

EQUALITY OF RESOURCES: A NEW ACCOUNT

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I hereby declare that this dissertation contains no material accepted for any other degrees in any other institutions.

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ABSTRACT

Ronald Dworkin believes that two principles of *human dignity* are of fundamental ethical significance, the *principle of equal importance* and the *principle of special responsibility*. According to him, these principles, properly interpreted, call for an equal distribution of resources within the boundaries of a nation state. In my dissertation I criticize Dworkin for employing highly unrealistic assumptions in constructing his theory of equality of resources. While economists are justified in making such assumptions in their theories, normative theorists, to my understanding, are not, except for the assumption of full compliance. My aim is to provide a theory of equality of resources that does not employ highly unrealistic assumptions beyond the assumption of full compliance. I argue that such a theory will not assign the market a fundamental importance in establishing and maintaining equality. Instead, it will propose a number of mandatory insurance schemes for this role. To this point, my theory aims to be truer to Dworkin's basic commitments than that of Dworkin's own. Then, however, I suggest that *pace* Dworkin, the two principles of human dignity properly interpreted call for an equal distribution of resources not within the boundaries of a nation state, but among all moral persons, and I show what an appropriate global ideal and non-ideal theory of equality of resources should look like.

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INTRODUCTION

In 1981 Ronald Dworkin published a pair of articles that changed the landscape of egalitarian political philosophy. In these articles, Dworkin argues that a right equalizandum for an egalitarian theory of justice is not welfare. This is because, *inter alia*, a society committed to equalizing welfare would have to give more resources to individuals with expensive tastes, and this is ethically unacceptable. No society should supply the champagne lover with more resources than it supplies the beer lover. Assuming that the former is satisfied with having a taste for champagne, he should take responsibility for acquiring the extra resources necessary to satisfy that taste. A just society needs to equalize resources instead of welfare. The equal division of resources is ambition sensitive and endowment insensitive. Material inequalities stemming from brute luck, that is, from people's unchosen circumstances (such as their genetic endowments, etc.) are unacceptable, while those stemming from option luck (that is, the results of calculated and deliberate gambles one could have declined to participate in) are fully justified.

By distinguishing between the inequalities stemming from different types of luck, and saying that only brute luck effects should be a concern for justice, Dworkin has, in Gerald A. Cohen's words, "performed for egalitarianism the considerable service of

incorporating within it the most powerful idea in the arsenal of the anti-egalitarian right: the idea of choice and responsibility” (Cohen 1989, p. 906). Liberal egalitarians before Dworkin’s articles were published had been vulnerable to the libertarian criticism that they violated the principle of responsibility, that is, the “the principle that unequal outcomes are just if they arise from factors for which individuals can properly be held responsible, and are otherwise unjust” (Barry 2003, p.5), by rewarding laziness, and by penalizing those who are hard-working and industrious. Equipped with Dworkin’s distinction between brute luck and option luck, now, egalitarians could eventually rejoin that their aim is to equalize inequalities caused by differential brute luck, rather than all inequalities – thus they do not come at odds with the principle of responsibility at all (cf. Brown 2005, Knight 2006, Scheffler 2003 and 2005).¹

¹ Some believe that historically speaking, Dworkin’s approach is not fundamentally novel. He and those following his steps react to a strand of argument that already appears in John Rawls’s *A Theory of Justice* (1971). Rawls asserts that the distribution of resources in a society should not be inappropriately influenced by factors that are arbitrary from a moral point of view, that is, from people’s natural endowments, and the social background they are born into. Given the arbitrariness of these factors, they cannot create moral reasons for allowing inequalities free play in society. As Christian Schemmel points out, responsibility-sensitive egalitarians “seek to develop further and, in their view, improve Rawls’ reasoning: They see in the quoted passages a first, and incomplete attempt to draw a fundamental distinction between all those factors influencing peoples’ lives which may be called ‘morally arbitrary’ - because they do not depend on individuals’ choices and effort - and non-arbitrary factors that depend on peoples’ choices and efforts” (Schemmel 2007, p. 56). In their view the Rawlsian Difference Principle is a clear mistake, something that betrays the distinction Rawls himself recognized. The question, however, whether Rawls himself can be really seen as someone who intended (but failed) to build up a fully ambition-sensitive and not at all endowment-sensitive theory, is highly debated. David Rondel (2007) and Will Kymlicka (2002) for example argue that Rawls indeed tried to build up a fully ambition-sensitive and not at all endowment-sensitive theory, while Samuel Scheffler (2003) rejects this view.

This new stand of egalitarian thinking, although somewhat slowly, became a dominant strand of distributive justice theories in the last three decades. It was Elisabeth Anderson who recognized – with deep disappointment – the emergence of the responsibility sensitive egalitarian thought in the literature in 1999 and gave it the name luck egalitarianism.² Among the political philosophers Anderson identifies as the chief representatives of luck egalitarianism are Richard Arneson, Gerald A. Cohen, Eric Rakowski, John Roemer and Ronald Dworkin. Naturally, while sharing the commitment to the fundamental distinction between morally arbitrary and morally inarbitrary factors influencing people's life, luck egalitarians do have serious disagreement among each other. As Alexander Brown (2005) identifies it, luck egalitarianism incorporates differences of opinion (1) over the right currency of egalitarian justice, differences (2) in the interpretation of the nature of the distinction between choice and luck, and different beliefs (3) about what we ought to do with the influence of brute luck on people's lives.³

² While the doctrine quickly gained a considerable support among political philosophers, it provoked several important critiques also in light of which the luck egalitarian doctrine appears to lose much of its initial appeal. The most important criticisms, to my wit, are the Harshness Objection (Anderson 1999), the Insensitivity Objection (Anderson 1999 and Scheffler 2003), the Metaphysical Objection (Scheffler 2003), and the Egalitarian Fallacy Objection (Hurley 2001).

³ In my view, there is an additional important disagreement within the luck egalitarian camp that has to do with the acceptability of inequalities resulting from option luck. Traditionally these inequalities were rendered acceptable by the luck egalitarian theories, but a number of second generation theorists reject this idea. In their view option luck can be just as morally arbitrary as brute luck is. When two person makes the same choice under the same circumstances (that is, when they take a similar risk) and one of them fails while the other succeeds, what distinguishes their differential fate is sheer luck, not a difference in what they chose to do. And since sheer luck is morally arbitrary, and the basic idea of luck egalitarianism is that morally arbitrary factors should not determine one's lot in life, the victim of bad option luck should be compensated, the very same way as traditional luck egalitarians suggest it with regard to the victims of bad brute luck. For such an argument see e.g., Lippert-Rasmussen 2001.

Dworkin, however, in his *Equality, Luck and Hierarchy* explicitly rejected the label, his reason being that while luck egalitarians aim to fully compensate for any bad luck after it has occurred, his own theory requires that “people be made equal (...) in their opportunity to insure or provide against bad luck before it has occurred, or, if that is not possible, that people be awarded the compensation it is likely they would have insured to have if they had had that opportunity” (Dworkin 2003, p. 191).

I believe Dworkin is right in rejecting the luck egalitarian label. His influence on luck egalitarians is indubitable, but his theory of equality of resources is not a version of the luck egalitarian doctrine that happens to aim at equalizing resources. Nevertheless, in this dissertation I will not argue for this thesis, as I will not argue for, but simply assume a number of other theses. To start with, I will not argue that resources are the right equalizandum of justice. Neither will I argue that Dworkin’s theory of equality of resources is more convincing than a resourcist luck egalitarian position. Instead, I will assume that the basic commitments of the theory of equality of resources are right, and the theory Dworkin offers is in many ways appealing. But, as I will point out, it suffers from a number of problems that needs to be dealt with. In this dissertation I aim to provide a new account of equality of resources that hopefully avoids the problems the original theory suffers from.

The structure of the dissertation

In Chapter 2 I will discuss the first part of Ronald Dworkin's theory of equality of resources. Dworkin believes that the appropriate conception of equality of resources requires a fully ambition sensitive, but endowment insensitive distribution. The first part of his theory, built around an imagined Walrasian auction, is meant to show how an ambition sensitive distribution would look like had there been no endowment differences between people. Dworkin believes that once we are able to provide an attractive interpretation of equality of resources in such a simple context, then, and only then, can we take the next step and develop a theory that deals with the phenomenon of differential endowments appropriately. By moving right after describing the auction that establishes initial equality to discuss the equality upsetting consequences of differential endowments and the devices through which equality could be restored, Dworkin seems to indicate that in the absence of differential endowments equality would continuously reign. That is, Dworkin seems to think that if there were no endowment differences between the subjects of justice, no redistribution would be called for once initial equality has been established. In Chapter 2 I will argue that this is mistaken. It is not only the phenomenon of endowment differences that upsets equality, but certain consequences of differential ambitions and other features of the human condition (such as the limited availability of information) too. Even if people had the same talents and no one were handicapped, once they start to produce and trade (and we make realistic assumptions on how they do so), the distribution will no longer fully reflect their differential ambitions and differential ambitions only.

My argument in Chapter 2 will proceed as follows. First, I will point out that at the core of Dworkin's theory equality of resources is the idea that resources devoted to each person's life should be equal. In his view, the true measure of the resources devoted to the life of a particular agent is fixed by asking how important that resource is to other agents. Dworkin believes that people should pay the *real cost* of the life they choose, measured in what others (whose preferences matter equally) need to give up in order that they can do so. The perfectly competitive market prices that can be reached through the Walrasian auction reflect exactly these real costs. Then I will argue that once the auction closes, the prices that emerge in a standard functioning economy will not be identical to the perfectly competitive market prices. I will examine whether Dworkin could argue that once initial equality was established by the auction, the perfectly competitive market prices no longer confer a fundamental moral significance, the prices actually emerging in a functioning economy take their place in maintaining equality. If he could argue that way, he could legitimately assume that in the absence of differential endowments equality of resources would not get upset, and hence, no redistribution would be mandated by justice. But, I will show in Chapter 2, he cannot. The distribution in a functioning economy will not be continuously ambition sensitive, even when the agents started off from initially equal bundles of resources. Hence, either redistribution will be mandated by justice, or some central intervention will be needed to ensure that the prices emerging in functioning economies do not differ from perfectly competitive market prices.

In Chapter 2 I will not attempt to suggest an appropriate mechanism to deal with this problem. This is because I believe that resource egalitarians will eventually need to give up not only on the equality maintaining capacity of the market, but also on its equality establishing capacity. My only aim there is to point out that those Dworkinian resourcists who embrace the idea that people are owed equal respect and concern and believe that this entails that we should take their consumer preferences seriously, need to offer a description of such a mechanism. They may be tempted to think that once the problem of handicaps and unequal talents are resolved, the best way to ensure equality is to leave the market alone. But this is a temptation they surely need to resist.

Chapter 3 will scrutinize the hypothetical insurance schemes offered by Dworkin. I will argue there that Dworkin mischaracterizes the problems equality of resources needs to resolve, and, in his understanding need to resolve independently to each other. He identifies two kinds of brute luck that needs to be resolved by hypothetical insurance market devices: the brute luck one suffers when she gets handicapped, and the brute luck one suffers when she turns out to lack profitable talents. I will argue that Dworkin's thesis according to which a fundamentally different hypothetical insurance scheme is required against unequal talents and against handicaps, is unjustified. This is because the *ambition thesis*, according to which talents influence our ambitions in a more profound way than handicaps do is flawed. In Dworkin's view, the hypothetical insurance against handicaps should be under a full veil of ignorance, while the hypothetical insurance against talents should be made under a veil of ignorance that covers everyone else, but the agent making the insurance. Additionally, he seems to believe that while the handicap

insurance would be a flat-rate insurance, against differential talents insurance companies would offer coverage where the premium is fixed as an increasing proportion of the income the insured agent turns out to earn.

I will argue that the problems equality of resources needs to tackle is not the problems of handicaps and differential talents. Instead, they are the problem of *unavoidable luck intrinsic to the nature of both internal and external resources we face as producers* and the problem of our *unchosen unequal needs as consumers*. In my view, they do not require an independent theoretical solution. Both insurances ought to be made under a full veil of ignorance, and it would be reasonable to purchase progressive insurance against both sorts of misfortunes.

In arguing for the thesis, that one of the problems equality of resources need to resolve instead of the problem of differential talents *simpliciter* is the problem of unavoidable luck intrinsic to the nature of both internal and external resources we face as producers, I will point out a to my knowledge so far unnoticed characteristics of Dworkin's auction. In order to achieve equality by the auction (in the absence of differential endowments), we need divine foresight or something akin to it. If Dworkin had not assumed divine foresight, he could not have argued that the parties to the auction could establish an envy-free set of resources. Assuming divine foresight, however, is not a legitimate move for a normative theory. Hence, equality of resources needs to provide a hypothetical insurance solution to the brute luck built in the nature of external resources too, and abandon the auction as a device for establishing initial equality.

Chapter 3 also argued that Dworkin's depiction of the hypothetical insurance market needs to be substantially modified. We need to imagine that only reasonable persons with reasonable approaches to risk participate on the market and decide under a veil of ignorance what policies to purchase against what misfortunes.

In Chapter 4 I will suggest an additional argument for rejecting the equality establishing capacity of the auction. I will point out that Dworkin disregards the real nature of human preferences in constructing his theory of equality of resources. He does not take into account that human preferences are not fully rational and are constantly changing, to give just a couple of examples. In addition, he gives an unsatisfactory answer to the problem posed by the fact that our actual preferences do not always reflect our views on what sort of life is worth living. I will argue that due to the nature of human preferences the auction cannot determine the real value of goods; it cannot ensure ambition-sensitivity in the sense Dworkin wants it to ensure.

Once I have established the thesis that the appropriate theory of equality of resources needs to reject the auction as an equality establishing device and needs to rely solely on hypothetical insurance schemes, I will point out the charge that by doing so the theory loses its ambition-sensitivity and endowment-insensitivity is mistaken. The hypothetical insurance device is a solution to the problem if the impossibility of disentangling the influence of ambitions and endowments on the distribution. It does not track the influence of one's endowments and that of ambitions on one's income, for that cannot be done. But

it allows us to choose an insurance scheme and a price at which we are ready to buy it in a world where the influences at hand cannot be disentangled.

In Chapter 4 I will also argue that from the fact that actual preferences cannot establish the real costs of goods, it does not follow that we do not need to bother with the quality of people's preferences that play a part in the actual markets. The principle of equal importance, that is, one of the basic tenets of the theory of equality of resources, states that "it is important, from an objective point of view, that human lives be successful rather than wasted, and this is equally important, from that objective point of view, for each human life" (Dworkin 2000, p. 5). The *principle of special responsibility*, the other fundamental tenet of the theory, states that "though we must all recognize the equal objective importance of the success of a human life, one person has a special and final responsibility for that success – the person whose life it is" (Dworkin 2000, p. 5). Human lives cannot be successful rather than wasted once people could not form authentic conceptions of the good life. And even if they could form authentic conceptions, but do not have a sufficient opportunity to form authentic preferences that in fact contribute to choosing the right resources, they would have a slight chance for living a good life. Consequently, I will argue that an appropriate theory of equality of resources should ensure that people have appropriate chance to form authentic conceptions, authentic preferences and make authentic choices on the market. This can be done through a hypothetical insurance scheme. I will argue that the compulsory nature of such an insurance scheme is justified by the intrinsic value of authenticity. Since we all have a duty to preserve authenticity, if we allowed people not to insure, those who would not,

would exploit us. We have a right, however, not to be exploited. A similar argument, I believe, can establish a mandatory basic health insurance scheme too.

Chapter 5 will start by pointing out that Dworkin holds a political approach to egalitarian rights. He believes that although all human beings have an intrinsic and equal moral value, issues of distributive justice arise only among those who live under the same coercive legal structure. It is the government that needs to show (in order to be legitimate) an equal concern and respect for all of its citizens, and from this requirement of showing equal concern and respect arises a right to equality of resources. “No government is legitimate that does not show equal concern for the fate of all those over whom it claims dominion and from whom it claims allegiance. Equal concern is the sovereign virtue of political community – without it government is only a tyranny – and when a nation’s wealth is very unequally distributed, as the wealth of even very prosperous nations now is, then its equal concern is suspect” (Dworkin 2000, p. 1). Morally arbitrary inequalities are not problematic in themselves; they are unjust only if they are generated by some coercive legal structure acting in our name.

Contrary to Dworkin, I do not believe that equal concern and respect is owed only within the state borders. I believe that moral equality implies that it is equally important that all human lives be successful rather than wasted, irrespective of where on the globe they live. The principles of justice apply equally to all human beings, just in virtue of their humanity and regardless of the institutional or other relations that may obtain among them. I also believe that the requirements of distributive justice give rise to a moral duty

to establish the coercive institutional structure that has the best chance of realizing equality. I will not try to argue for these theses though and neither will I try to undermine Dworkin's position. All I will do in Chapter 5 is the following. I embrace the two principles of human dignity, assume that the requirements of egalitarian justice arise even before there would have been a coercive legal structure at work, and that we have a duty to establish the institutional structure that is most capable of administering the requirements of distributive justice in all likelihood. Then I wish to show how global equality of resources based on these assumptions would look like. I will argue that it is plausible to think that according to the appropriate theory of global equality of resources on a low level of technological development justice would require establishing local insurance schemes and a Westphalian nation-state system. Then, as technology develops it would require establishing something similar to the post-Westphalian system, and then, at a very high level of technological development, arguably a global government would be mandated by justice.

Chapter 6 will offer a methodological underpinning to the criticisms I make in the previous chapters. Many of my criticisms in those chapters amount to saying that Dworkin illegitimately builds his theory on empirically false assumptions, and that these empirically false assumptions make him miss what justice really requires. Some critic may claim that I also include at least one definitely false assumption to my theory. Consequently, if I am right in arguing that using empirically false assumptions make one miss what justice really requires, I also miss what justice really requires. The assumption in question on a closer investigation turns out to be the assumption of full compliance. I

will argue that, in turn, the assumption of full compliance is fundamentally different from other idealizing assumptions for the purposes of building a theory of justice. While it is necessary to assume full compliance in order to see what perfect justice requires, other idealizing assumptions should be avoided as far as it is possible for they might distort the outcome of our theory. It is not to argue though that the theory assuming full compliance will give us action-guidance. A theory that can give us, individual agents, action-guidance might well be several theoretical steps away. I will not go as far as to propose such a theory in Chapter 6, but I will take a step in its direction. I will show the general outlines of the non-ideal counterpart (that is, the theory assuming only partial compliance) of the global theory of equality of resources proposed in Chapter 5. This theory would still not give us individual action-guidance, but at least it would serve us with an ideal we could strive to achieve.

Chapter 7 summarizes the various argumentative steps taken in this dissertation.

2

EQUALITY OF RESOURCES: THE NO BRUTE LUCK ZONE

In this chapter I discuss Ronald Dworkin's theory of egalitarian justice, focusing on its first part. According to Dworkin, the appropriate conception of equality calls for a fully ambition-sensitive, but endowment-insensitive distribution of resources. The first part of his theory, the one that has an imagined auction at its centerpiece, is supposed to show what ambition-sensitive egalitarianism would look like in a simple context where no endowment differences between the subjects of justice occur. Dworkin believes that once we have achieved an attractive interpretation of equality of resources in such a simple context, then, and only then, can we move forward and develop a theory that deals with the phenomenon of differential endowments appropriately.

After describing how Dworkin arrives at the idea of the auction and how does he develop a more sophisticated account of equality of resources afterwards (Section 1), I will continue this chapter by arguing that Dworkin takes off from the simple context too early, thereby leaving an important challenge to his theory unrecognized (Sections 2 and 3). Dworkin seems to suggest that if no differences in endowment occurred, no redistribution

would be called for once initial equality has been established.⁴ But this, I believe, is too quick. It is not only the phenomenon of endowment differences that make redistribution mandated by justice, but certain consequences of differential ambitions and (as I will point out in Section 5) other features of the human condition, such as, for example, the limited information we have access to, too.

Some might want to suggest now that Dworkin nowhere argued that no redistribution would be mandated by justice in default of differential endowments. This is correct. But then, as I see it, there are three options for us to choose from. First, we could argue that Dworkin did not intend to offer a more or less fully elaborated account of equality of resources, but simply wanted to address *some problems* such a theory would have to deal with. Second, we could argue that he believed that the problem I will elaborate on in this chapter would get resolved by his proposed underemployment and handicap insurance schemes. Third, we could argue that Dworkin simply did not recognize certain problems. The first option, I believe, is unlikely at best. Dworkin tried to define a suitable conception of equality of resources and a suitable definition cannot be partial.⁵ The second option, though may be possible, is still unlikely. Had Dworkin recognized that e.g. differential ambitions pose a problem to equality of resources, he would have tried to

⁴ Or, to be precise, certain other occurrences that can be characterized as brute luck untransformed to option luck by real market agents. I will elaborate on brute luck, option luck and the mechanism of transformation later in this chapter.

⁵ Cf. Dworkin 1981b, p. 283. Make no mistake, I am not saying that a suitable definition cannot be broad. All I am saying that it cannot be partial – a definition cannot address only *some* problems while leaving other important problems completely unrecognized and/or unmentioned.

explain how it gets resolved by the proposed insurance schemes, once his intention was to give a suitable definition. This, however, leaves us with the third option.

The whole point of equality of resources is that resources devoted to each person's life should be equal. The true measure of the resources devoted to the life of one person is fixed by asking how important those resources are to others. In other words, Dworkin believes that one should pay the real cost of the life one chooses, measured in what others need to give up in order that one can do so. The auction is a device that supposedly helps us in discovering what that real cost is. I will argue that even if this is so, once the auction is over and people are left alone to produce and trade as they wish, they will inevitably frustrate equality of resources by establishing a price system different to the one coming off in the auction.⁶ Once that price system is in the operation, people will fail to pay the real cost of the life they chose, and the distribution ceases to be fully ambition-sensitive. Hence, *pace* Dworkin, redistribution will be called for already in the simple context where no endowment differences are present.

In order to show that Dworkin cannot argue that the new price system takes the moral significance of the prices developing on an auction, in Sections 4 and 5 I will focus on the ethical significance of the auction in Dworkin's theory. Dworkin believes that "the idea of economic market, as a device for setting prices for a vast variety of goods and services, must be at the center of any attractive theoretical development of equality of resources" (Dworkin 1981b, p. 284). In other words, Dworkin thinks that the market mechanism is

⁶ In Chapter 4, I will argue that the auction is in fact not an appropriate device for establishing equal distribution. For the sake of the argument however, here I will provisionally pretend that it is.

central to the notion of equality; it is only through a market mechanism we can achieve real equality. Joseph Heath (2004) contests Dworkin's understanding of the role of the market in establishing equality. While I will show that his arguments eventually turn out to be less than fully successful, I think investigating it will prove to be useful in properly apprehending what equality *means* in equality of resources. Section 6 will conclude.

Before going any further, there is an important remark to be made. The reader may wonder what kind of redistributive mechanism the differences between the real costs of people's choices and those prices that emerge in a functioning market economy call for. And she may be surprised to find that I do not even attempt to provide at least a rough answer to this question. I owe her an explanation here. My apparent dereliction is not a real dereliction. I believe that for a number of reasons, the auction cannot establish equality in the sense required by the ethical basis of the theory and consequently, the theory of equality of resources needs to be radically reformed. Since I do not believe that the auction can establish equality, it would not make sense to suggest here a method for reestablishing it once the auction is over. For the sake of the argument, however, in this chapter I will temporarily accept that the auction can indeed establish equality.

1.

Dworkin's elaboration on equality of resources as the most suitable conception of equality starts by the following thought experiment. A group of survivors are washed ashore on an uninhabited island. They believe that no one is antecedently entitled to any of the resources they can find on the island, everything should instead be divided equally

among them. The survivors (henceforth, the immigrants) think that the appropriate test of an equal division of resources is the so called envy test. The envy test is satisfied only when once the division is complete no immigrant would prefer someone else's bundle of resources to his own bundle. However, the envy test in itself, claims Dworkin, cannot guarantee a fair distribution of resources. In itself, it cannot define equality of resources. A non-arbitrary, fair and envy-free distribution, the distribution required by egalitarian justice, can be reached only by some market procedure.

Why is the market necessary for establishing the fair and equal distribution of resources? The envy test could be met without employing any sort of market procedure. An envy-free distribution could be reached, for example, by assigning quasi-identical bundles to the immigrants, by transforming the resources to (really) identical bundles by magic or trade perhaps, or by simple trial and error, where the bundles are significantly different to each other and still could be allocated so that no one would prefer anyone else's bundle to her own. Now, the very problem, according to Dworkin, is that there are a number of possible set of bundles that are envy-free, but different to each other. When the divider chooses a particular set, she will (inadvertently or not) arbitrarily favor some tastes over others. There will always be someone who would wish that the divider had chosen a different envy-free set, even if she would not prefer anyone else's bundle to her own within the chosen set.

It is because of the need of tackling the problem of the aforementioned arbitrariness and potential unfairness, Dworkin argues, that the divider needs to employ some sort of a market device (for example an auction). Dworkin describes the procedure the immigrants

would employ as follows. “Suppose the divider hands each of the immigrants an equal and large number of clamshells, which are sufficiently numerous and in themselves valued by no one, to use as counters in a market of the following sort. Each distinct item on the island (not including the immigrants themselves) is listed as a lot to be sold, unless someone notifies the auctioneer (as the divider has now become) of his or her desire to bid for some part of an item, including part, for example, of some piece of land, in which case that part becomes itself a distinct lot. The auctioneer then proposes a set of prices for each lot and discovers whether that set of prices clears all markets, that is, whether there is only one purchaser at that price and all lots are sold. But the process does not stop then, because each of the immigrants remains free to change his bids even when an initially market clearing set of price is reached, or even to propose different lots. But let us suppose that in time even this leisurely process comes to an end, everyone declares himself satisfied, and goods are distributed accordingly” (Dworkin 1981b, pp. 286-87).⁷

The outcome of the auction will satisfy the envy test, no one would want to have any other person’s bundle in place of her own – for if she would, she could have purchased that bundle instead. And contrary to all the above mentioned non-market-based distributive solutions, Dworkin believes, the market-based distribution will not be tainted with arbitrariness and unfairness. Though many people will be able to imagine a different set of bundles that could be envy-free, and could prefer the bundle they could have gotten

⁷ The thought experiment is meant to describe a so-called Walrasian auction (that models a perfectly competitive market economy) in which all productive resources are sold, see Dworkin 1981b, p. 287, note 2. The nature of the Walrasian auction and the way Dworkin uses this device will be discussed in detail in Section 4.

from that set to the one they gained through the auction, it does not call the auction as a device for establishing the right distribution in question. This is because the market-based distribution displays a very important virtue, the virtue that “each person played, through his purchases against an initially equal stock of counters, an equal role of determining the set of bundles actually chosen” (Dworkin 1981b, p. 287).

Of course, admits Dworkin, some immigrants may not be entirely happy with the auction because they do not find anything on the island they would really want to have. This situation might be called unlucky in a certain sense. But in this case the problem of unfairness does not arise, for it was simply impossible to satisfy them. There is another dimension in which immigrants might consider themselves lucky or unlucky, and it has to do with the prevalence of their respective tastes. Those with popular tastes would be lucky if economies of scale operated in the production of the goods desired by them, and unlucky, if the desired goods were scarce. Those having unpopular tastes would be lucky if there was an abundance of the desired goods and nobody wanted them, and unlucky, if the desired thing turned out to be expensive to produce due to low market demand. But, Dworkin believes, the contingent facts about the distribution of tastes and the available raw materials are no grounds for anyone to challenge the distribution as unequal. “Under equality of resources, no test for calculating what equality requires can be abstracted from these background facts and used to test them. The market character of the auction is not simply a convenient or *ad hoc* device for resolving technical problems that arise for equality of resources in very simple exercises like our desert island case. It is an institutionalized form of the process of discovery and adaptation that is at the center of

the ethics of that ideal. Equality of resources supposes that the resources devoted to each person's life should be equal. That goal needs a metric. The auction proposes what the envy test in fact assumes, that the true measure of the social resources devoted to the life of one person is fixed by asking how important, in fact, that resource is for others. It insists that the cost, measured in that way, figure in each person's sense of what is rightly his and in each person's judgment of what life he should lead, given that command of justice” (Dworkin 1981b, p. 289).

To sum up the moral of the story to this point, in order to establish a non-arbitrary, fair and envy-free allocation, a market device is called for. Envy-freeness in itself does not ensure that the resources devoted to each person's life are really equal. It is only through the market-mechanism that generates perfectly competitive market prices that we can discover the real costs of people's choices and, therefore, can allocate equally valuable bundles to everyone.

