

Poverty and Justice:
A Rawlsian Framework

Bertil Tungodden

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The World Bank has recently argued that “[n]o task should command a higher priority for the world’s policymakers than that of reducing global poverty”.¹ This view is shared by large numbers of individuals and institutions all over the world, and has spurred an enormous interest in ways of defining and measuring the problem of poverty. The World Bank (1992, 1993) has introduced guidelines for “Poverty Assessments” to be done for all borrower countries, official poverty lines have been introduced in the U.S. and EU, UNDP presents annual reports on absolute poverty in developing countries, and numerous researchers have developed new methods for dealing with aggregation problems in poverty

measurement. The aim of all this work has of course been to contribute to the alleviation of poverty, by focusing attention and improving our understanding of the problem.

This focus on poverty has not been unchallenged, though, and the relevance of the concept of poverty has been questioned.² Is there any meaningful definition of poverty, and if so, why should we pay particular attention to the poor in our evaluation of changes in a society? In most cases, these two questions are not dealt with thoroughly, and seemingly rather arbitrary arguments underly suggested definitions of the problem of poverty. Therefore, in this paper, I address these issues by elaborating on some possible

* Norwegian School of Economics and Business Administration, Norway

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1. World Bank (1993:5).

2. By way of illustration, the relevance of the concept of poverty has been a much debated issue in the UK. Former Prime Minister Margaret Thatcher told the House of Commons in the 1980’s that any poverty definition is wholly artificial. Moreover, in 1989, the Secretary of State for Social Security said that – because living standard had improved so much – the concept of poverty no longer had any meaning; see Save the Children (1995). See Stern (1987) for an academic position questioning the relevance of the concept of poverty.

links between normative reasoning and a well-founded understanding of the concept of poverty. In particular, I discuss the Rawlsian framework, which frequently is referred to as the normative basis for focusing on the problem of poverty. First, I survey some general arguments that can be used in clarifying the concept of poverty. Thereafter, I link this discussion to the Rawlsian framework, and illustrate why there is a deep unresolved difficulty within this framework that may be of importance in debating poverty. Finally, I suggest some possible ways of resolving this difficulty and explore the implications for our understanding of the concept of poverty within the Rawlsian framework.

Why care about poverty?

The concept of poverty does not make sense without a poverty line that divides the population into poor and non-poor people.³ Hence in order to provide an interesting interpretation of poverty in a society, we have to defend a particular poverty line.⁴ In other words, we have to argue that there is a poverty line that conveys something of normative relevance, and hence justifies that we pay particular attention to the group of people below this line.

The framework of a Bergson-Samuelson social welfare function can provide some general structure on this discussion.⁵ (In the following, I shall not pay any attention to how we define individual well-being and make interpersonal comparisons, but simply

assume that the utility functions represent individual well-being in a reasonable way and that absolute interpersonal comparisons of well-being is possible.) A Bergson-Samuelson social welfare function reflects an ordering of social states, and within this framework the only elements that affect this ordering are the levels of individual utility (or well-being) in the various social states and the normative position we take up on how to weigh these utility levels in an aggregate evaluation. Hence, if we adopt this line of reasoning, any normative defence of a poverty line must either derive from some particular assumptions about the shape of the utility functions of individuals or about the shape of the social welfare function (or about both of them). We shall refer to the first possibility as the well-being defence of a poverty line and the second as the social welfare defence of a poverty line, though, obviously they are closely linked. It almost goes without saying that any well-being defence of the poverty line needs to be backed up with a social welfare argument; i.e. we need to explain why we should pay particular attention to people below a poverty line, even if this poverty line is supported by an argument about the shape of the utility function. But nevertheless, in the following, these two lines of reasoning shall be treated separately, and the rest of this section is devoted to briefly exploring the possibility of a well-being defence of the poverty line.

Conventionally, a poverty line has been interpreted as referring to the lack of ful-

3. Of course, it may be the case that we should accept that the poverty line may vary over a certain range, but that is not an important issue for the following discussion as long as we assume that the range is finite. See Atkinson (1987) on this question.

