

Economic Duties and Economic Justice:  
Why Philosophers Need to Think About How Things Work in the World<sup>1</sup>

Joseph H. Carens  
University of Toronto

**Preface**

When I began work as a political theorist – a long time ago, now – I found myself strongly drawn to the radical critiques of capitalism that were very much in the air at the time. I was not drawn, however, to the view that all we had to do was to tear down the system in order to make things better. It has always seemed to me that it is also possible to make bad things worse. For that reason, when I engage in criticism, I always want to think about the alternative to the thing being criticized, and about the advantages and disadvantages of that alternative. At the same time, I do not want to limit my consideration of alternatives to things that are immediately possible, politically or socially, lest we justify wrongs simply because they are deeply entrenched and not easily changed. I don't want to preclude radical criticism, but I do want to have reason to believe that there is an alternative that would actually be better under the right circumstances.<sup>2</sup>

One consequence of my intellectual orientation is that I tend to be much more interested in the evaluation of institutional alternatives (using the term “institutional” here in a broad sense to refer to any sort of patterned social arrangements) than many philosophers. Philosophers working in the Anglo American analytic tradition often like to identify abstract principles which they then evaluate (positively or negatively) by asking their readers for their intuitive moral responses to the implications of those principles for particular cases -- often imaginary, even unrealistic hypothetical cases designed to reveal some feature of the principle in stark relief. That sort of approach can sometimes be helpful for evaluating principles (though it is often not, in my view), but it is unlikely to be helpful for evaluating institutional arrangements. One characteristic feature of every institutional arrangement with which I am familiar is that it sometimes does not work in the way in which it is intended to work. So, a single example showing that the institution would work badly in a particular case is not enough to discredit the institution. To evaluate institutional arrangements, one has to consider them in comparison with the best alternative institutional arrangement and to take into account how well the institutional arrangement deals with its own failures to work as intended. (Think of appeals systems in legal contexts.)

I mention all this as a way of providing a framework for understanding the intellectual aspirations of this paper and of the larger project of which it is a part. Ultimately, I am interested in addressing the question of what institutional arrangements would be required in, or at least compatible with, a just world. One view that shapes much of the project is that any plausible set of just social arrangements, whether within a given society or across the world as a whole, will have to make considerable use of the price mechanism and decentralized decisionmaking, or, in other words, of the market.

Thus a big part of the challenge of describing the institutional arrangements of a just world will be to explain how the market can be tamed so that it serves desirable social goals and generates desirable social results, at least for the most part. In this paper, I seek to identify one small example of what I think justice requires with respect to economic arrangements, namely, a separation, for the most part, between the relative value of someone's contributions to economic production and the access that a person has to what has been produced. I show how a particular institutional arrangement, namely the use of certain kinds of social norms, can facilitate that desirable separation.

## **I. Principles and Institutions**

In *Rescuing Justice and Equality* Jerry Cohen argues that John Rawls's principles of justice should lead to a more egalitarian view with respect to the distribution of income than the view Rawls himself adopts.<sup>3</sup> On Cohen's reading, Rawls thinks that justice requires income incentives for the most talented if those incentives would induce the most talented to use their abilities more productively than they would without the incentives, so long as the increased overall output is distributed in a way that benefits those with the lowest incomes. Cohen argues that if the talented really accepted Rawlsian principles of justice, especially the difference principle, they would voluntarily use their abilities in a highly productive way, even in the absence of income incentives, at least so long as this did not require them to bear above average burdens of work and did not impose excessive restrictions on their personal prerogatives (i.e., their moral right to follow their own desires and inclinations to some reasonable extent without worrying about the consequences of their choices for those with the lowest incomes). So, Cohen argues, a just society would rely on an egalitarian ethos, rather than on economic incentives, to motivate the most talented to use their abilities in ways that benefit those at the bottom.

On the whole, I agree with the egalitarian position that Cohen seeks to defend. I leave it to others to determine whether this position is best understood as a critique of Rawls or as a clarifying interpretation of his views. There are passages and arguments that support both accounts. In at least one respect, however, I agree with Rawls more than with Cohen. It is important for philosophers to think through the institutional implications of the principles that they defend.

In arguing for an egalitarian ethos, Cohen focuses primarily on questions about principle. He is not much interested, as a philosopher, in questions about institutional arrangements or, more generally, in how an egalitarian ethos could actually be realized, because he thinks of such issues as factual matters. As he explains in detail in the second part of his book, he thinks that questions of principle are independent of questions of fact and that philosophers should focus on questions of principle. In developing his critique of Rawls, Cohen occasionally mentions some concrete arrangement or some specific policy proposal, but most of the examples in his book focus on hypothetical cases about individual behavior and are intended to illuminate some principle rather than to show how a social arrangement might work more generally.

Cohen's approach contrasts sharply with that of Rawls. At one point, in explaining why it is important for philosophers to think about social institutions, Rawls says:

It is important to trace out, if only in a rough and ready way, the institutional content of the two principles of justice. We need to do this before we can endorse these principles, even provisionally. This is because the idea of reflective equilibrium involves our accepting the implications of ideals and first principles in particular cases as they arise. We cannot tell solely from the content of a political conception – from its principles and ideals – whether it is reasonable for us. Not only may our feelings and attitudes as we work through its implications in practice disclose considerations that its ideals and principles must be revised to accommodate, but we may find that our sentiments prevent us from carrying it out. On reflection we cannot live with it.<sup>4</sup>

For Rawls then, thinking about how one might translate principles of justice into practice is an essential part of any satisfactory reflection about justice, even in ideal theory. As will become apparent in the course of this paper, I don't think that Rawls himself pursues this task as fully as he should, and so the contrast between my approach and Cohen's is even sharper than the contrast between Rawls's approach and Cohen's. Nevertheless, more than most philosophers, Rawls thinks about how societies actually work and how that can affect our thinking about questions of principle. When Rawls says, in the passage just quoted, that "the idea of reflective equilibrium involves our accepting the implications of ideals and first principles in particular cases as they arise," he does not seem to mean (if we can judge from his own writing) that we should spend our time thinking about what the principles might imply for hypothetical individual cases. Instead, he seems to mean that we should reflect upon the ways in which the challenge of trying to turn abstract principles into concrete social practices affects our thinking about, and our articulation of, those principles.

In this paper, I want to apply this Rawlsian approach to the egalitarian ethos. I want to view the egalitarian ethos not just as a way to articulate philosophical principles but as a social mechanism that can make it possible both to realize and to clarify egalitarian ideals. Thus I will show why a Rawlsian concern for working through the implications of principles actually helps to support Cohen's claim that an egalitarian ethos would be one important component of a just society.<sup>5</sup> Like Cohen, I will limit myself to questions about the distribution of work and income, leaving to one side a range of other important questions about a just society. In developing my argument, I presuppose a commitment to some sort of egalitarian ideal like the one(s) espoused by Rawls and Cohen and most of those engaged in debates about the egalitarian ethos. I attempt no fundamental defense of this egalitarianism against other views.

I focus on three issues: the nature of the egalitarian ethos; the similarities between the egalitarian ethos and current informal social norms; and the way the egalitarian ethos

makes it possible to pursue egalitarian distributive ideals while relying on markets to organize production.

### *Background assumptions*

I develop my argument against the background of a number of assumptions. In particular, I assume that the questions about what an egalitarian ethos would entail emerge in the context of a society with a modern, complex, large scale economy in which there is an extensive labor market and a background legal structure ensuring formal freedom of occupation and in which decisions about what to produce are determined primarily by market demand.<sup>6</sup> I also assume that there are significant differences among individuals with respect to their capacities to contribute to the overall output of society. The background assumptions that I have just identified are also shared by Rawls, Cohen and most others who engage in the debate about an egalitarian ethos, but they are sometimes only implicit. My argument depends in part on claims about how an egalitarian ethos would function, given these background conditions rather than some others that we might imagine, and so I want to make the assumptions explicit.