Establishing initial equality is only a first step though, as Dworkin argues. If the requirement of equality holds at some particular (and arbitrary) moment, e.g., when the immigrants first land, it must also hold at the tenth anniversary of their landing or any day else. For every day is, Dworkin says, equally “the first day in the rest of their lives” (Dworkin 1981b, p. 309). In Dworkin's understanding, while the auction will satisfy the envy test immediately after it takes place, once the immigrants start to produce goods and trade them among themselves, it is highly unlikely that nobody will envy any other person's bundle of resources. “Some may be more skillful than others at producing what

others want and will trade to get. Some may like to work, or to work in a way that will produce more to trade, while others like not to work or prefer to work at what will bring them less. Some will stay healthy while others fall sick, or lightning will strike the farms of others but avoid theirs. For any of these and dozens of other reasons some people will prefer the bundle others have in say, five years, to their own” (Dworkin 1981b, pp. 292-93).

In order to show what effect these kind of developments have on equality of resources and to show whether these developments are consistent with it, Dworkin first distinguishes between two kinds of luck hiding behind such developments. “Option luck is a matter of how deliberate and calculated gambles turn out-whether someone gains or loses through accepting an isolated risk he or she should have anticipated and might have declined. Brute luck is a matter of how risks fall out that are not in that sense deliberate gambles. If I buy a stock on the exchange that rises, then my option luck is good. If I am hit by a falling meteorite whose course could not have been predicted, then my bad luck is brute (even though I could have moved just before it struck if I had any reason to know where it would strike)” (1981b, p. 293).

Dworkin argues that differences in wealth that result from our ambitions, the values we hold, the way of life we chose, the gambles we took and the option luck we had are consistent with equality of resources provided that the same choices were available for everyone. The point of the auction was to establish an initial equality of resources in which people should pay the price of the life they have decided to lead, measured in what

others give up in order that they can do so. And this requirement continues to hold even once the auction is over. The price of, for example, a safer life is precisely foregoing any chance of gaining those goods other people do by gambling and having good option luck. There is also no problem with inequalities arising between the successful gambler and the unlucky gambler. They chose the same sort of life (one involving the same risk) and the possibility of loss was part of the deal: it was the price of the possible gain. If winners were made to share luck with the losers, there would be no point in gambling, and the kind of life that involved risk taking and was in fact preferred by both those who in the end won and those who lose would be unavailable. As Dworkin puts it, “we have no general reason for forbidding gambles altogether in the bare fact that in the event winners will control more resources than losers, any more than in the fact that winners will have more than those who do not gamble at all. Our initial principle, that equality of resources requires that people pay the true cost of the lives that they lead, warrants rather than condemns these differences” (1981b, p. 295).

Inequalities generated by the other kind of luck, brute luck, are of a different matter. They are not consistent with equality of resources unless there are insurance schemes that transform brute luck into option luck. To see how this can happen, consider two sighted people who run the same risk of going blind by an accident. One buys an insurance package against going blind, and the other does not. Consequently, when they both go blind, the insured will be better off. But we do not think that his being better off is unfair, for the availability of the insurance transformed brute luck into option luck. When insurance is available (and certain conditions are met), the price of the life lived

uninsured (and thereby saving the insurance premiums for other purposes) is precisely running the risk of going blind and receiving no insurance payout.

Thus if there were insurance available on an actual market for all sorts of brute luck for everyone on the same terms and everyone bore the same risk, and they roughly knew what the odds were, inequalities generated by luck would not be morally disturbing. Every occurrence of brute luck – differential endowments, natural or other catastrophes etc. – would be fully transformed to option luck, the occurrence of which, as we have seen above, is unproblematic from the moral point of view.

However, these conditions are never met in the real world. Some people, for example, are born with handicaps and would not have the chance to insure themselves on the real market after the event. Some people might be considered to run a higher risk of developing certain diseases later in their lives in virtue of their belonging to a certain race, and an actual profit oriented insurance company will charge them higher premiums than those having a “luckier” genetic trait. In sum, the insurance packages offered by actual insurance companies cannot turn brute luck (fully) to option luck in many cases, and therefore they are not capable of ensuring that equality of resources continuously prevails in the society.

So how can we ensure then that equality continuously prevails, even when e.g., people are born with and/or have different dispositions to develop certain handicaps? Dworkin believes that this can be done through imagining a hypothetical insurance market where

people do not know about their particular risk profile (and born-with condition), but they know the risks of suffering any particular catastrophe and would choose insurance policies based on this limited knowledge. The insurance policy the average person would purchase on the hypothetical market should be the one that is to be put into practice in the real society, collecting the premiums by some compulsory means and compensating those who suffer some catastrophe to the extent the hypothetical insurance policy would have compensated them. Dworkin has a similar hypothetical scheme against brute luck in talents, the niceties of which will be elaborated only later (in Chapter 3), along with the details of the just described handicap insurance.⁸

2.

As it has hopefully become clear from above, Dworkin believes that differences in wealth caused by our choices are not morally problematic, once those choices were available to anyone. Inequalities in wealth (or income) do not invariably indicate inequalities in resources. When we study the distribution of resources, we need to take into account not only the goods available for the different agents, but also the time they invested into

⁸ Dworkin does not mention non-endowment type brute luck occurrences against which a hypothetical market solution would be needed on his island. I gather that he believes that such occurrences (e.g. a flood) would be fully transformed to option luck by actual insurance companies there. This does not mean though that he believes that the same thing happens in our real world characterized by deep inequalities too. Here people do not have the same chance of insuring themselves against catastrophes due to the fact that they do not start their lives with the same amount of resources in the first place. Thus in a non-ideally just world, where the initial holdings are unequal (like ours) there might be other, non-endowment type brute luck occurrences against which a hypothetical market solution would be required by equality of resources (cf. Dworkin 2000, p. 313). Alternatively, he may believe that the risks of natural catastrophes etc. would be already factored into the prices of resources in the auction. See more about this issue in Chapter 3 and Chapter 4.

acquiring those goods and the risks taken for getting them. Dworkin seems to believe that without brute luck surfacing, the distribution cannot be but morally legitimate, even when there are considerable wealth (or income) differences among the agents. Consequently, it seems that in Dworkin's understanding, no redistributive taxation could be justifiable in a world where the phenomenon of brute luck were non-existent — that is, where no one were hit by a meteorite, everyone stayed healthy, and everyone had the same talents.

While such a world obviously does not exist, it is important to remind ourselves that the whole auction thought experiment was conducted in such a deliberately artificial world. The artificial, simple context of the auction was needed in order for us to be able to “abstract from problems we shall later have to face” (Dworkin 1981b. pp. 284-85). As I have indicated in the introduction of this chapter, in this and the next section I will argue that Dworkin left this artificial world and started concentrating on the effects of brute luck too early, thereby missing some problems with the equality of resources scheme that would surface even in a world seemingly devoid of brute luck.

In order to recognize this, let us stay with Dworkin's immigrants after the auction, but suppose now that as the auction process does not get contaminated by any occurrences of what we generally consider brute luck, neither will the subsequent life of the immigrants. Everybody is equally talented, no one falls sick, and no one gets struck by some natural or other catastrophe. As it has hopefully already become clear to the reader, Dworkin believes that inequalities in wealth are consistent with equality of resources. In order to see how the materially unequal distribution can in the morally relevant dimension be in

fact equal, let us consider the following case. Consider Anne and Betty who are two immigrants with similar talents and who acquired similar resources during the auction. Anne spends his afternoons by taking long walks and trying to resolve the mind-body problem, while Betty cleans the chicken coops, and plays Mozart on the violin to her plants in her greenhouse. (Both Anne and Betty hate classical music; they are devoted fans of Iron Maiden.) Due to her efforts, Betty's chickens lay twice as many eggs than those of Anne's, and her plants produce thrice as many tomatoes. While at the end of the summer Anne would exchange her bundle of resources with Betty's bundle without any hesitation, so the envy test seem no longer hold, this shows is only that we try to apply it in the wrong place. Dworkin believes that the envy test should be applied on the whole set of resources and Betty's set contains not only her bigger amount of material resources, but also the hours she spent by cleaning the coops instead of enjoying nice walks. Since Anne does not envy the whole bundle understood this way, the distribution is still envy free, hence by definition equal.

It is important to note here that no sort of luck occurred in the story of Anne and Betty above. For the sake of simplicity, I have implicitly assumed that that all investments, including time, have a guaranteed (and known) return. But option luck, as it was indicated above, would not disturb equality of resources; the same way as the difference in time invested does not. To see this, let us suppose now that the year following the one just described, Anne makes the decision of planting tomatoes that either have a huge yield or produce basically nothing (suppose that the yield of this particular cultivar depends on the level of humidity on a particular day, and the humidity is very volatile on

the island). As a result of her good luck, at the end of this summer Betty can pick a huge amount of tomatoes, much more than what Betty (who planted the same sort of tomato they both planted the previous year) can pick, even if Anne did not forgo her afternoons spent with philosophy. Betty in this case might envy Anne's bigger wealth, but due to her risk-averse personality she will not envy her whole package containing the risk of no tomatoes for that year. This distribution is thus envy free, and hence, by definition, it is equal.

So long that the differences in wealth result from the choices people made, the risks they took, the time they spent working, etc., these differences simply express the values people embrace, the ambitions they have, and thus they do not upset equality of resources. As I have already emphasized, Dworkin seems to believe that equality of resources (once we achieved it) can be upset only by the strike of brute luck. If Betty becomes poorer than Anne not due to her less industrious (or risk taker) lifestyle, but because her farm was hit by a meteorite, then she has a good reason to envy those who have not been hit by any flying objects, for example Anne. In this case her claim for compensation will be a justified one.⁹

If we take Anne's and Betty's example, it seems that what Dworkin argues for is pretty convincing. That is, it seems to be intuitively correct to say that all those differences in wealth that results from our free choices are justified. Let me however call attention to an important fact about the scenarios described above. There was absolutely no transaction

⁹ Supposing that there were no ample opportunities to insure against such catastrophes on the actual market of the island.

between Anne and Betty (or between them and the rest of the immigrant population for that matter) in the cases described above. They made their decisions on the risk they were willing to take and the time they were willing to spend working, respectively, and produced goods independently of each other. What one did, had nothing to do with the *amount* of goods the other could enjoy at the end of the year.

By moving right after the auction to cases of bad brute luck and their remedies, Dworkin seems to indicate that there is nothing to remedy in their vacancy. Mandatory redistribution is called for only because brute luck, and only brute luck, upsets equality of resources. Dworkin recognizes that equality of resources (corrected to provide for handicaps) would be disturbed by production and trade. But he believes that this is solely due to a special sort of brute luck, the brute luck in talents. We begin our lives with different and not equally valuable talents. In virtue of these differences in talent, some of us will be able to produce more of what the others want than others. Consequently, if we left the market agents to proceed as they wish, those who are better endowed would enjoy a greater wealth than those who are less well endowed. That would be unjust. Since the appropriate theory of equality is endowment-insensitive, the effects of the inequalities in talents should be corrected for, that is, redistribution (based on a hypothetical insurance scheme) will be mandated by justice. But is this really so? Does Dworkin rightly believe that the only problem his theory of equality needs to face with in a functioning economy is that the less talented can produce less through no fault or choice of their own than those with more marketable talents?

In order to answer this question let us consider another thought experiment, this time one offered by Matthew Seligman. “Imagine that a raft of ten shipwrecked survivors lands on a small and uninhabited desert island. Since it is a desert island, the only source of food is fish. After landfall, the survivors decide to set up a society. To this end they form a Council to serve as their government, with each survivor holding a place on the Council. The Council divides all the resources of the island equally. Each survivor's resource bundle consists of equal piles of driftwood, an equal plot of barren land, and equal fishing rights. Assign this bundle a value of five: two units of driftwood, two units of barren land, and a unit of fishing rights. Assume that survivors all have comparable native talents and dispositions, so that to begin with there are no inequalities whatsoever. (...) After the initial distribution, there is no cooperation among the survivors as each tries to make it on his own. Nine of the survivors try to subsist by catching small fish near the shore using spears fashioned from a unit of their driftwood. One of the survivors, Gates, tries a riskier fishing strategy. He uses all his driftwood to make a small raft to go into deeper waters. His risky decision pays off when he hauls in a medium-sized whale. The other survivors, however, have not fared as well. There simply are not enough small fish in the shallow waters. Although they are not starving, they are uncomfortably hungry. Gates's resource bundle has grown to twenty due to his whale catch. The rest of the survivors only have six, since they caught just a few fish with their spears” (Seligman 2007, p. 271).

According to Seligman since this inequality derives solely from the choices Gates and the other survivors made, it must be considered as just by luck egalitarian theories, and by

Dworkin too.¹⁰ As Seligman sees it, “Gates’s whale catch is a paradigm example of good option luck. He decided to take a risk that might have resulted in an empty haul or in drowning, but actually netted him a gain. (...) Once Gates returns from his whaling trip, the other survivors (henceforth just “the survivors”) want to trade with him for some of the whale meat. At the bargaining table, Gates and the survivors are in importantly different positions. Gates is willing to walk away without a deal, but the survivors are not. Since they are faced with the prospect of being uncomfortably hungry, the survivors are willing to agree to deals that they would not otherwise have made. Knowing this, Gates is only willing to agree to deals that are heavily in his favor, and to which the others would not agree under different circumstances. (...) Once the deal is made, the survivors have a hearty meal of whale meat, but must work Gates’s whaling raft and give him half of the resources they produce in the future. So some time later, Gates has 231 resource units, while the survivors have only twenty-seven each. Is this distribution just?” (Seligman 2007, pp. 272-73).

According to Seligman the answer is obviously negative and this shows by *reductio* that the Dworkinian theory (along with the luck egalitarian theories) is deeply misguided. The situation after the deal stems solely from the decisions Gates and the others made. Gates chose a risky fishing strategy, had good option luck and the other survivors chose to pay

¹⁰ Seligman aims his argument against all sorts of responsibility-sensitive egalitarian theories. I do not explore here how other responsibility-sensitive egalitarian theories fare against Seligman’s argument. Neither do I investigate Seligman’s view on the possible responsibility-sensitive egalitarian attempts to render his thought experiment ineffectual, for investigating them would lead us too far away from the main topic of this chapter. Instead, I simply use his thought experiment to shed light on the problem of real costs I am exploring here.

the price Gates asked for the whale meat. Since Dworkin (and the luck egalitarians) believe that those inequalities that arise from our decisions are just, it is not clear what ground would they have in refusing to coin the final, blatantly unjust distribution (231, 27, ..., 27) as just.

As a reply, Dworkin could probably suggest that Gates's catch was not fully the result of his option luck, and if it was not fully due to option luck, some of it was due to brute luck.¹¹ Gates is not the legitimate owner of the whole whale once part of it originates in brute luck – that part needs to be redistributed among the survivors. This solution would require a certain intellectual stretching on Dworkin's behalf (for he would have to explain why would it be the case that the ten survivors are bound by justice to set up a mandatory insurance scheme against such cases), but for the sake of the discussion here let us suppose that the task is doable.

Nevertheless, this would not solve the basic problem. The insurance payoffs would reduce inequalities in wealth, but would not eliminate them. Even when Gates would be obligated to “pay” a relatively big chunk of the whale as an insurance premium, and even if that chunk would be distributed among the survivors, due the features of the insurance market (as envisaged by Dworkin)¹² there would remain a perceivable wealth gap among the survivors. Whether the whale catch was entirely due to option luck, or partly due to

¹¹ It is important to note that Dworkin believes that there is no clear cut distinction between option luck and brute luck, the difference is more of a matter of degree. Although I believe that this view is deeply problematic, I will not argue for my approach here.

¹² Basically, Dworkin believes that people would insure only against falling below a relatively low threshold of income and/or wealth.

option luck and partly due to brute luck, there will be wealth inequalities among the survivors. The category that a particular occurrence of luck falls into determines the extent of it only.

Wealth inequalities in turn will lead to differences in bargaining positions. Gates, who is in a better bargaining position, can push the price of the goods he desires below the price he could have achieved right after the initial equal distribution. If no further luck changes the situation, Gates, on the basis of the transactions performed based on his greater bargaining power will soon possess a bundle of resources other survivors can only dream of – without his spending more time in work or continuing to take greater risks.

Returning to my example, if Anne and Betty had not consumed the goods they produced themselves, but started to trade as the first winter was approaching, Betty, on the basis of her bigger wealth, could have bargained more favorable prices than what she could achieve on the basis of an (wealth-wise) equal distribution and could thereby further increase the wealth gap between Anne and herself.

3.

The problem I started this chapter with is that Dworkin seems to think that it is only the strike of brute luck that frustrates equality of resources. Had the phenomenon of brute luck been non-existent, immigrants could produce and trade free from any interference and the differences of wealth that come into existence among them would be completely in line with the idea of equality of resources. (For the purposes of welfare transfers at

least they would not be required by justice to pay taxes.) Dworkin thus appears to be committed to the idea that the distribution that comes about when Anne and Betty start to trade with each other, or when Gates trades with the survivors is not morally problematic, since they started off with equal resources in a context where (artificially) no brute luck has occurred.¹³ The differences in wealth among them reflect only their ambitions, the choices they made – and this is exactly what differences in wealth should reflect and reflect only.

However, I think that the last case of Anne and Betty, and Gates and the survivors highlights a dilemma unrecognized by Dworkin. If Dworkin wanted to argue that the distribution that comes about in the above cases is just, he needs to argue that once the auction is over, perfectly competitive market prices no longer confer a fundamental moral significance (as the real price of our choices, that determines what is rightfully ours) and the “new” price system that emerges in Anne’s and Betty’s interactions, or among Gates and the survivors, inherits its moral significance and is instrumental in maintaining equality of resources. If Dworkin, however, would not be willing to give up the idea of fundamental moral significance of perfectly competitive market prices, he needs to treat the above distributive outcomes as unjust.

One might try to argue now that I have deeply misunderstood the lesson we can draw from the above cases. The above cases do not pose a problem to equality of resources, or not a deep one, at any rate. Dworkin’s theory is an ideal theory, and as such, it

¹³ Or it has been dealt with appropriately, that is, if the whale catch was partly due to brute luck, an insurance scheme reestablished equality of resources.

presupposes agents who are fully compliant with the requirements of justice. Gates in Seligman's thought experiment and Anne in this latter counterfactual case were, intuitively, simply abusing their bargaining power and exploiting the other islanders, hence the difference between the perfectly competitive market prices that could preserve equality and the price-system actually emerging. In an ideally just world the features of which Dworkin intends to depict in *Equality of Resources*, this simply could not happen, trades would always happen on the perfectly competitive market prices. Naturally, something similar to the cases of Gates and the survivors and Anne and Betty can and does happen in a world where people are not fully compliant with the requirement of justice. And this problem needs to be dealt with eventually. But in order to develop an appropriate non-ideal theory (a theory for such a world), one needs to put forth an ideal one first. In *Equality of Resources* Dworkin does just that, and it is unfair to bring him to book for a problem that emerges only "later", among non-ideally motivated agents.¹⁴

But this objection is obviously mistaken. Neither Gates, nor Betty needs to try to malignantly exploit their superior bargaining power in order for the problem to emerge. Their bigger wealth does that automatically. For the sake of simplicity, let us assume that immigrants still use clamshells in their trading. Suppose that on the island there is only one running coach who is willing to work eight hours a day and not more, and there is only one swimming coach who is also willing to work eight hours a day and not more. Suppose now that there are sixteen immigrants who would like to prepare for races. Eight of them are only interested in running races and eight of them are only interested in

¹⁴ In my view, Dworkin's theory is in fact not a full-compliance theory, but I put this point aside for now. I will investigate the status of the theory later, in Chapter 6.

swimming races. Suppose that right after the auction the market clearing price of an hour of coaching (per day) would be 10 clamshells. Suppose now that the immigrants start to produce and while fifteen of them will have exactly the same option luck, Thomas, a runner hits the jackpot – he had an amazing yield of tomatoes that year. Now he has 90 clamshells per day, while the other fifteen have 10 each for the purpose of buying lessons. At this point, an hour of swimming lesson will still be 10 clamshells, but an hour of running lessons will be 20. The swimmers will still be able to purchase one hour of coaching each, but the less lucky runners will be able to purchase half an hour only. Thomas will get four and a half hours of coaching each day. Thus it seems that once there are wealth differences between the agents (and the preferences of the agents are not identical) the prices emerging in their transactions would be different to the prices that would emerge in a synchronic auction where everyone had the same amount clamshells (15 each at this point). In the auction both an hour of swimming and an hour of running would cost 15 clamshells (and this would be the perfectly competitive market price Dworkin confers fundamental moral significance on).¹⁵

As we have established this, in order to see whether Dworkin could argue that once initial equality was established by the auction, the perfectly competitive market prices no longer confer a fundamental moral significance, but the prices actually emerging (hence *trade prices*) take their place in maintaining equality of resources, we need to investigate what role the auction and the perfectly competitive market prices played in the theory at the first place. Notice, if he could argue that way, he could legitimately assume that in the

¹⁵ For the sake of simplicity, I have omitted a number of technical details from the description of this story.

absence of differential endowments equality of resources would not get upset, and hence, no redistribution would be mandated by justice. But, as we will see in the next sections, he cannot.

4.

Why is the market necessary for establishing equality of resources? Why would the seemingly obvious solution, that is, giving everyone the same amount of coconuts, potatoes, whiskey, etc. not do? Here is Dworkin's first answer. "The number and the kind of nondivisible resources, like milking cows, might not be an exact multiple of [the number of persons], and even in the case of divisible resources, like arable land, some land would be better than others, and some better for one use than another" (Dworkin 1981b, p. 285).

While this is reasonable enough, it is not Dworkin's real problem with the idea of identical bundles.¹⁶ He believes that even if identical (or at least quasi-identical) bundles could be made, the resultant division would arbitrarily favor some tastes over others. Some will be happy with the mix of goods the identical bundles would contain, while others would wish that they had gotten a bundle from a different but still envy-free set. Equality of resources, according to Dworkin, will not be met. Even if the bundles were

¹⁶ John Bennett argues that Dworkin's auction cannot ensure that all markets will be cleared at prices which match supply to demand, for its description is inconsistent with some technical assumptions standardly made in economic theory. Equilibrium proofs assume that resources are continuously divisible, and it is relatively easy to show that once we include non-divisible goods to the auction, their market will not necessarily be cleared (cf. Bennett 1985, pp. 195-96). Though this is technically correct, as Macleod suggests the assumption of divisibility of resources could be easily built into the auction without jeopardizing Dworkin's idea about the auction's point (cf. Macleod 1998, p. 23, n.1).

identical, the distribution of goods, in the morally relevant sense, would not be equal. The Walrasian auction is meant to establish real equality.

Now, before going any further, it is important to settle some misunderstandings. Joseph Heath (2004) argues that there is a lack of clarity about what sort of work the auction is doing. *Pace* Dworkin, it does not establish equality. That is already established by giving equal number of clamshells to the immigrants. What the auction ensures is merely efficiency. Heath believes that the efficiency establishing nature of the auction is obscured by Dworkin's use of the clamshells as an expository device. Dworkin fails to see giving an equal number of clamshells to each immigrants is equivalent to giving them identical bundles. As Heath explains it, "To see why, consider how the auction would work in the simpler two-person case, in which the problem is to divide up 10 carrots and 50 potatoes. Suppose that 100 clamshells are to be distributed between the two. Instead of giving out clamshells, we could also give out little pieces of paper that say: 'this entitles the bearer to a tenth of a carrot, and half a potato' (since receiving one clam shell is the same thing as receiving a hundredth share of all the resources). We could then conduct an auction along the same lines as Dworkin's, with identical results. Thus, Dworkin's use of clamshells runs the risk of generating a 'money illusion' – concealing the fact that *his auction takes the equal allocation as its point of departure*" (Heath 2004, p. 326, italics mine O.R).

In Heath's view, once we have seen through this money illusion, we can then investigate precisely what the auction accomplishes. Contrary to what Dworkin thinks, it does not

serve to create equality, since the initial allocation is already perfectly equal. Heath points out that the problem with the initial allocation, that is, giving everyone an identical bundle of resources, is simply that it is inefficient. The auction does nothing but transforms the inefficient envy-free allocation to an efficient envy-free allocation, to the very same allocation that could be achieved if people were all given identical bundles and all mutually profitable trades which could be made were made.¹⁷ Heath claims that the problem with the thought experiment is simply that Dworkin overestimates how much work the auction is doing. Since he does not recognize that the initial handout of clamshells amounts to an equal allocation of the island's resources, he is led to state that "an equal division of resources presupposes an economic market of some form" (Dworkin 1981b, p. 284). But, Heath argues, the market has no role in establishing the equal division of resources. It is really easy to create an equal division of resources, we just need to hand everyone identical bundles. What is more difficult is to create an efficient division – it is only here that we require the assistance of the market.

Now, while Heath is surely right that in a sense what he calls initial allocation is equal, and post-auction allocation is equal and efficient, I believe that the conclusion he draws from here is mistaken. He concludes as follows. "If one eliminated the auction entirely, and simply left the survivors with the equal allocation, none of them could complain that

¹⁷ Bennett makes the same point. "How does Dworkin's auction differ from the distribution that gives equal amounts of each good to each person? It differs only by adding an extra element. The equal initial allotment of clamshells is equivalent to an equal distribution of the goods, since it would enable the participants to purchase an equal share of each of the goods at the final prices. What Dworkin adds amounts to a chance to exchange these goods at a central clearinghouse for other goods at the posted prices. (...) But under the usual assumptions of economic theory, this makes no difference" (Bennett 1985, pp. 197-98).

they had been treated unequally. So the auction does not appear to be accomplishing much on the equality front. Dworkin, however, believes that there is a deeper connection between the auction and the ideal of equality. He argues that the division of the resources into bundles by an executor is different from the division produced through an auction because through the auction ‘each person played, through his purchases against an initially equal stock of counters, an equal role in determining the set of bundles actually chosen’ (Dworkin 1981b, p. 287). This is what eliminates the ‘arbitrariness’ associated with an executor’s division of resources. Unfortunately, Dworkin does not explain what it means to play an ‘equal role’ in this context. Clearly, the auction does nothing to influence the form that the resources take. (...) Questions concerning the ‘baseline’ are dealt with by the principle of abstraction (introduced later in Dworkin’s work on liberty), and not by the auction. (...) Thus, the notion of ‘an equal role in determining the set of bundles’ can only refer to the bidding power each individual has, within the auction, that allows him or her to influence which resources will be lumped together to form a bundle. But since the bidding power of each individual is determined by the number of clamshells that each is given at the beginning of the auction, any equality of bidding power must be a function of the equality of the initial distribution. In other words, the auction does nothing to guarantee everyone an ‘equal role’, it is entirely the choice of e [the same number of clamshells] as the initial allocation that equalizes roles. Thus, the outcome that results from the auction is neither more nor less equal than the initial allocation. It is simply more efficient” (Heath 2004, pp. 326-7).

But I believe this is mistaken. Formal equality and being treated as equals are different notions. Contrary to what Heath believes, immigrants could in fact argue that they are not *treated as equals* had the divider made identical bundles and forbade any transaction between them. Those who were unhappy with the mix of goods they all received and could exchange some of their resources in a mutually agreeable way with others, could argue that their preferences did not matter. While Heath would now add that their preferences *equally did not matter*, so the requirement of equal treatment has been met, in Dworkin's view, the requirement of treating people as equals has a qualitative component, precluding wretched and contemptible treatment, however equally distributed. In his view, each person's life *matters* and *matters equally* (Dworkin 2000, p. 5; Dworkin 2008, p. 9; Dworkin 2011, pp. 203-04).¹⁸

It is true that it is the identical number of clamshells that guarantees equal role in determining the post-auction allocation. But Dworkin is well aware of that. As he puts it, "of course it is sovereign in this argument, and in this connection between the market and equality of resources, that people enter the market on equal terms. The desert island auction would not have avoided envy, and would have no appeal as a solution to the problem of dividing the resources equally, if the immigrants had struggled ashore with different amounts of money in their pocket, which they were free to use in the auction, or if some had stolen clamshells from others" (Dworkin 1981b, p. 289). Heath may be right

¹⁸ Heath recognizes this, but he believes that Dworkin simply smuggles efficiency into the picture by denying that "equally does not matter" could be understood as a possible interpretation of equal treatment. He does not recognize that what Dworkin "smuggles" there is of primal moral significance. Dworkin was not after establishing formal equality at the first place, what he wanted to find out was to how to treat people as equals.

that giving people an identical number of clamshells amounts to giving them identical bundles. But giving them identical bundles (that is, establishing formal equality) and forbidding transactions would express that each person's life *matters zilch, equally*. It is giving them identical number of clamshells, an equal say in how the final distribution will look like that express that each person's life *matters* and *matters equally*.

5.

So far we have seen that the auction where people have identical number of clamshells to bid with is a device through which the equal importance of everyone's life gets expressed, by *taking their preferences seriously* and by *giving them equal power* in establishing the costs of different goods and thereby different lifestyles.¹⁹ We have also seen that in a sense, the auction is simply a fancy device. If people were all given identical bundles and all mutually profitable trades which could be made were made, they would end up with the same outcome had the usual assumptions about the perfect market been met. In addition, we have seen that the price-system that comes about as a result of such a process and the price-system that comes about as a result of people trading on the basis of unequal bundles may differ from each other.

