Critique of Rawls (cont)

What is economic equality? 1

About income and wealth

The capability approach
Two limitations

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- Justice between nations
- Justice between generations
Mainly Norwegian critique, as far as I know
Is economic equality a good in itself?
Rawls: an additional remark

Kari has no moral right to what she has produced
ECON 4270 Distributive Justice Lecture 6: About income and economic resources. The Capability Approach

What is economic equality? 1

Economic equality?

There are several conceptions of economic equality.

▶ Equality of welfare
▶ Equality of primary goods
▶ Equality of income
▶ Equality of marginal utilities??
Advocating equality of income is sometimes called **resourcism**
(equality of economic resources)
But economic resources can also be understood in different ways
About income and wealth

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(See also chapter 9 in Bojer’s book)
Income and wealth
together determine a person’s economic resources
or
access to economic goods
Wealth

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A stock of goods
Money or real goods
(House, consumer durables)
Income and wealth

Figure 9.1
There are several concepts of income:

- Annual income
- Lifetime income
Income

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According to recipient:

▶ Household income
▶ Individual income
Income

According to source:

1. Wage income (earnings)
2. + Capital income
3. + Transfers
4. = Total income
5. − Taxes
6. = Disposable income
Income

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According to compass
  ▶ Cash income
  ▶ Extended income
  ▶ Full income

Extended income is cash income + value of home production and value of public services
Full income is extended income plus value of leisure time.
Full income
Full income

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Includes leisure and home production and other income in kind.
Takes into account that time is a scarce good
Takes into account choice of working time
cf Kymlicka pp 72 and 73
Equality of what?

We have seen that welfarism, interpreted literally, creates some ethical problems. Rawls tries to avoid the pitfalls of welfarism by postulating primary goods: goods that everyone would want (more of) whatever their life project (preferences). I shall discuss two other theories that avoid welfarism: The capability approach (Sen, Nussbaum) and equality of resources (Dworkin).
The capability approach

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Introduced by Amartya Sen
b. 1933
Indian economist, professor at Harvard University
Nobel prize for economics 1998
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There is a society:
The Human Development and Capabilities Association
HDCA
with a website and a journal
The capability approach is also partly adapted by the UNDP
Reports on literacy, infant mortality and expected length of life
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Sen’s’s criticism of Rawls and resourcism:
People have different needs,
and therefore need different amounts of economic goods to satisfy them.
Distribution within the family
Of welfarism (and happiness):
adaptive preferences
Capability approach

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The central idea of the capability approach: genuine freedom to choose your life
cf: Development as Freedom
The aim of both distributional and other policies should be to secure
important capabilities
Important concepts:

▶ Functionings
▶ Capabilities

A capability is the capability to achieve a functioning
Examples:
food:
starving
fasting
mobility
wheel chair and equipment if you are lame
Nussbaum: capability of sexual enjoyment
social participation: relative poverty
A further concept: Conversion factor
converting resources into capabilities
The amount of calories etc you need to be capable of adequate nourishment
converting capability into functioning
your ability to eat??
The capability approach

Capability approach

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The capability approach is an approach a way of thinking Sen has refused to specify a list of capabilities the subject of democratic deliberation
Capability approach

There is a bundle, or a list, of capabilities, not (necessarily) to be weighted together in an index. Capabilities are individual (cf distribution within the family)
Martha Nussbaum has suggested a list of capabilities which is, apparently, controversial.
Example of list of capabilities

- life
- physical security
- health
- education
- standard of living
- productive and valued activities
- individual, family and social life
- participation and voice
- identity, expression and self-respect
- legal security.
Example from a USA study
more about empirical work posted on our website
Norwegian level-of-living surveys

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(Norwegian: Levekårsundersøkelser)
carried out by Statistics Norway (Statistisk sentralbyrå)

▶ Health
▶ Social participation
▶ Political voice
▶ Housing standard
▶ Leisure
▶ Education
▶ Employment status
▶ Conditions at work