4. This issue is discussed in more detail in Tungodden (1995).

5. See Sen (1986) for a formal discussion of the Bergson-Samuelson framework. In this discussion, I avoid the issue of numerical representation of the ranking of social states; the purpose of introducing this framework is solely to provide a general structure on how to think about morally relevant arguments in a discussion of the poverty line.

fulfilment of some basic needs. By way of illustration, poor people are often defined as those who are undernourished, uneducated, unsheltered, excluded from social life, and so on, and contrasted with non-poor people that are well nourished, educated, healthy, sheltered, and capable of participating fully in society. This position is in many cases backed up by a well-being defence of poverty, where the view is that people experience a fundamental change in well-being when these basic needs are fulfilled (see for example Weigel 1986). The idea is that these basic needs derive from the core attributes of human life – biological existence, human intelligence, and human sociality – and that they therefore represent needs of particular importance.

This line of reasoning has some intuitive appeal, but it faces problems when we try to be more precise on what it means to have these basic needs fulfilled. Obviously, biological existence is a core attribute of human life, but when are the needs derived from biological existence fulfilled? By way of illustration, according to this perspective, the development of more advanced security equipment in new cars contributes to the fulfillment of a basic need. And so would any activity aimed at increasing our life expectancy, whether it is attained by putting more resources into medical research, weather forecasting, or the development of more hygienic kitchen equipment! Certainly, the contributions to increased life expectancy from some of these activities will be rather modest (compared to what can be attained by the use of the same resources in other areas), but that is not an important issue in this discussion. If the aim of these activities is to contribute to biological existence (i.e., a longer life), then they contribute to the fulfillment of a basic need.

Similarly, with respect to human intelligence and human sociality: there exist a

vast number of activities that aim at contributing to these areas of human life, and which consequently contribute to the fulfillment of basic needs. But many of these activities are not assigned priority by most people; we prefer to use resources on activities that contribute substantially to the fulfillment of non-basic needs instead of applying them to activities that contribute to minor improvements in these basic dimensions. We spend more money on pure entertainment than on security equipment, although the latter and not the former provides fulfillment of a basic need (as it is defined here). Of course, people's behaviour cannot prove anything with regard to these questions, but in this case it may point at something essential. Even if we can single out some core attributes of human life that are universal, these attributes do not necessarily provide us with an interesting defence of the poverty line. A poverty line founded on a normative position that in general assigns absolute priority to the fulfillment of basic needs faces two problems: first, in many cases it will be in conflict with people's own evaluation of states of affairs, because people do not in general assign absolute priority to the fulfillment of basic needs. Second, it will include everyone in the poor group, because we all have unfulfilled basic needs.

However, it may still be the case that people experience a fundamental change in well-being when some basic needs are fulfilled – the discussion so far has only outlined difficulties with the approach that links the problem of poverty to fulfillment of any basic need. People do assign absolute priority to the fulfillment of certain basic needs in particular situations; by way of illustration, famine victims are not willing to give up their entitlements to some food for whatever amount of anything. Can this fact indicate an interesting poverty line? Maybe, but there is a

complication, due to the fact that in many situations we have to evaluate alternatives that involve uncertainty. If people in these situations always are willing to make some trade-off among dimensions (which is assumed in expected utility theory by invoking a continuity axiom), then a social choice rule that assigns absolute priority to the fulfilment of some basic needs will be in conflict with people's own evaluation of these alternatives. Is this a problem? In general, we have difficulties with a social ordering of alternatives that is in conflict with the Pareto principle (which would be the case here) and, moreover, it is hard to see how to defend a fundamental change in the principle guiding our ranking of alternatives when uncertainty enters the stage (how can we defend that we assign absolute priority to the fulfilment of basic needs facing certainty but not when facing uncertainty?).

But one possibility should be mentioned. Rawls (1993) – in defending absolute priority to certain basic liberties in social choices⁶ – connects the basic liberties with the conception of person used in his theory of justice, and argues that in order to settle which liberties should be assigned absolute priority we have to “consider which liberties are essential social conditions for the adequate development and full exercise of the two powers of moral personality [to wit, to be reasonable and rational] over a complete life” (p. 293). To assign absolute priority to these liberties is in Rawls' view a prerequisite for establishing a moral community (i.e. a community where

everyone is capable of being reasonable and rational), and thus these liberties should be recognised as incommensurable to other interests by every member of society. If this line of reasoning is sound, then it may be the case that an interesting poverty line can be defended by including among the liberties (though the wording may be somewhat awkward) the liberty from hunger, illiteracy, and so on. At the moment I am unable to give a good account of this kind of defence, but I shall return to this issue briefly in the final section.

