

Presentation

Conflicts among individuals' and groups' needs and desires due to the scarcity of resources are best faced by teaching individuals how to control the birth of their desires and by mutual altruism.¹ These means have additional virtues. The former develops individuals' mental freedom or autonomy, and the second favours the quality of social relations; both are primordial values in themselves. Although progress in these ways should always be sought, these means often do not suffice. The duty of establishing a just distribution then intervenes.² Distributive justice thus plays a major role in human societies. It also favours good social relations in providing reasons for distributions and hence for freely accepting one's share.

Distributive justice in society is a pervasive issue. Each time someone benefits or suffers from something, one can ask why the benefit or the pain does not accrue to someone else, directly or through compensations. However, the issues of justice are extremely varied in scope. They are dominated by the issue of *macrojustice*, which concerns the most general rules of society and their application to the distribution of the benefits from the main resources – overall or *global distributive justice*. We will see that the judgments of the members of society imply a solution to this question. They will imply, first, the rule of *social freedom*, that is, individuals' freedom from the forceful interference of others. Practically, this amounts to the classical basic rights – the constitutional basis of “democratic” societies (who often misapply them) – or to the rights to act and benefit from acts without forceful interference. Since this implies free exchange, overall distributive justice will focus on income (general purchasing power). The implied distributive transfers will then be shown to have a remarkable structure, *equal labour income equalization*,

¹ See, respectively, my studies *Happiness-Freedom* (1982a) and *The Good Economy, General Reciprocity* (1984a). Controlling the birth of one's desires is better than mastering existing and possibly entrenched desires, which is often difficult or painful. The method is self-awareness, which usually requires the appropriate education and training.

² This distribution may differ from that resulting from mutual altruism, notably as concerns the consideration of individuals' capacities to enjoy or endure (this will be discussed in Chapter 6).

depending on a degree of solidarity, community, or reciprocity that will be derived. The rest of justice in society constitutes “microjustice.” It concerns issues that are specific in nature, object, concerned people, and often time and place.³

The method and principle retained for determining the solution is that justice in a given society is what this society and its members think it is: this *vox populi, vox dei* is “endogenous social choice.” More specifically, the basic principle will be unanimity, or consensus, of society members. The relevant individuals’ views should, of course, satisfy a few obvious conditions. They should be sufficiently informed. They should embody the minimal rationality of being sufficiently reflective and following logic. Moreover, they should abide by the meaning of the concept of justice, which implies impartiality of some kind. Possible external effects concerning individuals outside the considered society should also be taken care of. The considered individuals’ judgments can be actual or notional (theoretically derived) or a mix of both. This general principle of endogenous social choice is fully analyzed in Part IV of the present study, whereas the previous parts only apply the aspects of it that are necessary for determining the general structure of the solution.

The solution comes out in a three-level structure: the general rules; the structure of income distribution and transfers that result from it; and the intensity of the implied solidarity. The following sequence of results will be shown. The general rule turns out to be social freedom, or freedom from forceful interference and domination, which is often expressed as the classical basic rights, or as the theory of process liberalism praising process-freedom (freedom to act and to benefit from the intended consequences of one’s acts without forceful interference). This implies that the distributive policy should not be based on individuals’ acts or their consequences, and hence should only directly distribute rights or values concerning resources given to society, that is, the classical “natural resources,” which include given human capacities.

Productive capacities statistically produce, directly or indirectly, by far the largest part of income (and they would produce more with more labour) – moreover, nonhuman natural resources have often been allocated for long (and many of them are allocated by principles of microjustice). Furthermore, capacities to derive happiness from a given income happen to be unanimously considered irrelevant for overall distributive justice (for the income tax, for instance), for reasons related to concepts of privacy and the self. Hence, overall distributive justice should allocate the value of productive capacities. Such a capacity permits obtaining income from labour, or leisure for a given level of earnings. Then, equality – a rational consequence of impartiality – will be shown to imply that the transfers of global distributive justice amount to an equal sharing of the proceeds of the same labour provided by all individuals (with their different productivities). This is the structure of “equal labour income equalization,” or ELIE. The labour considered is the

³ Microjustice about corresponds to Jon Elster’s (1992) “local justice.” A field of “mesojjustice” will also be distinguished.