Although I pay attention to the background conditions in the context of which we think about the distribution of work and income, I am not trying to make claims about the immediate feasibility of transforming existing arrangements into the ones required by justice. In that respect, like Rawls, I remain within the framework of ideal theory in my discussion. Unlike Rawls, however, I do not assume perfect compliance. In my view, one of the tasks that we should face in thinking about how to translate principles into practice is to consider foreseeable imperfections in the functioning of social institutions in order to think about how these foreseeable flaws affect our understanding of what social arrangements justice requires, even in ideal theory. Justice should not presuppose human perfection. It matters to my argument that the egalitarian ethos can perform its function as a social mechanism adequately even if some people do not live up to its requirements. A satisfactory account of the social arrangements required by justice should take into account not only some level of non-compliance with rules and norms, but also things like accidents, illness, and various sorts of institutional limitations when these affect our judgments about what we can legitimately expect of people.

## **II: The Nature of the Egalitarian Ethos**

What is the egalitarian ethos? It has two characteristics: it is an ethos and it is egalitarian. Let's take each of those in turn.

It is the fact that egalitarian commitments can constitute an ethos that enables them to function as a social mechanism, not just as philosophical principles. Any ethos, as I am using the term, involves two components: a widely (though not necessarily universally) shared set of beliefs about how people ought to behave; a general (though not universal) willingness to act in accordance with those beliefs most of the time. To put it another way, an ethos is an effective set of informal social norms. As the qualifiers make clear, it is the overall pattern that matters in determining whether a set of beliefs

and behaviors should be described as an ethos. As I just noted, even though I am engaged in ideal theory, I do not want to assume perfect compliance with the egalitarian ethos. Informal social norms can function effectively in regulating social behavior even if some people do not accept those norms and some who do accept them do not always conform to them, so long as most people do accept the norms and live up to them most of the time. On the other hand, if most people in a society do not accept a set of beliefs about how they ought to act or if they claim to accept these beliefs but routinely ignore those beliefs in their actions, then those beliefs are not part of the ethos of the society. For example, it seems obvious that it is not part of the ethos of contemporary North America that it is wrong to smoke marijuana.

What is the content of the beliefs that make an ethos egalitarian in my sense of that term? (Remember that I focus here only on beliefs about the distribution of work and income. The full ethos of a just society would be concerned with many other matters.) In my view, an appropriate egalitarian ethos would include the following beliefs: First, justice requires that laws and public policies organize the ultimate (i.e., post-tax and transfer) distribution of income so as to provide as much income as possible to those with the lowest income (if there are income differences). Thus the members of society have a responsibility as political actors to support such laws and policies. Second, justice requires that everyone contribute his or her fair share to the productive output of society. This entails that all adult, working-age members of society have a moral (not a legal) duty to take a job that makes good use of their talents in contributing to the productive output of society, so long as doing so does not impose a disproportionate burden on them compared with others.

This version of the egalitarian ethos differs a bit from what Cohen himself says in places about the egalitarian ethos (although he never actually offers a canonical formulation of the ethos). The reasons for my departures from Cohen will become apparent in the course of my exposition. I think that my version remains true to the spirit of Cohen's account, even though it differs in some particulars. The proposed content of the egalitarian ethos is consciously designed with its function as a social mechanism in view. This version of the egalitarian ethos is intended to be both morally legitimate from an egalitarian perspective and socially effective as a way of realizing egalitarian ideals in practice.

What is the normative rationale behind my formulation? The justification for the first part should be obvious. It is essentially a restatement of the difference principle. In a society with an egalitarian ethos, most people would accept the difference principle as something that ought to guide laws and public policy. Note that this part of the egalitarian ethos does not yet specify what the responsibilities of individuals are with respect to their work choices. It focuses explicitly on laws and public policies relating to income distribution and the corresponding responsibilities people have as political actors. My formulation is intended to bring into view two key normative implications of the difference principle, as I understand it: first, that there is no moral entitlement to whatever (pre-tax) income is generated by the market, and second, that it is morally

legitimate to use progressive taxation of incomes and redistributive transfers to make final incomes as equal as possible.

The second part of the egalitarian ethos focuses on the responsibilities of individuals to work and to make certain choices about what work to do. I will explain my positive reasons for adopting it now and consider objections as I proceed through the paper. The basic rationale for my duty provision is relatively straightforward. If most people believe that they have a duty to take a job where they will make good use of their talents and if they act in accordance with that duty, there will be more output available for redistribution, than if they do not think they have such a duty, because it will be less likely that they will resist redistributive taxation or that redistributive taxation will lead them to reduce their contribution to production.

The duty to contribute component of the egalitarian ethos implicitly rests upon two ideas that also undergird the difference principle: (1) that we should care about the overall level of economic output because that affects how much there is to distribute; and (2) that some people have the potential to have a much greater impact on overall output than others so that it is especially important to get them to devote their talents and energies to tasks where they will contribute significantly. If the first were not true, we would simply stick with an equal distribution of income for the sorts of reasons that make equal distribution the starting point for Rawls and we would not worry about how much was produced. If the second were not true, it would be sufficient to say that we expect everyone to contribute (and perhaps to make their equal income share contingent on their working at some job), but we would not worry about what sort of work people chose to do.

On the other hand, this duty to contribute component of the egalitarian ethos only asks people to make good use of their productive capacities, not to put their talents to their most productive use. As I have constructed the duty to contribute, it does not ask people to make decisions about work exclusively on the basis of how those decisions will affect the least well off, as Cohen seems sometimes to suggest they ought to do. Why have I avoided this way of constructing the duty? Because the difference principle is a maximizing principle (or more precisely a maximin principle). It leaves no space for other considerations. Generating income is not the only thing that matters morally, even when the increased income would go to the least well off. Here I agree with Elizabeth Anderson who argues,

The talented, no less than anyone else, are entitled to give their personal preferences *some* weight in deciding what to do. This is a matter of *justice*, not merely a personal prerogative that compromises justice.<sup>7</sup>

Later she elaborates this point in a passage that I want to cite at length:

More fundamentally, the content of any interpersonally justifiable egalitarian ethos for individuals will be different from the principles of justice for the basic institutions of society that comprise its scheme of

cooperation. This follows from the fact that, unlike individuals, the basic structure has no interests of its own. The sole function of the basic structure is to promote the interests of individual members of society in a fair and impartial way. The difference principle, which demands that the basic structure operate according to rules that are to everyone's advantage, is apt for the basic structure given its function. But individuals do not have the sole function of impartially promoting the advantage of all. They have values, interests, and personal projects of their own (which are typically *not* merely self-interested). This is why the difference principle does not apply directly to their choices. Individuals can interpersonally justify a substantial prerogative to pursue their personal values and projects, even if this results in pay inequality.<sup>8</sup>

Again, I agree with all of this, with the important exception of the final clause about pay inequality. Anderson rightly argues that principles for individuals cannot be derived directly from principles for institutions. That is precisely why my version of the egalitarian ethos has two components. The first component is concerned with the principles that ought to guide institutions (or policies) and applies to individuals only in their role as political actors with a responsibility to support just institutions and policies. The second component is directly concerned with principles for individuals and is different from the first. Thus, my formulation of the egalitarian ethos avoids Anderson's strictures. It imposes only a limited duty (take a job that makes "good use" of one's productive talents), rather than a maximizing one (do whatever work would be to the greatest advantage of the least well off), and even that limited duty is further qualified. But Anderson offers no argument for the claim that granting people "a substantial prerogative to pursue their personal values and projects" must entail income inequalities. What Anderson's argument actually establishes is that people must be morally free to make work choices that do not maximize output and so do not maximize the income of the least well off, not that people are entitled to more income if they are more productive or that it is normally necessary to provide the most talented people with more income than others in order to induce them to be highly productive.

