIANISM

As I have suggested above, the theoretical concept of social justice probably plays very little part in the way that most people see the problem of distribution. As well as some intuitive feeling about what constitutes an injustice most people are probably motivated also by sentiments of

'sympathy' of the kind set out by Adam Smith and David Hume. This would take the form of a desire to relieve obvious poverty or deprivation. One proponent of the view that equality should not be the focus of our concern is Harry Frankfurt, who argued that

Inequality is a purely formal relationship, from which nothing whatever follows as to the desirability or value of any of the unequal terms. The egalitarian condemnation of inequality as inherently bad loses much of its force, I believe, when we recognize that those who are doing considerably worse than others may nonetheless be doing rather well. Surely what is of genuine moral concern is whether people have good lives, and not how their lives compare with the lives of others.³⁹

In similar vein, Raz writes that '... wherever one turns it is revealed that what makes us care about various inequalities is not the inequality but the concern identified by the underlying principle. It is the hunger of the hungry, the need of the needy, the suffering of the ill, and so on'.⁴⁰ In other words, it is argued, most people – egalitarians included – do not seem to be much concerned with equality per se, although they are genuinely concerned with equality as a means of reducing some 'bad'.⁴¹

Even the argument advanced by Nagel in favour of the intrinsic value of egalitarianism is essentially an argument in favour of giving priority to those in greater need. He argues that 'egalitarianism... establishes an order of priority among needs and gives preference to the most urgent...'.⁴² He defends this on the grounds that, faced with several options, as a matter of basic principle society ought to choose between options the one that is least unacceptable to the person to whom it is most unacceptable. And, he argues, 'A radically egalitarian policy of giving absolute priority to the worst off, regardless of numbers, would result from always choosing the least unacceptable alternative, in this sense' (*op. cit.*, p. 123).⁴³

These views might appear to resemble Rawlsian concern that the gains from social and economic cooperation in a society be shared out in a way that benefits the worst off members of that society. But there is an important difference. The Frankfurt and Raz views are more akin to what is known as 'sufficiency' or 'prioritarianism'. For, unlike the Rawlsian principle, this does not take account of people's *relative* position. For Rawls, the worst off are those who are worse off relative to everybody else. In 'prioritarianism' the worst off are those who are the most badly off compared to

how they would be under a different distribution, not compared to how badly off, or well off, they are compared to other people.⁴⁴

In other words, the distinctively moral case for giving priority to benefits to the worst off is that what is bad about people being badly off is simply that they are badly off in *absolute* terms. The criterion of an improved distribution is not that it reduces inequality it is that it benefits most the people who – from society’s point of view – would obtain the most benefit.⁴⁵ Of course, comparisons have to be made: by definition the term ‘priority’ implies comparisons. But what is compared is not the relative starting position of the people in question but a comparison of who – in the eyes of society – would benefit most from a different distribution.

In practice, of course, it will usually make little difference whether society gives priority to those who it believes will benefit most or gives priority to those whose increase in welfare will contribute most to equality. As a rule, the two groups would coincide. But one can imagine theoretical scenarios where this is not the case.⁴⁶ This is why the qualifying clause ‘in the eyes of society’ is essential in this theory since it rules out redistribution to the rich in cases where they might gain more utility from having more caviar and fine wines than would the poor from more basic needs. Thus a prioritarian social welfare function would still be in terms of the benefits to the worst off, as valued by society, not by the beneficiaries. This also implies that the recipients of the benefit may not appreciate or anticipate the extent of their benefit. This might be the case for example, if the ‘capabilities’ of the worst off are increased in a way that expands their horizons and the scope for realising more fully their potentialities.

A common example would be education, where people who had been deprived of it were unaware of the way that it could enrich their lives. One theoretical advantage of the prioritarian view is that it is not vulnerable to the ‘levelling down objection’ to egalitarianism that we have discussed above. For egalitarians there is some merit – up to a point – in reducing the welfare of the better-off even if the worse off receive nothing as a result, since it would still increase equality, which can be set off against the loss in total welfare. To a prioritarian, if the worse off gain nothing such ‘levelling down’ has no merit at all.

Some people would go further than simple prioritarianism and prefer an amended version of the Priority view, which, as described by Roger Crisp, incorporates a threshold. According to this view, we should give priority to people below a certain threshold of welfare, but, apart from that, we

need not care much about the distribution of welfare among the rest of the population.⁴⁷

However some people might like to qualify prioritarianism – like most other egalitarian principles – by a widespread intuition that there is no moral obligation to help people who are in some sense responsible for being badly off. For example, Arneson proposes what he calls ‘responsibility-catering prioritarianism’, about which he says that ‘Roughly stated, the idea is that justice requires us to maximize a function of human well-being that gives priority to improving the well-being of those who are badly off and of those who, if badly off, are not substantially responsible for their condition in virtue of their prior conduct’⁴⁸ (Arneson, 2000, p. 340). This would correspond to the tendency that Atkinson says is prevalent in recent economic literature to separate the determinants of economic outcomes into those ‘due to circumstances that are beyond personal control, such as family background, and “effort” for which an individual can be responsible’.⁴⁹ However whether it is possible to make moral distinctions between lucky people who have inherited genes that gave them more brains or athletic talent or self-discipline and capacity for hard work, and people who did not have any such luck, is an interesting subject for speculation.