Now the question we are left with is whether Dworkin could argue that what I coined as trade prices inherit the ethical significance of perfectly competitive market prices. If he could argue so, there would be no redistribution necessary in default of brute luck for

¹⁹ I will elaborate on the ethical basis of Dworkin's theory in the next chapter. Here I believe it is enough to see that equality is not only a technical matter for Dworkin. Equality as a moral value requires not only that everyone has equally valuable bundles, but certain sorts of treatment too.

ensuring that equality of resources continuously holds. But if he cannot argue this way, the theory of equality of resources needs to offer some means to correct for the inequalities resulting from the differences of perfectly competitive market prices and trade prices.

Only if people have equal resources – that is, an equal say in what worth how much – has the market the chance to reflect the importance of a good to people rather than also reflecting the wealth of those who want to acquire the good in question.²⁰ It seems convincing that those who had good option luck should be able to enjoy their resultant greater wealth. But it is hard to see how it could justify that they should have a stronger say in establishing the costs of different goods and thereby different lifestyles. That would mean that the lives of the lucky matters more than those of the unlucky.²¹

²⁰ One may argue here that this is only because I do not assume what standard economic theories assume that every market agent is a price taker. This is true. But why would I need to? What I wish to show here that once we leave the fanciful assumptions economists make in their theories, and assume something more realistic instead, the equality maintaining capacity of prices may disappear. (This is not to say that economists are not justified in assuming what they assume. See more about this issue in Chapter 6.)

²¹ Attila Mraz called my attention that some may not find this point convincing. In his view, one may argue that it is not problematic if someone who took some risks and won or worked really hard and became wealthy had a bigger weight in the price-setting. I believe, however, that equality of resources cannot allow for that. This is because equality of resources is based on two fundamental ethical principles. The first of these principles, the principle of equal importance states that “it is important, from an objective point of view, that human lives be successful rather than wasted, and this is equally important, from that objective point of view, for each human life” (Dworkin 2000, p. 5; cf. Dworkin 2008, p. 9; Dworkin 2011, pp. 203-04). Once some people had a lesser say in what worth how much, their equal status will not be respected. I believe Gates’s story shows this very nicely.

Thus if Dworkin wishes to maintain his basic ethical belief, that each person's life matters and matters equally, he needs to say that it is always and only the perfectly competitive market price that can maintain equality of resources. If that is so, and if it is not that price that is applied in real transactions, a complete theory of equality of resources needs to provide a redistributive mechanism that corrects for the difference.

I think it is important to recognize that for the emergence of a price system different to the perfectly competitive market price system the distorting effect of differential wealth is not even necessary. The ethically ideal price-system gets distorted in any functioning economy. In order to see that, let me shortly introduce a last case.

Suppose there is a third person, Clyde, similar to Anne and Betty in talents and initial bundle of resources. Clyde decides to grow parsley on his land instead of tomatoes. Both Anne and Betty (who now have exactly the same wealth) would be willing to exchange some tomato juice for parsley, but by chance Anne meets him first and they make a deal. Then Betty comes along hoping to do the same. Unfortunately for Betty Clyde has already bought all the tomato juice he wanted from Anne, and Betty stays parsleyless and with a lot of surplus tomato juice. This will make her envy Anne who had the chance of unloading her surplus. The problem here is that exchange has occurred at a price level that did not clear the market (that is, was different to the perfectly competitive market price), but the agents were simply not in the situation to know what price would do so. In their market transaction, had there been no central mechanism like the auction, the agents simply lack sufficient information to reach those prices (or in some cases, information

can be prohibitively costly). Thus, without anyone trying to act unjustly and without anyone having a chance of using her bigger bargaining power, and without there being any endowment differences or any other occurrence of brute luck, the distribution will cease to be envy-free shortly after the immigrants start to produce and trade.²²

Dworkin could try to avoid this theoretical consequence by arguing that though the existing market economies (and also the one formed by the immigrants) are not exactly like the perfect market (not everyone is a price taker, the information is not complete and free, etc.), but the prices set there are sufficiently similar to those emerging on perfect markets. So even if the perfect resource equality is not possible to maintain after the auction is closed, but rather something very similar is possible. The perfect market creates perfect equality; the real market is almost perfect and creates almost perfect equality. So although the immigrants could not continuously uphold perfect equality of resources, they could achieve something sufficiently similar. No redistribution would be mandated, for correcting for these small differences between trade prices and perfectly competitive market prices would just be prohibitively costly, therefore would not be required by justice. But this is an incorrect. Nothing guarantees that on an undisturbed market we essentially make us pay the real price of the life we have chosen. It can happen, but happens only contingently. In most cases prices in market economies will significantly differ from perfectly competitive market prices and thus redistribution (or

²² Unless we take Anne's being able to make a deal and Betty's being unable to make a deal to be occurrences of brute luck. As we will see in the next section, we might wish to do so, but then we will still need to acknowledge that the theory as it have been put forth by Dworkin is far from complete, the solutions he proposed are unable to ensure equality of resources in themselves.

some other central intervention) will be mandated by justice in order to uphold equality of resources.

6.

In this chapter I have argued that the theory of equality of resources mandates redistribution even in the absence of brute luck, and a suitable definition of the conception of equality of resources needs to contain a redistributive mechanism that corrects for the equality upsetting consequences of the functioning of market economies. I argued that Dworkin did not recognize this for he left the simple context where no endowment differences were present between the subjects of justice too early. If we investigate what would happen there when they start to produce and trade, we come to realize that *pace* Dworkin, equality of resources would be upset by their activities. I have not attempted to frame the redistributive mechanism that would be appropriate to deal with this problem. My only aim was to point out that those Dworkinian resourcists who embrace the idea that people are owed equal concern and believe that this means that we should take their preferences seriously, need to offer a description of such a mechanism amending the auction. This I believe is important to point out, for Dworkin's emphasis on the equality establishing role of free and unconstrained markets may suggest that egalitarians are irrational in their repugnance towards markets and need to accept that interventionist ideas are actually enemies of equality. I myself believe that the preferences people express in the auction, or generally through market mechanisms are way more problematic than Dworkinians take them to be. A proper understanding of

equality of resources will need to abandon the idea of the auction eventually. But this I will elaborate on later, in Chapter 5 only.

3

EQUALITY OF RESOURCES: THE BRUTE LUCK ZONE

In the previous chapter I have argued that once we believe – as Dworkin certainly does – that people should pay the *real costs* of their choices, the theory of equality of resources mandates redistribution even in the apparent absence of brute luck. Once the auction is over, a non-obvious sort of brute luck will surface in the functioning of market economies even in the (counterfactual) absence of differential talents for production, or handicaps. Hence, it seems that once one accepts that the auction is an appropriate device for establishing initial equality, one should also embrace the idea that a suitable definition of equality of resources needs to contain a redistributive mechanism (or some other sort of central intervention) that corrects for the equality upsetting consequences of the operation of realistic market economies in addition to those mechanisms that correct for the equality upsetting consequences of differential endowments. Admittedly, the previous chapter was more of an intellectual exercise than something of real consequence to the theory I aim to provide here. This is because as I will show later, the auction is not an appropriate device for establishing initial equality at the first place. Still, I believe that the previous chapter has already shown us something important, namely, that the sort of equality Dworkin is after cannot be maintained once we leave the highly unrealistic assumptions of classical economic theories behind.

In this dissertation I aim to provide a theory of equality of resources that does not employ such assumptions. I will argue that although the appropriate theory of equality of resources may employ an auction as a theoretical device, but certainly not in an equality establishing capacity. Equality will be established by a number of mandatory insurance schemes offered on a hypothetical insurance market considerably different to that of Dworkin's.

In approaching my aim, in this chapter I will argue for two theses. First, I will argue that Dworkin misdescribes certain problems equality of resources needs to resolve, and in his view, need to resolve independently to each other. He identifies two kinds of brute luck that needs to be dealt with centrally in order to ensure equality: the brute luck one suffers when she gets handicapped, and the brute luck one suffers when she turns out to lack profitable talents. I will argue that those are not the problems of handicaps and differential talents that require solutions. Instead, the problem of unavoidable brute luck intrinsic to the nature of resources we face as producers and the problem of our unchosen unequal needs as consumers are the ones that need to be resolved. Second, I will argue that even though Dworkin is right in his view that some sort of a hypothetical insurance solution is needed to resolve the equality upsetting consequences of certain brute luck occurrences, his depiction of the hypothetical insurance market need to be substantially modified. The theory as it is described cannot ensure endowment-insensitivity. If my two theses are right, the appropriate description of equality of resources will be considerably different to that of Dworkin's.

My argument will have the following shape. In Section 1, I will summarize Dworkin's proposed solutions to eliminate the effects of brute luck from the distribution. Next, in Section 2, I will argue that Dworkin's description of the auction is unfortunate. Arguably, he assumes away the brute luck intrinsic to the nature of external resources that people bid for. But an appropriate account of equality of resources is not to assume such luck away, but is to deal with it. Equality of resources can meet its own dual standard of perfect ambition-sensitivity and endowment-insensitivity only once the distributive effects of brute luck occurrences get eliminated. Assuming brute luck occurrences away precludes the theory from meeting its own standards. Section 3 argues that *pace* Dworkin, those are not the problem of handicaps and the problem of unequal talents, but the problems of unchosen differential luck in intrinsic and external resources and unchosen unequal needs that are to be resolved for the theory of equality of resources. It also shows that these problems, contrary to what Dworkin may think, do not require independent theoretical solutions. Section 4 will discuss the appropriate description of the hypothetical insurance markets that can really transform brute luck into option luck, thereby making the distribution ambition-sensitive and endowment-insensitive. Section 5 will summarize, conclude and point to a potential criticism against my description of the hypothetical insurance markets. This criticism queries the ambition-sensitive nature of my understanding of equality of resources. It will not get answered in Section 5 though, for in order to show that my proposed solution is indeed ambition-sensitive in the morally relevant sense, I will first need to show how Dworkin's view on the requirement of ambition-sensitivity is unsound. This I will do only in the next chapter.

1.

As I have shown in the previous chapter, while Dworkin takes inequalities generated by differential ambitions, choices and option luck to be morally acceptable and justified, he believes that inequalities generated by brute luck are of a different matter. Though he believes that some occurrences of brute luck get transformed to option luck by the availability of actual market insurance packages, for other occurrences of brute luck, he contends, actual markets will never provide a satisfactory solution. This is because not everyone bears the same risks of suffering certain detriments and catastrophes, thus profit-oriented actual insurance companies that are aware of this fact will not offer coverage for everyone on the same terms.²³

Dworkin argues that to find out how equality could be ensured even when the risks are not equal, when some people are born with handicaps (or genetic dispositions to develop them later), we should consider how a hypothetical insurance market in which people do not know about their particular risk profile (and inborn conditions), but they know the average risks for suffering any particular catastrophe and choose insurance policies based on this limited knowledge would function. He puts forward his idea as follows. “Suppose we can make sense of and even give a rough answer to the following question. If (contrary to fact) everyone had at the appropriate age the same risk of developing physical or mental handicaps in the future (which assumes that no one has developed

²³ To be precise, Dworkin contends that brute luck gets transformed to option luck if the following conditions hold: a) everyone bears the same risk and is offered insurance on the same terms, b) they roughly know what the odds are, and c) there are ample opportunities to insure. I believe both conditions b) and c) are problematic, but I put this problem aside, at least for now.

these yet) but that the total number of handicaps remained what it is, how much insurance coverage against these handicaps would the average member of the community purchase? We might then say that but for (uninsurable) brute luck that has altered these equal odds, the average person would have purchased insurance at that level, and compensate those who do develop handicaps accordingly, out of some fund collected by taxation or other compulsory process but designed to match the fund that would have been provided through premiums if the odds had been equal. Those who develop handicaps will then have more resources at their command than others, but the extent of their extra resources will be fixed by the market decisions that people would supposedly have made if circumstances had been more equal than they are” (Dworkin 1981b, pp. 297-98).

Dworkin believes that once we try to develop a program of compensation of this sort, we immediately face a problem. People make their decisions on what level of insurance to buy against some particular risk based on their ambitions. Without knowing what sort of life they would like to lead, they cannot know how serious a particular catastrophe would be for them, and hence, they cannot decide whether or to what extent would it be worth for them to insure against that specific catastrophe. But those people who are born with a particular handicap, or developed one early in their lives, will already take that into account when they form their life plans. So in order to decide what kind of and what level of insurance such people would have bought had they been born healthy, we would need to know what kind of life they would have planned in that case. But, Dworkin suggests, “there may be no answer, even in principle, to that question” (Dworkin 1981b, p. 298). Nevertheless, Dworkin believes that the problem here is not insurmountable. In his view,

it would make sense to suppose that people would assess the value of insurance against general handicaps similarly. In constructing the actual policies for compensation, we might simply follow the actual insurance practice modified such that we remove all the discriminations insurance companies employ when they know that the risks are not randomly distributed, but certain groups are more likely to suffer certain detriments.

One might suggest that instead of trying to figure out what kind of insurance people would have bought against what and forcing them all to pay the premium the “average” person would have paid on the hypothetical insurance market, we should simply consider people’s mental and physical power as part of their resource set. Those who are handicapped would in this way be considered to have less resources than their able bodied counterparts, and they were due compensation in order to achieve equality of resources. Dworkin admits that mental and physical powers might be considered as resources in a sense: these powers and material resources are equally needed to achieve the aims and purposes one has in his or her life. Still, he believes that this suggestion is troublesome for a variety of reasons, the most important of which is that internal resources are not resources for the theory of equality in the very same sense material resources are. They are not to be manipulated or transferred, even if the technology had made that possible. Equality of resources should determine how far the ownership of material resources should be influenced by differences of people’s physical and mental powers, but not how those latter powers should be distributed. Thus, the problem of handicaps is to be dealt with separately, on the hypothetical insurance market, and not within the auction.

In Dworkin's view, the problem posed by handicaps is not the only sort of problem the theory equality of resources needs to tackle in order to ensure that the equal distribution prevails. He believes that equality of resources, initially established by the auction, and already corrected to provide for handicaps by the above described method, would be also disturbed by production and trade. As it has already been emphasized in the previous chapter, he believes (or assumes?) wrongly that this is *only* because of the unequal talents people are endowed with. Once talents for production are unequal, some people would envy others even if they consider the others' lives as a whole, that is, they consider the total package of risks taken, work, and consumption of leisure and material resources.

Thus, Dworkin claims, there is a further need for correction – our initial auction will not insure continuing equality in a world where talents for production are unequal. He believes that as we may not include internal resources to the auction in order to equalize the situation of the handicapped, we also may not include the labor of the immigrants themselves to the auction. But the reason he cites in this case is different to the one mentioned in connection with handicaps. The reason of not including talents into the auction is that it would penalize the talented. They would need to spend a large part of their initial endowment to purchase the rights over their own labor, which would bring them little financial benefit had they decided not to spend their life in a commercially very profitable manner. At the same time those who are not that talented would need to spend way less for the right over their own labor, and therefore could live the very same not very profitable life with a much bigger stock of resources remaining from their initial

endowment. Consequently, at the end of the day, Dworkin believes, including talents for production into the auction would be forbidden by the envy-test.

At this point, Dworkin concedes that the lack of talents or skills is, in certain ways, very similar to suffering from a handicap. Those who cannot paint like Piero, for example, suffer from an especially common handicap. Therefore, “we may capitalize on the similarities between handicaps and relative lack of skill to propose that the level of compensation for the latter be fixed, in principle, by asking how much insurance someone would have bought, in an insurance sub-auction with initially equal resources, against the possibility of not having a particular level of some skill” (Dworkin 1981b, p. 315). One method for answering this question would be to make immigrants ignorant of their skills in a Rawlsian manner, just like the way immigrants were made ignorant about their own handicaps. Dworkin, however, rejects this solution. He believes that ambitions and skills are too closely connected, much more closely than ambitions and handicaps are. The idea of knowing what kind of ambitions you have without knowing what talents you have just does not make much sense. When we stipulate away people’s personalities, we do not leave a base for speculation about their ambitions. For Dworkin this is deeply problematic, because in his view the ambition-sensitivity standard of equality of resources requires that one’s decision on what kind of insurance and what level of coverage to buy should be based on her ambitions, that is, on what sort of life she wishes to live.

Accordingly, instead of supposing that immigrants are unaware of their own talents, Dworkin asks us to imagine that they are unaware of the income their skills could generate. In a certain sense, there will be a “veil of ignorance” here too, but it will cover the others and the others only – immigrants will not know the tastes and ambitions of their fellows, but they will know their own. Now, Dworkin suggests that we imagine that there is a computer on the island which, unlike the immigrants themselves, possessed all the relevant data about the immigrants’ talents, tastes, ambitions and attitudes to risk as well as data about the resources and technology available. This computer, he contends, would be able to project the income structure which will arise once production and trade starts after the auction.

Dworkin believes that if the immigrants knew the projected shape of this income structure, but not their particular place in it, we could ask how much insurance they would purchase against occupying a particular level of income. After reviewing the potential drawbacks of the hypothetical insurance method as a means to deal with the problem of differential talents, Dworkin argues that they can be overcome, especially once we translate the hypothetical insurance market into an actual tax system. Since in his understanding, due to (the highly plausible assumption of) declining marginal utility immigrants would have a good reason to choose a coverage where the premium is “fixed as an increasing percentage of the income the policy owner turns out to earn” (Dworkin 1981b, p. 324), the tax system constructed to model Dworkin’s hypothetical underemployment insurance would be progressive.

Although Dworkin elaborates on this tax scheme at a considerable length, I will not summarize his arguments to that effect here. While I believe that the appropriate theory of equality of resources will certainly lead to a progressive income tax system, I do not wish to argue here for this thesis. Instead, I will argue that Dworkin's theory, the way it is put, is not an entirely appropriate theory of equality of resources. Considerable modifications are needed for theory to meet its own double standards of ambition-sensitivity and endowment-insensitivity.

But before doing so, let me make a short, but possibly important remark. As I have already noted in the previous chapter, Dworkin does not mention other, non-endowment type brute luck occurrences against which a hypothetical market solution would be needed on his island, not even the most obvious ones, like natural catastrophes. He offers a hypothetical insurance solution against the brute luck related to handicaps and the brute luck related to talents only. This may be because he believes that actual insurance companies would offer coverage for everyone on the same terms against, say, floods, thereby transforming such occurrences into morally unproblematic option luck. Alternatively, he may believe that the risks of those catastrophes would be known already during the auction, thus those risks would be factored into, for example, the prices of pieces of land. Then even if the actual companies would not offer coverage on the same terms, it still would not be problematic, for people would have paid the real cost of the life they chose, the risks taken, already in the auction. I believe textual evidence suggests that he takes the latter option, and this is highly problematic as I will show in Section 2. This is not to say though the former option would be unproblematic actual insurances

may not be capable of transforming brute luck to option luck. This I will show in Section 4. I believe an appropriate theory of equality of resources should offer a hypothetical insurance solution to a much wider range of cases than what Dworkin seems to suggest.²⁴

2.

In this section my aim is to show that there is an important and utterly problematic feature of Dworkin's auction that, to my knowledge, has not been recognized in the literature so far. Following classical economic theories, Dworkin seems to assume away brute luck from the auction. That is, he seems to assume that e.g., future natural catastrophes would be known already during the auction, thus their occurrence would be factored into the prices of the resources. Such fanciful assumptions, I believe, are unfortunate to make. They may make a theory deceptive at best, incoherent at worst.²⁵

In order to show how Dworkin assumes away brute luck from the auction, let me start by quoting Dworkin's argument against including labor to the auction at a considerable length. "Suppose we allow our initial auction to include, as resources to be auctioned, the labor of the immigrants themselves, so that each immigrant can bid for the right to control part or all of his own or other people's labor. Special skills would accrue to the

²⁴ Another explanation for Dworkin's assuming away other possible occurrences of brute luck that would call for a hypothetical insurance solution is offered by Stemplowska 2008. I will introduce her explanation and refute it in Chapter 6.

²⁵ Dworkin's theory, for example is deceptive, if he did not want the reader to believe that equality of resources mandates redistribution only because of differential talents and handicaps (at least when people start off from equal bundles of resources). If, however, he himself believed to believe that equality of resources mandates redistribution only because of differential talents and handicaps, his theory does not meet his own standards, he does not in fact eliminate brute luck from the distribution.

benefit, not of the laborer himself, but of the community as a whole, like any other valuable resource the immigrants found when they landed. Except in unusual cases, since people begin with equal resources for bidding, each agent would bid enough to secure his own labor. But the result would be that each would have to spend his life in close to the commercially most profitable manner he could, or, at least if he is talented, suffer some very serious deprivation if he did not. For since Adrian, for example, is able to produce prodigious income from farming, others would be willing to bid a large amount to have the right to his labor and the vegetables thereof, and if he outbids them, but chooses to write indifferent poetry instead of farming full time, he will have spent a large part of his initial endowment on a right that will bring him little financial benefit. This is indeed the slavery of the talented. We cannot permit this. (...) We need not, in fact, look very far; for the principle that people should not be penalized for talent is simply part of the same principle we relied on in rejecting the apparently opposite idea, that people should be allowed to retain the benefits of superior talent. The envy test forbids both of these results. If Adrian is treated as owning whatever his talents enable him to produce, then Claude envies the package of resources, including occupation, that Adrian has over his life considered as a whole. But if Adrian is required to purchase leisure time or the right to a less productive occupation at the cost of other resources, then Adrian will envy Claude's package. If equality of resources is understood to include some plausible version of the envy test, as a necessary condition of an equal distribution, then the role of talent must be neutralized in a way that no simple addition to the stock of goods to be auctioned can accomplish" (Dworkin 1981b, pp. 311-12).

Now, let us recognize that there seems to be a very curious assumption in this story. The assumption is that there would be not only perfect synchronic information in the auction about talents, but a perfect foreknowledge too.²⁶ In Adrian's and Claude's story, talents are definitely not treated as uncertain investments that could be bided for in the auction (had it be legitimate to include them there), and arguably not even as risky investments, but as resources that have a completely transparent and fixed yield. This calls the attention to a so far unrecognized feature of the auction as the means for establishing equality of resources. Most of us probably have not recognized that one could read the original auction story, the one about distributing the island's external resources, in three ways. Let me introduce them below.

Suppose Anne and Betty, along with the other immigrants, are bidding for resources on the auction described by Dworkin. Since Anne and Betty have the very same preferences, they bid for (seemingly) qualitatively identical goods.²⁷ They both bid for wheat grains, chickens, horses, and various other goods, and end up with identical bundles. (It is not the case that everyone on the auction has identical tastes. Other immigrants have different tastes; they chose different mix of goods to bid for.)

Reading 1. Both Anne and Betty have a general knowledge about wheat grains, chickens, and horses. They know that generally egg-laying hens produce somewhere between 200

²⁶ In my view, there are also a number of other curious assumptions in the story, but I will put them aside until the next chapter.

²⁷ Suppose that the number of goods is such that this does not render the clearing of all markets impossible. I have put aside the problem that nothing guarantees here that there will be a market-clearing price for all markets on this auction. See more about this issue in the previous chapter.

and 300 eggs per year for around three years and then around 100 eggs for an additional two years and then sooner or later they die. They know that even if the weather is more or less ideal, some grains will yield and others get rotten. Most probably the yield of one pound of grain will be somewhere between ten and fifteen pounds. Naturally, if the weather conditions turn out to be really suboptimal in a given year, it can be much less. They know that some horses have a talent for running, and others, even if their lineage seems to be impeccable, are not good on races. They make their bids based on this knowledge, as others make their bids on a similar general knowledge about the available resources on the island, the market clearing prices are reached on all the markets, everyone declares herself to be satisfied, and the auction ends.

Reading 2. Both Anne and Betty (and all the other immigrants) know the particular risk profiles of all the available resources. They know that egg-laying hens have $\frac{1}{3}$ chance of producing 200 eggs per eggs per year for three years and then 80 eggs for an additional two years, $\frac{1}{3}$ chance of producing 300 eggs per eggs per year for three years and then 120 eggs for an additional two years, $\frac{1}{3}$ chance of producing 250 eggs per eggs per year for three years and then 100 eggs for an additional two years.²⁸ They also know that egg-laying hens always die on the fifth anniversary of their starting to produce eggs, and that is always their sixth birthday. They know that if the weather conditions are perfect, there is $\frac{1}{2}$ chance that one pond of grain will yield exactly ten pounds, and there is $\frac{1}{2}$ chance that one pond of grain will yield exactly fifteen pounds. They know the likelihoods of

²⁸ A more precise description of the story would be where they not only know the risk profiles of chicken in general, but the risk profile of Cynthia, Dillon and Evelyn chickens individually, etc. For the sake of simplicity, however, I use a moral general description.

different weather conditions. They know that the horses they bid for have 1/10 chance of winning the annual horse-race on the island and thus once they own the horse, they have 1/10 chance of winning the prize of 10.000 island dollars. All immigrants make their bids based on a similar knowledge about the available resources on the island, the market clearing prices are reached on all the markets, everyone declares herself to be satisfied, and the auction ends.

Reading 3. Both Anne and Betty (and all the other immigrants) know the all the internal properties of all the available resources. They know that the egg-laying hens they bid for start to lay eggs on their first birthdays, produce 267 eggs per year for next three years, then 93 eggs for an additional two years, and they die on their sixth birthday. They know that if the weather is perfect, one pound of wheat grain will yield exactly thirteen pounds. They know that the horses they bid for will win the annual horse-race on the island once in the next three years, and thus the horse will ‘come’ with the prize of 10.000 island dollars. All immigrants make their bids based on a similar knowledge about the available resources on the island, the market clearing prices are reached on all the markets, everyone declares herself to be satisfied, and the auction ends.²⁹

Most of us probably read Dworkin’s original story along the lines of Reading 1. However, his argument against including talents (that is, internal resources) into the

²⁹ I did not give a full description on what Anne and Betty know in any of the three readings. In the third, for example, they would also know how much exactly the “maintenance” of the chickens will cost, etc. I attempted to draw a rough picture only (that I take to be sufficient for my purposes here) on the sort of knowledge immigrants would have according to the different readings.

auction seems to imply that Reading 3 is the right one. If the other immigrants had only general knowledge on Adrian's talents, as in Reading 1, Adrian would not need to work close to his top capacities. It is only if they had knowledge like in Reading 3, that he needs to do so.

Let me now take a stock of the advantages and the disadvantages of the three readings. The third reading has the obvious advantage of eliminating brute luck from the auction completely. The second reading might seem to achieve that at first sight too. The market prices the risks involved by purchasing each of the available goods, so everyone knows what gambles he chooses to take. But upon closer inspection it turns out that brute luck does not get eliminated from the second reading. An occurrence of luck is an occurrence of option luck only if one could have declined to gamble. If there is no risk-free decision to take, if everything is a gamble, it seems that the brute luck of how things actually turn out does not get transformed into option luck. The first reading fares worst in terms of eliminating brute luck from the distribution: there the immigrants need to take decisions under uncertainty on what resources to buy. In the first and second reading even if Anne and Betty start up with identical bundles, have exactly the same talents, are influenced by exactly the same external circumstances (such as weather), they both produce for their own consumption (so the problem I elaborated on in the previous chapter does not arise), they might end up very differently for no choice of their own.

The first reading, however, does have its advantages. It depicts a story that is in some respect artificial, but in others it is just like a real-life story. This is how we make our

decisions, and if we had shipwrecked, we would probably made an auction on similar lines. The second is already less like real-life, it depicts a casino-like gambling, but we never have information about the internal properties of resources that precise. The third reading is very implausible. It requires that people not only know the internal properties of the goods they bid for, but all the external circumstances that will have an effect on those goods in the future. For all intents and purposes, the third reading requires divine omniscience.

Why would equality of resources need divine omniscience to establish equality? To my mind, Dworkin believes that without us knowing virtually everything about the goods we bid for, we cannot attribute the moral significance to the perfectly competitive market price he wishes to attribute to. This may be so. If omniscience is not assumed, the choices people make on the auction will not perfectly reflect how important are things to them, only that how important the things are to them *as they know them*. And since they may not know all what they would take to be important about the available resources (including how profitable will they turn out), the prices that come about on the auction might be different to those that would come out once omniscience is assumed.

Thus it seems that a resourcist has two options. First, he might want to stick to the idea of omniscience, but then it will be questionable what the theory can tell us human beings living in a world of limited information. Or second, he might befriend himself with the first reading, but then it seems that he will need to provide an insurance scheme not only against brute luck concerning internal resources for production, but also brute luck

concerning the very resources he includes into the auction. This would amount to, however, acknowledging that due to the limited information we can ever have about the resources we can put our hands on, the auction can never ensure envy-freeness and the hypothetical insurance schemes will need to take its place. I believe this is exactly what a resourcist need to do. But my aim in this chapter is not to argue against the auction as a device for ensuring equality. This I will do in Chapter 4. Neither will I argue here for the methodological approach behind my rejecting the legitimacy of the assumptions the first reading (the one that actually could ensure equality) is based on. Chapter 6 will take up this issue. All I wanted to show here that on a plausible reading of the auction, a hypothetical insurance solution will be called for even in the absence of differential internal resources (that is, talents) for production. This is because, *pace* Dworkin, we have perfect foreknowledge neither about our internal, nor about our external resources. A mandatory insurance solution is required by justice not only because we do not have the same chance of securing a good income through our talents, but also because we cannot know the yield of our external resources and thus we cannot ensure that once production starts, the distribution remains envy-free – even if there were no endowment differences between people.