The duty to make good use of one's productive capacities is qualified by the stipulation that one should not be expected to bear a disproportionate burden in the course of fulfilling this. I adopt this formulation to address two different concerns. The first is that I think we ought to take the burdens of work into account in thinking about distributive justice from an egalitarian perspective. Early on in *A Theory of Justice*, Rawls says that we have to find principles that can "define the appropriate distribution of the benefits and burdens of social cooperation," but he says relatively little himself about the distribution of burdens.<sup>9</sup>

Unlike Rawls, Cohen does pay considerable attention to questions about the distribution of burdens. Indeed, that plays an important role in his critique of Rawls. I think that my formulation of the duty to make good use of one's productive capacities so long as this entails no disproportionate burden is very much in line with Cohen's view, as is clear from the following passage:

The point is not to get as much as possible out of talented people , but to get out of them the amount of product or service (which is greater than normal) that comes with ordinary amounts of effort and sacrifice.<sup>10</sup>

But Cohen does not pay much attention to the question of how one goes about this. In the fourth section, I will show why an egalitarian ethos, as I have constructed it, would provide the fairest possible way to distribute the burdens of work in practice, given the background social arrangements that I am assuming.

The second concern addressed by this “no disproportionate burden” stipulation is the one that Cohen seeks to address in his discussion of the need for a “personal prerogative.” As Cohen says,

The prerogative grants each person the right to be something other than an engine for the welfare of other people: we are not nothing but slaves to social justice.<sup>11</sup>

Cohen’s concern here is quite similar to Anderson’s, and I fully accept it. I intend the phrase “no disproportionate burden” to address that concern, as well as the one about the burdens of work. After all, the only reason why we care how much income people get is because we know that this affects the ability of individuals to achieve their goals in life. So, every individual ought to have considerable discretion to pursue her own personal values and projects even when this does not contribute as much as some other course would to enabling others to achieve their goals. It would be unreasonable to ask someone to sacrifice the pursuit of important personal goals, including the freedom simply to do what one wants in some respects, in order to take a job that would provide a bit more income to the least well off. But it doesn’t follow that we are not entitled to expect concern for the least well off to play some role in decisions about what work to do. The “no disproportionate burden” caveat is intended to set limits to what duty can demand without eliminating the demands of duty altogether or reducing them to insignificance. I will argue that what it asks of people is not unreasonable.

### **III. The Egalitarian Ethos as an Informal Social Norm**

Let’s look now at the egalitarian ethos from what one might call a common sense sociological perspective. Some critics of Cohen seek to draw a sharp distinction between institutions and individuals in discussions of justice. They think that it is appropriate to construct institutions on the basis of principles of justice but that it would be inappropriate to try to regulate individual behavior on the same basis. I do not entirely disagree. As we have just seen, I do not think that it is appropriate to use precisely the same moral principles for institutions and individuals. On the other hand, once we think about the problem of realizing egalitarian principles of justice from a sociological perspective, we will quickly see that it makes little sense to draw too sharp a distinction between institutional rules on the one hand, and the values and duties of individuals on



the other. The functioning of institutions always depends on what people think and how they behave.

As I noted above, we can think of the egalitarian ethos as a set of informal norms reflecting widely shared beliefs about how people ought to behave.<sup>12</sup> Informal norms about how people ought to behave often play a crucial role in supporting rules and formal institutions. Few rules work effectively if people are constrained only by the consequences they will face if caught breaking the rule. The rules work better if those subject to them feel the rules ought to be obeyed. And obeying the rules is not enough. People have to internalize the spirit of the rules as well. Few formal institutions work well if people merely obey the rules. Think of the expression “work to rule.” The whole point of that expression is that it is possible to disrupt a social organization while complying with all of its formal requirements.

Every institution requires informal norms and practices to work well. From this perspective, it makes no sense to try to draw a sharp contrast between formal institutions and expectations about how individuals behave and to limit discussions about justice to the former. Most formal institutions simply won’t work unless they are accompanied by informal norms that people internalize and respect. It is both a sociological and a philosophical mistake to try to neglect the question of what sorts of informal norms are required by a commitment to principles of justice. We should think of informal norms as an inevitable component of any set of social institutions. The question is not whether justice requires informal norms but which informal norms it requires if just institutions are to work effectively. My claim is that the egalitarian ethos that I have outlined identifies (some of) the informal norms that will have to accompany the social institutions required by justice if those institutions are to function effectively.

The relationship between formal institutions and informal norms is often a reciprocal one. Rules and institutions only work if people actually accept the principles that underlie them, but the formal rules often affect what people think they ought to do. They generate informal norms. For example, rules against discrimination will be difficult to enforce unless most people accept the idea that the prohibited discrimination is actually wrong. If they think that, they may disapprove of people who engage in discrimination even in cases when the discrimination does not violate any formal rule. At the same time, rules can help to establish norms. Having a rule against discrimination may contribute to people seeing it as wrong. So, rules and informal norms can interact and can reinforce one another. That is precisely the way that the egalitarian ethos would work in a just society, reflecting and reinforcing the principles underlying the formal institutions and policies.

Sometimes informal norms do not reinforce rules but substitute for them. It may be impractical to use formal rules to regulate social interactions in some contexts but possible to rely on informal norms instead. The norms of polite behavior are a good example. It may also be against our principles to use a rule for something but acceptable to construct a social norm about it. It is difficult and often morally problematic to construct rules about values, attitudes, dispositions, and feelings, but it may be both

possible and acceptable to have social expectations about such matters. For example, it is possible to think both that there should be no formal rules limiting what people think and also that we should criticize people if they hold prejudiced views about race, religion, and so on. Or take the Millian idea that people should be able to live their lives as they choose, so long as they are not harming others. Paradoxically, that freedom from social pressure can only exist as a real freedom if it is supported by a social ethos, that is, if most people believe that it is wrong to interfere with certain kinds of personal choices, even through criticism. That belief itself then generates an informal social norm, with its accompanying social pressures.

The egalitarian ethos establishes informal norms about some of the factors that should affect the choices people make about what work to do. There are good reasons to insist on legal occupational freedom, but it does not follow that we must regard occupational choice as an arena of Millian freedom where any form of social pressure is problematic. Mill himself clearly sees the economic arena as one in which the wider society has a legitimate interest in promoting certain kinds of choices about work and discouraging other choices.<sup>13</sup>

Let's consider briefly a couple of concrete examples of the ways in which informal social norms contribute to the functioning of contemporary social institutions so that we can see how the egalitarian ethos would resemble existing arrangements. Think of the way a democratic political system functions (or fails to function). The formal rules and institutions are ineffective unless they are supported by a democratic culture in which most people think that the democratic rules and practices should be respected. Military leaders have to believe that they should not interfere with the political process and have to act on those beliefs. Political leaders have to believe that they ought to respect the outcomes of elections and leave office when they lose. And ordinary citizens have to accept the legitimacy of these institutional arrangements as a basis for governing society and act in accord with that acceptance. More broadly, there are many democratic virtues – a willingness to compromise, respect for minorities, listening to others, explaining and justifying political decisions in ways compatible with the idea of equal citizenship – whose presence or absence in varying degrees has a huge impact on how well a democratic set of political arrangements works.