To summarise, therefore, one can distinguish various types of ‘egalitarianism’ and ‘prioritarianism’.

- (i) Straightforward egalitarianism focuses on relativities right across the board.
- (ii) Rawlsian egalitarianism focuses on the worst off group in society, and tolerates inequalities provided they are to the benefit of that group.
- (iii) Prioritarianism focuses on those who would gain the most absolute benefit, whatever their position relative to others (‘benefits’ being judged by society, not by the recipient).
- (iv) Threshold prioritarianism focuses on those who are below some specific, absolute threshold and ignores the distribution of welfare above them.
- (v) Responsibility-catering prioritarianism takes into account how far people are regarded as morally responsible for their plight.

Of course, the above beliefs are not mutually exclusive. One can, for example, believe that there are good reasons – instrumental or intrinsic – for

believing that overall equality is a desirable objective, while still believing that policy ought to focus on helping the poorest members of society or curbing the potential power of the richest.

NOTES

1. Penguin Classics edition, 1987:396/7.
2. These include books by Atkinson, A.B.; Deaton, A.; Marmot, M.; Wilkinson, R., and Pickett, K.; Piketty, T., Reich, R.B.; Stiglitz, J.; and reports by the OECD and the World Bank.
3. Piketty, 2014.
4. OECD, 2014.
5. Wildaum and Mitchell, *Financial Times*, 14 January, 2016.
6. Royal Commission on the Distribution of Income and Wealth [RCDIW] 1979, [Cmnd. 7595]:17. The World Top Incomes Database estimates suggest that the post-tax income share of the top 1% in the UK fell from around 12% in 1945 to just over 8% in 1960.
7. Atkinson, Piketty and Saez, 2011: 41, Figure 8.
8. Using Luxembourg Income Survey (LIS) data for 17 industrialised countries, Harkness (2010) has explored in detail the link between female participation and inequality, while Sobhee (2011) has demonstrated the importance of changes in female employment in a variety of developing countries in Latin America and Sub-Saharan Africa.
9. Atkinson, 2015:66.
10. Atkinson, 2015:82, Figure 2.7.
11. OECD, 2012:3.
12. *Financial Times*, 26 January, 2016.
13. Mishel, Gould and Bivens [EPI] 2015: Figures 2 and 8
14. Mishel *et al.*, *ibid.*: Figure 7.
15. Mishel *et al.*, *ibid.*: Figure 1.
16. Atkinson, 2015:24.
17. Jarowsky, *Financial Times*, August 7th, 2015.
18. Atkinson, *ibid.*
19. Atkinson, *ibid.*: Figure 1.4.
20. OECD, 2012:10.
21. <http://www.oecd.org/social/in-it-together-why-less-inequality-benefits-all-9789264235120-cn.htm>
22. Ostry *et al.*, 2014.
23. Stiglitz, 2012 and 2015.
24. Reich, 2015.
25. Marmot, 2004 and 2015.

26. Wilkinson and Pickett, 2009 and 2011.
27. Wolf, M., Financial Times, 26 September 2007:15.
28. Rawls, 1971:142.
29. Rawls, 1993. The principles as set out in 2001 [in *Political Liberalism*] and reproduced here differ slightly from those originally set out in 1971, p2. 50, but it would be out of place here – and irrelevant to the main argument – to embark on an analysis of the differences.
30. This was, of course, implicit in his earlier 1971 formulation which required that social and economic inequalities be 'reasonably expected to be to everyone's advantage' (1971:60) and was made explicit at numerous points in the book, such as '... the higher expectations of those better situated are just if and only if they work as part of a scheme which improves the expectations of the least advantaged members of society' (*loc. cit.*:75).
31. For example, Rawls, 1971:440.
32. Nozick, 1989:17.
33. Kymlicka., 2002:108.
34. Nozick, 1974:160.
35. de Jasay, 2010a:8. See also his provocative dissection of the concept of 'rights' in de Jasay, 2010b.
36. Parfit, 1991:17–18 and *passim*.
37. This corresponds to what Broome calls 'the principal of personal good' in Broome, 1991:ch.8.
38. Temkin, 1993:248.
39. Frankfurt, 1997. See also a much later re-statement of his views in Frankfurt, 2015.
40. Raz, 1986:240.
41. On prioritarianism, see also Parfit, 1991; Broome, 1991; Fleurbaey, 2006.
42. Nagel, 1979:116–117.
43. Strictly speaking, one ought to distinguish between three concepts, namely (i) being the worst off; (ii) having greatest needs; and (iii) deriving the most benefit from redistributive policies. But for purposes of the point made here it is assumed that all three are sufficiently closely correlated.
44. See e.g. Parfit, 1991:22; Brighouse and Swift, 2006:fn.2
45. Before the concept of 'prioritarianism' came into widespread use it was discussed by Broome as an 'additively separable utility function', in Broome, 1991:179ff.
46. For example, as shown in Broome, 1991:185; or Brown, Campbell, 2005.
47. Crisp, 2003: 757.
48. See also Arneson, 2000.
49. Atkinson, 2015:9.