

Tutorial

Economics of Social Justice

Session 3: Positive Analysis of Justice Theories

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FREIBURG

Konow, J. (2003): “Which is the Fairest One of All? A Positive Analysis of Justice Theories”, *Journal of Economic Literature*, Vol. 41: pp. 1188-1239.

Overview

1. Goals of the session
2. Fairness and Economics
3. Aims of Konow (2003)
4. Integrated theory of justice
5. Empirical method
6. Discussion about the text
7. Some results

1. Goals of this session

- Analyzing economic literature on justice
- Overview of positive research on justice
- Deriving structural patterns

2. Fairness and Economics

- Fairness predicts deviations from self-interest
- Evidence that fairness affects the behavior of people
 - (Fehr and Schmidt, 1999)
- Increasing acceptance of justice in economics
- Though: no agreement about proper theory of justice

3. Aims of Konow (2003)

- Terms used:
 - Fairness
 - Justice
 - Equity

- Goals:
 - Conduct a positive analysis* of leading positive and normative theories of justice

- * theories will be evaluated in terms of how accurately they describe fairness preferences of people

3. Aims of Konow (2003)

- Enhance predictability of economic theory by including justice motives
- Evaluating competing justice theories in the research fields
 - Equality / need (solidarity)
 - Utilitarianism / welfare
 - Equity / desert (individual choice & responsibility)
 - Context
- Searching for **fairness preferences of people**

3. Aims of Konow (2003)

- Attempting an integrated theory
 - Different and contradictory perspectives on the meaning of justice
- X
- General theory of justice.
- Unifying framework for the specific theories

4. Integrated theory of justice

- Integrated, but not composite theory
- Acknowledges the 3 principles of justice
- The weight on each principle is determined by the context

4. Integrated theory of justice

- Why an integrated theory?
 - Makes transparent conflicts
 - Overcome contradicting predictions of opposed theories
 - Helps to develop new theories
 - Expands predictory power
 - Simplifies knowlegde
- The role of the context
 - Cognitive effects (framing, biases, information effects), subjective values, local justice (historical particularism, pragmatic solutions, membership)
 - Serves as a mediator-variable

4. Integrated theory of justice

- Importance:
 - Understand how notions of justice affect social phenomena

- Hypotheses of the author:
 - „fairness preferences usually converge when stakes are removed“

5. Empirical method

- Based on:
 - Different disciplines
 - Various methods
 - Experimental and survey designs
 - Studies that encourage participant to abstract from personal stakes

5. Empirical method

- Tension between aim of impartiality („objective“ justice) and real-world relevance
- Surveys / vignettes:
 - Usually personal stakes are abstracted
 - Low self-interest bias
 - Present hypothetical scenarios and ask people to show their preferences
- Experiments:
 - Preferences when stakes are involved
 - Stakes are personal and contribute to a self-serving bias

6. Discussion about the text

- Exercise:
 - Read, discuss and prepare (20 min)
 - Presentation (5 min for each group)

- Tasks:
 - Define the principle of justice to be tested
 - Explain the experiment(s) made
 - Discuss the results and give your opinion. Would you have done it another way? How? Which are the contributions of the results for the theory of social justice?

7. Some results

- How can we integrate these different principles?
- Pluralistic justice
- Deutsch (1985) – proposes theory based on 3 principles:
 - *Equality*
 - Equity/merit (proportionality)
 - Need
- Discussion on equality:
 - „When the level of resources is low, need may become more salient as an allocation strategy“ (Leventhal, 1976)
 - „equality sometimes emerges as a rule when contributions or rewards are not very important“ (Günth 1988)
 - „equality is the justice principle that applies in the context of solidarity relationships, as friendships.“ (Deutsch)

7. Some results

- Are there preferences over principles?
- Conflict:
 - Fair and preferred income distribution usually do not coincide

7. Some results

- Equality / need:
 - Equality as a pragmatic device; no relevance in macro issues; need as justice or distributive motive
- Welfare /utilitarianism:
 - Preeminent in macro contexts; Pareto principle sensitive to the size of the benefits
- Equity / desert:
 - historical entitlement questionable; „earned“ rights, effort, choice and control substantiate entitlements whereas luck tends to impose compensation

7. Some results

- Conclusion:

„ equity guides but does not monopolize distributive preferences: people care about equity, but the allocations they prefer for themselves and consider right are also influenced by concerns for efficiency and need.“

7. Some results

- Challenge:
- „ incorporate the impact of context on justice evaluation, and much work remains in this regard. „

7. Some results

- How the theory of justice can be used:
 - to explain phenomena impacted by it
 - to distinguish distributive preferences from other motives such as self-interest, reciprocity and altruism
 - to guide social policies