To take a stock of the argument so far, I have been arguing that Dworkin understands the auction along the line of Reading 3. This reading for all intents and purposes requires divine omniscience on behalf of the immigrants. I believe, however, that a normative theory operating on such a fanciful and implausible assumption is an invalid normative theory. As I have already stated, I will not argue for this thesis here. I will simply take it

for granted that the reader agrees with me that an appropriate conception of equality of resources should not assume divine omniscience. It should start off from realistic assumptions on what immigrants can and cannot know and do. Once we accept the need of making realistic assumptions, we can see that those are definitely not only the problems of handicaps and differential talents that need to be resolved by a hypothetical insurance scheme.³⁰

3.

As we have seen in Section 1, Dworkin seem to believe that the problem of handicaps and the problem of unequal talents are the problems equality of resources need to tackle in order to ensure that the distribution remains equal. He also believes that these problems require independent theoretical solutions (hence *the independence thesis*).³¹ The hypothetical insurance scheme Dworkin provides for the problem of unequal talent is importantly different from the hypothetical insurance scheme against disabilities. For example, while the handicap insurance is a compulsory insurance at a fixed premium for everyone, the underemployment insurance is based on a variable premium. More importantly, while it is appropriate to make immigrants to make their handicap insurance decision under a “veil of ignorance” that covers everyone, the same is not acceptable with regard to their underemployment insurance decision.

³⁰ One may argue that this point is practically not much relevant, for Dworkin’s underemployment insurance scheme translated to a tax and social security system would kick in anyway once one is unable to secure a certain level of income for whatever reasons. This may or may not be so, but I believe for the sake of theoretical adequacy we need to see that our success in the market may be equally influenced by the brute luck in our internal and in our external resources.

³¹ I borrow this term from Macleod, as I will borrow the terms *differences in degree thesis* and *ambition thesis* later in this section too (see in Macleod 1998, Ch. 4).

In this section, I will argue that the independence thesis does not hold, and the problems to equality of resources that do require solutions are *not* the problem of handicaps and that of unequal talents, but the problem of brute luck in tastes and that of brute luck in resources.³² In arguing for this thesis, first I would like to reconstruct Dworkin's rationale for holding the independence view with regard to handicaps and talents. Next, I would like to show that the cut Dworkin tries to make between handicaps and the lack of talents is inaccurate. Handicaps are problematic for the equality of resources for two reasons. First, because they hinder one's ability to produce, and second, because they make people's tastes expensive for no choice of their own. Dworkin does not distinguish clearly between these problems when discussing handicaps, and therefore his proposed solution to the problem of handicaps cannot be but specious.³³ Talents are problematic the same way external resources are. They both have an uncertain yield, and brute luck in both external and internal resources may also hinder our ability to earn.

The most obvious presupposition behind the thesis that the problem of handicaps and the problem of unequal talents require independent theoretical solutions would be that talents and disabilities are fundamentally different. At some points it seems that this is exactly what Dworkin thinks. For example, he invokes very different reasons for not allowing

³² These will not be the only problems though equality of resources needs to tackle with. Later in this chapter and in the following chapters I will show what other problems require hypothetical insurance solutions.

³³ As a matter of fact, it is not exactly clear why Dworkin regards handicaps problematic. Some may believe that he regards them solely as hindrances to our earning capacities. I believe, however, that he takes it that an able body is also some sort of a consumer good most of us can enjoy and others can not – thus those with disabilities may enjoy a smaller bundle of consumer goods (cf. Dworkin 1981b, p. 302). I thank Zoltan Miklosi for calling my attention to the alternative reading in a private conversation.

talents and handicaps into the auction as resources to bid for. He does not allow handicaps to be priced within the auction for in his view it “misdescribes the problem of handicaps to say that equality of resources must strive to make people equal in physical and mental constitution so far as this is possible. The problem is, rather, one of determining how far the ownership of independent material resources should be affected by differences that exist in physical and mental powers, and the response of our theory should speak in that vocabulary” (Dworkin 1981b, p. 301). With regard to talents he invokes a different idea – as I have shown in Section 2, he claims that it is the envy test that would eventually forbid including them to the auction.

But, as a matter of fact, Dworkin explicitly rejects the thesis that talents and handicaps are fundamentally different. He argues that “though skills are different from handicaps, the difference can be understood as one of degree: we may say that someone who cannot play basketball like Wilt Chamberlain, paint like Piero, or make money like Geneen, suffers from an (especially common) handicap” (Dworkin 1981b, pp. 314-15). Let us call this view of Dworkin, the *differences in degree* thesis.³⁴ In itself, the differences in degree thesis would not support the independence view. To the contrary, it would call for a unified solution to the problem of handicaps and that of unequal talents.

³⁴ While I will build on Macleod’s work to some degree in this section, my take on the problem discussed is very different to his. In short, he believes that the differences in degree thesis, *pace* Dworkin, does not hold; we need to accept that there is sharp distinction between talents and disabilities. Once we accepted it, then, and only then can we accept the independence view that happens to be correct. I believe that Macleod’s argument against the differences in degree thesis is unconvincing, but I do not aim to scrutinize it here.

Nevertheless, Dworkin believes that the independence thesis holds, and this is because he, curiously, embraces another thesis in addition to the differences in degree thesis, namely, the *ambition thesis*. The ambition thesis provides the rationale for accepting the independence view. The ambition thesis consists of two claims. First, that there is a closer, more intimate relationship between talents and ambitions than between handicaps and ambitions. And second, that while the connection between talents and ambitions is reciprocal, the connection between handicaps and ambitions is unidirectional.

Are the claims the ambition thesis consists of plausible? As Macleod aptly argues, the first one does not seem to be. It is “not clear exactly how the closeness of relationship between skills, disabilities, and ambition is to be conceived or gauged. Dworkin never fully explains what the closeness of connection in this context consists in. (...) There is no obvious metric with which to measure the closeness of the relationship between ambition and disability and talent. There is also no obvious reason to suppose that ambition is more closely intertwined with one’s talents than one’s disabilities. Dworkin’s claim about there being a specially close relationship between talent and ambition seems too vague and speculative to carry any real theoretical weight” (Macleod 1998, p. 127). The second one does not fare much better. In order to hold up the unidirectionality thesis, Dworkin either needs to argue that a) a person’s handicaps cannot affect the choices about how to lead his life, or b) a person’s choices about how to lead her life cannot affect the handicaps he has. Since a) is obviously untrue, Dworkin must have b) in his mind. But b) is also suspicious. As Macleod points out, “after all, decisions about how to lead one’s life can certainly result in the loss of capacities a person would otherwise

enjoy. (...) For example, a boxing career may result in severe brain damage” (Macleod 1998, p. 128).

Now, Dworkin could reply to Macleod that this is simply not a valid objection against his thesis. What Macleod cites is an occurrence of option luck, and Dworkin himself is invested in the problem of brute luck. Obviously, we can make choices that will hurt or risk our bodily integrity, but insofar we freely took the risks, they are of no concern for equality of resources. What frustrate equality of resources are the phenomena of inborn handicaps and differential genetic susceptibility to certain diseases. While this is a valid response Macleod does not seem to foresee, it does not make Dworkin’s thesis much more plausible. It is certainly not true that a handicapped person’s ambitions never have any influence on her handicap. Some people with a huge investment of money, energy and time partly overcome their disabilities or keep their bodies from further deterioration, while others spend their resources differently. It is true that some handicaps cannot be even partially overcome no matter how much one invests in trying, but the same is true with regard to the lack of talent. For example, no matter how much I invest in developing a skill for absolute hearing, I will never be able to reach it.³⁵

Consequently, it seems that the ambition thesis Dworkin uses to provide the rationale for the independence thesis does not hold. Is there any other rationale that could establish the independence thesis? Obviously, there is another way in which Dworkin could have

³⁵ What I am saying here is, basically, that the terms of “being very untalented” and “being handicapped” do not reflect on any metaphysically deep distinction, they are not “joint-carving” (on joint-carvingness see Sider 2011).

argued for the independence thesis, that is, he could have rejected the differences in degree claim at the first place.³⁶ He could have argued that handicaps as such and talents as such (or more precisely, the lack thereof) are fundamentally different (call this the *fundamental difference view*). To my mind, this is exactly what the ambition thesis says. In fact, the ambition thesis is a variant of the fundamental difference view. So, in effect it seems that Dworkin holds that handicaps and talent are different in degree only and fundamentally different at the same time. Is he allowed to hold both of these two views at the same time without going into contradiction?

At first sight it may seem that the answer is obviously negative. Two things cannot be fundamentally different and different in degree at the same time. It seems that you cannot say that cherries and sour cherries are different in degree only and also fundamentally different. But as a matter of fact, you *can* say that two things are fundamentally different in one respect, and different only in degrees in another. Cherries and sour cherries, for example are fundamentally different in their genera, and different only in degrees in their redness. If this is so, Dworkin may take talents and handicaps fundamentally different and different in degree at the same time. This points to something of importance. In order to see what, let us take a closer look on the nature of handicaps and talents, and the respects in which they are different in degree and fundamentally different.

³⁶ Macleod takes this line in his arguing against Dworkin's hypothetical insurance theory for handicaps. I will not present his argument here in detail; neither will I try to refute it. Suffice it to say that he suggests a sharp distinction between disabilities, health and talents with regard to basic human capacities where 'health' is fixed by some statistical method. But, if anything, this understanding is I think more in line with the differences in degree thesis than with its rejection.

Handicaps and talents equally denote differential levels of internal resources – handicaps are just lack of talent to produce. Being very talented, having a substandard level of talent to produce, and being handicapped are just places on a spectrum. There is only a difference in degree between being talented as a producer on the market, and being handicapped. At the same time, handicaps are also unchosen expensive tastes, while generally talents are not. Those who suffer paralysis for example, will need to spend part of their resources to buy a wheelchair in order to be as productive as their able bodied counterparts with a similar talent in e.g., writing philosophy. Seeing it from our role as a consumer, what we usually call talents and what we usually handicaps may be very different.

But if this is so, then even if the problem of handicaps and that of talents require different theoretical solutions in a sense, it is just not precise to say that handicaps as such and differential talents as such require independent theoretical solutions. Those are our differential luck as producers and our unchosen differential needs as consumers that call for independent theoretical solutions.³⁷

What is the right theoretical resource egalitarian solution to the problem of our unchosen differential needs as a consumer? As it is widely known, Dworkin is famous for his rejection for compensating for expensive tastes. As I have already cited in the previous chapter, he believes that “equality of resources supposes that the resources devoted to each person's life should be equal. That goal needs a metric. The auction proposes what

³⁷ Back to our example, it is not the problem of ‘cherries’ and the problem of ‘sour cherries’, but the problem of genera and the problem of redness are to be spoken about if one aims at theoretical precision.

the envy test in fact assumes, that the true measure of the social resources devoted to the life of one person is fixed by asking how important, in fact, that resource is for others. It insists that the cost, measured in that way, figure in each person's sense of what is rightly his and in each person's judgment of what life he should lead, given that command of justice. Anyone who insists that equality is violated by any particular profile of initial tastes, therefore, must reject equality of resources, and fall back on equality of welfare” (Dworkin 1981b, p. 289). In addition, at first sight Dworkin seems to explicitly reject the idea that handicaps are to be compensated for they affect our needs as a consumer. He reasons as follows. “Would it not now be fair to treat as handicaps eccentric tastes, or tastes that are expensive or impossible to satisfy because of scarcity of some good that might have been common? We might compensate those who have these tastes by supposing that everyone had an equal chance of being in that position and then establishing a hypothetical insurance market against that possibility. A short answer is available. Someone who is born with a serious handicap faces his life with what we concede to be fewer resources, just on that account, than others do. This justifies compensation, under a scheme devoted to equality of resources, and though the hypothetical insurance market does not right the balance – nothing can – it seeks to remedy one aspect of the resulting unfairness. But we cannot say that the person whose tastes are expensive, for whatever reason, therefore has fewer resources at his command. (...) If the auction has in fact been an equal auction, then the man of eccentric tastes has no less than equal material resources, and the argument that justifies a compensatory hypothetical auction in the case of handicaps has no occasion even to begin” (Dworkin 1981b, pp. 302-03).

But this argument needs to be qualified if equality of resources aims to be a plausible theory of equality, and even Dworkin is well aware of that. In fact, he argues that certain expensive tastes are just handicaps, even though we generally do not call them such. When a person has a strong preference (craving) that he wishes not have, for it interferes with what he wants to achieve in life, but finds it painful or impossible to disregard, he is just as handicapped as someone who cannot walk without a stick. Thus even though Dworkin seems to argue that handicaps are not expensive tastes and handicaps are to be compensated for and compensated for only because suffering a handicap means essentially having a reduced stock of internal resources, this is not exactly true. Dworkin acknowledges that certain tastes pose the same problems to equality of resources as handicaps. What he might not see clearly is that it is unfortunate to characterize this problem as a lack of internal resources. Common handicaps do involve a diminished stock of personal resources (more exactly, a diminished ability to function as a producer on the market), but that problem needs to be dealt together with the problem of unequal talents. And there is a different problem to be dealt with separately that has nothing to do with the diminished ability to function as a producer on the market: this problem is the unchosen increased need as a consumer on the market.

One might want to suggest now that I have not established anything new in this section, for my argument is no different to that of Dworkin's. The problems he wished to resolve are exactly the problems I identified as the problems that need to be resolved by an appropriate theory of equality of resources. This may or may not be so. I believe that Dworkin's phrasing of the problems equality of resources needs to tackle is misleading or

insufficiently clear at best. I did not wish to argue for a theory fundamentally different to Dworkin's, my only aim was to clarify what exactly are the problems that need to be resolved by an appropriate theory of equality of resources. To my understanding, these problems are the unchosen increased need as a consumer on the market and the unchosen diminished ability to succeed as a producer on the market. Whether or not Dworkin wished to argue for the very same thesis is not my concern. If yes, then I believe his theory is appropriate (at least to an extent), but unclear. If not, I believe it needs to be corrected along the lines I described.

There are two differences for sure though. First, I have argued that the ambition thesis, that was meant to support the call for a fundamentally different hypothetical insurance scheme against unequal talents to that of handicaps, is flawed. Talents and handicaps influence our ambitions in the same way. Thus, I believe there is no reason to accept that there should be a special sort of veil of ignorance in the making of the 'production success' insurance. Second, I do not see any plausible reasons for why insurance companies would not offer coverage where the premium is "fixed as an increasing percentage of the income the policy owner turns out to earn" against our unchosen increased need as a consumer as Dworkin seems to imply. In my view, it would be reasonable to insure on such terms both against our diminished ability to succeed as a producer on the market and our increased need as a consumer on the market.

4.

I have argued in Section 2 that Dworkin seems to believe that natural catastrophes and other sorts of brute luck occurrences that impact our external resources can be assumed to be known in the auction, thus they do not require a hypothetical insurance solution. I suggested that this is not justified for a theory to assume and those brute luck occurrences indeed do require a hypothetical insurance solution. Now Dworkin may suggest that I am mistaken. Even though suboptimal temperature and flood and other unfortunate events may seem like brute luck occurrences, they are in fact not. On a functioning market they get transformed to option luck occurrences. No mandatory insurance is required by justice against them. But do they really? In some cases it may, but definitely not in all cases. I will show this by introducing Martin E. Sandbu (2004) argument to the effect that the insurance seem to be able to eliminate brute luck only if it is possible to insure fully. Although I will argue that the availability of full insurance may not be needed, the real market may not always offer the coverage that could turn brute luck to option luck fully. In such cases the society needs to introduce a mandatory scheme in order to ensure equality.

As I have already introduced in the previous chapter, Dworkin believes that option luck is not morally problematic for a resource egalitarian, but brute luck is. This is because an appropriate theory of equality of resources must be ambition-sensitive, but endowment-insensitive. In other words, he believes that peoples choices on how to live their lives should influence what level of resources they enjoy, but their circumstances should not. If the background conditions were the same for everyone, and some chose risky

investments while other chose a safe way to live, no compensation would be mandated by justice even if they end up very differently. As Dworkin puts it, “people should pay the price of the life they have decided to lead, measured in what others give up in order that they can do so. (...) But the price of a safer life, measured in this way, is precisely forgoing any chance of the gains whose prospect induces others to gamble” (Dworkin 1981b, p. 294). No compensation is due between the risk taker loser and winner, because they both chose a risky life they could have declined. “The possibility of loss was part of the life they chose (...) it was the fair price of the possibility of gain” (Dworkin 1981b, p. 295). In Dworkin’s scheme, the availability of insurance converts what would otherwise be brute-luck effects into option-luck effects: the possibility of insurance provides a link between the two kinds of luck. When two people who can choose to insure against getting blind in an accident, one does, and the other does not, and they both get blind, one will be better off due to the insurance payoff than the other. But that is not problematic for “the availability of insurance would mean that, though both had had brute bad luck, the difference between them was a matter of option luck, and the arguments we entertained against disturbing the results of option luck under conditions of equal antecedent risk hold here as well” (Dworkin 1981b, p. 297).

But, Sandbu argues, Dworkin’s prose “does not sufficiently stress that this conclusion depends not only on the availability of insurance, but on there being an opportunity to insure fully, that is, on there being a completely risk-free option” (Sandbu 2004, p. 287). For surely, if only partial insurance is available, then it is not true that due to the availability of insurance the difference between them was a matter of option luck. This

can be recognized, Sandbu argues, when you consider the following case. Suppose that you have a choice to insure against blindness. If you do not insure and nothing happens, you will have 10 units of resources. If you get blind, you will end up with 1. If you insure, but no accident happens, you will have 9.999. If it does happen and you end up blind, you will get an insurance payoff of 0.001, thus you will end up 1.001. Surely, in this case you would not argue that the difference between you not getting insured and suffering no accident and then having 10 and you having insured, having accident and ending up blind is purely a matter of option luck. In contrast, if you had the chance to insure fully, that is when once being insured you would end up with 5 whether or not you suffer an accident, while the lucky uninsured had 10, you would say, that it is a matter of unproblematic option luck – it was her choice not to insure and risk getting only one, but it did end up well and she had 10.³⁸

If Sandbu's point is correct, resource egalitarianism as stated in *Equality of Resources* and Dworkin's later (2001, 2004) works on distributive justice, is unsatisfactory for yet another reason. Unless an agent could have chosen a completely risk free option by purchasing a full insurance, we cannot conclude that the catastrophe she suffered was a

³⁸ It is important to point out that Sandbu does not argue that justice requires that people be equal ex post whether they suffered an accident or not, like Michael Otsuka (2002, 2004). As Sandbu coincidentally declares, "Dworkin (...) quite explicitly does not want to equalize welfares, but rather resource stocks as measured by their social opportunity cost, since this better meets the requirement of ambition sensitivity. Fully compensating insurance should therefore be defined as insurance that equalizes the resource stocks of those insured persons who are blinded and those who are not. Whether they are indifferent between those two ex post situations is irrelevant, since in resource egalitarianism, preferences' only role is to determine the idealized competitive market valuation of the resources' social opportunity cost" (Sandbu 2004, p. 288). I side with Sandbu and Dworkin in the ex ante / ex post debate, but I do not wish to argue for their being right here though.

matter of option luck and therefore, of no concern for justice.³⁹ There are two different areas where this point has consequences. First, the area of the brute luck occurrences that, to Dworkin's mind, are to be dealt with on the real market, and second, the area of the brute luck occurrences that are to be treated by a hypothetical insurance scheme.

What could Dworkin reply to Sandbu? In my view, he has no other real option but to argue as follows. Although insurance companies on the hypothetical market would offer full insurance, it would not be chosen by the average immigrant. The brute luck therefore is eliminated there. Counterfactual availability, on the similar line is sufficient on the actual markets too. If people would want to insure fully, that is, there would be a customer demand for such coverage, the market would offer that. Generally it does not, but it is only because such policies would be unreasonable costly, and people, based on their own ambition, the lives they want to live would not purchase them. Thus, even if there is no actual full insurance offer, by the counterfactual availability of full insurance brute luck does indeed get fully transformed to option luck.

Let us recognize now that this argument is based on reasonability. But how Dworkin's actual depiction of the market deals with reasonability? First, let me point out that Dworkin's solution to the problem of handicaps involves the assumption that everyone who suffers handicaps would have bought the *average amount of insurance*. Dworkin

³⁹ Sandbu believes that Dworkin's theory, as it has been put forward is unsatisfactory, for Dworkin would take the availability of any sort of insurance being capable of transforming brute luck to option luck. He then suggests a refinement to the theory that is very similar to the one I am proposing here, although not identical. I cannot, however, elaborate on our differences here, for it would require a rather long discussion.

acknowledges that this assumption may be problematic. In a footnote he remarks that “the averaging assumption is a simplifying assumption only, made to provide a result in the absence of the detailed (and perhaps... indeterminate) information that would enable us to decide how much each handicapped person would have purchased in the hypothetical market. If we had such full information, so that we could tailor compensation to what a particular individual in fact would have bought, the accuracy of the program would be improved. But in the absence of such information averaging is second best, or in any case better than nothing” (Dworkin 1981b, p. 298, n6). Thus the averaging assumption he takes is only a second best idea – he wishes to argue that if it were feasible to model individual decisions on the hypothetical market that is exactly what we would need to do in the name of justice. Once we disregard the averaging assumption, and take individual immigrants to make this decision for a while, we will see that the story is again way more difficult than it seems to be.

This is how Macleod describes the problem. “The plausibility of the argument depends on the supposition that in the hypothetical insurance market each person has a reasonable opportunity to purchase suitable disability insurance should they desire it. Unless this condition is met then the insurance market cannot be used, even hypothetically to transform the effects of raw brute luck into consequences that can be interpreted as arising out of differential option luck. It is however easy to construct counter-examples in which the hypothetical insurance market will not supply adequate opportunities to purchase insurance. Suppose that the risks associated with a given disability correspond to those described in the example given above. Helen is the participant of the

hypothetical insurance market and she decides that she would like to buy disability insurance. Moreover, let's suppose that her preference is eminently rational and not idiosyncratic. Every sensible person should desire to purchase this kind of disability insurance. As we have seen, whether Helen will be able to purchase the desired coverage depends directly on the willingness of a large number of others to purchase similar coverage. Indeed, if the insurance company is to be 95 per cent certain that actual expenses due to claim will be within 10 per cent of expected expenses, there must be at least 10.000 participants in the market who wish to buy insurance. Suppose, however, that an insufficiently large number of people recognize the rationality of acquiring disability insurance. Helen and other sensible parties will be unable to buy insurance. Now suppose that Helen is unlucky, She is among the 20 per cent of the population which subsequently develop the disability. According to Dworkin's theory Helen is not entitled to any compensation because she would not have bought coverage in the hypothetical insurance market. Of course, she was unable to buy the coverage due to the irrationality of other participants in the hypothetical market. ...The basic objection is that even the idealized insurance market is a potentially unfair mechanism for gauging appropriate compensation standards" (Macleod pp. 104-05).

Now, once we operate with the averaging assumption, we, perhaps illegitimately, tend to disregard the different and possibly irrational individual approaches to risk immigrants have. Thereby we simply do not consider that the reasonable coverage might not be available for the average immigrant, whatever the "average immigrant" might mean. But that would unacceptable, as Macleod correctly points out. The reason why we do not

generally recognize this problem is because we – rightly - give the “average immigrant” a different meaning to what Dworkin arguably had in mind. We imagine a *reasonable person with a reasonable approach to risk*,⁴⁰ and that it is this person and many others similar to him who participate on the market. His decision, which would be basically the same as anyone else’s, would determine what justice would require. If we regard the average immigrant this way, I believe we can answer to Sandbu’s problem as follows. The hypothetical market does transform brute luck into option luck due to the counterfactual availability of full insurance and people’s decision not to choose it, but to choose a reasonable coverage. In terms of other luck occurrences that the actual market are supposed to resolve, we can say that either the market offers the reasonable coverage (notice that it can offer that coverage only if people’s preferences are generally reasonable!), or if not, justice requires the society to introduce that coverage by some mandatory means.

5.

In this chapter I have argued that Dworkin’s view on what sort of insurances equality of resources mandates is flawed on various account. First I have argued that by talking about handicap insurance and underemployment insurance, he mischaracterizes the problems equality of resources needs to face with. It is our diminished capacity to produce and increased need to consume equality of resources need to face with. I have

⁴⁰ Of course, this means that a full theory of equality of resources will need to show what reasonability means once it plays a crucial part in determining the equal distribution of goods. This, however, I will not attempt to show in this dissertation. My theory thus, in an important sense, will be an incomplete theory only.

also argued that there is a problem in turning brute luck to option luck, either on the mandatory or the actual markets. Dworkin's description of the markets does not ensure that brute luck can be really transformed to option luck. In order to ensure it, we need to take the participants of the market differently to how Dworkin imagines them. Dworkin now might argue that I have stipulated away too much of people's preferences, esp. preferences with regard to risk here. I did not take their preferences seriously enough, therefore my understanding of equality of resources is in fact in ambition-insensitive. I believe this is mistaken, and this is exactly what I intend to show in the next chapter.

4

EQUALITY OF RESOURCES:

PREFERENCES AND AMBITION-SENSITIVITY

In the previous chapter I have argued that Dworkin's view on what sort of insurances equality of resources mandates needs a serious reconsideration. I have also argued that there is a problem in turning brute luck to option luck by way of insurance, both on the hypothetical and on the actual markets. Dworkin's description of the insurance markets does not ensure that brute luck can be fully transformed to option luck. In order to ensure it, we need to take the participants of the market differently to how Dworkin imagines them. Dworkin now might argue that in Chapter 3 I have stipulated away too much of people's preferences, esp. preferences with regard to risk. I did not take their preferences seriously enough; therefore my understanding of equality of resources is in fact ambition-insensitive. I believe this is mistaken, and this is exactly what I intend to show in this chapter.

The argument in this chapter will look as follows. First, in Section 1, I will summarize Dworkin's view on how the requirement of ambition-sensitivity arises and on the moral significance of preferences. In Section 2, I will argue that taking actual preferences into account on the markets is not the best way to meet the requirement of ambition-

sensitivity for all sorts of reasons. To cite just one here, our actual preferences do not always reflect our views on what sort of life is worth living. In Section 3, I will propose what I take to be the right approach to ensuring the ambition-sensitivity of the distribution. Section 4 will conclude.

1.

At the roots of Dworkin's equality of resources is the idea that “the preferences that people express in markets ought to be taken seriously as indicators of how important things are to them” (Bennett 1985, p. 199). In this section, I wish to show why Dworkin believes that these preferences are essential in defining equal distribution and why he believes that disregarding them or even not taking them as *fully* authoritative in the distribution would amount to not treating people as equals. I would also like to show why Dworkin believes that treating people as equals calls for an ambition-sensitive distribution of resources.

Dworkin believes that two principles of *ethical individualism* or *human dignity* are of fundamental ethical importance.⁴¹ The first is the *principle of equal importance*. The principle of equal importance states that “it is important, from an objective point of view, that human lives be successful rather than wasted, and this is equally important, from that objective point of view, for each human life” (Dworkin 2000, p. 5; cf. Dworkin 2008, p. 9; Dworkin 2011, pp. 203-04). The second principle is the *principle of special responsibility*. According to it “though we must all recognize the equal objective

⁴¹ In this thesis I use these terms as well as the locutions “equal respect,” and “respecting people as equals” interchangeably.

importance of the success of a human life, one person has a special and final responsibility for that success – the person whose life it is” (Dworkin 2000, p. 5;cf., Dworkin 2008, p. 9; Dworkin 2011, pp. 203-04). In Dworkin’s understanding, the first principle demands that governments make (as far as they can) their citizens’ fates insensitive to the circumstances they find themselves in through no choice of their own – to their race, gender, handicaps, natural talents, and so on. The second principle demands that governments make their citizens’ fates sensitive to the choices they have made. The whole apparatus of Dworkin’s theory of equality of resources – the auction, the two different hypothetical insurance schemes are all meant to be shaped by the foregoing twin demands.