In the rest of the paper I shall concentrate on exploring social welfare arguments that can support a definition of poverty. This part of the Bergson-Samuelson framework is more complex, though, because we first of all need to clarify what is meant by a social welfare function. It raises the question about the connections between private and public morality, which has been at the centre of the stage in moral philosophy from the time of Plato. I shall not elaborate on the problem here, and in particular I shall not deal with the essential issue in the political philosophy of liberalism (i.e., about how we ought to behave in situations where people disagree about the proper shape of the social welfare function). In the following, I shall simply interpret a social welfare function as representing a view about what principle ought to govern the distribution of resources in a society.

Rawls and Social Choice Theory

Frequently, the Rawlsian framework is considered as providing normative arguments for

6. Rawls' proposes two principles of justice, where the first principle - stating that “[e]ach person has an equal right to a fully adequate scheme of equal basic liberties which is compatible with a similar scheme of liberties for all” (Rawls 1993:291) – is assigned absolute priority. The second principle is concerned with social and economic inequalities, and I discuss the second part of this principle in detail in the following sections. The first part of the second principle states that “social and economic inequalities... must be attached to offices and positions open to all under conditions of fair equality of opportunity” (Rawls 1993:291). I do not discuss this and many other important aspects of Rawls' theory any further, because, as I see it, they are not essential for the purpose of this paper.

why we should care about poverty, and therefore I shall in the following concentrate on this position in debating a social welfare defence of the poverty line. In this section, though, I shall make a minor digression, and briefly overview some criticism that is raised against Rawlsian reasoning in social choice theory. The aim of this digression is to motivate the discussion that follows in the next section, where I stress the importance of understanding the actual structure in Rawls' theory of justice. This change in perspective – from the conventional view on Rawlsian reasoning to what I suggest as a reasonable interpretation of this framework – is important, because it enlightens the possible relevance of a poverty line in the part of his theory of justice that deals with distributional issues.

Rawls (1971,1993) suggests that we should assign absolute priority to the worst off in the distribution of income, and conventionally this normative proposal is referred to as the Difference Principle or the Leximin Principle.⁷ Rawls illustrates this position by discussing a two-person case, and he argues that in these situations “[i]t suffices [in order to apply this Principle] that the least favored *person* can be identified and his rational preference determined” (Rawls (1971:71, my emphasis). This passage has strongly influenced the interpretation of the Rawlsian position in social choice theory, where the Leximin Principle is presented as a principle that assigns dictatorial power to the worst-off position in distributional issues.⁸

The principle has been attacked for two different reasons. First, it has been argued that the Leximin Principle has wholly unacceptable moral implications in distributing resources among members of a society and among generations. Arrow (1973) may serve as an illustration of this line of criticism within an intragenerational context: “[T]he [Leximin Principle] has some implications that seem hardly acceptable. It implies that any benefit, no matter how small, to the worst-off member of society will outweigh any loss to a better-off individual, provided it does not reduce the second below the level of the first. Thus, there can easily exist medical procedures which serve to keep people barely alive but with little satisfaction, and which are yet so expensive as to reduce the rest of the population to poverty. [The Leximin Principle] would apparently imply that such procedures be adopted.” (p. 252). In a similar vein, Solow (1974) has criticised the principle in the context of intergenerational distribution: “My impression is that...the [Leximin Principle] does not function very well as a principle of intergenerational equity...[T]he [Leximin Principle] is so much at mercy of the initial conditions. If the initial capital stock is very small, no more will be accumulated and the standard of living will be low forever...[the Leximin Principle] requires an initial capital stock big enough to support a decent standard of living, else it perpetuates poverty, but it can not tell us why the initial capital stock should ever have been accumulated.” (p. 33-41).⁹ The moral intuition

7. Rawls often uses the more comprehensive notion of primary goods, but this broader approach easily involves the problem of indexing. To escape this problem, Rawls assumes that these other primary goods are sufficiently correlated with income (see Rawls (1971:97). Thus, our focus on the distribution of income is justifiable, and nothing of interest is lost in this context by adapting this narrow approach to the Difference Principle.

8. See among others Arrow (1973), Binmore (1994), Dechamps and Gevers (1978), Hammond (1976), Harsanyi (1976), and Sen (1970,1986).

