

Freie Universität Berlin  
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Summer Semester 2022

## **Economic Justice**

**Lecture:** Wednesdays, 16-18, Hs 107; A. Pelloni, G. Corneo.

**Exercise:** Mondays, 12-14, Hs 104; M. Krecik.

**Modul:** *Theoretical economics: Selected topics – Bachelor VWL, #10102001*

Is it just that some are poor and others are rich? Is economic growth always desirable? Is it important what goods we produce, not just how much of them? If yes, why is this so? Is education a final good or an intermediate good? Should health care be free for all?

These and many other questions are rooted in the two basic questions of economic justice: What makes for a good economic outcome? How should the benefits and burdens of economic cooperation be distributed among the members of society?

The course will present the answers to these questions provided by the main contemporary theories of distributive justice and at some of their implications in terms of policies.

The course will be divided in two parts. The first part will start with an exposition of the normative foundations of neoclassical theory (utilitarianism/welfarism/preferences satisfaction, UWPS). We will then turn to ethical approaches alternative to UWPS, ranging across the political spectrum from libertarianism to left/liberalism to egalitarianism.

The second part of the course will put the theories encountered in the first part at work in the context of today's important economic policy debates. We will see how alternatives theories may yield very different sets of policy conclusions. First we will focus on the increase in income and wealth inequality many countries have been experiencing in the last decades and on possible causes and remedies. In particular we will discuss wealth and inheritance taxation as well as basic universal income and basic universal services and basic universal capital. We will then move to environmental justice, defined as the fair treatment of people with respect to environmental policies and then to gender equity, meant as the provision to all people, regardless of gender, of the same conditions and opportunities for flourishing.

Finally in view of the widening scope of markets in the organization of society we ask: should everything be for sale? can we have a market economy without becoming a market society?

The course encourages the active participation of students. The list of issues to be discussed in the second part is provisional in the sense that it could be modified to incorporate students' suggestions.

## **Syllabus**

Prelude: Facts and values in economics. Why we cannot do without a normative point of view.

### *Part 1. Theories of justice*

1. Utilitarianism, Welfarism, Preferences Satisfaction: from Jeremy Bentham to Kenneth Arrow and Gerard Debreu

2. Contractualism: John Rawls

3. Libertarianism: Robert Nozick

4. The capability approach: Amartya Sen and Martha Nussbaum

5. Equality of resources: Ronald Dworkin

6. Equality and community: G.A. Cohen

7. Equality of opportunity: John Roemer

8. An egalitarian critic of egalitarians: Elisabeth Anderson

9. Recognition or Redistribution? Axel Honneth, Nancy Fraser and Michael Sandel

### *Part 2. Policy issues and controversies*

1. Income and wealth inequality: measures and causes

2. Taxation of wealth and inheritances

3. Basic income, basic capital and basic services

4. Environmental justice

5 Global justice and migration

6. Gender equity

7. Moral limits to markets and paternalism

8. Working time and work satisfaction.

## Recommended Texts

There is no single text for the course. For the first part of the course some use will be made of *Economic Analysis, Moral Philosophy and Public Policy* by Daniel Hausman, Michael McPherson and Debra Satz, Cambridge University Press 2016 and of *Contemporary Political Philosophy* by Will Kymlicka Oxford University Press 2002. Another beautiful text is *Global Political Philosophy* by Matthias Risse, Palgrave- Mc Millan 2016, from which we will draw for the second part of the course. For this second part, readings will also be taken from *Inequality* by Anthony Atkinson, Harvard University Press, 2016, *A Brief History of Inequality* by Thomas Piketty Belknap Press 2021, *The Work of the Future* by David Autor, David A. Mindell and Elisabeth B. Reynolds the MIT Press 2022 and *The Triumph of Injustice* by Emmanuel Saez and Gabriel Zucman W.W. Norton, 2019.

Other readings:

Equality of what? On definitions of equality.

E. Anderson: "What is the point of equality?", *Ethics*, 109, 1999, 287-337.

N. Fraser and A. Honneth *Redistribution or recognition* Verso 2003.

J. E. Roemer: *Equality of opportunity* Harvard University Press 2000.

M. Sandel: *The tyranny of merit*. Allen Lane 2020.

A. Sen *Inequality re-examined*, Harvard University Press 1992

On inequality of income and wealth:

World Inequality Report 2022 (<https://wir2022.wid.world>)

E. Saez "Public Economics and Inequality: Uncovering our Social Nature" AEA Distinguished lecture, American Economic Association, *Papers and Proceedings* 2021 111 1-26.

E. Saez and G. Zucman "Trends in US Income and Wealth Inequality: Revising After the Revisionists" NBER Working Paper No. 27921, 2020 Comments on updated Smith-Zidar-Zwick wealth share 2022

G. Corneo "Income Inequality from a Lifetime Perspective" *Empirica* (2015) 42: 225-239

On Basic Income, Capital and Services

I Gough .and J Le Grand (22 January 2021). "The case for Universal Basic Capital: a £10k grant for every 18-year-old".

P Van Parijs "The Universal Basic Income: Why Utopian Thinking Matters, and How Sociologists Can Contribute to It. *Politics & Society*. 2013 41 2 171--182.

J Elster "Comment on Van der Veen and Van Parijs" *Theory and Society* 1986, 15, 5, 709-721.

On Global Justice

P. Mohai, D Pellow, D. and J. T Roberts "Environmental Justice". *Annual Review of Environment and Resources* 2019, 34

E. A. Page "Distributing the burdens of climate change" *Environmental Politics* 2008 17 4 556-575. <https://doi.org/10.1080/09644010802193419>

### On Gender Equity

Okin, S. Moller. "Introduction: Justice and Gender." Chapter 1 in Justice, Gender, and the Family Basic Books 1991.

<https://www.exploring-economics.org/en/orientation/feminist-economics/?msclkid=7fb88e4eae311ecaf12e93a28d88a0e>

### On Moral Limits of Markets

Sandel M. J. 2012. What Money Can't Buy: The Moral Limits of Markets. Farrar, Straus and Giroux

### On Working Time and Work Satisfaction

Schor, J. "The Overworked American" Basic Books 1991.

## **Learning Objectives**

Students should achieve a capacity to recognize and engage normative/ethical theory in the context of economic policy debates. Students should understand the "positive"---"normative" distinction in the social sciences, and how even positive science is informed by normative commitments. Students should acquire a knowledge of three main approaches to economic justice --utilitarianism/welfarism, libertarianism and egalitarianism. They should acquire an understanding of the main strengths and weaknesses of each of these approaches in assessing economic outcomes. Finally, students should be able to apply the various theories in the context of policy debates.