“equalization labour.” Practically, each individual receives or yields in proportion to the difference between her wage rate and the average, the proportion being the equalization labour.⁴ Hence, a difference in productivity is compensated by a proportional difference in income transfer.

The ELIE structure of distributive transfers also amounts to each individual yielding to each other the product of the same labour: this is general labour reciprocity. The equalization labour constitutes a crucial parameter of a society: it describes the amount of solidarity, equalization, resource commonality, and reciprocity. This parameter also turns out to be a minimal disposable income as a fraction of the average productivity, for individuals who are not responsible for their low earnings. This coefficient is determined, in Part IV, from the consensus of moral views as concerns its level, the set of transfers, or the method for deriving it – cultural analysis can also be used. These views can be actual or notional, and their convergence can result from impartializations and homogenizations of individuals’ actual or notional judgments, using a number of complementary methods implying information about others, dialog and communication, ways of discarding self-interest and self-centeredness, the notional building of impartial views from self-interested or self-centered ones, and so on.

The satisfaction of basic needs is guaranteed by the minimum income implied by the obtained distributive scheme. This turns out to respect individuals’ dignity, freedom, and responsibility in two ways. First, individuals receive income which they are free to spend for satisfying their needs as they see them. They can also be provided information and advice for helping them in this choice, but this is no constraint. Additional free care of specific needs is possible, but this is an issue belonging to microjustice. Second, the minimum income implied by the scheme happens to be for individuals who can derive no or little income from the market, because of low wage or unemployment, rather than for people who can earn sufficiently with moderate labour.

The transfers of the ELIE scheme are based on given capacities. Hence, they entail no inefficiency-generating disincentives (this base is “inelastic,” and we will see that estimating it is more manageable than for other taxes or subsidies).⁵

The obtained distributive ELIE scheme is a directly applicable policy. It aims at constituting the global distributive aspect of public finances. It should thus tend to replace the progressivity of the income tax and the main transfers and assistance schemes.⁶ It is particularly simple and produces no (or minimal) inefficiency-generating disincentive or incentive effects. It is financially self-contained and

⁴ Each individual i faces the transfer $t_i = k \cdot (\bar{w} - w_i)$, where w_i is individual i ’s wage rate, \bar{w} is the average wage rate in the society, and k measures the equalization labour. If $t_i > 0$, this is a subsidy. If $t_i < 0$, this is a tax of $-t_i$. This very simple structure can take into account the various dimensions of labour, education, involuntary unemployment, and so on. The information necessary for this policy is globally more readily available than that required for present policies. All these points are presented in detail in further chapters.

⁵ In Chapter 10.

⁶ Its scope constitutes the bulk of the “distributive branch” of public finances, as Richard Musgrave (1959) puts it.

balanced, and it jointly indicates transfers and their financing, from the same rationale. It is to be associated with the implementation of the other functions of public finances, notably the “allocation” role of financing nonexcludable public goods through benefit taxation. Its primary virtue, however, which entails its other properties, is its rational necessity implied by the derivation outlined above and explained in detail in the rest of this study.

Public finances have various functions with different aims and rationales. Distributive justice is one of them. It includes the noted overall distributive justice, which may possibly have to be completed by some other specific measures.⁷ The allocative function includes the provision and financing of the relevant public goods, the required correction of external effects, and the like. A stabilization function is also distinguished.⁸ The distinction of these various functions constitutes functional finance. This conception is indispensable for the optimization of public finances. Any other approach necessarily entails confusion, waste, misallocation, and injustice. And this optimization constitutes a major part of securing the quality of society since public finances commonly use about half the social product. Practically, taxes and subsidies can be presented in a consolidated form to each citizen (although her information about their various reasons is a condition for democracy in any sense). However, present common practice of overall taxation distinguishes overall receipts and expenditures much more than the receipts and spending corresponding to the realization of each function. This is rather far away from full functional finance. Public finances can go progressively in the latter’s direction, in the appropriate fiscal reform. In particular, the progressive introduction of ELIE distribution will be considered, in increasing the “equalization labour,” or in transforming present-day fiscal structures such as the income tax, income-tax credits, or other supports to low income.⁹ The transition can also focus on the tax side by a partial application of the obtained result that follows the practice of taxing for financing a given overall expenditure, consisting of taxing according to the principle of “equal labour contribution.” That is, the individuals contribute the value of their production (their earning) for the same labour, and this labour is chosen so as to obtain the required total amount. People thus contribute with their different capacities to produce and earn with this equal labour. This applies the principle “from each according to her capacities.” The treatment of education, effort, and other characteristics of labour will be fully discussed. This scheme exactly becomes ELIE if the total product were equally shared among all individuals. These taxes are not based on total earned incomes, their base is inelastic (independent of individuals’ actions), and hence, they induce no wasteful disincentive. Yet, optimal fiscal reform cannot be content with this step and has to move toward functional finance and fully justified taxation.