For the purposes of this chapter, it is even more important to examine the way in which informal social norms contribute to the functioning of markets. Market systems won't work well unless the society has a market ethos. Market systems need formal rules defining property rights and a legal system that enforces those rights, but those institutional arrangements are not likely to be very effective in regulating economic activity unless they are supported by widespread acceptance of the ideas that people should normally be honest in their dealings with one another, that they should respect property rights, and so on. In the first instance this means that those with formal responsibility for enforcing the law – the police and judges – must internalize the norm of honesty. For markets to work well, it's essential that you don't have to pay a bribe to get a contract enforced or to have your property protected. But ordinary people must accept these norms as well. Most formal laws are ineffective if they are in deep conflict with the

values of ordinary people because formal enforcement is always limited and imperfect. If people feel that it is perfectly acceptable to cheat or steal whenever one can get away with that sort of behavior and the only constraint is the fear of getting caught, it will be very difficult to sustain a complex market economy. Rules and penalties are needed, of course, but they have to fit with and be reinforced by what people believe is appropriate behavior. And it is not just a question of people being selfish or amoral. Market systems do not thrive when the background culture places a higher emphasis on other values such as loyalty to family and friends. If people believe that the right thing to do is to help one's family and friends rather than to respect property rules and be honest in transactions, that belief will have serious negative consequences for the functioning of a market system.

I am not suggesting that market systems depend upon everyone being highly virtuous all of the time. As with the egalitarian ethos, what a market ethos entails is certain general patterns of belief and behavior. For markets to function effectively, it is sufficient if most people think that they should be honest (even though some people don't accept this) and if most people are honest most of the time (even though some are as dishonest as they can be and most will occasionally do something dishonest). When these conditions are met, then the norms and rules reinforce one another and that in turn determines where people's interests lie. In a social order in which most people think honesty is a desirable characteristic and most people are honest most of the time, people will normally also find that it is in their interest to be honest. Honesty will (normally) be the best policy because of the social (and not just legal) sanctions that are visited upon dishonesty. It's a self-reinforcing system. As a result, in the normal course of events, being honest is not terribly demanding in a social order in which the rules and the informal norms work together.

There may be exceptional circumstances in which the norm of honesty does place an extraordinary demand on someone. There was a story in my local Toronto paper a few years ago about a cab driver in Las Vegas who had found a paper bag with \$300,000 in cash in his car. He had reported his find to the cab company which had tracked down the customer and returned the money to him. Why was this story about an incident in Las Vegas considered newsworthy by a Toronto paper? Because everyone can recognize that it must have been very tempting for the cab driver to keep the money. It was a lot of money. It was in cash. The chances of the owner being able to track down the cab in which he had left it, if he even remembered that he had left it in a cab, would have been very small. The news story implicitly recognized that there was a powerful financial incentive to keep the money, and it celebrated the behavior of the cab driver, thus reinforcing the norm of honesty, while implicitly recognizing that, under comparable circumstances, most of us might not be as virtuous as the cab driver had been. If most daily interactions in the market required people to be as virtuous as this cab driver, the market would not work very well. But in the normal course of events, the requirement to be honest does not entail any great sacrifice of self-interest.

The egalitarian ethos would function in much the same way as other important informal social norms. Indeed, the duty to contribute component of the egalitarian ethos is not very different from some of the existing informal social norms that we find in

contemporary capitalist democracies. This may sound surprising, but think about the two parts of the egalitarian ethos. The first part is the most controversial and the furthest removed from current opinion. Most people in contemporary capitalist democracies do not accept the idea that justice requires that the ultimate (i.e., post-tax and transfer) distribution of income provide as much income as possible to those with the lowest income. Most people think that individuals are morally entitled to (most of) what they earn on the labor market. There is some concern these days with inequality, but nothing approaching a commitment to the sort of equality that Rawls's difference principle would require. This aspect of the egalitarian understanding of justice is not one that sharply distinguishes Rawls and Cohen, however. The fact that it has little popular support is irrelevant to the debate between them.

Now consider the second part of the egalitarian ethos, the duty to contribute. It is much closer to contemporary norms than the difference principle. There are clearly strong informal norms about work in contemporary market societies. Of course, income is normally tied to work, and so there are strong economic incentives to work, but here as elsewhere the formal institutional arrangements are supported by informal norms. Most people do not think that it is normatively acceptable to receive an income from society without working if one is capable of working and a reasonable job is available, even if there are programs in place that provide a legal entitlement to an income to those who do not work. There are some left-libertarian advocates of a basic income who think that real human freedom depends on changing that norm and creating not only a legal right to a substantial minimum income but also a moral sense of entitlement to that income, without any corresponding responsibility to contribute to the productive output of society.<sup>14</sup> But that is a minority view, even among advocates of a basic income.

One of the great social costs of unemployment, especially extended unemployment, is that the people's sense of self-respect is often closely tied to their work, to their ability to provide for themselves and their families. This understanding of what one must do to be worthy of self-respect and of respect from others is not something that individuals simply choose for themselves. It is a widespread informal social norm. The duty to work has especially been a norm for men, of course, and my claims have to be tempered by recognition that the gendered division of labor has in the past generated distinct norms about paid work for men and women. In recent years, however, this has shifted. The social expectation that working age adults who are able to work will seek full-time employment in the labor market and will be self-supporting has generally been extended to women. And it's a deeply entrenched social norm, not just a fact about the links between income and work in a market society, as is apparent from the public criticism aimed (often unfairly) at social groups who are perceived to be relying upon social support when they could be working.

Compare this conventional, well established social norm with the second part of the egalitarian ethos: "all adult, working-age members of society have a moral (not a legal) duty to take a job that makes good use of their talents in contributing to the productive output of society...." The biggest difference between the proposed egalitarian ethos and conventional norms is that the egalitarian ethos adds the stipulation that people

should make “good use of their talents,” while the conventional norm is only that everyone should get a job.

The idea that people have a duty to make good use of their talents is not entirely unfamiliar. People often cite the biblical passage “For everyone to whom much is given, from him much will be required.” (Luke 12:48) That is not a norm that is as deeply entrenched as the expectation that adults will find paid work, however.

How important is this difference? There are two distinct but related ways in which the difference might be important. The first involves questions about how much more difficult it would be for a society to make duty to make good use of one’s talents an effective social norm than it is to make getting a job an effective social norm. Call this the feasibility issue. The second involves the moral legitimacy of the egalitarian norm as compared with the current norm that everyone should get a job. Call this the legitimacy issue. In exploring these questions, I propose simply to assume that the conventional norm (i.e., everyone should get a job) is both feasible and legitimate. That could be challenged, of course, but that is an argument for another day.

What are the feasibility objections to the idea of establishing as a social norm that people have a duty to make good use of their talents? One set of objections might involve worries about the public character of any satisfactory account of justice. According to Rawls, people need to know what justice requires of them and of others and to be able to see whether or not the requirements are being met. Some time ago, Andrew Williams argued that Cohen’s egalitarian ethos would not meet satisfy this publicity requirement.<sup>15</sup> In the context of my version of the egalitarian ethos, a parallel objection would presumably take the form of arguing that it is too difficult for others to judge whether a person is making “good use” of her productive capacities for that duty to be the subject of an effective informal social norm. It is true, of course, that “good use” is a lot less determinate than “being employed.” Nevertheless, it is easy to exaggerate the informational requirements of this sort of duty. Given the kinds of testing and selecting that are a normal part of existing educational systems, it is easy to imagine how people can gather sufficient information about the productive potential of their family and friends to determine whether or not they are making good use of their talents. Remember, it is not a maximizing standard. It is not “best possible use,” merely “good use.” I have developed this argument elsewhere, and, for reasons of space, I won’t repeat the details here.<sup>16</sup> I will add, however, that many informal norms in existing societies function reasonably well despite comparable limitations on information. Think, for example, of norms about good citizenship in academic departments or norms about polite behavior. We don’t need precise information for informal norms to work well for the most part.

