

Nozick vs. Rawls on Justice, Rights and the State

Your account of the 1970s debate over economic justice, individual rights and the state (Robert L. Pollock, “Capitalism for Consenting Adults,” Jan. 28, 2002) is a fitting tribute to Robert Nozick on his untimely death last week. It was also good to see it acknowledged that John Rawls, the object of Nozick’s critique, did not argue against any and all wage inequality; he sought to characterize the constructive inequality that might be deemed justifiable. Yet your account missed some of the bases for their differences.

Rawls’s 1971 book views a society as a cooperative venture for mutual gain; the gains derive from the collaboration by the participants in society’s formal market economy. A further premise is that, in virtually anyone’s paycheck, the part that is the gain from cooperation is going to dwarf the part that could have been earned toiling as a hermit outside society. Rawls then asks what principle might be agreed upon for deciding the taxes and subsidies that will partly determine both the average gain and how the gains are distributed over the economy’s contributors. He rejects equalization of net pay rates (after tax and subsidy) through confiscatory taxes on higher pay, as it would not fill the right jobs with the right people and not motivate the right effort and initiative. He argues for the principle that marginal tax rates should be successively lowered from confiscatory levels, widening pay inequality with each step, as long as each resulting improvement in efficiency and its consequent boost to the revenue yield serve to increase the lowest pay rate – not just higher pay rates.

Nozick’s 1974 book argues from some different premises. For one, his economy appears to be peopled by largely self-made men whose productivity owes little to one another or others. So the gain per worker from cooperation is so small that not much of a break for the low-paid could be funded without causing the well-paid to earn less than they could by each going it alone. However, it has long been an accepted proposition among economists, dating back to Adam Smith, that the gains from cooperation are large next to what families could earn through self-sufficiency.

Nozick’s book envisions that a whole alliance of people might desire to secede from the society to form a new society if marginal tax rates were left as high as Rawls’s principle required; and Nozick saw this as their right. But it could be replied that if the population would have endorsed Rawls’s principle when (as Rawls wants) they didn’t know yet whose shoes they were going to be in

(whether out of fear they might turn out to be low-paid workers or simply because they liked it as a principle), the people who found themselves winners in the lottery of abilities could not with a clear conscience opt to splinter off into a parallel society, leaving the low-pay people with even lower pay. And if many do choose to break the “contract,” does that show it was unjust? We don’t say that the tax-financing of police forces is unjust because the richest might like to have their share rebated and to depend on their own body guards.

Finally Nozick’s critique gave many readers the impression that Rawls envisioned an economy founded on a heavy-handed market socialism while Nozick distinguished himself by making full room for capitalism. That is an ironic misreading. Rawls’s book did operate serenely above the contest between market socialism and capitalism, which was just heating up in much of Europe. But its tireless emphasis on the centrality of career – the satisfactions of jobs’ challenges and the resulting development of talents, which he lumped under the term “self-realization” – and its insistence on the primacy of basic freedoms, particularly free speech, leave no doubt that he had capitalism in mind. In fact, the book became as huge “hit,” as you noted, because it pointed America to a brighter and more secure future for capitalism at a very dark moment. The ’60s radicals were saying that America’s capitalism was run for the benefit of rich and powerful interests. The more violent among them made terrorist attacks on established institutions, which were tongue-tied for a response. (Offices where Rawls and I worked in 1970 were fire-bombed, including ours!) Rawls offered us a vision with which we could counter the radicals: America might continue with the capitalist enterprise that had been so rewarding for the majority while at the same time taking the modest steps – lower tax rates at the low end, wage subsidies for low-wage workers, etc. – to pull up the pay for low-end workers to a more adequate level and thus to involve them more widely and fully in society’s market economy and ultimately to dissolve America’s underclass.

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To the Editor
Wall Street Journal

Your op-ed “Justice and Inequality” by David Lewis Schaefer (July 20) purports to trace the views on inequality of the current candidates for the Democratic presidential nomination to the 1971 book *A Theory of Justice* by John Rawls. But the op-ed misrepresents that book at key points. In fact, the book powerfully opposed the very views it is now accused of.

The book neither argued nor posited that “absolute economic well-being ...matters less than ...relative position.” It never even speaks of relative income or shares. In Rawls’s theory, justice requires reducing the deprivation of the working poor to the maximum extent feasible – subsidizing their employment in order to raise their take-home pay to the maximum. This means tax rates on wage earners farther up the ladder would be set at levels to yield maximum tax revenue. This was a sharp break from the radical left. They sought tax rates set at still higher, punitive levels, in spite of the resulting loss of tax revenue available to help the working poor, with the aim of impoverishing the more advantaged. Their justification was that it would reduce the “relative deprivation” of the poor (as it increased their absolute deprivation.).

Rawls would have none of that. His understanding was that the working poor have lives to lead, even children to raise, and fret little about the rich. True or not, he did not let “envy” have any part of his conception of the good life – the “primary goods” that are instrumental in people’s quest for “self-realization.” Immanuel Kant was his idol and he enjoyed quoting Kant’s dictum that “envy is the vice of mankind.” How surprising then to read that Rawls held “it is rational to envy people whose superiority in wealth exceeds certain limits.” If he said that in his last years, it is nevertheless not part of his theory of justice.

It is misleading to summarize Rawls’s book as saying “inequalities are allowable only to the extent that they improved the condition of the least advantaged in society.” He often indulged in loose approximations. But the book repeatedly makes clear that his acceptance of inequality goes farther than that approximation suggests. The goal is to reduce poverty among the less fortunate in a developed economy, not to reduce the higher incomes among the more fortunate. Rawls views the ability of the more fortunate to earn more not only as a source of welcome tax revenue with which to boost the rewards of the working poor. He implies that if two states of the economy were feasible, both with the same net wage at the bottom of the ladder but one having even higher wages up the ladder than in the other has, the former would be better. The increased self-realization of the advantaged is also valuable.

The above approximation neglects another feature of Rawls's position. His conception of justice does not allow that tax rates on those who earn so much as to be ineligible for the low-wage subsidies may be so very high as to leave them worse off than if they got together to form another society without the working poor. Rawls supposes that the "social dividend" that comes from the productive collaboration of the advantaged and disadvantaged is so large that such a secession would not be gainful. In short, the advantaged are left with a net gain from working with the less advantaged.

Rawls embarked on his book in the late 1960s, when the country gave signs of coming apart – the radical right oblivious to the deprivations endemic among the working poor and blaming them for their dysfunctional lives; the radical left mindlessly believing that the solution lay in outlawing inequalities and devaluing bourgeois notions of personal growth and responsibility. Much is owed to Rawls for working out and pointing us to a vision of an economy that is both just and enterprising. His peers long ago recognized him as one of the greatest moral philosophers of all time. Now he can be seen as one of the heroes in 20th century American history. It is grotesque that his contribution should now be vilified.

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