

What would a society regulated by Rawls's principles look like?

Rawls's principles—(1) equal basic liberties for all, (2) fair equality of opportunity, and (3) the difference principle along with just savings for future generations. The principles are lexically ordered, so 1 trumps 2 and 2 trumps 3. (For final statement of principles, see pp. 266-267.)

What institutions and practices would a society have, in order to satisfy these principles?

To satisfy equal basic liberty: Rawls posits a constitutional democracy, with basic liberties constitutionally protected. One twist: Rawls affirms the 'fair value of political liberty' should be maintained. See page 197: "ideally, those similarly endowed and motivated should have roughly the same chance of attaining positions of political authority irrespective of their economic and social class." (So Rawls appears to favor, for example, campaign finance reform laws.)

To satisfy fair equality of opportunity (FEO): Rawls does not give us much guidance. Possibilities: (1) Public schools, with greater funds going to schools attended by children whose parents are less wealthy or less educated, (2) vouchers given to parents for the purpose of helping them pay for the education of their children, the size of the voucher inversely proportioned to parents' wealth, (3) pre-school programs (whether privately or publicly funded) to augment the early learning of children whose parents are less educated or less wealthy, (4) talent-based after-school and summer camp programs for natively gifted children, (5) Big Brother and Big Sister programs to the max (adults with no children volunteer to act as older siblings on a sustained basis toward children identified as suffering educational/socialization disadvantages), (6), state requirements that schools whether public or private should contain a wide mix of children from all social classes, (7) ????? .

To satisfy the difference principle. This requires that "social and economic inequalities are to be arranged so they are to the greatest benefit of the least advantaged, consistent with the just savings principle."

Benefits are measured by an index of primary social goods (other than basic liberties, which are protected by the first principle of justice).

The worst off group: Rawls suggests we might conceive of this group as including "persons whose family and class origins are more disadvantaged than others, whose natural endowments (as realized) permit them to fare less well, and whose fortune and luck in the course of life turn out to be less happy" (p. 83). Next page, Rawls suggests we might think of the worst off either as those who have the income and wealth of unskilled workers or less. Another possibility he mentions is to take all persons with less than half of the median income and wealth as worst off. (He is here assuming income and wealth holdings correlate with possession of other primary social goods.)

What institutional arrangements would make the worst off people best off? This is a question for social science to answer. Whatever arrangement of the basic structure of society would be most advantageous for the least advantaged consistent with just savings (and taking into account the priority of equal basic liberties and FEO) is what Rawls's principles require. Rawls suggests the best economic arrangements for this purpose would include a free market economy, whether capitalist or socialist. Ruled out is a command economy, with individuals assigned to jobs by the state. This would conflict with the basic liberty of free choice of careers in a context of wide choice. Rawls offers the opinion that justice would be best served by what he calls "property-owning democracy" as distinguished from a welfare state. (See pp. xiv and xv of "Preface to the Revised Edition." A property-owning democracy is a market economy, with private ownership of means of production, and measures in place to spread the ownership of wealth including human capital. (Why not a welfare state? Rawls in an essay written after *A Theory of Justice* considers the possibility that if income were given to people regardless of whether they seek or shun employment, we might end up with talented charming youth choosing to spend their lives surfing

off Malibu and living on the state-provided funds. He responds: we have to think of the leisure of the able-bodied as a primary social good. No income guarantees to able-bodied people with a strong preference for leisure over money-making activity.)

However, it seems to me that Rawls should be open-minded on the empirical issue, what set of institutions would best achieve the difference principle given we have already done what we can for basic liberty and FEO. At one extreme, laissez-faire unregulated capitalism might over time best boost the prospects of those who have least. At the other extreme, a command economy with central planning might do best for those who end up with least and could satisfy the basic liberty of free choice of careers and jobs by putting in place a loose plan that allows individuals to apply for any job they like, the job going to the most qualified who wants it. These are questions for social science, not armchair philosophy.

To fix ideas, just suppose we will be working with an economic system that is a free market system with private ownership of assets. The question then becomes, what arrangement of the market economy would do most to maximize the primary social goods holdings of the worst off over time? Here are some possibilities: (1) a tax and transfer system. Tax those with above average income and transfer the proceeds to those who have least. The optimal tax rates are those that maximize the long-term shares of the worst off. (At the optimal point, if tax rates were raised, the people paying high taxes would switch from paid activity to leisure, and the amount available for redistribution would fall.) (2) A basic income scheme. Guarantee everyone an unconditional basic income. Set the basic income as high as possible consistent with its long-term sustainability. The funds for the basic income are gained by taxing the income of those who choose to work so as to earn more than the basic income guarantee. This idea sometimes is called a "negative income tax" proposal, so-called because the income tax system will pay people whose income for the year falls below the basic income guarantee, to take up any shortfall. (The negative income tax idea was considered seriously by President Richard Nixon years back.) Objection: this scheme rewards the "undeserving," the able-bodied would-be loafers. Rawls rejects desert considerations; see chapter 5, sections 47-48. (3) The state offers low-skill jobs to people who have trouble finding work in the market economy. The state becomes employer of last resort. In these jobs, people do socially useful work for which there is no market demand (e.g., wiping the oil off birds harmed by toxic spills, or planting trees in deforested abandoned areas). For able-bodied individuals, government employment not income provision is the only form of aid offered. (4) Provide a lump sum of money to each person on attainment of adult status, if the person otherwise lacks wealth. The funds for this purpose are gained by taxation including taxation of gifts and inheritances. So with this scheme in place, everyone starts adult life with some wealth. (5) Set an upper limit of the amount of money any individual can gain by gift or inheritance over the course of her life. (6) Subsidize the wages of low-wage earners so that their post-tax earnings per hour are as high as possible. This is done by adjustments to the income tax system (earned income tax credits). (7)???

Do any of 1-6 look problematic or wrong-headed, as means for satisfying the difference principle? Are there promising policies not included on this scrappy list?

To satisfy the just savings principle. I suppose tax policy could be set to favor savings over consumption. Rawls does not give us any guidance on this point either. (If the wealthy are firmly disposed to save their wealth, and the poor are firmly disposed to spend any available income, just savings could constrain the degree of equalization of wealth and income otherwise mandated by the difference principle.

Equalization. It's an open question, again a question for social science, to what degree equalization of wealth and income would work to maximize the primary goods holdings of the worst off. In principle, a society with extreme inequality of wealth and income could be one in which the income and wealth (and other primary social goods) of the least advantaged are as great as possible. It is also possible that FEO would require equalization beyond what the

difference principle taken by itself would require. (This would be so if it turned out we could not satisfy FEO if the gap between richest and poorest exceeds a certain point.)