The real question about feasibility, I think, depends on whether there is a substantial gap between what the egalitarian ethos demands of people and what work choices they would otherwise make (apart from income considerations), given that they have to have some sort of full-time job. The greater the gap, the greater the conflict between the interests that people have and what the egalitarian ethos is asking of them and so the more difficult it will be to establish and maintain the duty to make good use of

one's talents as an effective informal social norm. The smaller the gap, the more interests and duty will coincide and the easier it will be to establish the egalitarian duty as an informal social norm. Notice that it is the pattern that matters, not individual cases. The fact that an occasional individual might face a big gap between what her duty asks of her and what she is otherwise inclined to do will not be a big problem for feasibility if most people, especially among the most talented, do not face such a gap. (Most of us do not face the temptations of that Las Vegas cab driver whose story I mentioned above. If we did, it would be a lot harder to establish honesty as an informal social norm.) Also, it is the size of the gap that matters in terms of the extent to which society falls short of its potential output. If someone chooses a slightly less productive job that she prefers for other reasons, the impact on her productive output is small.

How can we know how large the gap will be since we are dealing here with a hypothetical set of social arrangements and not with real people with real preferences? Well, we cannot really know. Nevertheless, we can make some general observations. Suppose that it is the case – and again, it is the overall trends that matter, not individual cases – that the more productive jobs are also the ones that are usually more intrinsically attractive to those who are qualified for such jobs, perhaps because they are intellectually challenging or provide power or prestige or autonomy or some other job related satisfaction. In that case, the gap will be relatively small overall, even if there are a few cases where the gap is large and perhaps a larger number where other considerations (e.g., family, job location) would lead individuals to strongly prefer some job that does not make really good use of their talents. It seems to me to be a reasonable generalization about current job patterns that the ones that pay more tend on the whole to have more intrinsic attractions as well, and there is some empirical evidence to support this impression.<sup>17</sup> So, while we cannot really settle this question, we can perhaps say that there is no good reason to suppose that there would be normally be a big gap between the sort of work that people would prefer to do (given their own inclinations and capacities and the fact that they would be obliged to find some job) and the work that would satisfy the requirements of the egalitarian ethos.

Now let's turn to the legitimacy issue. Before addressing this issue directly, let me offer a few clarifying remarks about why this duty to make good use of one's talents matters and how it is supposed to work. Recall that the underlying rationale for creating this duty is that society has an interest in generating a lot of productive output (relative to the productive potential of the society) because that will make more income available for (re)distribution to the least well off. In that context, the scarcer and more valuable a person's productive talent is, the more important it is to get that person to make good use of her talent, and not simply to take any job whatsoever. But good use is not an all or nothing proposition. What matters for society is to avoid too large a gap between productive potential and actual job selection. Small gaps don't matter much from society's perspective because they do not have much impact on overall productive output.

Now consider the interests of the individual. What each individual can legitimately be concerned about is a situation in which there is a large gap between what she would like to do (given that she has to find some job) and what society wants her to

do. Small differences in preferences don't carry much moral weight. If a person has only a slight preference for one job over another, but the one that she (slightly) prefers would contribute very little to society and the other one (which she likes almost as much) would contribute a great deal, then it is perfectly reasonable to expect her to take the job where she will contribute more. Remember it is an informal norm, not a law. No one will lock her up if she puts her minor preferences above significant benefits for others, but they may think of her as unreasonably selfish – and so they should. On the other hand, if she has a strong preference for one job over another, and she would only contribute a little less in the job that she strongly prefers compared with the other job, it is perfectly reasonable for her to follow her preferences and unreasonable to criticize her for that choice. The egalitarian ethos only expects people to make good use of their talents, not to maximize their productive output. The “good use” formulation is intended precisely to create moral space for reasonable personal preferences and interests.

In general, the greater the difference between what one can contribute to overall productive output in one job compared with alternatives, the stronger the duty becomes to take the more productive job. Nevertheless, that duty is never the only consideration, and it is also true that the greater the difference between one's personal preferences for one job compared with alternatives, the stronger the moral claim to follow one's preferences becomes. When the two conflict sharply, the interests of the individual ultimately prevail via the “no disproportionate burden” qualification, but the important systemic question is how often we expect such sharp conflicts to emerge.

Let me flesh this out with some concrete examples. In an important critical response to Cohen, Michael Titelbaum agrees that Rawls's theory entails some sort of ethos, but he attempts to show that Cohen's version of the egalitarian ethos asks too much of people.<sup>18</sup> Titelbaum imagines a case in which someone chooses for personal reasons to be a social worker in her local community rather than in another city where her skills are needed more. He contends that this sort of choice would be in conflict with the egalitarian ethos as Cohen has described it. She is failing in her social duty by taking a job where she contributes somewhat less. Whatever the merits of this example as a critique of Cohen's formulation of the egalitarian ethos, it has little purchase as a critique of the egalitarian ethos as I have described it. After all, the implicit presupposition of the example is that the person is making good use of her talents in working as a social worker and that she is choosing between two jobs that she has been offered. It is not as though she is doing work in her local community that they do not want undertaken. They have offered her a job. Titelbaum does not tell us why one position is more important than the other, just that her skills are needed more. But how much more? That is what really matters. In such a case – working in the same profession, but in a different location – the marginal difference between her contribution to overall productive output in one job and her contribution in the other is likely to be very small. She would still be making good use of her talents by working in her local area. So, she would still be meeting her social duty if she took the job she prefers, and, as Titelbaum has constructed the example, she has good personal reasons for taking the job nearer home. It is not an arbitrary or capricious decision, taken for trivial reasons. So, in this case at least, the egalitarian ethos is compatible with the outcome that Titelbaum (rightly) regards as morally preferable. Of

course, we could change the example to increase the relative importance of the city job compared with the other and to decrease the strength of her preferences for the job in the local area. At some point, however, almost anyone who thinks it is reasonable to expect people to give some weight to the consequences of their work choices for other human beings in deciding what jobs to do would conclude that Titelbaum's social worker ought to take the city job because she would be contributing so much more there and giving up very little to do so.

It is worth noting that a market system that kept income inequalities in place might well generate the same outcome in this sort of case as the egalitarian ethos. Suppose that she is offered more money to work at the job in the city. It does not follow that she would take that job. As Titelbaum himself observes, people often make choices about jobs in market systems that do not maximize productive output, at least as measured in monetary terms. People often take a job that pays less than another on offer because they care (at the margin) about things other than money. It is important to see that the use of financial incentives does not guarantee the maximization of productive output, because markets create space for the pursuit of other values besides the acquisition of income. I'll say more about this in the next section.

Now let's turn to a different case, the doctor-gardener case that is much discussed by Cohen and his critics. In this case, someone who is able to be a doctor would prefer to be a gardener if the (after-tax) pay is the same for both, but, by hypothesis, she enjoys being a doctor and would not be bearing a disproportionate burden if she did that work. She simply prefers gardening. Indeed, we could read Cohen's example to say that she likes doctoring but she LOVES gardening. The question is whether it is morally legitimate to use social pressure to persuade a person in these circumstances to work as a doctor. In discussing this example, I'd be inclined to ask some questions that Cohen leaves to one side. First and foremost, are we assuming that she has been trained to be a doctor at public expense? It is expensive to train doctors. If society has invested in her training, it is reasonable to expect her to make use of that training to at least some extent. The fact that she prefers being a gardener is not a justification for wasting the resources that have been invested in her. Of course, her own preferences matter, too. The "no disproportionate burden" qualification means that she does not have to work as a doctor if she discovers that she really hates that work, after she has been trained. In that case, her preferences legitimately trump society's desire not to have its resources wasted.

The broader point is this. What matters for the legitimacy of the egalitarian ethos is not whether it can provide clear guidelines for assessing every hypothetical individual case, but whether we think that the overall pattern of the way this informal social norm works is reasonable in the demands that it imposes on individuals and effective in the way it encourages the most talented to use their productive capacities. It is, after all, relatively rare that people who are able to be doctors and who would enjoy being doctors would strongly prefer to be gardeners. Every norm generates hard cases. In my view, it is clear that the general pattern of demands imposed by egalitarian ethos is reasonable.