For achieving any success in our lives, to shape our lives in accordance with our own convictions, and actually, even for our bare survival, we need external resources. Arguably, the more resources we have (especially of those resources we want to have), the more chance we have to live a good life. How could now the distribution of resources *reflect on the equal and objective importance of every human life* and at the same time *respect people qua moral agents* responsible for making their own choices about their lives? Dworkin believes, first, that people should be given maximal freedom in the use of resources to lead their lives following their own ambitions. But in a world of limited resources, each person’s freedom must be limited by the other persons’ freedoms. If each person’s success in life is to be taken equally seriously, then no one should be granted more freedom in the use of resources than anyone else. For the effect would be to deprive other people from their freedom to use those same resources. In order to give people

equal freedom one needs to have a method for measuring relative freedoms. Here is where Dworkin finds the market (the auction) as device for setting prices in accordance with what people find valuable indispensable. “Equality of resources supposes that the resources devoted to each person's life should be equal. That goal needs a metric. The auction proposes what the envy test in fact assumes, that the true measure of the social resources devoted to the life of one person is fixed by asking how important, in fact, that resource is for others. It insists that the cost, measured in that way, figure in each person's sense of what is rightly his and in each person's judgment of what life he should lead, given that command of justice” (Dworkin 1981b, p. 289).

It is not the case though that treating people as equals would involve ensuring that everyone's life turn out to be in fact equally successful. Some people form ambitions that turn out to be rather expensive to live by, and therefore, they may achieve much less success according to their own conceptions of the good life than others according to their own respective conceptions. But, as Stephen Guest aptly puts it, equality of resources insists that “[i]t would be a wrong part of the equalizing process to make people equal in their achievement of ambitions (equality of overall success). It would be illiberal interference with the development of personality. The real appeal of equality of resources lies in its providing a *footing for the development of individual responsibility*. To repeat: equality of resources is the correct principle of distribution within a political scheme pledged to treating people as equals because ‘common humanity’ requires that people be put in a position equal with others in order to be free to conduct their lives in a way they wish” (Guest 1991, p. 272; italics mine; O. R.).

It is crucial to the theory of equality of resources that equal respect requires that people are to be encouraged to develop their own view of the good life and are to be held liable for the consequences of that view with regard to how their lives go. If people were not held liable for the costs of their own choices, including the choices they make on the market, or if their choices were not regarded as authoritative in defining equal distribution, people would be less than fully respected as moral agents. Preferences are ought to be taken very seriously in the auction (and in a certain sense, later on the hypothetical insurance markets too) for those preferences express people's ambitions, views on what a good life consists in (Dworkin 2000, pp. 5-6; cf. Dworkin 1985, p. 205).

However, Dworkin believes that it is not the case that people could enter the auction with just any kind of a preference set, irrespective of the conditions under which that set has been formed. Some preferences are not suitable for playing a part in defining the real value of resources. He wishes to exclude those (inauthentic) preference sets that may be (a) a self-protective response to oppressive relations, like e.g., the preferences of Amartya Sen's "tamed housewife" who due to the apparent impossibility to leaving her marriage comes to like cleaning the house and changing diapers (Sen 1985, pp. 21-22), (b) the result of manipulation, (c) formed on the basis of an inappropriate expectation about the size of the bundle of resources one will rightfully own after the auction.⁴² Consequently,

⁴² In the original formulation of the theory, he is not yet much concerned about authenticity. "It might be said, for example, that the fairness of an auction supposes that the preferences people bring to the auction, or form in its course, are authentic – the true preferences of the agent rather than preferences imposed upon him by the economic system itself. Perhaps an auction of any sort, in which one person bids against another, imposes an illegitimate assumption that what is valuable in life is individual ownership of

in *The Place of Liberty* he puts forward the *principle of authenticity* which stipulates that prior to entering the auction parties must have ample opportunity to form convictions rationally. “Any auction scheme approved by equality of resources requires ...some baseline principle specially protecting the parties’ freedom to engage in activities crucial to forming and reviewing the convictions, commitments, associations, projects, and tastes that they bring to the auction” (Dworkin 2000, p. 149). One could imagine such an auction as follows. People bid for goods, achieve the market clearing prices, then they try out how that distribution works for them, then someone notifies the auctioneer that he wishes to change his bids, then they achieve another set of market clearing prices, then they try out how that new distribution works for them, then someone notifies the auctioneer that she wishes to change her bids, and so on. The auction would close only when nobody wishes to change her bids anymore, for everyone is “satisfied with the formation of their personality” (Dworkin 2000, p. 149). Only the last round, the one after which nobody wants to change their bids should be called as *the auction*. The other rounds are *pre-auction processes* only.⁴³

something rather than more cooperative enterprises of the community or some group within it as a whole. Insofar as this (in part mysterious) objection is pertinent here, however, it is an objection against the idea of private ownership over an extensive domain of resources, which is better considered under the title of political equality, not an objection to the claim that a market of some sort must figure in any satisfactory account of what equality in private ownership is” (Dworkin, 1981b, pp. 289-90). This is clearly unsatisfactory. Dworkin conflates here two distinct and very different issues. First, whether the preferences that play a part in the auction are correctly attributed to the agent or are externally imposed, and second, whether the extensive private ownership of external resources is an attractive idea.

⁴³ I thank Janos Kis for explaining me this idea.

2.

In the previous section, I aimed to show why Dworkin believes that people's preferences (at least as long as they are authentic preferences) are to be taken authoritative for the aim of constructing equally valuable bundles. In short, the reason is that in his view the principles of human dignity requires us to do so. In this section I will present some arguments that show what is wrong with this suggestion. Basically, I believe that Macleod's and Bennett's arguments against putting as much theoretical weight to people's actual preferences (even when they are authentic) as Dworkin does are mostly right. Accordingly, in this section I will provide a brief summary of their respective views, and I will also propose some amendments to their views where I believe that they are not wholly apt. This chapter as a whole, however, is not meant to be a summary of the literature with some minor criticisms only. Macleod and Bennett seem to imply that due to the problems they identify, equality of resources should be abandoned as the right approach to justice. I believe this is too quick, and in the next section I will propose an account of equality of resources that embraces the lessons we can draw from Macleod's and Bennett's points about the nature of human preferences and is, at least so I hope, still true to the basic tenets of the theory.

There are three different, though to some extent interrelated, theses promoted by Macleod (the first and the second below) and Bennett (the first and the third, and in passing even the second below) that I believe undermine Dworkin's theory *as it has been put forward*. First: preferences are not always reliable indicators of what is really important to us.

Second: resources are needed for the very formation of preferences (including authentic preferences). Third: people do not have complete preference ordering over all possible bundles of resources, including very unfamiliar ones. Let me introduce these theses in turn.

Preferences as indicators of value

Dworkin's belief on why people's preferences are to be taken seriously on the market is based on the assumption that our preferences express our view on what good life is and our ambitions that derive from our respective conceptions of the good life. Once people have equal purchasing power, based on their preferences the market can accurately measure the value of resources, and thus it becomes possible that resources of equal value are devoted to the lives of all persons. Dworkin believes that there is no other way to ensure an equal outcome, "the market character of the auction is not simply a convenient or *ad hoc* device for resolving technical problems that arise for equality of resources in very simple exercises like our desert island case. It is an institutionalized form of the process of discovery and adaptation that is at the center of the ethics of that ideal" (Dworkin 1981b, p. 289). In Dworkin's view, it is only through the market that can properly identify the accurate value of resources.

Macleod, however, questions the sustainability of this position by pointing out that the market responds only to *subjective individual preferences* and those preferences do not always correspond neatly to *actual individual interests*. In his view, Dworkin fails to see

that the ethical significance of preferences for resources “is partly dependent on their being sufficient correspondence between those preferences and the actual value of the resources to persons” (Macleod 1998, p. 28).⁴⁴ Macleod observes that there are at least two different sorts of mistakes people are prone to commit when forming preferences. These mistakes make preferences to be unreliable guides to individual interest. First, people are prone to commit *intrinsic mistakes* – that is, people sometimes have mistaken beliefs about what kind of life is worth living or what kind of challenges have inherent value.⁴⁵ Second, people are also prone to commit *instrumental mistakes* – a person may have plausible beliefs about the good life but may misjudge what kinds of resources are needed to pursue that sort of life. Macleod suggests that since the subjective preferences are unreliable indicators of individual interests, Dworkin’s auction can be “*incompatible* with securing the goal that resources of equal value must be devoted to the life of each persons” (Macleod 1998, p. 28, italics mine - OR).

Bennett makes a similar observation. He argues that Dworkin assumes that our purchases in a market indicate how important the purchased goods are for us, but in Bennett’s view this is an unwarranted assumption. Our purchases are often based “on impulse, ignorance, or confusion about our aims. (...) We buy pain medication to relieve pain. But our purchases can be no better at indicating the importance of things to us than is permitted

⁴⁴ Macleod does not mean to suggest that people do not have a responsibility for forming their own preferences and for ensuring that their lives go well. In other words, he does not reject the principle of special responsibility; he simply believes that relying on actual preferences when determining the value of resources is not an appropriate interpretation of it.

⁴⁵ Even when they have “Marvel’s heaven of world enough and time” (Dworkin 2000, p. 160) to form their ambitions.

by our knowledge of how well the goods will serve our ends. Evidently, a large number of people will pay more for the heavily advertised brands of aspirin or acetaminophen than for the cheapest brands. It is unlikely that they want pain relievers for anything other than relieving pain; consequently their purchase of the more expensive brands does not reflect the worth to them of what they are buying. (...) Even if we are not ignorant of important facts about the items we purchase, we are sometimes confused about what we want, and hence sometimes unable for this reason to adjust our consumption to the importance of the things we consume. (...) When we ourselves do not understand what is important to us, our consumption patterns are unlikely to be reliable indicators of what is important to us” (Bennett 1985, pp. 201-202).

One may object now that in response to the above points of Macleod and Bennett, Dworkin could easily argue that of course real people often have an objectively wrong view on what good life is, sometimes they may not see properly what means are needed to secure a good life (even when they have an appropriate view on what that consists in), they may not know everything about the available resources, they may buy things impulsively – but this is not something he should bother with at this point. When we develop a theoretical model, we are justified in making some simplifying assumptions. Then, once the theory is fully developed, one may turn to the difficulties disregarded at the time of the model construction, in this case to the difficulties in connection with the real nature of human preferences.

The problem of the right methodology in political philosophy, in different forms, surfaces at various points of this dissertation. The arguments I put forward against Dworkin's interpretation of equality of resources in the foregoing chapters can be in many cases interpreted as arguments questioning the legitimacy of the empirically false assumptions he makes. To this point, however, I have not tried to offer a systematic refusal of the 'simplifying' methodology Dworkin employs. All I was doing is claiming that his assumptions are too simplifying, he is not justified in assuming away certain difficulties, and I was trying to show how to interpret equality of resources when we do not oversimplify the nature of goods, internal resources, risks, and so on. Having said this, I do not wish to elaborate on the problem of the right methodology here. I will devote a whole chapter (Chapter 6) to this topic later. Instead, here I wish to show what happens if we suppose that Dworkin does not indeed want to assume that all preferences are fully rational and are in line with the objective interests of the individual who holds them. What Dworkin actually thinks is not entirely clear from his texts. Some passages support one interpretation, others another – he can be interpreted in either way.

I believe that Macleod's and Bennett's above observations undermine the authority of subjective preferences as indicators of the real value of goods. If Dworkin does not wish to assume fully rational preferences and objectively right conceptions of the good life, but wishes to ground equal distribution to subjective (error-prone) preferences, he is in deep trouble. But, as Macleod rightly admits, Dworkin has two seemingly promising line of arguments he may use in showing that subjective preferences are indeed to be used as the

indicators of the value of resources.⁴⁶ Let us investigate whether these arguments can be successful in turn.

First, as I have (hopefully) shown in Section 1, Dworkin believes that from the principle of special responsibility we can abduct the requirement of using actual individual preferences (at least as long they are authentic) in the auction. Had we not treated people's actual preferences as authoritative, we would not respect them as moral agents (hence the *respect argument*). As Macleod points out, Dworkin seems to hold that disregarding people's actual preferences would not only be wrong in itself, but would also cause harm to them. A person cannot maintain her sense of equal worth once her preferences are not taken as authoritative for the purpose of determining what sort of resources it would be valuable for her to acquire in order to live a valuable life (Macleod 1998, pp. 31-32; cf. Dworkin 1985, p. 205).

Before investigating what this line of argument can achieve, let us see the other line of argument that may be used by Dworkin in arguing for using actual preferences for determining fair initial distributive shares. As Macleod argues, Dworkin could also propose what we may call the *endorsement constraint argument*. The endorsement constraint argument says that "[r]esources can only serve an agent's interest in leading a good life if their use is informed and guided by an appropriate conception of the good life

⁴⁶ Attila Mraz pointed out to me that he could avoid all these difficulties by saying that the objectively right conception of the good life is a life lived according to one's own view of what is good in life. But Dworkin, in my view rightly, rejects this option. He holds an objectivist account of what good life is, one that does not 'cheat in' the conception of objectivity by arguing that subjectively successful lives are objectively good (cf. Dworkin 1981a, p. 226).

which is actually endorsed by the agent. (...) We can only lead our lives in light of our convictions about what sort of life is worth leading, even if these convictions are, in fact, mistaken. There are, then, at least two necessary conditions which must be satisfied if a person is to lead a genuinely good life. First, the conception of the good through which the value of given resources and activities to an agent is gauged, must be sound. (...) Second, the agent must endorse the conception of the good at which her life is aimed. The genuine value which may be reflected in a sound conception of the good cannot be transmitted to the person who is the actual subject of a life, unless the agent consciously accepts the conception as valuable” (Macleod 1998, p. 33). Now, if we assume that the preferences expressed in the auction are deriving from our convictions about the valuable life then, says Macleod, “given the endorsement constraint, even mistaken subjective preferences assume ethical significance for distributive purposes. In effect, the claim is that in addressing the problem of equality, there is no alternative to relying on subjective individual preferences. The endorsement constraint shows that the attempt to rely upon any alternative account of the true value of resources would be self-defeating insofar as there is a divergence between ‘objective’ valuations and individual preferences. And insofar as there is a happy convergence between subjective preferences and objective valuations, the latter are superfluous to the solution of the problem of initial equality” (Macleod 1998, p. 36).

What do the *respect argument* and the *endorsement constraint argument* actually entail? Macleod seems to believe that they would be at least partially successful if a crucial problem concerning the conditions under which preferences are formed were non-

existent. I am, however, way more hesitant about this issue.⁴⁷ I believe that not all interferences with my actual choices are disrespectful, and consequently, they may not necessarily undermine my sense of equal worth. For example, I am rather happy that I am not allowed to smoke in public places in Hungary (and most of the Western world) anymore. I do have a preference for lighting up in pubs, but that preference does not reflect what I believe about good life. And I do not feel divested of my self-worth when I am forced to go out to smoke. As long as people have preferences that are not fully reflective of their conception of good life (and to my mind, people always have), the argument from self-worth may not work as it is supposed to.⁴⁸ As for the endorsement constraint argument, I believe it is similarly wanting. People's personalities and preferences are not fixed once and for all. This Dworkin acknowledges in *The Place of Liberty*.⁴⁹ What he does not seem to take into account is the following. Sometimes we develop new preferences based on resources we did not want to get and did not take to be valuable at first, but then we change our minds (as, for example, I have developed a

⁴⁷ Cf. Macleod's remark on what these arguments achieve: "The force of the foregoing arguments in defence of Dworkin's market based strategy is largely dependent on the tacit assumption that any issue surrounding the ethical significance of preferences can be addressed independently of the problem of equitable initial distribution. Individual preferences (and preference orderings) are treated as fixed ingredients in the problem of determining an equitable initial distribution of resources. The respect for persons and endorsement constraint focus only on the implication for the determination of distributive shares of the assumption that individuals already formed preferences. In effect, preferences are taken as givens around which the problem of initial distribution must be solved. In the context of the problem of initial equality, however, it is a mistake to privilege preferences in this way" (Macleod 1998, p. 30).

⁴⁸ Macleod has a similar concern, though arguably narrower in scope. He argues that the claim that the respect argument simply entails the respect for the *de facto* preferences is too sweeping, Dworkin obviously would not want to argue e.g., that the outcome of the auction would be just if the immigrants were drunk when bidding for the resources (cf. Macleod 1998, p. 40).

⁴⁹ "Personality is not fixed: people's convictions and preferences change and can be influenced or manipulated" (Dworkin 200, p. 159).

preference for caramel-popcorn that I would have never ever tasted had there been anything else available without staying in line for half an hour on a Mets game). Thus, it seems that the endorsement constraint argument may not be fully successful: by imposing certain good on people they may develop new preferences and even, possibly, a new conception on what is valuable in life.

The basic problem with both the endorsement constraint argument and the respect argument, I believe, is the following. Implicitly, they both presume that first we form a conception on the good life, then, based on that conception we form our ambitions, then, based on those ambitions we form our second-order preferences, then, based on our second-order preferences we form first order-preferences, and then, based on our first order-preferences we make our choices. There is no noise in the process. The respect argument that says that we would disrespect people by not taking their actual choices into account is plausible only if we believe that those choices fully reflect their conception of the good life (about which – in many cases – we could have a reasonable disagreement). If those choices do not reflect their conceptions of the good life, it is hard to see why would it be disrespectful if we did not treat them as fully authoritative. The endorsement constraint argument also implies that our success in life cannot be increased by giving us resources we would not have chosen to have, because resources increase our success only if they fit with our conception of the good life. But again, this argument works only if we presuppose an *imperturbable* way from our conceptions of the good life to the choices we make. The endorsement constraint argument seem to presuppose that we never commit instrumental mistakes, that is, though we may misidentify what good life consist in, but

we cannot make mistakes later in the formation-chain. If we can indeed commit mistakes later, it is not clear why a particular thing we would not have chosen to purchase but is actually in line with our conception of the good life would not increase our success in life. This in itself is implausible, but there is an even more serious problem with the endorsement constraint argument, the one I have indicated in the above paragraph. Even if we had not made any instrumental mistakes, that is, our conception on the good life, our ambitions, our preferences and our choices were fully coherent with each other, Dworkin's argument may not work. This is because the endorsement constraint seems to presuppose *unidirectionality* from our conceptions of the good life to the choices we make on the market. The picture is not that simple, however. The resources we actually get have an impact on at least our ambitions, but arguably, even on our conceptions of the good life. It is curious that while Dworkin on the one hand is well-aware of this (this is the reason why he argues for ensuring the circumstances of authenticity before the auction commences), on the other hand he holds something like the endorsement constraint argument. In conclusion, the authority of subjective preferences as indicators of the real value of goods indeed gets undermined by Macleod's and Bennett's observations about their nature.

Preference formation and resources

There is another problem Dworkin needs to face. As I have pointed out above, Dworkin may try to argue in response to Macleod's and Bennett's points about the nature of subjective preferences that he does not want to include such preferences into the auction.

Instead, he wishes to assume that preferences are fully rational and people's conceptions of the good are objectively right. I have pointed out that I believe there is a methodological problem here the investigation of which I intend put aside until Chapter 6. But this assumption may not be problematic only from a methodological point of view.

As Macleod rightly observes, Dworkin is unjustified in assuming that the parties to the auction have rational preferences only and people's conceptions of the good are objectively right, for "it begs the fundamental question about the role of resources play in the formation of preferences. In short, the problem of initial resource distribution is too intimately intertwined with the problem of rational preference formation to permit that the problems to be treated as independent. We cannot simply assume that the preferences of the immigrants are well formed in the requisite sense – i.e. that they are not predicated on either mistaken intrinsic beliefs or mistaken instrumental beliefs – because whether preferences are well formed depends partly on how resources are initially distributed (Macleod 1998, p. 31).

Macleod does not treat this as a very grave problem since he believes that the endorsement constraint argument introduced in the previous subsection is sound. As a consequence, he does not think that Dworkin would have no choice but to retreat to the *rationality assumption*. By the rationality assumption in this chapter I mean not only that people's preferences fully reflect their respective conceptions of the good life, but also that those conceptions are objectively right. For Macleod including subjective (error-prone) preferences into the auction, at least as long as they are authentic, is not

problematic in itself. It becomes problematic only because in order to form any kind of preferences with which we could enter the auction, fully rational or only partially rational alike, we need resources at the first place.⁵⁰ This is true about authentic preferences too. Dworkin's appeal to the principle of authenticity that is meant to ensure that valuations on the market really reflect the value people assign to goods, only evades the basic difficulty. This is because "we cannot ensure that the principle of authenticity is satisfied without broaching problems concerning the initial distribution of resources" (Macleod 1998, p. 43).⁵¹ I believe, however, that since neither the respect argument, nor the endorsement constraint argument is sound, treating subjective preferences to be fully authoritative in the distribution is indeed problematic *in itself*. This is not really different in the case of authentic subjective preferences.

⁵⁰ As Macleod observes, "Dworkin's use of the market as a means of resolving the problem of initial distribution fails, ultimately, because it ... ignores the distributive issues associated with the problem of adequately securing the conditions under which meaningful individual preferences can be formed. ... It may be true that, once individuals have preferences, then considerations of the sort Dworkin identifies mean that some distributive problems must be resolved by reference to *de facto* individual preferences – even if some of these preferences are irrational. But to concede this does nothing to justify the bypassing of problems concerning the acquisition of preferences in the first place. There is, in other words, still a crucial issue which bears upon the initial distribution of resources and which cannot be broached by the market apparatus" (Macleod 1998, p. 40).

⁵¹ Macleod says that people must be provided with resources for the very development of authentic preferences and it is already a question of distribution how to distribute resources for them to do so. Thus, authentic preferences cannot help us in determining the initial distribution. When we mean to ensure that people do develop authentic preferences and provide the necessary conditions for this by assigning resources for this aim, we face all the problems of determining what a just distribution would consist in and how we should determine the value of different resources. "Now however it seems impossible to invoke the idea of the auction as a compelling way of solving the problem of distributive equality because the metric of opportunity costs cannot be relied upon to determine the value of resources relevant to securing the circumstances of equality" (Macleod 1998, p. 44)

If I understand Dworkin correctly, authentic preferences are such that they may or may not reflect an objectively valuable conception of the good life, but they fully reflect the conception of the good life the person having those preferences holds. Authentic conceptions of the good life may be flawed, even if people had ample opportunity to form them, their basic freedoms were protected, etc. In other words, by allowing only authentic preferences to play a part in the auction Dworkin gets rid of the instrumental mistakes people are prone to make (at least on this reading), but not of intrinsic mistakes. However, allowing intrinsic mistakes into the auction would be unproblematic only if the endorsement constraint argument worked. But it doesn't, as I have hopefully shown above.⁵²

It is important to note that I am not arguing that securing the circumstances of authentic preference formation is not an important aim an appropriate theory of equality of resources should strive for. I believe it is. All I want to say here is that due to the foregoing problems with subjective preferences taking subjective preferences, even authentic subjective preferences to be fully authoritative in defining equal distribution does not lead to the best interpretation of equality of resources. It is also important to note that I do not treat Macleod's points that in order for people to be able to form authentic preferences (in fact, any sort of preferences) resources are needed, and that those resources are needed to be distributed somehow among them unimportant. They are, I

⁵² One could argue that my reading is flawed and Dworkin does not suppose that authentic preferences are fully reflective to their bearer's conception of the good life. This may be so, but then I do not even need to appeal to the second part of my criticism against the endorsement constraint argument (that is, the part against unidirectionality), the first part already shows that those preferences need not to be taken authoritative in determining the value of goods.

believe, very important insights, insights I believe one needs to take into account when she tries to develop an appropriate theory of equality of resources.⁵³

Preferences and ordering

There is one additional problem with regard to the nature of human preferences and their possible use for determining the real value of goods we need investigate here, a problem recognized by Bennett. Bennett points out that Dworkin explicitly endorses the usual assumptions economists make about preferences present in the perfectly competitive markets. One of these assumptions is that preferences form a complete weak ordering of all possible bundles in the auction. This means that for any two bundles of goods either you prefer the first or the second, or you value them perfectly equally. There are no two possible bundles about which you have not made up your mind, about which you do not know which one you would prefer to have. But this, as Bennett notices, is unrealistic. “Many of us would surely confess that we have no idea which of the two bundles of commodities I mentioned we prefer – or if this is not true of the particular example I have chosen, there are surely countless other examples of which it would be true. Perhaps if we had to make up our minds we would not have great difficulty doing so; but it does not follow from this that we now have a preference. Some people would suggest that although we do not now have a preference there is some definite preference that we would have if we had any at all, but I know of no reason to believe this” (Bennett 1985, p. 199). Bennett acknowledges that we have a fairly good idea about what we prefer

⁵³ As I have already mentioned, Macleod believes that this problem defeats equality of resources in its all possible forms. I believe that this is not so.

when it comes to familiar goods near the margins of our current consumption. But, as he points out, “Dworkin is not concerned with consumption at the margins of current consumption. He is concerned with consumption under conditions of equality which, for the rich or the poor, would be consumption of very unfamiliar bundles of goods” (Bennett 1985, p. 200).

It seems that Dworkin could answer Bennett by invoking his ideas about the importance of ensuring the circumstances of authenticity before the auction commences. Dworkin says that “an ideal distribution would in principle allow no constraint, either before the initial auction, or after it, on opportunities to form, to reflect on, or to advocate convictions, attachments, or preferences” (Dworkin 2000, p. 149). He may argue that once people had all the opportunity in the world to form preferences, the problem Bennett identifies would get resolved. The auction would not get closed until people familiarize themselves with all the possible bundles available.

While at first this may seem to be a proper answer to Bennett’s concerns, it is very problematic. It suffers from the same problem I mentioned in connection with the rationality assumption – that is, it simply assumes away problems, and one may not be justified in assume away certain problems when he intends to construct an appropriate theory of equality of resources. As I have indicated above, I will not attempt to provide here an account of the methodological constraints to be applied when one constructs a theory in political philosophy. I will do this only in Chapter 6. In this chapter I simply wish to point out that Dworkin illegitimately assumes away a lot (and thus what he

actually assumes is empirically false), and offer a theory of equality of resources that is not based on empirically false assumptions.

3.

I believe we can draw several lessons from what has been put forward in the previous section about the nature of preferences and their appropriateness for determining the real value of goods. First, that for the very formation of any sort of preferences we need resources. Second, that not all preferences need to be respected. Even if people had all the resources in the world to form authentic preferences (which they do not have), they might still form preferences that are not to be respected. Third, that if authentic preferences are those and only those that would be formed once we have familiarized ourselves with all possible bundles of consumption goods and we have formed complete preference orderings over them, then human beings can never form authentic preferences. Among other things, this is because preference formation takes time, and time is a precious, expensive and very limited resource in human life.⁵⁴

Dworkin disregards these points, probably because he is so much impressed by the idea that the market device seems to “yield tidy solutions to difficult problems” (Macleod 1998, p. 5). For economists the clearly false assumptions they make when modeling the market do not pose a problem. As long as they are successful in their aim of describing, explaining, and predicting large-scale economic phenomena by holding unrealistic

⁵⁴ Obviously, the very similar point could be made about the original formulation of the auction, where Dworkin does not press the need of ensuring that people form authentic preferences. The original formulation already assumes away the problem related to the limited nature of the time we have.

assumptions about human beings, the nature of resources, etc., making those assumptions is justified. But for a normative theorist, I believe, this is not so. By sticking to empirically false assumptions Dworkin disregards important problems that an appropriate theory of justice needs to deal with.⁵⁵ One of these false assumptions, the one about the nature of resources, was scrutinized in the previous chapter. Another one about the nature of existing market economies was examined in the chapter before. In both cases I have argued that the right theory of equality of resources needs to take into account the real nature of resources, the limited information we have when we make the transactions, etc. What is assumed away in classical economics carries a moral weight and involves problems an appropriate theory of equality of resources needs to deal with. Similarly, here I wish to argue that if we want to develop an appropriate theory of equality of resources, we also need to take into account how preferences are really formed, to what extent they can be rational and/or authentic and how resources can contribute to our living a good life.

So how could we develop a theory of justice that respects both the *principle of equal importance* and the *principle of special responsibility* and that embraces the above idea that people's actual preferences are not such Dworkin assumes them to be? How could we ensure that people's fates will be insensitive to the circumstances they find themselves in through no choice of their own, but will also be sensitive to their choices? Will any theory that diverts from Dworkin's favored solution be necessarily ambition-insensitive as he seems to imply in *Equality of Resources*?

⁵⁵ Both Macleod and Bennett hold the same point. They however, contrary to me, they seem to believe that no appropriate theory of equality of resources could be made, the whole project is doomed to failure.

First and foremost, let us understand what ambition-sensitivity really amounts to. Dworkin's theory has been widely criticized on account that the hypothetical insurance schemes do actually disregard the twin demands of equality – the resulting distribution does not precisely reflect the consequences of our choices while being fully insensitive to fate. This criticism has at least two different variants. The variant put forward chiefly by Michael Otsuka (2002, 2004), that brings Dworkin to book for *ex post* equality, that I believe is deeply mistaken, I will not discuss here. As I have already mentioned in the previous chapter, I fully agree with Dworkin's reply to Otsuka, for reasons cited in note 16 there. The other variant is concerned with the epistemological (or possibly ontological) difficulty with disentangling the influence of talents and the influence of ambitions on one's income. Macleod, whose points about preferences we have seen earlier in this chapter, is one of the chief representatives of this view. He proposes that there is a dilemma for Dworkin. Either he acknowledges that it is impossible to disentangle the influence of talent and that of ambition on people's incomes, or he argues that it is possible. If Dworkin acknowledges that they cannot be disentangled, then he needs to also acknowledge that we just cannot know whether the hypothetical insurance market will yield us to a distribution that is both ambition-sensitive and endowment-insensitive. If Dworkin does not acknowledge that they cannot be disentangled, that is, if he wants to argue that they can indeed be disentangled, then the hypothetical insurance device becomes unnecessary for securing equality.