9. Surely, Rawls (1971:284-293) does not recommend the Leximin Principle in the context of intergenerational distribution, but still it is of some interest for our purpose to explore the arguments of Solow on this issue.

underlying both these arguments seems to be that it is not reasonable to claim that we ought to accept that everyone else in a society (or every other generation) should have to live in destitution if that contributes to a minor improvement in the situation of the worst off person (or generation). Rawls may counter these attacks by invoking the relevance of the notion of reflective equilibrium. He may argue that the fact that the Leximin Principle does not match our considered judgements in these questions is due to the fact that our present sense of justice is subject to irregularities and distortions.¹⁰ Shortly, I shall explain why he does not necessarily need to come out with such an argument in this case, but let us first look at the second line of criticism against the Leximin Principle.

The procedural argument applied by Rawls in defending his theory of justice has also been strongly questioned. Rawls argues that a principle of justice should be derived from studying the choice people would make behind a veil of ignorance, which of course is nothing but a thought experiment imposed on us to formalise the idea of rational deliberation (see Rawls (1971:138)). I shall not go into a detailed description of the original position; the important part to have in mind in our context is that Rawls argues that people in this situation would follow a maximin strategy, and therefore, he argues, we should also apply the Difference Principle in regulating the basic institutions in society. This line of reasoning has been seriously questioned by among others Harsanyi (1976), who argues that the view is inconsistent with what the Bayesian school of thought would suggest you should do under uncertainty. Moreover, according to Harsanyi, it has implausible implications if it

is applied in daily life: "If you took the [Leximin Principle] seriously then you could not ever cross a street (after all, you might be hit by a car); you could never drive over a bridge (after all, it might collapse); you could never get married (after all, it might end in a disaster), etc. If anybody really acted this way he would soon end up in a mental institution" (p. 40). Hence the Leximin Principle is not a good rule to follow in private choices, and therefore neither can it be what people suggest after rational deliberation in distributional issues. The problem of Rawlsian reasoning, according to Harsanyi, is that a mistake is made in the description of the choice that people would make behind a veil of ignorance, though Harsanyi agrees with Rawls on applying a procedural method in deriving a theory of justice.

However, it is not obvious that we should pay too much attention to these arguments in debating this framework, because they do not attack the theory of justice proposed by Rawls. Rawls does not say that we should give absolute priority to the worst-off position in distributional questions, though it is true that he illustrates his theory in this way in discussing a two-person case. Moreover, Rawls models the choice in the original position as a choice without knowledge about probabilities, and the relevance of Harsanyi's attack is far from obvious when we take both these aspects into account. Hence in order to evaluate the relevance of this criticism (which is important in order to see whether we want to stay within this framework) and the possible link between a poverty line and the Difference Principle, we have to be more precise about the content of this part of Rawls' theory of justice.

10. See Rawls (1971:48-51) for a discussion of the notion of reflective equilibrium.

Rawls on the Difference Principle

Rawls (1971,1993) is concerned about the well-being of the least advantaged *segment* in society (and not only the well-being of the least advantaged person or generation): “In any case we are to aggregate to some degree over the expectations of the worst off...[The person in the original position] interprets [the Difference Principle] from the first as a limited aggregative principle and assesses it as such in comparison with other standards. It is not as if they agreed to think of the least advantaged as literally the worst off individual...” (Rawls 1971:98).

Thus Rawls proposes a criterion of justice that allows a trade-off between gains and losses of people that belong to the least advantaged segment in society, but neglects changes in the conditions of the better-off group as relevant in evaluating redistribution schemes (as far as the members of the least advantaged segment are not indifferent between the income distributions in question). We may label this the Leximingroup Principle. The move from a Leximin Principle to a Leximingroup Principle is not at all trivial, and it introduces the difficult question about how to define the least advantaged segment. The Leximin Principle is clear on this issue – we assign absolute priority to the worst-off position – but there is no implicit guideline in the Leximingroup Principle about how to define the least advantaged segment. Certainly, Rawls recognises the need for a definition of the least advantaged segment, and he makes some ad hoc suggestions. Shortly, I shall return to a discussion of these proposals, but before I do that I want to stress the importance of this issue. Rawls admits that “[t]he serious difficulty [with the Leximin Principle] is how to define the least fortunate group” (Rawls (1971:98), but still he does not devote too much attention to the question. I shall claim that Rawls has not

provided us with any proposal of a criterion of justice on distributional issues before he has outlined a more precise position on how to define the least advantaged segment; the definition of this segment is precisely what is at stake in contrasting this theory with other proposals about how to regulate the basic institutions in society (e.g., the classical utilitarian perspective).