#### **IV. The Egalitarian Ethos and Labor Market Inequalities**

In the previous section I used the perspective of common sense sociology to look at the egalitarian ethos as a social mechanism with the characteristics of a set of informal social norms. In this section I propose to use the perspective of common sense economics to look at the egalitarian ethos as a social mechanism for allocating labor. This will enable us to see how the egalitarian ethos makes it possible to distribute work and income in the ways required by justice while preserving the efficiency advantages of markets.

The egalitarian ethos offers a particular way to reduce the inequalities of income generated by the labor market: highly progressive taxation and transfers of income, combined with a widely shared sense of duty to make good use of one's talents. The questions we have to answer are whether this social mechanism would interfere too much with the ability of labor markets to recruit labor and assign it productively and whether it would be fair to individuals, given the various functions performed by income differences in labor markets. So, once again we face the question of the effectiveness and the fairness of the egalitarian ethos as a social mechanism, but now from the perspective of economics.

Let me start with an elementary point about the economics of labor markets that is sometimes overlooked in the philosophical discussions. Prices in a labor market serve two important functions. The first is to provide information to potential employers and potential workers about the relative scarcity and relative productive value of different types of labor. The second is to provide a motivation to act on that information in ways that will lead to more productive output.

The first point matters as much as the second. One problem with some of the philosophical discussions of the egalitarian ethos is the use of examples that ignore this informational feature of the price mechanism. Cohen and others sometimes write as though the crucial question is how much a particular individual is justified in demanding for doing one job (e.g., being a doctor) rather than another (e.g., being a gardener), without regard for how salaries are set in markets and why that process matters. The salaries of doctors should normally be higher than the salaries of gardeners because the talents required to become a doctor are scarcer than the talents required to become a gardener, because it costs more to train a doctor than a gardener, and because the economic demand for doctors' services is stronger than the economic demand for gardeners (or at least it would be in a just society). If economic resources are to be allocated rationally in the market, it is important that doctors' salaries reflect their costs and scarcity, even if the doctors themselves would be willing to work for free.

This sort of pricing is essential even if health care is seen as a basic right and individuals do not pay for it directly themselves. Those responsible for organizing the delivery of medical services still have to decide when they should use doctors for certain jobs and when nurses or medical technicians, and they have to think about the tradeoffs between medical labor of various sorts and medical machines of various types. Every

other productive process involves the same sort of assessment of the relative advantages and disadvantages of different combinations of productive inputs, given limited resources. Prices make it possible to engage in this sort of assessment, but only if the prices are accurate, i.e., if they actually reflect the relative scarcity and relative value of different inputs to the productive process, including different sorts of labor inputs. So, if we accept the market (suitably regulated) as a core economic institution, we have to find ways of pursuing egalitarian goals without disrupting the informational function of prices.

If we want prices to reflect the relative scarcity of different types of labor, we cannot adopt a policy of simply equalizing all wages, even if we want people to get equal incomes in the end. We must instead let the market set initial wage levels, and then find a redistributive mechanism to make actual incomes equal, or as equal as we can make them, without disrupting the functioning of the market.

What about taking steps to equalize the background conditions within which market competition takes place? If we were to pursue policies to ensure fair equality of opportunity, wouldn't that reduce income inequalities compared with existing market regimes? Yes, but policies promoting fair equality of opportunity will still leave significant income inequalities. So, even if we succeed in creating fair equality of opportunity, we will have to rely on taxation and redistribution to maximize the income of the least well off.

If we try to equalize incomes in this way, however, we face a potential problem. Taxation may interfere with the motivational function of prices with respect to workers, especially with respect to the most talented who are the ones whose labor commands higher prices. Let me explain why.

To people entering the workforce, the prices offered for different sorts of work represent potential incomes. If they care about how much money they have to spend (and we don't have to assume that they care about this for selfish reasons), they will respond to information about where they can be more productive, given their talents and training, because (if the market is functioning properly) they will earn more money from the jobs where they contribute more to overall output. Taxation of incomes (for any purpose) weakens that motivation because it reduces the money that is actually available to them. It is only the post-tax income, not pre-tax income, that can motivate people because that determines how much they actually have to spend. The more that is taken away by taxes, the weaker will be the income incentives to put one's productive capacities to their most productive use. So, if we hope to be able to tax people without undermining the ability of prices to direct labor to its most productive use, we have to find some way to get people to respond positively to labor price signals even though higher prices will not translate into (comparably) higher incomes.

That is where the egalitarian ethos comes in. Suppose people accept that they have a duty to make good use of their productive capacities. How do they know what that good use will be? The pre-tax market prices offered for their labor will tell them. The

egalitarian ethos is the mechanism that gives people a motivation to act on the information provided by the prices offered for labor, even though those prices no longer translate into personal income, or at least not fully so. The duty to contribute performs the function that the desire for income performs in a conventional market, that is, it gives people a reason to respond to price signals about the relative scarcity and relative value of their labor in different sorts of productive activities.

Note that this is still an arrangement that makes use of the market, supply and demand, and so on. Employers compete with one another to hire the labor they need for production, and that competition will generate the same sort of information about relative scarcity as a conventional labor market so long as the duty to contribute is comparably effective in motivating people to respond to price signals.

The duty to contribute need not entirely replace the desire for income as a motivator. There are two basic tasks that the economic system has to accomplish in the recruitment and allocation of labor. First, it has to induce people to work, to take some sort of full-time job. Second, it has to induce them to take a job where their talents won't be badly underutilized.

With respect to the first, we could still keep the link between income and work. Suppose we say that to get an income (including any redistributive transfers) or at least an income beyond bare subsistence, you must take a full-time job if you are capable of working and if a (reasonable) job is available to you. In other words, the basic link that the market creates between work and income is preserved. (She who does not work, neither shall she eat.) Notice the link here with the conventional norm about a duty to work.

Is this sort of arrangement morally defensible from an egalitarian perspective? Rawls clearly thinks that it is. At one point he asks whether "those who live on welfare and surf all day off Malibu" should be regarded as the least advantaged and rejects that idea.<sup>19</sup> Cohen does not take up this issue explicitly, but there are certainly passages that suggest that he thinks it is reasonable to expect everyone (who is able) to contribute to production. As I mentioned in the previous section, there is an alternative view advanced by left-wing libertarians to the effect that we will only achieve real freedom for all when we remove any sense of an obligation to contribute. This is well worth discussing, but I don't have the space here to do so.

Given the link that I am now positing between work and income, most people will have to work, as is the case in existing market systems. The only question will be what sort of work they will choose to do, and perhaps how hard they will choose to work, once taxation reduces income differences. Now suppose that taxation reduces income inequalities but does not eliminate them altogether. Then price differences will still generate some income incentives to take more productive jobs, and these incentives can be supplemented by the sense of one's duty to make good use of one's talents.

There is another important reason for thinking that redistributive taxation may not interfere with productive output as much as some people assume it will, namely that the motivations of workers are normally much more complex than the motivations of those who hire them, even in a conventional market system.

Why are those who hire labor motivated to respond to the information that prices provide about the relative scarcity of different sorts of labor? Because to them, the price of labor represent a cost. If they are profit-making firms, they want to minimize their costs for any given level and pattern of output because that is how they will maximize their profits. If they are non-profit organizations, they still have a budget and have to pay attention to costs, if they want to generate the highest possible output of the goods and services that they can provide within the constraints of their budgets, as I illustrated above in my discussion of public health care. So, organizations that hire labor are ultimately concerned almost exclusively with labor as a factor of production whose cost is to be minimized. To be sure, there are different ways to calculate costs. One has to make choices between short-term and long-term strategies and to consider risk, uncertainty, reliability, and many other factors in deciding what labor to hire. But, for the most part, these are all considerations that are ultimately closely connected to and driven by monetary costs of one sort or another.