⁷ They will be in fields of “microjustice” or “mesojustice,” which are discussed later.

⁸ Although it can theoretically be related to various “market failures.”

⁹ See Chapters 7 and 27.

Cambridge University Press

978-0-521-83503-9 - Macrojustice: The Political Economy of Fairness

Serge-Christophe Kolm

Excerpt

[More information](#)

Presentation

5

However, at a still more primitive stage of fiscal reform, one of the first steps should simply be to choose less elastic bases for taxes (and subsidies) – to “de-elasticize” the bases of public measures – for favouring efficiency (and social freedom). In particular, the taxation of earned income should tend to be based on income earned by given labour, and large progress in this direction is easy.

A number of the analyses developed for this derivation probably are valuable in themselves and for other applications. In particular, Part IV presents and applies the theory of endogenous, consensual social choice, and its various methods and branches.¹⁰ The consensual necessity of social freedom and basic rights, their relation with social efficiency, and the distributive implications, described in Part I, have an intrinsic relevance. The question of rights in human capacities and of their relations with the various types of freedom is an important issue (Chapter 3). The actual or proposed distributive policies, and the distributive philosophies, are compared, and compared with the obtained result, in Part III. Finally, Part V extends these comparisons to the analytical presentation of the whole set of social ethics that are and can be developed within the viewpoint of economics, a presentation that also has an interest in itself.

These properties of rationality, automatic and respectful relief of forced poverty, reciprocity, economic and social efficiency, comprehensiveness and financial balance, simplicity, and meaningfulness and understandability, should favour the introduction of this scheme in fiscal structures and reforms. These properties also favour a didactic use of the associated explanations and discussions. The public dialog can focus on the concept and parameter of the degree of community of human resources, solidarity, reciprocity, and guaranteed income – that is, the equalization labour – and can concentrate its discussion around its various meanings.¹¹ This can promote awareness of the impartial point of view, and of the relevant nature of society, freedoms, and justice. If this helps increasing concern for others and lowering self-centeredness – which may help deflating grasping egos – thinking about justice will have diminished its own necessity – the true mark of success.

¹⁰ They are the theories of dialog, “interest-neutral opinions,” the “moral or distributive surplus,” the “recursive original position,” “moral time-sharing,” the notional “uniformization of social distances,” “formative” and “empathetic” information about others’ moral views, etc.

¹¹ See the theoretical model of dialog in Chapter 20.

Cambridge University Press

978-0-521-83503-9 - Macrojustice: The Political Economy of Fairness

Serge-Christophe Kolm

Excerpt

[More information](#)

PART ONE

**BASES: CONSENSUS, FREEDOMS,
AND CAPACITIES**

ONE. INTRODUCTION

1. Macrojustice: An overview of its place, method, structure, and result

TWO. FREEDOM

2. Social freedom
3. The liberal theory
4. Free and equal in rights

THREE. RESOURCES

5. Resources
 6. Capacities
-

Cambridge University Press

978-0-521-83503-9 - Macrojustice: The Political Economy of Fairness

Serge-Christophe Kolm

Excerpt

[More information](#)