The importance of the definition of the least advantaged group in debating Rawls’ theory of justice is easily seen if we return to the arguments of Arrow and Solow. They both find the Difference Principle repugnant, because the principle can support an infinitely large number of other people or generations living in destitution if that contributes to a minor improvement in the standard of living of the worst off person or generation. But the appeal of these arguments may be lost if we take into account the fact that the Difference Principle refers to a group. A Leximingroup Principle will allow a trade-off among the members of the least advantaged group, and only demand absolute priority to the interests of the members of this group in situations where their common interests are in conflict with the interests of the rest of the population. Hence, if everyone who lives in destitution is defined as part of the least advantaged group in society (which of course may imply that in some poor societies everyone is part of the least advantaged group), then Arrow and Solow have to rephrase their intuitive argument. Obviously, they may claim that in any case they find it repugnant that a minor improvement in the living standard of the least advantaged members of society should demand a substantial reduction in the well-being of the better off group, even if the better off group still would be very well off. But that would be a general argument against giving absolute priority to anyone, and not – as the initial

argument – be based on the moral intuition that it is too extreme to demand that everyone else should live in destitution if that improves the well-being of the worst off position. Similarly, Harsanyi claims that the Leximin Principle would be a poor rule to follow in private choices, because it would make us obsessed with the possibility of experiencing disastrous consequences of our choices. The relevance of this claim, though, is less obvious in the context of a Leximigroup Principle (which would allow some trade-offs between the worst alternatives), but, once again, it depends on how the least advantaged group is defined in this case.

Anyway, this should illustrate that we need to clarify our understanding of how to define the least advantaged segment before we can properly evaluate the theory of justice suggested by Rawls, and I shall now turn to a discussion of this issue. The possible relevance of this exercise for our discussion about how to define the problem of poverty should be clear. If we are able to find a reasonable definition of the least advantaged segment and accept Rawls' defence of the Leximigroup Principle, then we have one possible social welfare defence of a poverty line. In this case, poverty can refer to those people who belong to the least advantaged segment in Rawls' theory, and Rawlsian reasoning will motivate why we should assign absolute priority to the alleviation of this type of poverty. Whether this will be a reasonable interpretation of the concept of poverty remains to be discussed after we have clarified the definition of the least advantaged

group, an issue I return to in final section.

What does Rawls suggest on the subject of defining the least advantaged segment? He proposes two alternative approaches. On the one hand, he argues, we may refer to a social position, say unskilled workers, when we define the least advantaged segment, and then “count as the least advantaged all those with the average income and wealth of this group” (Rawls (1971:98) Alternatively, according to Rawls, we may define “all persons with less than half of the median income and wealth ...as the least advantaged segment” (ibid., p. 98). But none of these suggestions are particularly appealing (at least without any further support). Why should we completely ignore the interests of those unskilled workers that have a level of income just above the average of this group, and what is the normative relevance of the median income in a society (which certainly can be a very low income in poor societies and the income of a superrich person in a rich society)? Rawls defends himself against such charges by saying that “we are entitled at some point to plead practical considerations in formulating the difference principle. Sooner or later the capacity of philosophical or other arguments to make finer discriminations is bound to run out” (ibid., p. 98). That may very well be true, but it is not satisfactory that the core of a principle of justice should be given such ad hoc defence. And would it be possible to provide a philosophical defence for a Leximigroup Principle without explaining who it is we are claiming shall be given absolute priority?¹¹

11. Some readers may want to argue that this problem is closely linked to the informational constraints that we face in practical policy debates. Obviously, we are in many cases unable to observe the least advantaged position in a society, and hence we have to take groups of persons as a point of departure in evaluating various redistribution schemes. Thus it may seem like the informational constraint imposes on the analysis a definition of the least advantaged group in society. But is this a promising solution to our problem? Is it reasonable to ignore a large group of people's interests - possibly very destitute persons - because we are able to identify their position as slightly better than a small group of other people? Rawls (1971) does not seem to have this line of reasoning in mind, and I ignore these informational constraints in the following.