We should note also that the fact that labor income may be taxed and redistributed has no direct impact on decisions about hiring. So long as the workers respond to price signals, the organizations hiring workers have no intrinsic reason to care who ultimately gets the money that they pay out as wages. This is part of what makes it possible for the egalitarian ethos to function as an effective social mechanism.

The situation of workers is very different in some respects from that of their employers. The choices that people make about their work are also choices about their lives. Money matters, of course, because in a market economy one's capacity to pursue any plan of life (to use Rawls's term) is likely to be affected by how much money one has. But money is not the only thing that matters. People have to think about how much they enjoy (or dislike) different sorts of work, and how important it is to them to have leisure time in which they can do other things, and where they want to live, and how their work plans fit with the plans of other members of their family or with friends, and dozens of other such considerations. Sometimes, they will choose to take a job that pays less money but is better for them for other reasons. So, while it may be reasonable to think of employers as trying to maximize profit or minimize costs (which will, in turn, maximize productive output), it would be a mistake to think of workers as seeking to maximize either income or productive output. Workers have an incentive to use their labor where it will be most productive, and it is rare in practice that people will ignore that incentive altogether, but, in principle, they are free to do so and in practice people often make choices about work that are not income-maximizing.

Because people can care about things other than money, markets do not always maximize productive output as measured by money. Indeed, it is worth noting that a market could still be working efficiently (in Pareto terms) even if a society produced very

little output as measured in pecuniary terms so long as most people in the society placed a high value on leisure, or at least on activities that did not generate market incomes, and so only did enough paid labor to eke out a bare physical subsistence. The low productive output, as measured in pecuniary terms, would simply reflect their preferences. For that matter, even in conventional labor economics, when wages go up there are two competing incentive effects: one that inclines a person to work more because she can now earn more for each increment of effort and one that inclines a person to work less because she can now achieve the same level of income with a reduced level of effort. There is no a priori basis for asserting that one effect will tend to outweigh the other. The same is true of a reduction in wages, whether brought about by market forces or by taxation, at least if the taxes do not take away all of the income benefits of additional work. These conflicting tendencies apply to all those in the market, including those with the highest productive potential. Offering them higher incomes may not lead to more output overall. If those with great productive potential get high incomes, they may choose to work harder and longer than they would at lower wages. Alternatively, however, they may choose to work for a few years, save their money, and retire to live a simple life. Or they may choose to work part time and spend the rest of their time golfing. In principle, there is nothing in the nature of market arrangements that dictates one outcome rather than another. Of course, job structures may preclude part-time work, but that is a very different sort of constraint. In principle, these sorts of choices are perfectly compatible with market structures and market incentives. In practice, real markets always rest upon and reinforce norms about working, producing, and consuming that make it unlikely that most of the highly productive will choose leisure over work, but some do so even in current conventional market systems and there is nothing in the internal logic of market systems and prices that requires a commitment to work.

The recognition that income differences for the highly productive could in principle lead to less rather than more effort on their part might lead us to reflect more than Rawls himself does on the conditions under which such incentives are likely to increase output for all and on whether such increased output is really desirable. To be sure, if higher pay for the more talented did not tend to create higher output overall, it would find no justification in Rawls's difference principle. Income inequalities are to be tolerated only when they increase the incomes of the least well off over what they would otherwise be. But in taking the maximization of the income of the least well off as a goal, the difference principle implicitly presupposes that more output overall (as measured by prices) is better than less. That is not a necessary truth. Recall Rousseau's description in the *Discourse on Inequality* of the savage who is bewildered at the willingness of the "civilized" to toil long hours for things that, to the savage's (and Rousseau's) eyes, bring no real happiness. Or think of Woodsworth, "getting and spending we lay waste our powers."<sup>20</sup> If we treat preferences simply as a given (as most economists do), we ignore the possibility that the system itself generates the (problematic) wants and needs that people "choose" to try to satisfy. I will leave this complication aside in the rest of my discussion because both Cohen and Rawls implicitly treat increased income overall as an unqualified good so long as it is fairly distributed. But an adequate account of a just society will have to interrogate (more deeply than either Rawls or Cohen) the question of

where preferences come from and how human beings acquire particular goals, aspirations and desires.

Let us return to the question of how a system with an egalitarian ethos might compare with a conventional market in inducing the most talented to take up jobs where their talents will be utilized effectively. Keep in mind the presupposition that income is dependent on getting some sort of job, so that the main question is whether the talented will tend to choose jobs that badly underutilize their talents or not. I add the qualifiers “tend to” and “badly” in order to keep in view the limitations on the success of conventional markets in achieving this task of talent utilization. The allocation of the talented to appropriate jobs does not have to be perfect to match the performance of the market which is the presumed standard.

The crucial issue has to do with the fit between the non-pecuniary attractions of various jobs and the talent utilization of those jobs. So long as people find jobs that would make good use of their talents more attractive than jobs that would not, they will take those talent-utilizing jobs, even if this does not gain them any extra income. When there is a fit between non-pecuniary incentives and talent utilization, the duty imposed by the egalitarian ethos complements, rather than conflicts with, the individual’s interests. From this perspective, post-tax income differentials are a much less critical factor in motivating work choices than they usually appear to be, (although, for the reasons given earlier, it is important to keep the pre-tax differences). And the work done by the duty to contribute is mainly work of reinforcement. Indeed, the more important work done by the egalitarian ethos may be its support of the principles of distributive justice so that the talented who accept this ethos will not use the bargaining power their talents provide to undermine or even overthrow the society’s commitment to equality.

By contrast, if there were a poor fit between non-pecuniary attractions and talent utilization, then the duty to contribute would conflict with their interests. It would go against the grain, so to speak. The egalitarian ethos has been explicitly designed so that people are not expected to go too strongly against the grain of their own inclinations with respect to the kind of work they would like to do. So, if most of the income differences between jobs were compensating for differences in the non-pecuniary attractions of those jobs, with the less attractive jobs getting paid more, then the egalitarian ethos would not generally succeed in recruiting the most talented to jobs that made good use of their talents. And from an egalitarian point of view one would not want to eliminate compensatory inequalities. Indeed, Cohen argues that when a difference in income is merely compensating for a difference in labor burden, it is not a real inequality at all, but rather a difference required by a commitment to egalitarian justice.<sup>21</sup>

So, the question of the degree of fit between the non-pecuniary attractions and talent utilization is crucial to both the effectiveness and the legitimacy of the egalitarian ethos. Note that the fit does not have to be perfect in order for the ethos to be both effective and justifiable. It is the overall functioning of the ethos that is crucial to the question of effectiveness, and the provisions of the ethos have been designed to avoid imposing an unreasonable burden on any individual.

How close is the fit? That is an empirical question which might have different answers in different contexts. Still, we know that markets will tend to generate large inequalities of income that are not compensating for labor burdens, even when the market is functioning properly and there is a background of relatively equal opportunity, whenever a small difference in expertise or skill or performance is likely to have a big impact on a significant financial outcome for an organization. The New York Yankees recently agreed to pay Masahiro Tanaka \$155 million over the next several years to play baseball for them. Tanaka almost certainly enjoys baseball. If he had to choose between a job playing baseball at, say, the pay of an average worker and some other job at the same pay, it seems unlikely that he would choose a different profession. Unlike some corporate executives, Tanaka had no say in setting his own salary. It was simply the outcome of a competitive bidding process for a scarce and valued talent. This is a dramatic case, but the same logic applies to any other case in which small differences in performance matter greatly to large economic outcomes. In such cases, it is rational for organizations to compete with one another to attract whichever workers they perceive to be the most talented and effective, and it is economically rational to spend a lot of money on simply to improve one's chances of success by a small amount.