Macleod, whose points about preferences we saw earlier in this chapter, is one of the chief representatives of this view. He proposes that there is a dilemma for Dworkin. Either he acknowledges that it is impossible to disentangle the influence of talent and that of ambition on people's incomes, or he argues that it is possible. If Dworkin acknowledges that they cannot be disentangled, then he needs also to acknowledge that we just cannot know whether the hypothetical insurance market will yield us a distribution that is both ambition-sensitive and endowment-insensitive. If Dworkin does not acknowledge that they cannot be disentangled, that is, if he wants to argue that they can indeed be disentangled, then the hypothetical insurance device becomes unnecessary for securing equality.

I think this is mistaken. Dworkin does acknowledge that these influences cannot be disentangled, but he believes, rightly, that this difficulty does not render the hypothetical insurance device useless from the point of view of ambition-sensitivity and endowment-insensitivity. In fact, the hypothetical insurance device is offered precisely as a solution to the problem if the impossibility of disentanglement. The insurance device is meant to offer us a choice about what to ensure for ourselves and on what price in a world where the influences at hand cannot be disentangled.⁵⁶

If it is justified for Dworkin to offer a hypothetical insurance scheme to deal with the issue of differential luck in endowments, as I believe it is, then this device can be used in tackling the problem related to the real nature of human preferences too. What are the

⁵⁶ If I understand him correctly, Alexander Brown offers a similar interpretation of the hypothetical markets, see Brown 2005, p. 67.

consequences of human preferences being error-prone (that is, they might not reflect on our well-considered and objectively right view on what makes human life valuable or they might reflect on our objectively mistaken view on what makes human life valuable), not fully developed, less than completely ordered, etc.?

First, and it is a seemingly grave consequence, if the human preferences are such that in most cases they do not perfectly reflect on their bearers' objectively right conception on the good human life, they cannot determine the real value of goods. Thus the auction becomes either completely irrelevant to the appropriate theory of equality of resources, or, at best, it becomes of marginal theoretical weight. I believe it is the latter. The market is a well-known way of effectively allocating goods, and market economies do fairly well in ensuring productivity. The market may not be capable of realizing equality, but even if this is so, those who believe in the principles of human dignity may have a good reason to support such a system for allocating goods. If it is important that human life goes well, resources give us freedom, and freedom is important for living a good life, we may want to introduce an efficient economic system.⁵⁷

But this consequence of the auction becoming of marginal weight is not as problematic to the theory as it seems at first sight, at least not if one agrees that the theory needs to be modified along the lines I suggested in the previous chapter. As we saw in the previous

⁵⁷ As a matter of fact, I believe such an idea is not entirely strange to Dworkin. In *Sovereign Virtue Revisited* he states that "leveling down is anathema to genuine equality" (Dworkin 2002, n29). I believe this is because that he thinks that the principle of human dignity calls for ensuring that as much resources are made available to individuals as it is possible (within certain constraints, probably).

chapter, brute luck is in-built not only in our internal resources, but also in the nature of the external resources. If we do not assume that the parties to the auction have divine foreknowledge, then – with some, though probably not much exaggeration – seconds after the auction gets closed, equality will be disturbed, and an insurance scheme will be needed to redistribute resources in accordance with the requirements of equality. (It was also shown in the chapter before that once we leave the highly idealized conditions the auction works in, the price we pay on the market will not be the morally relevant price of goods – even if the problems we identified in this chapter did not exist and preferences were such that they are appropriate for the purposes of determining the value of things.)

Does this mean then that we should not bother with the quality of people's preferences that play a part in the actual markets, but simply treat the market as an appropriate device for ensuring efficiency and introduce the insurance mechanisms proposed in the last chapter to ensure equality and that is it, we can close this investigation here? I believe not. It is worth to repeat here the two principles of human dignity equality of resources is based on. The principle of equal importance states that “it is important, from an objective point of view, that human lives be successful rather than wasted, and this is equally important, from that objective point of view, for each human life” (Dworkin 2000, p. 5). The *principle of special responsibility* states that “though we must all recognize the equal objective importance of the success of a human life, one person has a special and final responsibility for that success – the person whose life it is” (Dworkin 2000, p. 5). Human lives cannot be successful rather than wasted once people could not form authentic conceptions of the good life. And even if they could form authentic conceptions, but do

not have a sufficient opportunity to form authentic preferences that in fact contribute to choosing the right resources, they would have a slight chance for living a good life. An appropriate theory of equality of resources should ensure that people have appropriate chance to form authentic conceptions, authentic preferences and make authentic choices on the market.

But what does authenticity mean? As I showed in Section 1, Dworkin first seems to suggest that it is about preferences not being, in a relevant sense, externally imposed on the agent. In a later formulation of the theory he specifies some conditions that are necessary for authentic preference formation, like freedom of religion, freedom of speech, freedom of association, access to the widest available literature and other forms of art, and so on. That is, it seems that being free from usurpation or manipulation is not sufficient for living an authentic life, authenticity seems to require that the resources and opportunities we have do not fall under a (not specified) threshold. Paul Bou-Habib and Serena Olsaretti reinforce this point by calling our attention to the case of a man falling to a pit with a large supply of food. This man will be able to choose from a variety of foods to eat every time he gets hungry “yet despite the fact that he is able to give shape to his life through his own choices, his life does not live up to the ideal that authenticity tries to capture” (Bou-Habib and Olsaretti 2012, p. 6).

As I have already claimed above, I believe that an appropriate theory of equality of resources should ensure that people have appropriate chance to form (and not only form but constantly uphold) authentic conceptions, authentic preferences and make authentic

choices on the market. Bou-Habib and Olsaretti concur. They argue that the importance of authenticity in equality of resources calls for a subsidy scheme that would pay parenting benefits, retraining benefits and divorce benefits and that would be analogous to insurance against bad brute luck. In what follows I will reconstruct the argument they put forward in supporting their thesis and then I will show that while it is questionable that their argument could fit into the original Dworkinian theory of equality of resources, it fits easily into mine.

Bou-Habib and Olsaretti differentiate between first-order choices and second-order choices. First-order choices are about what activities or goals to pursue. Second-order choices are choices about ensuring the (practical) possibility of choices. It is a first-order choice one makes when she decides at the age of eighteen to study natural sciences at the university, and it is a second-order choice when she ensures for herself the possibility to study arts in her third year should she later wish to do so. Bou-Habib and Olsaretti believe that it is important to protect the possibility of having a sufficient range of first order choices in the future. Otherwise, we might not be able to live an authentic life. This point, I believe is masterfully shown by Bou-Habib and Olsaretti in the following example. “[I]magine a society in which everyone, near the beginning of their adult lives, makes a set of choices about how their whole lives should unfold. This society has set aside a week for this purpose – Lifetime Decision Week – during which all 21-year-olds must decide the kind of career they would like to pursue during their lifetimes, whether they want to marry, whether they want to have children, what kind of religion they will follow, if any, and so on. Suppose now that at the end of the week, once all young adults

have made their choices about these things, they voluntarily take a pill that ensures that they never change their minds about their choices in the future” (Bou-Habib and Olsaretti 2012, p. 13).

As Bou-Habib and Olsaretti explains, in this society, people’s lives will be the results of their own choices, their lives embody to a very great degree their own sense of what counts as success in life, and therefore, it would seem that their lives are paradigm lives of authenticity. And yet, virtually none of us could accept that their lives are really authentic, if not in a mistaken, shallow sense. Indeed, it is more plausible to say that they have lived in a way that offends against the value of authenticity. “This intuition, we believe, illustrates the appeal of protecting first-order choices: we do not lead authentic lives by having our earlier selves make choices that affect and bind our later selves, independently of the attitude which our later selves have towards those choices, so that our whole life, or as much of it as possible, is the result of an early choice. Rather, what matters, for our authenticity, is that our lives are endorsed as lived, and that we continuously affirm the plans of life that we pursue as we pass through all the stages of our lives” (Bou-Habib and Olsaretti 2012, p. 14).

However, there is a problem here Bou-Habib and Olsaretti rightly recognize. If protecting the possibility of a range of first-order choices throughout our lives is necessary for the possibility of living an authentic life, “the question arises as to which range of first-order choices we should protect” (Bou-Habib and Olsaretti 2012, p. 14). One can distinguish two approaches to answering that question. The choice-insensitive approach does not

appeal to people's choices about what that range should be. Such an approach would isolate some range of first-order choices as particularly important on the basis of a perfectionist ideal of valuable human life. The choice-insensitive approach, as Bou-Habib and Olsaretti argue, would however be incompatible with one of the underlying commitment of equality of resources: namely with the principle of special responsibility. They believe though that a choice-sensitive approach would be indeed compatible with the principle of special responsibility. "This approach determines the range of first-order choices we should protect at different stages of life by appealing to people's second-order choices, and thus in a manner that is sensitive to how they identify what counts as success in life. The importance for authenticity of second-order choices justifies, we believe, a subsidy scheme that is analogous to insurance against bad brute luck. Indeed, we believe that subsidies for first-order choices which reflect people's second-order choices can be justified on the same basis as compensation for bad brute luck that reflects people's attitudes to risk" (Bou-Habib and Olsaretti 2012, p. 14).

This is, however, somewhat unsatisfactory, I believe. It is hard to see how the hypothetical insurance scheme as a device would be capable of reflecting actual people's actual second order choices. The averaging assumption that needs to be employed there makes the distribution ambition-insensitive (and choice insensitive) to some extent, even on Dworkin's own admittance. (As I have pointed out above the fact that we cannot disentangle the influence of ambitions and those of endowments on the income does not in itself make it ambition- [and choice-] insensitive. But that we cannot make the insurance to be individualistic does.) In addition, if actual preferences (and choices) may

not need to be respected for the reasons I shown above. This gives us a reason for asking not what an average individual (whatever that should mean) would choose on the hypothetical insurance market, but what would it be reasonable to insure against under a veil of ignorance. Thus if we introduce an authenticity insurance it will be in some sense choice-insensitive in the way Bou-Habib and Olsaretti describes it. But it will ensure that people will have a range of choices to make once the veil uplifted, a bigger range they would have had without the insurance.

This approach, I would like to note here, has an additional advantage over Dworkin's idea of the repeat pre-auctions and then auction process I introduced in Section 1. Even if we could accept the repeat scheme as a right way to approach justice, we should recognize that it presupposes a point where valuations become fixed. In a way, the auction would be no different to the "lifetime decision week". But if authenticity is something we should protect, we should protect it throughout people's lives. We need a dynamic conception of equality of resources that protects authenticity, not a conception of equality of resources containing a starting-gate theory of authenticity.

There is another question one might rightly ask here. If inauthenticity is not something we have different likelihood of 'contracting', that is, if it is not like handicaps or differences in talents that we could not purchase insurance against on the real markets, why would we need to include authenticity-insurance to the hypothetical (and mandatory) scheme? After all, people could decide on their own whether to purchase insurance to protect their authenticity throughout their lives. Giving them a chance to decide whether

they want to do so will respect their ambitions, not a mandatory insurance. I believe this is wrong. There are two ways to support my view. First, it is reasonable for you to defend yourself against irrationality you will certainly suffer from once you are not under the veil of ignorance anymore. It is simply reasonable not to let yourself fall prey to the common and well-known human irrationalities with regard to risk-taking and so on. Second, you have the right to protect yourself against the irrationality of others as a consequence of which they would exploit you. The first approach I believe is sound, but many may want to invoke here a ‘hypothetical agreement is no agreement at all’ type of objection that I do not wish to take up. Thus, let me just show how the second approach could be defended, drawing on an article of Bou-Habib.

So why would it be justified to include insurances against things we could insure against on real markets to the hypothetical market? In short, this is because we have a right to be free from the exploitation the imprudent members of the society would confer on us. In order to support his argument Bou-Habib asks us to consider the following story. Suppose you have a friend, Helmut, who loves riding motorbikes without wearing a helmet. In fact, he rides for the wing is his hair. He does not purchase any insurance against suffering severe head injuries, or in fact, against any kind of medical events. Instead, he “always carries a card naming you at the end of the following sentence, ‘in the event of an emergency all bills will be paid for by— . . . ’. You know that Helmut has this card, and so, every time he speeds off on his motorbike, you sit waiting by the telephone, a nervous wreck. The burden of being a good friend to Helmut is not just that you have to pay a lot of money for his various injuries: the stress is exhausting as well. Sometimes

you tell yourself, ‘I could just stop being friends with Helmut’. But then you know what will happen. The next time the hospital calls and you refuse to pay, Helmut will die, and you will have to live with that” (Bou-Habib 2006, p. 252).

This story serves to illustrate a non-paternalistic reason for forcing Helmut to insure against his future injuries. You may force Helmut to insure not for his own sake but for your own sake. If he were not forced to do so, he would exploit you. This argument for compulsory insurance has the following two premises. First, that we have a moral duty to aid in an emergency (assuming that we do not face prohibitively high costs in doing so). Second, that we have a moral right to defend ourselves from exploitation, that is, from others imposing avoidable costs on us. Of course, one may object that the Helmut’s of the world may waive their moral right to receive an aid in emergency, and if that is so, the argument will not work. That is true. Bou-Habib recognizes the problem and he suggests the following argument for the non-waivability of aid. Autonomy has an intrinsic value and we have a duty to preserve intrinsic values. The imprudent person may not waive his right to preserve aid, for his doing so would contravene his duty to preserve autonomy. Now this argument may stand as it is for including a basic medical insurance into the mandatory schemes. And once we believe that authenticity also has an intrinsic value, it can justify including the “authenticity insurances” into the mandatory schemes too.

4.

In this chapter I have argued that Dworkin disregards the nature of human preferences when he constructs his theory of equality of resources. He does not take into account that human preferences are not fully rational and are constantly changing, to give just a

couple of examples. This omission leads to an inadequate theory that does not resolve problems we need to resolve in the world where preferences are such as they are. I have argued that due to the nature of human preferences the auction cannot serve as an ideal that can determine the real value of goods. I have also argued that due to the unreliability of human preferences, what Dworkin takes to be a second best solution, that is, making the insurance choices under some veil of ignorance about our preferences is in fact the appropriate solution. Equality of resources requires that we get the compensation we would have insured for, what it is reasonable to insure for. This does not mean that the theory ceases to be ambition-sensitive.

As I pointed out in Section 1, Dworkin believes that two principles of *human dignity* are of fundamental ethical importance, the *principle of equal importance* and the *principle of special responsibility*. In Dworkin's understanding, the first principle demands that governments make (as far as they can) their citizens' fates insensitive to their circumstances while the second principle demands that governments make their citizens' fates sensitive to the choices they have made. Dworkin's whole theory is shaped by this foregoing twin demands. I have been arguing that Dworkin misunderstands what those principles require, and we need to make significant modifications on his theory in order to achieve the appropriate theory of equality of resources: we need to include more hypothetical insurance schemes to the theory and refuse to assign the market a fundamental role in establishing and maintaining equality. But there is a further modification I would like to propose to the theory. I believe Dworkin is mistaken to believe that the requirements of justice arise only once there is a government in place. I

will not argue for his being mistaken though. Instead, in the next chapter I will simply show what the just distribution would look like and what sorts of institutional background are we obliged to develop once we accept that it is not the existence of a government that make the requirements of justice arise, but those are the requirements of justice that necessitate some government.

5

EQUALITY, INSURANCE AND GLOBAL JUSTICE

Dworkin holds a political approach to egalitarian rights. He believes that although all human beings have an intrinsic and equal moral value, issues of distributive justice arise only among those who live under the same coercive legal structure. It is the government that needs to show (in order to be legitimate) an equal concern and respect for all of its citizens, and from this requirement of showing equal concern and respect arises a right to equality of resources. “No government is legitimate that does not show equal concern for the fate of all those over whom it claims dominion and from whom it claims allegiance. Equal concern is the sovereign virtue of political community – without it government is only a tyranny – and when a nation’s wealth is very unequally distributed, as the wealth of even very prosperous nations now is, then its equal concern is suspect” (Dworkin 2000, p. 1).

Generally, there are two possible strategies the representatives of the political approach can follow in arguing for their position. First (the positive argumentative strategy), they can argue that in the pre-political situation universal morality (human rights, certain liberties, duty of rescue) applies due to the equal value of persons, but nothing more. Then they can give positive arguments why in the political state the requirements of justice arise. Second (the negative argumentative strategy), they can argue against the

plausibility of equality as a moral (that is, pre-political) ideal. For example, they can argue that everyday morality suggests that parents should promote the interests of their children, even if this would disturb the pattern of equal opportunity. Since equality and the moral requirement of promoting the interests of one's children are in conflict, equality cannot be a moral, but only a political ideal.⁵⁸

Dworkin himself has never given a systematic justification for his political approach, but it seems to be rather safe to assume that he shares Thomas Nagel's view on the issue.⁵⁹ Nagel follows the first strategy and starts off from the observation that we do not have a choice to become or not to become a subject and a putative author of the coercive legal structure of a given (democratic) society and we are expected to accept the authority of its norms, "even when the collective decision diverges from our personal preferences" (Nagel 2005, p. 128-9). We owe equal distributive shares to our fellow citizens because we structure their economic lives through coercive institutions that act in our name, and hence we are collectively responsible for the effects of those institutions. Since there are no coercive institutions that invoke the wills of the coerced as a justification of coercion in the international area, normative requirements beyond humanitarianism simply fail to apply to that area. Morally arbitrary inequalities are not problematic in themselves; they are unjust only if they are generated by some coercive legal structure acting in our name.⁶⁰

⁵⁸ I thank Janos Kis for calling my attention to this latter strategy.

⁵⁹ In my view, Dworkin's remarks on the true political community, esp. in *A Matter of Principle* (1985) and *Law's Empire* (1986) justify this interpretation.

⁶⁰ Nagel's argument for the political conception is arguably somewhat sketchy, needs to be interpreted and amended. One sympathetic attempt to fill the argumentative gap between the fact of there being a coercive

Contrary to Dworkin (and to the other proponents of the political approach)⁶¹, I do not believe that equal concern and respect is owed only within the state borders. I believe that moral equality implies that it is equally important that all human lives be successful rather than wasted irrespective of where on the globe have they been born to (for similar positions see e.g., Caney 2005, Pogge 1992, Tan 2012).⁶² The principles of justice are

legal structure (henceforth CLS) and its purported consequences (delimiting the scope of justice to the national scale) is made by George Klosko. Klosko appeals to the need for not only formal but substantive political rights in a justified CLS. In a very simplistic form his argument goes like this. (P1) CLS is needed to produce public goods that are indispensable for any acceptable life. (P2) If one is subjected to a CLS, one has to have a say in the terms of cooperation. (P3) One cannot have a substantive say unless he enjoys a life well above the level of a minimally decent life. (C) The lucky members of a given society must raise the unlucky to that level. (C*) It is justified that tax revenues are given to the local needy in wealthy countries, instead of giving it to more needy foreigners (Klosko 2008). Contrary to Klosko, I do not think that his amendment (or any other amendment) makes Nagel's argument successful, but it is not my aim here to argue against their approach. All I was hoping to do in this footnote by invoking Klosko's argument was to show Nagel's political approach in its best (or at least in a better) light. There are other political accounts (accounts that hold that the requirements of egalitarian justice arise only among people who are subject to the authority of a shared CLS) besides that of Nagel's. These accounts generally identify the morally relevant aspect of CLS in its autonomy restricting nature, not in its acting in our name (see e.g., Blake 2001).

⁶¹ Some proponents of the political approach argue that it is not a shared CLS, but participating in a practice that seriously affects the participants' lives is what creates a call for egalitarian justice. John Rawls, for one, believes that we have such practices only within the state boundaries, and therefore, the requirements of justice apply to (and only to) the basic structure of territorial states. This argument, however, may not be capable of establishing the domestic scope of justice. Charles Beitz and Thomas Pogge, Rawls's early cosmopolitan critics, for example both argue, as Michael Blake and Patrick Taylor Smith nicely puts it „that the modern system of international trade has all the indicia given by Rawls to explain what makes the basic structure so central: international institutions allocate the advantages of trade, and their rules set the basic framework for the specific interactions taken among international agents. They argue, in short, that the international institutional set is indeed akin to a basic structure, in that this set is a site of cooperation, to which the principles of justice given in *A Theory of Justice* ought to apply” (Blake and Smith 2013, cf. Beitz 1979, Pogge 1989).

⁶² I take it that if there are non-human moral persons, they also qualify as subjects of equality. In this paper I will not argue for this thesis though.

properly applied to evaluate the situation of all human beings, just in virtue of their humanity and regardless of the institutional or other relations that may obtain among them (hence the *pre-political assumption*). I also believe that the requirements of distributive justice give rise to a moral duty to establish the coercive institutional structure most capable of administering the requirements of distributive justice (hence the *institutional assumption*). I will not try to argue for these assumptions though and neither will I try to undermine Dworkin's (alleged) position (that is based on what I will coin the *political assumption* in this chapter). All I will do in this chapter is the following. I embrace the two principles of human dignity, assume that the requirements of egalitarian justice arise even before there would have been a coercive legal structure at work, and that we have a duty to establish the institutional structure that has the best chance of realizing equality. Then I wish to show how global equality of resources based on these assumptions should be understood.⁶³

The paper will proceed as follows. In Section 1, I shall offer a shipwreck thought experiment similar to that of Dworkin's, but modified along the lines suggested above and in the previous chapters. Then I shall point out that in structural sense there are more

⁶³ I am not the first philosopher attempting to globalize Dworkin the same way Pogge did that to Rawls. Alexander Brown published a book in 2009 entitled Ronald Dworkin's Theory of Equality: Domestic and Global Perspectives. In that book Brown offers a version of global equality of resources. There are two fundamental differences between his approach and mine. First, Brown accepts Dworkin's equality of resources basically as it was put forward. I, however, as it is hopefully clear by now, am rather critical to Dworkin's formulation of the theory. Second, Brown takes his immigrants to be members of pre-existing nations and develops a scheme that treats this assumption to be morally relevant. I do not think that nationality is a factor that should be allowed into the ideal theory; I believe it is to be calculated with later, in the non-ideal theory.

than one possible hypothetical insurance markets my travelers might consider to establish. I shall argue that their commitment to equality as a pre-political ideal will make them to choose what I call the *unrestricted market*. On Dworkin's restricted market, where the restriction derives from the political assumption, the level of technological advancement affects what sorts of brute bad luck we need to compensate for and what the appropriate level of compensation is at *any given time of the history*. I will argue that on my unrestricted "pre-political" market it will have an effect not only on these, but it will also determine to whom, for what, and to what level we owe compensation—this is what I will refer to as *the dynamic view*. Section 2 will consider and refute the objection according to which I misunderstand the status of my theory: the ideal theory of global equality of resources is not the *dynamic view* I propose, but Dworkin's (restricted) insurance scheme directly applied to the global scope. The dynamic view, so the objection goes, is a non-ideal theory. In Section 3, I shall elaborate on the institutional consequences of my theory and make some remarks about the practical applications of my findings. Section 5 will conclude.

1.

Imagine an ocean liner, packed with passengers, that gets wrecked next to an archipelago, the only habitable land remaining on Earth after a great cataclysmic event. All intelligent life forms, except for our survivors, the travelers of the sinking ocean liner, have been destroyed. The islands are very fertile; the only grave-looking difficulty the survivors will surely need to face with is that the sea around the islands tends to be rather restless. The survivors believe that no one is antecedently entitled to any resources, everything should

instead be divided among them the way the two principles of human dignity requires it. They consider the available means to achieving a distribution that respects these two principles. First they decide to organize an auction. The captain has a computer equipped with a satellite connection, thus the travelers can look and list all the goods available around before landing on one or another island. Each distinct item on the islands, as well as each transportable item on the ship, is listed as a lot to be sold, unless someone notifies the auctioneer (as the captain has now become) of his or her desire to bid for some real part of an item, including, for example, a part of some piece of land, in which case that part becomes itself a distinct lot. Every survivor gets an equal number of coins (which are sufficiently numerous and in themselves valued by no one) to bid with. The auctioneer then proposes a set of prices for each lot and discovers whether that set of prices clears all markets. If not, then the auctioneer adjusts his prices until he reaches a set that does clear the markets.

The survivors know that by means of the auction, they cannot ensure real equality for various reasons. Their preferences are probably not fully rational and not fully ordered, they do not have a divine foresight (thus they cannot eliminate the brute luck built in the nature of resources) and so on. They chose the auction instead of a mechanical distribution of resources (in which all of them would get very similar bundles) for they believed that establishing an efficient distribution based on which they can start a well-functioning economy is required by the two principles of human dignity.⁶⁴

⁶⁴ For all sorts of reasons the auction will not be able to ensure ideal efficiency, but the distribution will be as efficient as possible under the circumstances.

Thus, after the auction came to an end, motivated by their belief in the two principles of dignity the survivors decide to set up a hypothetical insurance market. They do this in the following way. They choose one survivor, Anne Stein, to undergo a treatment that makes her temporarily fully rational and immensely clever. As a result of the treatment, she not only becomes fully rational and immensely clever, but also forgets everything about herself, even her gender, age – literally everything.⁶⁵ The computer teaches her all that is known (or can be predicted) about the different worldviews, talents, handicaps the survivors have and also about the available technology, the projected income structure in their future economy, the available resources and so on. Then Anne is presented with all the economically viable insurance packages one could buy against ending up in dire circumstances – either because of some brute luck, or due to the well-known cognitive biases people suffer from (thanks to the treatment she temporarily, but only until she finished her job, does not suffer from any of those). Once she familiarized herself with all the available information, she is asked how much insurance coverage against what she would be willing to purchase. The survivors record her answers, happy in their knowledge that they finally know what kind of a distribution the two principles of dignity require them to achieve, and then they start to devise an institutional structure that could best administer what is required.

As it is hopefully obvious to the reader, the description of the above thought experiment follows the words of Dworkin's original thought experiment as it was put in *Equality of*

⁶⁵ Notice that Anne's not rational in the sense that her preferences would be fully aligned to her conception of the good – for she does not know what that conception is. She knows only that different survivors, she among them, have different conceptions on what good life is.

Resources, modified along the lines I suggested in the previous chapters. There is, however, a modification seemingly uncalled for by the insights I put forward earlier. My survivors get shipwrecked not near to a single island, but an archipelago. It is important to note that I could make the very same points I will be making leaving the thought experiment based on a single island, but I believe my points will be more accessible by putting the story to an archipelago. The reason is this. I would like to show that on the pre-political assumption geography is something that is needed to be taken into account when setting up insurance schemes. For large distances and hardly traversable territories may influence the prices of certain insurance policies. This could be so even on a single island, but I believe it is easier to see these influences in an archipelago-based story, where, by assumption, due to the stormy sea, commuting between islands will be way more expensive than commuting within an island, and where, as a result of this, the vast majority of the survivors will have chosen to buy goods on a single island only.

I have already stated in the previous chapters what kind of insurances would be reasonable to buy, and thus, would Anne buy, on the hypothetical market: insurances against handicaps, low income, inauthentic preference formation, medical emergencies, and against natural catastrophes too. Now I would like to show that Anne would not necessarily buy insurances based on an archipelago-wide pool. In order to proceed with my argument, let me first note that contrary to what the reader familiar with Dworkin's theory might expect, the structure of the hypothetical insurance market Anne will face is not self-explanatory. There is no uniquely given choice of market structure for our survivors. Upon consideration, we will find that there are at least four sorts of

hypothetical markets the survivors could consider to establish, and only one of these is compatible with the pre-political assumption. In the remainder of this section I will first introduce the market structures our survivors are not going to choose, for they are not compatible with the pre-political assumption, and then I will elaborate a bit on Dworkin's immigrants' choice of market structure. At the end I will explain why our survivors' choice of market structure would look the way I say it would, and how Anne's insurance choices would look like on that market.

So what are the possible market structures our survivors might consider but not going to choose? First, they could consider establishing a Dworkinian-style hypothetical insurance market, just as if they have landed in the vicinity of a small, flat single island. The insurances offered in this hypothetical market would be invariably based on an archipelago-wide pool. (Call this the *archipelago market*.) Second, they might consider establishing a hypothetical market on which a number of different providers would offer different packages for people located on one island or another for some sort of brute-luck occurrences, some other providers would offer packages against certain other forms of brute luck for everyone, irrespective of where they live, and again some other providers would offer insurance packages insuring the other providers against bankruptcy. (Call this the *hybrid market*.) Third, they might consider establishing a market on which the providers would offer packages for the future tenants of one or another island only. (Call this the *island-by-island market*.)