ONE. INTRODUCTION

1

Macrojustice: An overview of its place, method, structure, and result

1. INTRODUCTIVE SUMMARY

Justice should probably be seen as a palliative to the insufficiency of the deeper human values that are the choice of one's desires and concern for others. Among the multifarious questions of justice raised in society, macrojustice is concerned with the basic rules of society and the global or overall distribution of goods and of the main resources these rules imply. The specific solution for macrojustice will be shown. This will be the solution that is desired by society, in the sense that all its members unanimously want it when they are sufficiently informed, reflective, and impartial (a property of any view about justice). This will turn out to both imply and be implied by the fact that the general rule of society is social freedom, that is, an absence of relation of force between society members: each individual is free from the forceful interference of others individually or in groups or institutions (except possibly for protecting or realizing others' such freedom). Social freedom is generally presented in the form of the classical basic rights – the basis of democratic Constitutions. Social freedom or, more directly, unanimity, will imply that the overall distribution of resources has a very simple and meaningful structure ("equal labour income equalization"). There will, however, remain to determine a degree of equalization or redistribution, about which the interests of some individuals are opposed. The methods for solving this problem again involve some consensus. In particular, individuals' judgments relevant for justice imply a structure of impartiality – be it actual or notionally constructed.

The final result will be very practical and simple. It will for instance take the place or show the form of the redistributive functions of the income tax and of the main transfers. Its structure will result from the noted freedoms and the efficiency they imply, the fact that the main relevant resource is – by far – the human resource (especially as resource whose value is available for overall redistribution), the consensual desire to respect the privacy of individuals' capacities for happiness (for macrojustice), and equality derived from impartiality. These conditions will be shown to imply that the global distribution has a structure of "equal-labour

Cambridge University Press

978-0-521-83503-9 - Macrojustice: The Political Economy of Fairness

Serge-Christophe Kolm

Excerpt

[More information](#)

10 Macrojustice: An overview of its place, method, structure, and result

income equalization” or ELIE. This says, for example, “equally share individuals’ earnings during one day and a half a week.” This equalizes the benefits from the different capacities of the individuals for this notional labour, but only for it. This duration, which can be completed with other characteristics of labour, can vary according to society, and it constitutes a degree of redistribution, solidarity, reciprocity, and community of the society. A number of related and complementary methods permit the derivation of this crucial parameter of societies from the views of society members.

A summary overview of this overall derivation is proposed in this introductory chapter. All concepts and implications will only be sketched here: their full presentation will be the subject of later chapters. I hope that, nevertheless, this overview can provide a useful guideline, showing the intention, method, concepts, implications, and results of this study. Section 2 of this chapter situates justice in social values. Section 3 indicates the method for obtaining a solution. The result for macrojustice is outlined in Section 4. Section 5 shows the network of implications that lead to this structure, and Figure 1 of Section 6 summarizes it. Section 7 notes the family of methods for determining a society’s desired degree of redistribution. Finally, Section 8 presents the structure of the rest of the study.

2. THE PLACE: JUSTICE AS PALLIATIVE

If people were sufficiently able to control the birth of their desires, the desires they would choose for avoiding dissatisfaction caused by the scarcity of goods would *ipso facto* elicit no conflicts about scarce goods. However, difficulties in information and formation seriously impair progress in this direction on a large scale in modern large societies.¹ If, as a second best, people sufficiently liked one another, then, again, no conflicts about sharing scarce resources would arise. Modern societies are aware of this latter value, altruism, but sufficient progress toward such a large-scale altruistic “general reciprocity” is again impaired by questions of formation and information.² Then, as a third best, distributive justice indicates the appropriate sharing of goods and resources. Note that sharing resources or goods is necessary in all cases, and notably with sufficient altruism, but altruistic sharing and the solution indicated by principles of justice are bound to differ.³ In other works, I have analyzed the questions of mental freedom and altruistic reciprocity.⁴ I have also proposed and analyzed many general and specific properties of the question of justice.⁵ My present purpose is more restricted, but it happens to be central: it is to investigate in depth the solution to the core problem

¹ See the study *Happiness-Freedom (Le Bonheur-Liberté)*, 1982a).

² See the study *The Good Economy, General Reciprocity (La Bonne Économie, La Réciprocité Générale)*, 1984a).

³ Issues of suffering and happiness would play a more direct and more extensive role in altruistic sharing than in macrojustice (see the reference in note 2).

⁴ See the references in notes 1 and 2.

⁵ Most of these works are noted in the bibliography of *Modern Theories of Justice* (1996a).