More generally, as I noted in the previous section, it is a plausible common sense observation, supported by some empirical evidence, that there is a positive correlation between pay and the intrinsic attractions of jobs. And similarly, it seems clear that what it would take to induce sufficient numbers of qualified people to take up a particular occupation and work hard at it is often far less than what people in that occupation are able to earn as income. In sum, it seems clear that relative scarcity that is unrelated to compensation for labor burdens swamps compensation for labor burdens, especially at the upper end of the salary scale.

In sum, while it is true that when inequalities are compensating for differences in labor burdens, the egalitarian ethos would be less effective empirically and more problematic normatively, we have good reasons to think that this would not pose systemic problems under most real world conditions. In the abstract, it would seem desirable to find a way to distinguish between those income inequalities that are purely compensatory and thus justifiable from an egalitarian perspective and those (much larger) income inequalities that are the product of scarcity unrelated to labor burdens, but there is no mechanism compatible with the market that would enable us to do that, and, if we probed the abstract idea a bit further we would find that it is ultimately incoherent.<sup>22</sup> For the reasons laid out above, when inequalities are not compensating for greater labor burdens than are imposed by other jobs, it should be possible to use the egalitarian ethos to reduce the inequalities through taxation and redistribution without any significant loss of productive output.

What about the fact that some people have made investments in human capital, say, by getting a professional education and delaying the acquisition of a job for years? Isn't it both efficient and fair for them to get higher wages? Not necessarily. What is true, as I noted before in my discussion of doctors and gardeners, is that labor that involves

investment in human capital should cost employers more in pre-tax wages than labor that does not involve such investment, other things being equal. Otherwise, the investment is being wasted. But whether a higher post-tax income is needed to induce people to acquire education and professional training and whether the people who do acquire such education and training are morally entitled to a higher post-tax income depends on who has borne the cost of the education and training and of the foregone wages. Sometimes the costs of such investments are borne by employers (who expect a return for their investment in the form of increased productivity), and in such cases neither fairness nor efficiency requires that the workers themselves get a higher post-tax income. But often these investments have to be made either by individuals or by the wider society or, as is often the case in market societies today, by some combination of the two. In an egalitarian society, the costs of investments in human capital that were not borne by employers would be borne by society as a whole, including the costs of providing a normal income to people while they receive their education and training. These social expenditures would be needed to ensure fair equality of opportunity. But then the individuals who received the education and training would neither need nor deserve any higher post-tax income because they would not have borne any personal costs. Of course, the wider society could not make education and training opportunities available on an unlimited basis. It would have to keep in view the potential return on such investments in deciding what opportunities to make available and for reasons of both justice and efficiency it would have to provide access to those scarce opportunities on the basis of qualifications. But so long as the costs of investments in human capital were borne by society as a whole, capturing the economic return on these investments through progressive taxation of incomes would not interfere with the reasons people have to pursue these opportunities (preferable sorts of work, duty to contribute) and would not be unfair.

In conclusion, when we look at the egalitarian ethos from the perspective of economics, we have further reasons to regard it as an effective and legitimate means of putting egalitarian principles into practice. In this section, as in the two preceding ones, thinking about the egalitarian ethos as a social mechanism helps us to understand why many of the objections to the egalitarian ethos miss the mark, at least when the ethos is properly constructed.

---

<sup>1</sup> Apart from the preface, the text of this paper is largely drawn from a previously published essay “The Egalitarian Ethos as a Social Mechanism” in Alexander H. Kaufman, ed., *Distributive Justice and Access to Advantage: G. A. Cohen’s Egalitarianism* (Cambridge: Cambridge University Press, 2015): 50-78.

<sup>2</sup> I should make clear that I am not suggesting that this is the only way to engage in critical reflection. Indeed it is precisely because I know that many people do not share these intellectual inclinations that I want to bring them to the surface and expose them.



---

<sup>3</sup> G. A. Cohen, *Rescuing Justice and Equality* (Cambridge, MA: Harvard University Press, 2009).

<sup>4</sup> John Rawls, *Justice as Fairness: A Restatement*, edited by Erin Kelly (Cambridge, MA: Belknap Press, 2001): 136.

<sup>5</sup> One aspect of Cohen's critique of Rawls concerns the meaning of the term "basic structure" given that Rawls says that justice is primarily concerned with the basic structure of society. I am inclined to describe this enterprise as the task of thinking through the institutional implications of our principles, using the term "institutional" in a broad sense so that an ethos could be seen as one component of our institutional arrangements. But others may prefer to reserve the term "institutional" for formal structures created by legal rules, and if one adopts that definition, we can think of my project as exploring both institutions and social norms.

<sup>6</sup> I leave aside questions about the ownership and control of non-human capital, except to assume that capital, too, is largely allocated through markets, regardless of whether we are imagining some form of market capitalism or market socialism or something in between like a property-owning democracy.

<sup>7</sup> Elizabeth Anderson, "The Fundamental Disagreement between Luck Egalitarians and Relational Egalitarians," *Canadian Journal of Philosophy* Supplementary Volume 36 (2010): 14.

<sup>8</sup> *Ibid.*, 16.

<sup>9</sup> John Rawls, *A Theory of Justice* (Cambridge, MA: Belknap Press, revised edition 1999): 4.

<sup>10</sup> Cohen, *Rescuing Justice*: 208.

<sup>11</sup> *Ibid.*, 10.

<sup>12</sup> The next few paragraphs draw in part on Joseph H. Carens, *The Ethics of Immigration* (New York: Oxford University Press, 2013), chapter 4.

<sup>13</sup> See the illuminating discussion in Paula Casal, "Mill, Rawls, Cohen and the Egalitarian Trilemma," unpublished paper presented at a seminar in honor of G. A. Cohen. Michael Titelbaum has an excellent discussion of the reasons why Rawls' own account of justice entails some sort of ethos, but he seems simply to assume that freedom of occupation entails treating occupational choice as an arena of Millian freedom from social pressure or, indeed, any normative constraint. See Michael Titelbaum, "What Would a Rawlsian Ethos of Justice Look Like?" *Philosophy and Public Affairs* 36, no. 3 (2008): 289-322.

<sup>14</sup> See Philippe Van Parijs, *Real Freedom for All* (Oxford: Clarendon Press, 1995).

---

<sup>15</sup> Andrew Williams, "Incentives, Inequality, and Publicity," *Philosophy and Public Affairs* 27, no. 3 (1998): 225–47.

<sup>16</sup> Joseph H. Carens, "An Interpretation and Defense of the Socialist Principle of Distribution," *Social Philosophy and Policy* Vol. 20, No. 1 (Winter 2003): 145-177.

<sup>17</sup> See the discussion in Casal, "Mill."

<sup>18</sup> Titelbaum, "Rawlsian Ethos."

<sup>19</sup> Rawls, *Restatement*: 179.

<sup>20</sup> William Wordsworth, "THE world is too much with us; late and soon" in *The Complete Poetical Works* (London: Macmillan and Co., 1888) Bartleby.com, 1999. [www.bartleby.com/145/](http://www.bartleby.com/145/). [Accessed on February 5, 2014]

<sup>21</sup> Cohen, *Rescuing Justice*: 56

<sup>22</sup> We can (perhaps) articulate the idea that individuals should tax themselves, keeping only the amount they need as compensation for above average labor burdens, but I have argued elsewhere that this idea is not only impractical but also ultimately incoherent. See Joseph H. Carens, "Compensatory Justice and Social Institutions," *Economics and Philosophy*, 1 (Spring): 39-67. This objection applies to Ronald Dworkin's version of egalitarianism among others.