Why would the archipelago immigrants *not choose* any of these market structures? In short, this is because all of them are *restricted* markets, and my survivors' basic moral convictions as depicted in the thought experiment would not allow for any restricted market choice. Now the reader might be puzzled. After all, I have depicted my survivors very much like Dworkin depicts his immigrants. All are committed to the twin principles of human dignity, and all accept the role of the hypothetical insurance schemes in ensuring equality (interpreted properly). The reader might reason the following way. Yes, it would be wrong for the immigrants to choose the hybrid or the island-by island markets. That would go against their aim of ensuring equal distribution, for not everybody would enjoy the very same insurance coverage. But what's wrong with the archipelago market? And anyhow, what is meant by the 'restricted' nature of these market structures?

The reader familiar with Dworkin's framework might reason so because Dworkin never mentions in *Equality of Resources* or in any of his follow-up articles that his immigrants' choice of setting up the market they set up is not self-explanatory and is not the only choice available. Dworkin's immigrants are presented by the structural equivalent of what I call the archipelago market here. This market, it is worth emphasizing, is a *restricted* market. Only providers offering insurance packages calculated such that all of the immigrants will be covered by the winning package are allowed to compete, other providers offering packages calculated on a lesser pool are not. This crucial feature of Dworkin's insurance market is derived from his conviction that equality is a political virtue, that is, from the political assumption. In order to get what he wants to, he needs to

presuppose something he never says in the thought experiment: that his immigrants, all of them, will live under the same jurisdiction. The political assumption in conjunction with the two principles of human dignity will not allow them to look for the best package available on an unrestricted market (on which any kind of provider with any sort of package would be allowed to compete). They will only be allowed to consider packages that are calculated based on a pool covering all of them. In other words, in order to arrive to the insurance market choice Dworkin provides us with, he should have formulated the basic commitment of his immigrants the following way: they “accept the principle that no one is antecedently entitled to any resources, but that the resources shall instead be divided equally among them *because that is what is morally required once they will live under the same jurisdiction.*”

As it has already been stated, contrary to Dworkin, I do not embrace the idea that equality is a political value. I believe that the requirement of equality is independent of the existence of political institutions (although we have an obligation to set up political institutions in order to realize equality). My immigrants are not committed to equality because they will live under the same jurisdiction. They believe that people should be equal, regardless of what government they will live under. Since they do not have a qualification on their commitment to equality, they do not have a reason not to allow certain providers to compete on the hypothetical insurance market presented to Anne. Instead, Anne will have the chance to look for the best package available on a hypothetical market on which any provider with any sort of offer can compete.

Let me turn now to the question of what sort of insurance packages Anne will choose for the survivors. Remember, on the unrestricted hypothetical insurance market all the providers with all the packages offered on the three restricted markets I depicted above can and do compete. In order to correctly guess what sort of package the archipelago immigrants will choose the reader needs to know the following laws of economics. First, everything else being equal, insurance packages based on a bigger pool are financially at least equally (and typically more) advantageous as insurance packages based on a smaller pool. Second, different sorts of insurance packages under different circumstances may have different transaction costs. Third, transaction costs associated with offering insurance for a geographically wide-spread customer-body decrease by the development of telecommunication and transportation (henceforth, *technology*).

If archipelago-wide packages came with too high premiums (due to the high transaction costs), Anne would reasonably reject to buy them. If buying a hybrid package were the most advantageous bet for the Anne, she would choose to buy that. If even a hybrid package came with unreasonably high premiums, then the Anne would buy island-by-island packages. And, I want to emphasize, whatever will prove to be the best choice on a cost-benefit analysis, it will satisfy the survivors' commitment to equality. This is because they believe that people's rational decisions on what proportion of their resources they should give up for what sort of safety net matters, and respecting those decisions is what realizes equality.

Since the immigrants do not believe that once they fixed an equal distribution, the problem of equality will be solved once and for all, they agree that they will constantly adjust their redistributive system in the following way. They will imagine that they just got shipwrecked and auctioned away all the available goods, and look for the best available package on the unrestricted market. The best package available on that hypothetical market at any given time will determine the taxation and redistribution policy to be used that time. (Call this the *dynamic view*.) As a matter of fact, Dworkin's view is also dynamic to a certain extent but dynamic only within the boundaries of the nation state. The covered will remain the same. My view is simply *more dynamic*: the hypothetical insurance package to base the redistributive system on will change throughout time not only in its content and in the level of compensation given, but also in who is covered by it.

Notice that even if Anne opted for buying island-by-island insurance packages due to the high transaction costs at the beginning of their history, it would still not mean that they believed that equality is *not owed to everyone*. It would simply mean that the sum of compensation for what they owe to the tenants of other islands is zero in the given circumstances, at that point of their history. If the circumstances changed, the sum they would owe to non-fellow islanders might become rather substantial.⁶⁶

⁶⁶ Before going any further, let me note that I am pretty much convinced that those who believe that Dworkin would suggest that my immigrants choose the archipelago market are wrong. Instead, I believe, he would suggest that they choose the island-by-island scheme (once and for all). This is because he believes that we have a natural duty to establish some sort of a government, but once that natural duty is fulfilled we do not have further obligations in establishing a political structure of a different kind. Arguably, he would say that the most natural way for establishing governments would be done island by island in this case, for

By way of summary, the conclusion reached in this section may be stated as follows. If the pre-political assumption is right, then the risk pool on which people share certain forms of brute luck will be dependent on technological circumstances. Equality does not require our immigrants that they choose to be insured on an archipelago-wide pool. It requires that they choose the insurance package that best serves their interests based on a cost-benefit analysis, whatever pool it will be based on, and then establish an institutional structure that is most capable of ensuring that the distribution prescribed by the insurance choice will be administered.⁶⁷

2.

The reader might want to argue now that I misunderstand the status of my theory. What I depict is not an ideal theory of equality, but a non-ideal doctrine. The archipelago immigrants, as stipulated, are committed to the idea of equality, and they take the fact that they will subsequently live on different islands as morally irrelevant. The only

at the beginning of the archipelago history people from different islands could hardly interact with each other due to the high costs of transportation and communication.

⁶⁷ As Dworkin did not want to show that the people who inhabit Rawls' original position would choose, behind the veil of their ignorance, his insurance scheme instead of Rawls's two principles, neither did I want to show that Pogge's (1989) parties should have chosen the dynamic view. Dworkin repeatedly emphasizes that he does not find Rawls's idea on what does his original position do to be convincing in any sense. From the original position you cannot derive a particular morality, for it already contains the seeds of that morality. What a thought experiment can do is simply to elucidate the consequences of a moral conviction. As Dworkin puts it, the "device of an original position (...) cannot plausibly be taken as the starting point for political philosophy. It requires a deeper theory beneath it, a theory that explains why the original position has the features that it does and why the fact that people would choose particular principles in that position, if they would, certifies those principles as principles of justice" (Dworkin 1981b, p. 345, cf. Dworkin 1977). With regard to the latter question I fully side with Dworkin. I hope that I did not invoke the false impression that I believe that the insurance choice our immigrants make is constitutive of morality.

insurance-choices available for them that fully respect their basic moral conviction are based on the archipelago-wide pool. Under non-ideal circumstances, they are allowed to choose some other sort of insurance package. This choice, however, will not fully realize equality.⁶⁸

In this section what I first want to argue for is that the dynamic view enjoys the very same status as the original Dworkinian equality of resources doctrine does. If the Dworkinian theory is an ideal theory, then my doctrine is also an ideal theory. If the Dworkinian theory is a non-ideal theory, my theory is also a non-ideal theory. In addition, I wish to argue that based on pre-political premises, the consistency of restricting the market to the archipelago market (that is, allowing only packages calculated on an archipelago-wide pool) would be highly questionable. At the end, I will also point to another possible argument that I believe fail to establish that the dynamic view is “only” a non-ideal doctrine.

Let me start with the internal consistency problem. In order to show why choosing to establish the archipelago market would enjoy a questionable consistency, let me remind you what the essence of the insurance model is. In Dworkin’s thought experiment (and also in my version of it), what the travelers are committed to is to compensate those unlucky who could not buy an insurance on free and equal terms, for they were not

⁶⁸There is a huge debate (and lots of confusion) in the literature on what counts as an ideal and what counts as a non-ideal theory and how this distinction related to the first-best and second-best theory distinction. In this section I will rely on the reader’s intuitive understanding of the terms, since I believe that for my argument to go through, no precise definition is necessary here. In the next chapter I will pay more attention to these questions.

equally situated to risk (or they have already been hit by bad brute luck, e.g., they have been born blind). (In my view, they are committed to compensate for some other unlucky events people could have insured against on a real market too.) But it is important to emphasize that the travelers are not committed to ‘fully’ compensate the unlucky, that is, to raise them to the level they were before the catastrophe materialized (or to where ‘normal’ people are) They are committed to give them (only) as much as the insurance the average person would purchase on a well-functioning competitive insurance market would pay. In my modified version, they are committed to give as much as it would be reasonable to buy. This is because people are to decide what sorts of life they want to live, how much of their resources would they want to use for building up a safety net and how much would they want to use for realizing their life-plans.

Considerations of price are essentially important in the equality of resources doctrine. The level of coverage the average/ideally rational person would buy against certain sorts of catastrophes depends fundamentally on a *cost-benefit analysis*. People are willing to buy an insurance package if the utility cost of its premium is less than what the marginal utility loss of the uncompensated bad brute luck would be. When Dworkin investigates what level of coverage people would buy (see in Dworkin 1981b, pp. 299-300 and pp. 320-323, Dworkin 2000, Ch 8), he does say that we should assume that people would want to purchase the insurance *most advantageous* for them. When the islanders’ government offers ‘an insurance package’ it should offer the ‘insurance package’ people would want to purchase most.

The hypothetical insurance choice should not be regarded as fixed, however the circumstances change. Dworkin explicitly argues that we should “in any case, pay great attention to matters of technology, and be ready to adjust our sums [of compensation - OR] as technology changed. [...] People would seek insurance at a higher level against blindness, for example, if the increased recovery would enable them to purchase a newly discovered sight-substitute technology, than they would if that increased recovery simply swelled a bank account they could not, in any case, use with much satisfaction” (Dworkin 1981b, p. 299). It is immensely important to note that equality of resources is not necessarily compromised when people refuse to compensate other people for suffering certain forms of bad brute luck. If on a hypothetical market they would find that insuring against some particular form of bad brute luck is too costly, it does not compromise equality if they leave that bad luck uncompensated.

If that is so, if people can – without failing to meet the moral requirements they face – leave certain forms of bad brute luck uncompensated based on their insurance choice on Dworkin’s restricted (fixed pool) market, and this does not disturb equality, I do not see how would the same cost-benefit analysis would disturb equality on an unrestricted market. In fact, I believe that it would be internally inconsistent to prohibit people to choose what it is most reasonable to choose – but only in one respect, with respect to the pool their preferred insurance is based on. That is, I believe it is internally inconsistent

allowing people to not insure against a rare disease, but requiring people to insure on a universal pool, even if they would not wish to do so.⁶⁹

Let me turn now to the other point, the status of the theory. Suppose that the reader is not convinced by my argument above. Suppose the reader still believes that what fully serves equality is only an insurance based on an archipelago-wide pool. He still takes the dynamic model to be a non-ideal doctrine. Now, the reader might want to argue that it is definitive of the concept of ideal theory that we assume a certain level of technological development is already achieved.⁷⁰

I believe this is wrong. Our archipelago immigrants are in the *circumstances of justice* from the very beginning of their history (by stipulation). They could introduce an archipelago-wide insurance scheme – it would just be prohibitively costly for them to do so, the high premiums they would need to pay as a tax would not allow them to pursue many things in life they would like to pursue. Notice now, that the objection seems to imply that ideal theories would require *ideal circumstances of justice*, that is, abundance and high technological development. According to the critic (as the reader now became) the technological development should be advanced enough so that it enables the immigrants to choose an archipelago package. This is equivalent to saying that in ideal

⁶⁹ Janos Kis suggested that it seems to follow from my argument that Dworkin should have allowed those who live under the same government insure at more local, say county-wide, agencies. Dworkin, however, seems to believe that the principle of equal importance would not allow that. I do not think that Dworkin would be justified in his belief. Ex-ante everyone would be equal. Moreover, the principle of special responsibility seems to support that we have a choice on which pool to join.

⁷⁰ This possible line of argument was suggested by Samuel Scheffler in a private conversation.

theory the costs of telecommunication and transportation are rather low. That is, people do not have to forgo other plans in order to buy an archipelago-wide insurance, but actually the archipelago insurance is the best for them on the cost-benefits analysis. But why should we stop here? Why not to argue that in ideal theory all the alternative costs of the insurance should be regarded so low in the theory that nobody would be tempted not to insure against certain forms of bad brute luck, no one would need to choose between paying insurance premiums (and being insured against certain catastrophes) or having the chance to have a holiday in Barbados. But if what makes the ideal theory is that some alternative costs are lower, why don't we need to suppose that ideal theory involves that immigrants receive free beers every evening? Or free pre-phylloxera claret, for that matter.

I think there are two different interpretations one can give to the objection above. First, the critic might want to argue that we should not take all the alternative cost as being zero or almost zero in the ideal theory, but only the transportation and telecommunication costs. However, this seems to be arbitrary from the moral point of view, or at least it would require a really good argument that I cannot imagine one could construct. Second, the critic might want to argue that we must take all the alternative costs to the insurance as being zero or almost zero. But this argument not only goes very much against the spirit of the equality of resources doctrine as it is put by Dworkin,⁷¹ but in fact it disqualifies

⁷¹ Cf. "we have no more justification for assuming, in imagining those circumstances, that insurance transactions would have been free of actual market costs than we have for assuming that the alternate and competitive choices that might have tempted insurers not to insure—diamonds or junk bonds or soft drinks—would have been free of their various market costs" (Dworkin 2002, p. 110).

one of the basic assumptions of any theory of justice, the assumption of relative scarcity. This is, however, very problematic. The need of justice arises only where there is scarcity. If there is no scarcity, we do not need a theory of justice.

Pressing his point, however, the critic might want to argue as follows: Suppose that people are offered the technology. Are they morally obligated to accept it? If they are, then the dynamic view is not an ideal theory. In the ideal theory people choose an insurance coverage based on an archipelago-wide pool. But then again, I fail to see how this would show that the dynamic model is not an ideal theory of equality. Unless, of course, if we need to take that in ideal theory the alternative costs of buying an insurance must be zero or close to zero. Naturally, we have good reasons to prefer to live in such a world. But as I see it, equality is fully served even before adopting the new technology. The new technology introduces not more equality. It introduces more wealth.⁷²

3.

Before taking up another problem related to the nature of ideal and non-ideal theories in the next section, in this section let me elaborate a little bit on the view I am arguing for. In my view, given the commitment our travelers have, their history would go like this. At the beginning, when their technology is poorly developed and their resources are very scarce, due to the prohibitively high transaction costs of any wider insurance packages, island-by-island providers will offer the best packages. As the technology develops, it

⁷² In “Sovereign Virtue” Revisited (2002), Dworkin makes a similar point as a reply to Otsuka’s argument aiming to show that ex-ante equality is a deficient sort of equality (see note 33).

will be financially advantageous to insure the local insurance providers against very dire situations, perhaps such as when a tornado hits one island and destroys almost all the resources located there, including the assets owned by the winning “hypothetical insurance company”. After that travelers might find it worth while for to insure individually against some special sorts of bad brute luck on a wider pool, while for other sorts uphold a local insurance. At the end, virtually everything will be insured on the global level.

As I claimed in the previous sections, our travelers believe that justice is prior to institutions. They take that the right institutional setting, that they are morally required to set up (institutional assumption), depends on what can best ensure that equality as a pre-political ideal is served. Arguably, this means that in the beginning of their history they will set up a separate government for each island. Then, at due course, they will switch to something similar to what we know as the post-Westphalian system which will get closer and closer to global governance, and at “the end of the history” they will establish an archipelago government.

Obviously, nothing similar to the archipelago shipwreck has ever happened in our real world. What is the practical upshot of the thought experiment then? Why would a hypothetical choice made by fictional folks bind our hands? Similarly to Dworkin, I take it that the thought experiment offered provides a good standard for judging our current distribution and the institutional structure we live in. In order to know what global equality of resources (the right interpretation of moral equality) requires from us, we need

to figure out what sort of a hypothetical insurance the average human being would purchase, had she owned $1/6.000.000.000$ th of the globe. We should make sure that poor people have the compensation the reasonable person would have bought. On the current level of technological development the ideally rational human being owning an equal share of the globe's resources would wish to choose at least some sort of a hybrid insurance package. I cannot even make an educated guess on the sum we owe to citizens of developing nations, but I believe that it is a safe bet that the sum is much higher than what we currently spend on international humanitarian aid. (In these years the most generous developed nations give away 0.7-1% of their GDP for that purpose.)

Arguably, our institutional system is not what could best ensure that unlucky people get what they would have insured for, given the current level of technology. To ensure the morally required distribution we would probably need to establish a much more developed international scheme and further diminish the sovereignty of nation states. What we are individually required to do, is a question I do not have a ready answer for here. Whether we should spend our resources to support setting up global institutions, or to enhance the development of a global institutional structure that would arguably better serve equality, or give directly to the poor to get closer to the equal distribution right now are seem to be plausible options. But I leave this problem to another day.

4.

In this chapter I have been mostly preoccupied by simply defining a suitable conception of global equality of resources. I dubbed this conception as the dynamic view. I have

argued that equality does not require that all are insured under the same insurance scheme irrespective of the technological development the world is characterized by. I need to emphasize that I do not take the archipelago thought experiment to be an argument *for* equality. I take it as an appropriate means that can help us finding out what our moral requirements are once we accept that equality is owed to all moral persons, irrespective of the jurisdiction they are living under.

One might argue now that I am wrong in believing that my survivors will ever leave the post-Westphalian system. They will arrive to a stage where hybrid packages will be the most reasonable to buy, but they will never leave that stage. This is because as we know human beings, they are generally more willing to pay their taxes in a setting that is characterized by strong national solidarity. Since too many people will try to evade paying his ‘premiums’ archipelago-wide pool, those insurances will never be reasonable to buy. Either I choose to characterize people not being more willing to pay , but then I commit the very same problem I criticized Dworkin with throughout this thesis – I base my theory on empirically false assumptions. Or I choose to describe them as they are, but then, to repeat, I will need to acknowledge that a strong system of international aid is the most that is or ever will be required by justice. I believe this criticism is unsuccessful, and this is exactly what I attempt to show in the next chapter.

6

GLOBAL GOVERNMENT AND THE RIGHT WAY OF DOING POLITICAL PHILOSOPHY

Throughout this dissertation, I have argued that Dworkin illegitimately builds his theory on empirically false assumptions, and that these empirically false assumptions make him miss what justice really requires. As I mentioned in the conclusion of my last chapter, the reader may think now that my methodological approach is deeply confused. I criticize Dworkin because many of his assumptions are empirically false and because thereby he assumes away certain important difficulties. Then I assume away something equally important, that human beings are not equally willing to pay taxes for domestic and for global purposes. Their willingness to pay corresponds to the proximity they feel to the beneficiaries of the goods purchased from their taxes. The reader may add that the theory of equality of resources I put forward calls for a global government only because I assume away this important fact about human beings. So, it may be objected that Dworkin and I are, in a way, no different; we just fail to understand the right way of doing political philosophy at different points.

The main purpose of this chapter is to argue for the following thesis. The assumption of full compliance is fundamentally different from other idealizing assumption for the

purposes of building a theory of justice. While it is necessary to assume full compliance in order to see what justice requires, other idealizing assumptions should be avoided as far as it is possible for they might distort the outcome of our theory. It is not to argue though that the theory assuming full compliance will give us action-guidance here and now. A theory that can give *us*, agents who live under the circumstances we live under, action-guidance might well be several theoretical steps further away. Additionally, I would like to show what my account of equality of resources would look like once we drop the assumption of full compliance. The theory we get by dropping this assumption would still not give us individual action-guidance, but at least it could serve us as an ideal we (collectively) could strive to achieve.

The argument proceeds as follows. First, in Section 1, I shall show that my assuming away people's differential willingness to pay taxes for global and domestic purposes amounts to assuming full compliance. Then I shall show what the role of full compliance is in a theory of justice. Section 2 refutes an objection aiming to show that people's general unwillingness to comply with the requirements of justice discredits the theory. In Section 3, I shall argue that other idealizations cannot serve a purpose similar to the assumption of full compliance and they are to be avoided to the extent it is possible. Section 4 will show what difficulties one needs to face with when dropping the assumption of full compliance and I shall provide an admittedly sketchy version my theory that does not assume full compliance, and that could serve as a real world ideal. Section 5 concludes.

1.

In the last chapter, I argued that it is plausible to think that on a low level of technological development (for some years after the shipwreck), the most advantageous insurance policy to purchase for the survivors would be based on a local pool (fellow islanders forming the risk pools), because due to the high transaction costs, any insurance scheme offered on the basis of a larger pool would be prohibitively costly. Arguably, effectively administering the taxation based on this insurance choice would require establishing something similar to the Westphalian nation-state system. Since other things being equal the larger the pool the better the insurance deal is (or equal in some cases), some (maybe many) years later the situation changes, it will be reasonable for the survivors that most catastrophes are insured at a local level, but some are on a less local level. This would call for something similar to the post-Westphalian system. Again later, at a high level of technological development, all insurance would be made on an archipelago level. The most effective administration of such an insurance scheme would arguably require forming a global government.

Or would it? Here is the problem. As we know human beings, it is plausible to think that it is a fact about human nature that people are more willing to pay their taxes if there is a sense of solidarity among them. Most people are motivationally incapacitated to bear the same burdens for someone who lives in a very different culture than for those they share their cultures with. If that is so, and this alleged fact about human nature should be built in the theory, the theory will never call for a global government. This is because since people will be rather prone to avoid taxation when it is reflecting a hypothetical insurance

based on a global (that is, archipelago-wide) risk pool, enforcing global taxation would be really costly, so costly that it would never be reasonable to insure against every sort of brute luck at the global level. Most probably the financially best choice would be to purchase insurance based on a nation-wide (that is, island-wide, or maybe even smaller) risk pool against most of the brute luck occurrences, and maybe some additional insurance coverage against cases where the national ‘companies’ become incapacitated (due to natural catastrophes, for example). The account of equality of resources calls for a global government only if we assume something about the human nature that is false to the best of our knowledge: namely, that people are equally willing to pay their ‘premiums’ when the potential beneficiaries are close to them in a sense, and when they are not. But if we represent people as they are in our theoretical model, the theory will not conclude to a call for a global government. At best, it will call for a post-Westphalian system.

How should one respond to this problem? The reader may say that if I aim to provide a sound theory, I need to avoid assuming anything that is untrue. After all, I spent pages after pages here criticizing the original theory of equality of resources for employing empirically false assumptions. I believe this view is mistaken. This is because what I assume away is non-compliance only. Remember, my whole account was based on the idea that the survivors believe that no one is antecedently entitled to any resources, that everything should instead be divided among them the way the two principles of human dignity require it and that they should establish the political system that can most effectively administer such a division. Once they fully comply with the requirements

prescribed by the two principles of human dignity, that is, they are fully willing to pay the premiums prescribed by these principles, they will arrive at a point in their history where establishing a global government will be called for – for it is non-compliance with the requirements of the two principles of human dignity that would make such a system prohibitively costly. The role of the assumption of full compliance, however, is fundamentally different from the role of other idealizations (that is, empirically false assumptions). While we need the assumption of full compliance to see what justice really is, other empirically false assumptions might distort the outcome of our theory – as I have hopefully convincingly demonstrated in the case of the original theory of equality of resources in the previous chapters. In the remainder of this section, I aim to show why we need the assumption of full compliance in order to build an appropriate theory of justice. This is not to say that there is no need to construct a counterpart of that theory on realistic assumptions about compliance. All I am saying is that full compliance theories are not pointless, they serve an important purpose.

I have carefully avoided the term ‘ideal theory’ in the previous paragraphs. This is because there is a significant debate, and to my mind, confusion in the literature about what counts as an appropriate ideal theory, what assumptions are necessary and/or sufficient to make in order for a theory to qualify as an ideal theory. Virtually everyone take it that the assumption of full compliance is a sufficient condition for a theory to qualify as an ideal theory, but some believe that it may not be a necessary condition. A theory assuming partial compliance only may qualify as an ideal theory too once it uses

other idealized assumptions.⁷³ There is also a further debate whether there is any point in constructing ideal theories.⁷⁴ It would go beyond the scope of this chapter to provide an overview on what has been said about these questions. Instead, here I will introduce the position I myself identify with. During this process I will heavily draw on Robert Jubb's (2012) account on the right way of understanding the point of normative theories. To repeat what should be obvious by now, I believe, along with Jubb, that the assumption of full compliance is necessary and sufficient for a theory to qualify as an ideal theory. Other idealizing assumptions are neither necessary, nor sufficient conditions for a theory to qualify as an ideal theory; in fact, they may distort the outcome of the theory. In other words, by embracing other empirically false assumptions, the prescriptions these theories make may not be in line with what justice really requires.⁷⁵ Naturally, the debate over the right use of ideal theory is a terminological one. But this does not make it pointless. If we put radically different things into the same category (in our case, into the category of ideal theories), we run the risk of going astray. I side with Jubb who suggests that we should reserve the term ideal theory to theories of full compliance. Theories of full compliance can offer us a picture on what "a perfectly just society would be like" (Rawls 1971, p. 8).⁷⁶ Those theories that use other empirically false assumptions, and are sometimes labeled as ideal theories, cannot serve this purpose. They may serve some

⁷³ See e.g., Stemplowska 2008, Valentini 2009.

⁷⁴ See e.g., Farelly 2007, Sen 2009.

⁷⁵ This is not to say that such theories are necessarily bad pieces of theorizing. Hobbes's theory of the justification of political authority fails to be relevant for us, but it does not mean that Hobbes is wrong in his view on what one ought to do *once* she is living under the political authority of a Leviathan (cf. Jubb 2012, p. 230).

⁷⁶ The term was originally introduced by Rawls, and he used it to theories of full compliance.

other purpose, but for the sake of clarity it may be reasonable to call them on another name.

The theory I provided in the previous chapter is an ideal theory understood appropriately. It is meant to show what a society would look like once there is absolutely no injustice in it. It is important to see that in a society where the demands of justice are not perfectly adhered to there will always be injustices. The assumption of full compliance may be strikingly false, but we need that assumption. Otherwise we could not possibly get to know what a commitment to justice entails. And we need to know this for otherwise we might adopt a direction for our non-ideal circumstances that move away from our ultimate aim, and partly because we need this knowledge to properly judge each other's conduct.⁷⁷ This, naturally, does not mean that we do not need non-ideal theories. But it does mean that ideal theories are indispensable for showing us how our world ought to look like.

2.

A critic may argue here that the problem with the theory I am proposing is not that the assumption of full compliance is blatantly false. The assumption of full compliance may be justified; it may really be necessary to find out what a perfectly just society would be like. The assumption of full compliance would not render my theory unsound. What

⁷⁷ Stemplowska (see esp. Stemplowska 2008, pp. 332-33) and Jubb argues for the same position. Amartya Sen argues against this position in his most recent book, *The Idea of Justice* (2009). Sen argues that for the advancement of justice we do not need to know what 'perfect justice' is. For an elegant refutation to his view see Boot 2012.

makes it unsound is that it is based on principles that are so unfit to human nature that very little compliance could ever be expected. Wide-spread unwillingness to comply with the requirements of a theory of justice (or any other normative theory) discredits that very theory. In this section I shall argue that this objection builds on an unjustified empirical premise, but even if the empirical premise would be true, unwillingness to comply with normative requirements does not show that those requirements are false.

First, a note on my empirical premise. While I agree that it is plausible to think that people right now are partial to their fellow-nationals, care much more about their fates than about the fates of foreigners, it is far from certain that it will necessarily be so in the future. When the critics argue against theories like mine, they implicitly take a historically accidental point in human development for human nature. But this is illegitimate. People are becoming less and less partial; we cannot be sure that they will never reach the point where they will be capable of solidarity with the whole human race. Granted, they are now more willing to give to their fellow citizens. But there were a time when even this was unimaginable, people were willing to share only with members of even more restricted communities, such as fellow tribe members.⁷⁸ Who would have thought, for example, even twenty years ago that at least in certain parts of the world, great apes will enjoy basic rights?⁷⁹ Accordingly, I do not find the idea that people always will be motivationally incapacitated to follow the requirements my theory

⁷⁸ A very similar view on the moral development of the race is proposed by Derek Parfit (Parfit 2013). Others, for example Samuel Scheffler, believe that becoming more impartial hardly constitutes a moral development (cf. e.g., Scheffler 2010).

⁷⁹ In 1999 New Zealand granted basic rights to apes. In 2008 a parliamentary committee set forth resolutions to grant apes rights to life and liberty (see e.g., Glendinning 2008).

prescribes fully convincing. Given the historically broadening scope of people's altruistic attitudes that we can testify to, the burden of proof seems to fall exactly on those who insist that the current point in history marks the final limits of the development of human altruistic attitudes and behavior (or something close to it).

Second, let me comment on the normative part of the objection. To repeat, the normative claim here is that no moral requirement can be valid, unless it motivates people. I believe this is wrong for the reasons David Estlund invokes in one of his relatively recent working papers. Estlund asks us to consider the following case. "Suppose Bill pleads that he is not required to refrain from dumping because he is motivationally unable to bring himself to do it. There is no special phobia, compulsion, or illness involved. He is simply deeply selfish and so cannot thoroughly will to comply. Dumping his trash by the road is easier than wrapping it properly and putting it by the curb or taking it to the dump. He wishes he had more willpower, and yet he doesn't have it. Refraining is something he could, in all other respects, easily do, except that he can't thoroughly will to do it" (Estlund 2011, p. 220). In Estlund's view, it would be ridiculous for Bill to propose that he was not required to refrain from dumping due to his motivational incapacity. And this is no different when other people 'suffer' the same incapacity. "Suppose people line up to get your moral opinion on their behavior. Bill is told his selfishness is indeed a motivational incapacity, but it does not exempt him from the requirement to be less selfish. But behind Bill comes Nina with the same query. Again, we dispatch her, on the same grounds as Bill. Behind Nina is Kim, and so on. Since each poses the same case, our judgment is the same. The line might contain all humans, but that fact adds nothing to

any individual's case" (Estlund 2011, p. 220-21). In other words, Estlund thinks that if an individual's motivational inability to "do the right thing" is not requirement-blocking, then this remains the case even if all humans are like the individual in question (call this the *typically adds nothing thesis*). Now, if the typically adds nothing thesis is right, then even if a large dose of selfishness or partiality is part of human nature this does not refute theories of justice that require people to be less selfish or partial than that. The fact that people generally are not capable of being entirely unselfish or impartial does not make the requirement false, and thus, does not discredit the theory based on that very requirement.

I admit, this is a very controversial thesis. Many philosophers are inclined to argue that the fact that people are unable to will to act in some way *does add something*. We hold people responsible for things they can be reasonably expected to avoid. If people typically cannot avoid willing some things, they cannot be reasonably expected to avoid it, thus, they should not be held responsible for what they do. This is a very familiar problem in moral philosophy. Suppose you have been brought up in a slave holding society, where no one criticized the practice. Are you responsible for treating your slaves in the inhuman way your fellow slave holders do? Many would say no, and would say that this is because the typically adds nothing thesis does not hold. I will not attempt even to shortly summarize the standpoints given in the current literature. Let me just point to the understanding I take to be plausible and accept. You are still responsible in a sense, but it will not be appropriate to blame you. You are responsible even if you could not

have avoided seeing the case that way or acting that way. The requirements are still there. You are just not blameful for not satisfying them.⁸⁰

The lesson to be drawn from these considerations to the main question investigated in this paper is the following. It might well be that the sort of impartiality required by the two principles of human dignity understood on a global scope is in a way unfit to the current nature of people. People in the real world are not impartial and arguably they cannot even will to be. But this does not make theories calling for global government unsound. We have a good reason to think that people are becoming less and less partial and they may arrive to a point in human moral development when establishing a global government will not be prohibitively costly. We may also argue that impartiality does not cease to be a requirement just because people are not and do not want to be impartial (although I admit that Estlund's argument may not be fully convincing to the reader). And if impartiality is a requirement, you need to presuppose full compliance to that in your ideal theory in order to find out what perfect justice is. As a next step, you might move on, and build in partial-compliance (that reflects partiality) to your non-ideal theory. But you should not skip the first step, if you do not want to miss the following ones.

⁸⁰ Susan Wolf (1987) argues for a similar position, the difference being is that she takes 'being responsible' analytically equivalent to 'being praiseworthy or blameworthy', thus she says that such people are not responsible. But this is more of a verbal disagreement between us than anything else.

3.

In the first section I showed that the assumption of full compliance, even if it is strikingly false, does not discredit any theory. Then I have shown that a theory may be valid even if people are generally not willing to comply with the requirements of that theory and it cannot be reasonably expected that they will in the near future. In this section I shall show that other manifestly false assumptions, in other words, idealizing assumption may indeed discredit the theory. Or at least, they may render the theory to be, in a certain sense, an intellectually futile exercise. To repeat what I have already emphasized in Section 1, this is not to say that such a theory becomes a bad piece of theorizing. But it may well be pointless. If one is to provide a theory that can serve any practical purpose, one may well try to avoid making false assumptions (beyond the assumption of full compliance) as far as it is possible. From now on, let me call those theories that assume full compliance but avoid making other false assumptions as far as it is possible *proper ideal theories*. Those that assume full compliance but do not avoid making other false assumptions *improper ideal theories*. Those that do not assume full compliance and avoid making false assumptions *proper non-ideal theories*. Those that do not assume full compliance and do not avoid making false assumptions *improper non-ideal theories*.

In the previous paragraph I used the proviso, “as far as it is possible”. This is because one needs to acknowledge that certain simplifications are unavoidable to make when constructing a theory. It is useful to recall here Onora O’Neill’s oft invoked distinction between idealization and abstraction. Abstraction “is a matter is *bracketing*, but not *denying*, predicates that are true of the matter under discussion. Abstraction *in this sense*

is theoretically and practically unavoidable, and often ethically important. All uses of language must be more or less abstract; so must all reasoning. ...Reasoning that abstracts from a predicate makes claims that do not depend on that predicate holding, *or* on its not holding. The important merit of abstraction in this strict sense is that it never arbitrarily augments a given starting point, so will not lead one validly from a truth to a falsehood” (O’Neill 1996, p. 40). While abstraction is necessary and unproblematic, idealization, according to O’Neill is another matter. “[I]t can easily lead to falsehood. An assumption, and derivatively a theory, idealizes when it ascribes predicates – often seen as enhanced, ‘ideal’ predicates – that are false of the case in hand, and so denies predicates that are true of that case. ... If [political theorists] do not offer reasons for starting from these idealized assumptions – which might require demanding metaphysical arguments – their theories will, strictly speaking, be inapplicable to the human case” O’Neill 1996, p. 41).

O’Neill takes full compliance to be as problematic as any other idealization. In Section 1, I hope I have shown that full compliance is indeed justified for a normative theorist to assume. Other idealizations, however, I believe are really problematic. If you assume that, for example, that people have complete ordering of preferences over all possible bundles of consumer goods and those preferences fully reflect on what they take to be important in life, you may argue that perfect equilibrium prices carry a moral relevance. But what does this show us? It shows that if people had complete ordering of preferences over all possible bundles of consumer goods and those preferences fully reflected on what they took to be important in life, perfect equilibrium prices carried a moral relevance. But people, as we know them, do not have complete ordering of preferences

over all possible bundles of consumer goods.⁸¹ And their consumer preferences may not always reflect on what they take to be important in life. Moreover, real markets (due to their imperfections) do not reliably produce perfect equilibrium prices. Thus, for us the point about perfect equilibrium prices will be completely irrelevant.⁸²

It is important to note that the issue here is not that such a theory cannot give us achievable and desirable recommendations for the here and now. Neither can those theories I call proper ideal theories, for reasons I shall show in the next section only. The point is simply that it is not clear what could these theories show us. Proper ideal theories can show us how our world would be like had it not contained any injustice. But an improper ideal theory can show only how a world radically different to ours would be like had it not contained any injustice. Such knowledge however, I believe, is not much more reasonable to pursue than the knowledge about temperature at 5.05PM, 25th June

⁸¹ Some may argue that even though people do not have complete preference ordering (or full information, etc.), we will understand what justice is only if we make such assumptions. But while complying with the requirements of justice is a moral requirement, having complete preference ordering over all possible bundles of resources is not. I am liable to blame if I do not comply with the requirements of justice, even if I am motivationally incapable of doing so. In contrast, I am not liable to blame if I do not try to make up my mind about all possible bundles of resources. The ideal theory is meant to show when I am liable to blame. (This point was proposed to me by Janos Kis, although I may have misunderstood him.)

⁸² Jubb argues for a similar point. “Hobbes’s theory may well be quite right about what we should do in the circumstances his theory talks about, whether those circumstances are the ones we face or not. That question, not the question of whether we are in those circumstances, settles the question of the truth-value and so validity of Hobbes’s and any other normative theory. That we are not presently on the surface of Venus does not make theories of what it is like fail; likewise, that we are not presently in Hobbes’s state of nature does not make theories of how we ought to behave in it fail, whatever other virtues and vices such theories may have” (Jubb 2012, p. 237).

1881 in Brazzaville, Congo, or the number of blades of grass in the courtyard of CEU today at noon.⁸³

4.

In the previous section, I argued that empirically false assumptions, apart from that of strict compliance, may make an intellectual exercise pointless. I have stated that the problem is not that improper theories cannot give us achievable and desirable recommendations for the here and now, for neither proper ideal theories can do that. The problem is that it is not clear what they *could* give us. In this section first I wish to show, drawing again on Jubb's account, why proper ideal theories cannot give us achievable and desirable recommendations. Then I shall show that by dropping the assumption of full-compliance we could achieve a theory that could guide our action in real life. At the end of the section I shall provide an admittedly sketchy account on what the non-ideal counterpart of my version of the ideal theory of equality of resources would look like.

Ideal theories cannot give us a real world ideal for agents have different duties when others fully abide by the requirements of justice and when only partial compliance can be expected. In our real world, people can only be expected to be partially compliant with

⁸³ Naturally, idealizations may be indispensable for some theoretical purposes. I do not wish to deny that. Economists, for example, may assume complete and free information, complete preference ordering and so on – once they are successful at predicting the phenomena they are interested in. It is however worth to mention that economists are normally interested in only some of the implications of their theories. They do not believe that their fanciful assumptions will lead to overall predictive adequacy. What they strive for is only narrow predictive success. On the philosophy of economics see Hausman 2013.

the requirement of justice (and generally, with the requirements of morality).⁸⁴ That is, in our real world, not everyone does as they ought to. One may not see the problem here. Why would the fact that others do not comply with the requirements of justice change what is required from me? Why would it render ideal theories impotent? I believe Jubb convincingly shows by the following example that non-compliance indeed does change the moral landscape. “[W]hether or not one ought to abide by a maxim of honesty in a society with a significant minority who reject it is a different question from whether one ought to abide by it in a society in which everyone else is always honest, since the burdens and effects on others of doing so are different in the two cases. Whether one ought to be honest when others are not is not answered by only investigating whether one can lie when others do not. That one has shown that honesty is an appropriate response when others are honest does not mean that one has shown that it is when they are not” (Jubb 2012, p. 235). If the moral landscape is different when only partial compliance is expected, the ideal theory cannot be used as a real-world ideal. This fact calls for a theory, a non-ideal theory, which shows what we ought to do in the different circumstances.⁸⁵

⁸⁴ Even if we assume away the disagreement on what those requirements are.

⁸⁵ While the way the term ideal theory is used in this paper is strictly in line with Rawls’s original use of the term, the term non-ideal theory is not. Here non-ideal theory is defined by partial compliance. But as Jubb points out, “[t]his is not, it has to be said, how Rawls uses the term even through the whole of *Theory of Justice*. When discussing possible limits on liberty there, he says that non-ideal theory has ‘two rather different subparts’, one dealing with ‘adjustments to natural limitations and historical contingencies’ and the ‘other of principles for meeting injustice’. At least as far as justice goes, this seems a mistake. Either there is some act which is unjust, in which case there is an actor not complying with the demands of justice, or all actors are complying with the demands of justice, in which case there surely cannot be any injustice. Our responses to natural limitations and historical contingencies clearly can be just or unjust, and a theory of justice will have to say something about such responses. However, to complain that constraints on what

We need a non-ideal theory to give us a real world ideal that we could try to adjust our institutions to. But the non-ideal theory is tragic in some sense. When someone is not doing what she ought to do, for example avoids paying her taxes, either someone else is going to lack something he is entitled to, or again someone else is going to “have to pick up the slack by doing more than they ought to be required to. Failing to pick up the slack will, though, often leave you complicit in the wrong. If political institutions I obey and benefit from wrong someone, then I seem to be complicit in that wrong unless I have either mitigated the injustice, distanced myself from the institution or either of these would have been too costly for me” (Jubb 2012, p. 235). Hence we also need the ideal theory to show “if and to what extent non-ideal theory is tragic” (Jubb 2012, p. 235).

Let me show you what the need to ‘pick up the slack’ means on the particular example of equality of resources. In order to make things easier, suppose now that there is only one, relatively small island, everything else is smashed by the wrath of God. Suppose also that the only sort of brute luck that can occur is lightning. If people would be fully compliant with the requirements of justice, the most reasonable thing to do would be for everyone to pay 10% of their incomes to compensate those who lost their livelihood in a way that the victims get 60% worth of their wealth. But once enforcing costs money, either they can choose to pay 15%, or they can accept 50% only once the catastrophe happens. Either way, it will not be among their reasonable options to insure at the conditions one may when the government does not need to force anyone to comply.

we can do and achieve entirely beyond our control make it impossible for us to satisfy the demands of justice seems mistaken. Although we might rightly regret such constraints, they are not themselves directly a source of injustice” (Jubb 2012, pp. 231-232).

Deriving a non-ideal theory from an ideal theory may not always be a simple intellectual exercise. On a very small scale, non-compliance may not be problematic – small-scale, economically insignificant tax evasion may not call for a non-ideal theory that is drastically different to its ideal counterpart. But significant non-compliance may. Take for example Rawls's ideal theory. Rawls assumes there that rights are costless (that is plausible once we assume full compliance), and hence he forbids trade-offs between different primary goods. Even if Rawls's general method for arriving at the principles of justice is sound, once the parties find that enforcing rights is costly, they may not choose Rawls's two principles with a lexical ordering to build their institutions on. This is because if protecting rights has costs, satisfying the equal liberties principle, or for that matter, the principle of fair equality of opportunity, could be a never-ending aim. Consequently, the parties, since they know that once the veil of ignorance is lifted, there will only be partial compliance in their society, may well choose other principles of justice to govern their lives. It is not my aim to investigate what the parties would choose. All I wished to show that a full-compliance theory may well be very different to a partial compliance theory (cf. Farrelly 2007).

For equality of resources, the very same problem arises, though I believe, it is easier to figure out how a proper non-ideal theory of equality of resources would look like than figuring out what Rawls's parties would choose in the original position. In the remainder of this section, my aim is to provide an admittedly sketchy account on the non-ideal theory of equality of resources properly understood. In my way of doing so, let me first rehearse Colin Farrelly's criticism to Dworkin's theory. Farrelly criticizes Dworkin for

using too many idealizing assumptions, and thereby being unable to provide normative guidance for real societies. His criticism goes as follows. “Dworkin assumes that the appropriate level of public funding for health care and welfare can be determined by asking how much people would insure against these misfortunes in the hypothetical auction (where people do not know what their risk is of faring poorly in natural endowments). (...) Firstly, we must ask why Dworkin’s insurance scheme is limited to only these two forms of misfortune. Citizens of even affluent liberal democracies are vulnerable to numerous forms of misfortune beyond handicaps and differential talents. We face risks of misfortune from crime, food preparation and sanitation, terrorist attack, natural disasters, injury at work, pollution, etc. So if Dworkin is to utilize the insurance scheme as the model for determining the appropriate level of state provisions then we must add protection against all forms of brute luck disadvantage to the list of things we could insure against” (Farrelly 2007, p. 857). As Farrelly rightly observes, rights cost money. “Legally enforcing any right (e.g. protecting property, security of the person, education, etc.) will mean that numerous strains will be placed on the funds available for promoting the aims of health care and welfare. So the question ‘How many of your 100 clam shells would you spend insuring against disease, illness, (brute luck) accidents and unemployment? must be extended to something like the following: (...) How much would you be willing to spend on insurance to mitigate the misfortunes of disease, illness, (brute luck) accidents, unemployment, crime, terrorism, natural disasters (hurricanes, floods, famine, etc.), injury at work and every other conceivable misfortune that citizens could face?’” (Farrelly 2007, pp. 857-58). In other words, Farrelly argues that Dworkin is not justified in assuming that only two sorts of brute luck exists (i.e. handicaps and

differential talents) that call for establishing hypothetical insurance markets. This is because given scarcity of resources one needs to know how important individual misfortunes are compared to other misfortunes, how the interest of being protected from them is placed against the background of all possible misfortunes. In Farrelly's view, "[e]ngaging in the ideal theorizing of the Dworkinian model obstructs the importance of the empirical information (e.g. how pervasive and severe different forms of disadvantage are, the costs of mitigating these disadvantages, the likelihood that medical intervention will prove successful, etc.) one would need to have in order to make informed decisions about the allocation of scarce public funds" (Farrelly 2007, p. 859).

Now, I believe Farrelly is partly right. I myself have argued in Chapter 4 that the list of possible misfortunes that is to be compensated by a mandatory scheme in a proper ideal theory of equality of resources should be broader than what Dworkin seems to suggest. I however believe that Farrelly's hostility to ideal theories does not allow him to fully reveal where the problems with Dworkin's theory exactly lie. But before arguing for this thesis, let me introduce a potential defense of Dworkin against Farrelly's criticism. Zofia Stemplowska argues "that we might make fanciful assumptions because we want to tease out the relationship between two principles (or, more broadly, the values that are captured by the principles) and it is easiest to do this in a radically simplified universe" (Stemplowska 2008, p. 328). She thinks that this is what is going on in the original equality of resources thought experiment. Stemplowska believes that "if we concentrate too much on assessing Dworkin's selection of misfortunes, we are in danger of missing the most innovative and fundamental insight of Dworkin's theory. This insight does not

consist in the recognition that disabilities and lack of talent pose problems for egalitarians that other misfortunes do not, but in his point about what we should aim at when we are working out what is owed to people on account of inequalities outside of their control. What Dworkin urges us to recognize is that we should not aim at ensuring that no one is worse off than others on account of inequalities outside of their control, but that, as far as possible, people should be compensated for such inequalities to the extent of what they would be willing to give up in order not to suffer them. If we do that, we will be able to determine, according to Dworkin, the point at which the costs of compensating for inequalities outweigh the costs of the sacrifices such compensation necessitates. In other words, however incomplete Dworkin's list of human misfortunes, he is still able to suggest how best to approach the problem of balancing our fundamental commitment, on the one hand, to make how people fare in life reflect their choices and ambition, and, on the other hand, to make how people fare in life immune from misfortune" (Stemplowska 2008, p. 329).

I believe Stemplowska is right to argue that Dworkin's fundamental insight on how to approach the problem of balancing our fundamental commitments is really valuable, and we may well build onto that. This is exactly what I was trying to do in this dissertation. I do not think, however, that his assuming only two sorts of misfortunes that needs to be treated by a mandatory insurance scheme is justified. He could have easily made his points without the false and fanciful assumptions he made. This is not to say that he should have elaborated on every possible misfortunes in his theory. But he should have at least noted if he believed that there are other sorts of misfortunes that call for a similar

solution too (within his ideal theory).⁸⁶ He did not, thus his theory seems to suggest that under ideal circumstances there is no need for compensating for other sorts of brute luck occurrences.

I have stated above that in my view Farrelly's hostility to ideal theories does not allow him to fully grab where the problems with Dworkin's theory are exactly. He is right that a broader list of misfortunes is needed to be counted with in order to see what justice requires. But since Farrelly is hostile to the very idea of ideal theories, he does not see that we in fact need two lists. A list of misfortunes that are to be treated by the hypothetical insurance schemes under ideal circumstances, and another, even broader list of misfortunes that are to be treated by the hypothetical insurance schemes once compliance is only partial. Even the list of misfortunes that are to be treated by the hypothetical insurance schemes in the ideal theory of equality of resources will be broader than the 'list' Dworkin seems to suggest. The non-ideal theory list will contain even more misfortunes, for in the real world there will be misfortunes that are a direct result of the non-compliance of others (e.g., robbery).

The other point Farrelly seems to miss is that Dworkin actually does realize that rights have costs. Dworkin attests that the insurance firms would "have reason to reduce what insurers call the 'moral hazard' of such insurance – the risk that insurance will make the

⁸⁶ In his non-ideal theory he entertains other sorts of misfortunes that are to be treated by a mandatory insurance scheme (see Dworkin 2000, Ch9). I however, believe that it is misleading. Dworkin seems to suggest, for example, that mandatory health insurance is required only because we do not start off with equal bundles of resources. If the initial distribution were right, there would be no need for a mandatory insurance. I however believe that this is mistaken, even in a perfectly just world equality would require at least some mandatory health insurance.

covered risk even more likely to occur or the level of recovery higher if it does – and to pass on their savings to policyholders as inducements to accept the necessary constraint” (Dworkin 1981b, p. 325). Although some moral hazard may occur due to unintentional carelessness, due to a false sense of security perhaps, it is clear that the techniques to be used to avoid moral hazard Dworkin mentions (co-insurance, burden of proof on the insured) are meant to get around non-compliance. This, however, makes Dworkin’s theory to be a non-ideal theory in my categorization, and not only that, but, on the account of the idealizations he makes, an improper non-ideal theory. Improper ideal theories may be able to show what perfect justice would mean under the counter-factual circumstances the theory assumes. Proper non-ideal theories may show what our obligations are when others do not fully abide by the requirements of justice. Improper non-ideal theories, consequently, may show what our obligations are when others do not fully abide by the requirements of justice under the counter-factual circumstances the theory assumes. If it is not clear, as I have argued above, what’s the point of doing improper ideal theory; it is even less clear what an improper non-ideal theory can amount to. In other words, I believe that only two valid version of equality of resources is possible. First, a proper ideal theory of equality of resources where the list, the construction and the price of the insurances are based on the expectation of full compliance. And second, a proper non-ideal theory of equality of resources where the list, the construction and the price of the insurances are based on the expectation of partial compliance only.

5.

In this chapter I have argued that the assumption of full compliance and other idealizing assumption are fundamentally different for the purposes of building a theory of justice. While it is necessary to assume full compliance in order to see what justice requires, other idealizing assumptions should be avoided as far as it is possible for they might distort the outcome of our theory. It is not to argue though that the theory assuming full compliance will give us action-guidance. A theory that can give us, agents who live under the circumstances we live under, might well be several theoretical steps away. I have given a general outline on how my account of equality of resources would look like once we lift the assumption of full compliance. This theory would still not give us individual action-guidance, but at least it would serve us with an ideal we could strive to achieve.

SUMMARY AND A FURTHER REMARK

Ronald Dworkin believes that two principles of *human dignity* are of fundamental ethical significance, the *principle of equal importance* and the *principle of special responsibility*. According to him, these principles, properly interpreted, call for an equal distribution of resources within the boundaries of a nation state. In my dissertation I criticized Dworkin for employing highly unrealistic assumptions in constructing his theory of equality of resources. While economists are justified in making such assumptions in their theories, normative theorists, to my understanding, are not, except for the assumption of full compliance. My aim was to provide a theory of equality of resources that does not employ highly unrealistic assumptions beyond the assumption of full compliance. I argued that such a theory will not assign the market a fundamental importance in establishing and maintaining equality. Instead, it will propose a number of mandatory insurance schemes for this role. To this point, my theory aimed to be truer to Dworkin's basic commitments than that of Dworkin's own. Then, however, I suggested that *pace* Dworkin, the two principles of human dignity properly interpreted call for an equal distribution of resources not within the boundaries of a nation state, but among all moral persons, and I showed what an appropriate global ideal and non-ideal theory of equality of resources should look like.

I took the following steps in arguing for what I take to be the appropriate conception of equality of resources. In Chapter 2 I discussed the first part of Dworkin's theory of egalitarian justice. Dworkin believes that in order to achieve an attractive interpretation of equality of resources, we first need to figure out what equality would mean in a simple context where differential endowments had not occurred. Only once we have done so, can we move forward and develop a theory that deals with the phenomenon of differential endowments appropriately. I argued that Dworkin left the simple context too early thereby leaving an important problem unrecognized. He seems to believe that once equality is established in the simple context it would not get disturbed by production and trade *simpliciter*, it gets disturbed only due to differences in people's endowments. This is, however, mistaken to believe. Even if a Walrasian auction could establish equality in the simple context, once we employ realistic assumptions about how market economies work, it will be clear that *in realistic markets people do not pay the real costs* of goods. Once the price system that does not fully reflect the real costs of goods is in operation, the distribution ceases to be fully ambition-sensitive in a Dworkinian sense. It is important to note that Chapter 2 assumes that the Walrasian auction as a device for establishing initial equality is unproblematic. This assumption, however, I have abandoned later in the dissertation.

Chapter 3 argued that Dworkin mischaracterizes the problems equality of resources needs to resolve after establishing initial equality by the auction. He identifies two kinds of brute luck that must be dealt with centrally in order to ensure equality: the brute luck one suffers when she gets handicapped, and the brute luck one suffers when she turns out to

lack profitable talents. It is not, however, the problems of handicaps and differential talents that require theoretical solutions. Instead, the problem of *unavoidable luck intrinsic to the nature of both internal and external resources* we face as producers and the problem of our *unchosen unequal needs as consumers* are the ones that need to be resolved by the theory of equality of resources. In arguing for this thesis, the chapter pointed out a to my knowledge so far unnoticed characteristics of Dworkin's auction. In order to achieve equality by the auction (in the absence of differential endowments), we need divine foresight or something akin to it. If Dworkin had not assumed divine foresight, he could not have argued that the parties to the auction could establish an envy-free set of resources. Assuming divine foresight, however, is not a legitimate move for a normative theory. Hence, equality of resources needs to provide a hypothetical insurance solution to the brute luck built in the nature of external resources and abandon the auction as a device for establishing initial equality. Chapter 3 also argued that Dworkin's depiction of the hypothetical insurance market needs to be substantially modified. We need to imagine that only reasonable persons with reasonable approaches to risk participate on the market and decide under a veil of ignorance what policies to purchase against what misfortunes.

In Chapter 4 I gave an additional argument for rejecting the equality establishing capacity of the auction. I argued that Dworkin disregards the nature of human preferences when he constructs his theory of equality of resources. He does not take into account that human preferences are not fully rational and are constantly changing, to give just a couple of examples. I argued that due to the nature of human preferences the auction cannot serve

as a device that can determine the real value of goods, it cannot ensure ambition-sensitivity in the sense Dworkin wants it to ensure. Then I investigated the charge that by rejecting the auction and relying solely on hypothetical insurance schemes, the theory loses its ambition-sensitivity and endowment-insensitivity. I argued that is mistaken. The hypothetical insurance device is a solution to the problem if the impossibility of disentangling the influence of ambitions and endowments on the distribution. It does not track the influence of one's endowments and that of ambitions on one's income, for that cannot be done. But it allows us to choose an insurance scheme and a price at which we are ready to buy it in a world where the influences at hand cannot be disentangled. In Chapter 4 I also propose that the hypothetical insurance model is needed not only for dealing with the problem of *unavoidable luck intrinsic to the nature of both internal and external resources* we face as producers (that is, insurance against unacceptably low income) and the problem of our *unchosen unequal needs as consumers* (that is insurance that would cover for special needs if those needs arise – e.g., a wheelchair). At least a basic medical insurance and some sort of an authenticity insurance (providing education, etc.) are mandated by justice too.

Until Chapter 5 I was not concerned with the right scope of the theory. I simply proposed certain modifications leaving the scope unquestioned. In Chapter 5, proposed that, *pace* Dworkin, the requirements of egalitarian justice arise even before there would have been a coercive legal structure at work, and that we have a duty to establish the institutional structure that has the best chance of realizing equality. I did not argue for this thesis though, all I wished to do was to show how my theory of equality of resources would

look like based on such assumptions. I argued that it is plausible to think that on a low level of technological development justice would require establishing local insurance schemes and a Westphalian nation-state system. Then, as technology develops something similar to the post-Westphalian system, and then at a very high level of technological development arguably a global government would be mandated by justice.

Chapter 6 offered a methodological argument for those who sympathize with equality of resources to embrace my theory instead of that of Dworkin's. In Chapter 6 I showed what the role of full compliance is in a theory of justice and I also showed that beyond full compliance, other empirically false assumptions are not appropriate to make when constructing a normative theory. I also provided an admittedly sketchy version of my theory that does not assume full compliance, and that could serve as a real world ideal we could try to adjust our institutions to.

I need to note here that while my theory of equality of resources is considerably different from that of Dworkin's on a theoretical level, the practical outcomes may not be very different. I believe that Dworkin would accept most of the measures that could be derived from my theory, he would just probably argue that they are mandated only because we did not start off from an initially equal distribution of resources in the first place. I believe this is mistaken, for reasons shown above. The only considerable difference in the practical normative outcomes of our theories, I believe, has to do with international aid and the efforts we need to show in strengthening international institutions. Since Dworkin believes that justice is a domestic matter, his theory may render the current level of

international aid morally acceptable (for outside the national state we only owe duties of rescue), while my theory would definitely call for a much stronger international redistribution.

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