

Putting Incentives in Context: A Reply to Penny

Pre-proof version. Published in *Res Publica* 21 (2015), 93-98

Harrison P. Frye
University of Virginia
Department of Politics
hpf7kn@virginia.edu

Abstract

Richard Penny argues that Rawls's commitment to self-respect puts him at odds with his endorsement of unequalizing incentives. Penny draws on G. A. Cohen's distinction between 'lax' and 'strict' readings of the difference principle to make this point. Given this, Penny concludes that Rawls faces a dilemma: either Rawls weakens his endorsement of unequalizing incentives or weakens his commitment to self-respect. By taking the difference principle in isolation, Penny creates a false dilemma. I will argue that once we place the difference principle in the context of Rawls's theory as a whole, we find that unequalizing incentives pose no danger to the self-respect of the least advantaged. Moreover, I will argue that a strict reading of the difference principle is incompatible with the self-respect of all citizens in a well-ordered society given the fact of reasonable pluralism. My arguments reveal the importance of seeing self-respect as a threshold good, rather than a relative one.

Keywords

John Rawls – Justice – Self-Respect – Inequality – Incentives – Fraternity

Acknowledgments

I would like to thank Michael Kates and George Klosko for their comments and encouragement.

Introduction

In his recent article, ‘Incentives, Inequality, and Self-Respect,’ Richard Penny (2013) contends that John Rawls’s commitment to self-respect puts him at odds with his endorsement of inequality arising from economic incentives. More specifically, Penny draws on G.A. Cohen’s distinction between ‘lax’ and ‘strict’ interpretations of the difference principle (a distinction I will explain later) to argue that unequalizing incentives undermine the self-respect of the least advantaged. Given this, Penny concludes Rawls faces a dilemma: either Rawls weakens his endorsement of unequal incentives or weakens his commitment to the self-respect of citizens. In this reply to Penny, I argue this is a false dilemma created by looking at the difference principle in isolation. Once we place the difference principle in the context of Rawls’s theory *as a whole*, we see that incentives allowed by the difference principle pose no threat to the self-respect of the least advantaged. Moreover, a strict reading of the difference principle is incompatible with the self-respect of *all* citizens in a well-ordered society given the fact of reasonable pluralism. My arguments reveal the importance of seeing self-respect as a threshold good, rather than a relative one.

Penny’s Argument

Penny is right to draw attention to the importance of self-respect in Rawls’s theory. Self-respect, after all, is ‘perhaps the most important primary good’ (Rawls 1999a, p. 386). As such, self-respect is not only ‘a desirable *outcome* of principle of justice,’ but also ‘a *constraint* on the adequacy of the principles of justice themselves’ (Penny 2013, p. 337). Rawlsian self-respect on Penny’s account contains three features: ‘self-worth’ (a sense of one’s own value), ‘plan-worth’ (a sense that one’s life-plan is worthwhile), and ‘self-confidence’ (the capability to pursue one’s chosen goals) (Penny 2013, p. 339). Given this, Penny poses, ‘Rawls’s allowance of distributional inequality must be compatible with the condition of self respect’ (Penny 2013, p. 336). This compatibility depends on how we interpret the difference principle according to Penny. To make this point, Penny draws on Cohen’s distinction between strict and lax readings of the difference principle – the distinction rests on whether or not we read the difference principle ‘as endorsing only those unequalising incentives *strictly* necessary for talented to apply their skills [the strict reading], or alternatively, it may be read as permitting unequalising incentives which were *rendered* necessary by the self-interested demands of those with valuable talents [the lax reading]’ (Penny 2013, p. 345; see also Cohen 2008, p. 69). Penny claims that only a strict reading of the difference principle adequately supports the self-respect of the least advantaged. He presents two arguments for how a lax reading undermines their self-respect.

First, a lax reading endangers the self-confidence aspect of Rawlsian self-respect. A lax reading allows the more advantaged to demand a larger portion of social product than a strict reading, leaving ‘those who are least advantaged with a smaller absolute bundle of resources with which to form and pursue their plan of life’ (Penny 2013, p. 346). In this way, a strict reading better serves the self-respect of the least advantaged by granting them more confidence in their ability to pursue their plan of life through increased resources. Second, and perhaps more importantly, the lax reading undermines the role of the difference principle in ‘transforming the

character of society' (Penny 2013, p. 343). Penny here draws attention to the ways the difference principle and its public nature expresses social values of mutual beneficence, mutual respect, and fraternity. These three mechanisms reframe social and economic inequalities 'such that citizens can insulate their self-worth from their relative economic position' (Penny 2013, p. 344). The lax reading damages these mechanisms by allowing the more advantaged to leverage their private talents for self-interest, rendering appeals to mutual beneficence, mutual respect, and fraternity hollow.

Penny characterizes his criticism as a 'prior commitments objection,' or that 'Rawls's endorsement of unequalising incentives is in conflict with the maintenance of other important values to which Rawls is already[...] committed,' namely, self-respect (Penny 2013, p. 336). This objection is only forceful to 'the degree to which an ideal really *is* jeopardized by the existence of unequalising incentives and the social inequalities which may result. If the potential harms posed on the ideal are small, improbable or mitigable, then the prior commitments objection may fail to pose much of a dilemma' (Penny 2013, p. 336). I suggest this is the case.

If we look at the difference principle in isolation, then I agree with Penny that the lax reading is problematic for Rawls, but not solely because it conflicts with self-respect. It allows any differences rendered necessary on *any* grounds (not just narrow self-interest), many of which may be on their face unjust.¹ However, Rawls does not intend the difference principle to be taken in isolation. Rather, 'the parts of the two principles of justice are designed to work in tandem and apply as a unit' (Rawls 2001, p. 46n). To evaluate the effects of incentives on self-respect, then, we must view the difference principle in context of the theory as a whole. Once we do this, we see that Penny's worry about incentives misses the mark. I will analyze his two arguments *seriatim* to show this.

Material Resources and Self-Confidence

Penny's first worry is that unequalizing incentives provide fewer material resources to least advantaged, diminishing their self-confidence relative to distributions that prohibit unequalizing incentives. I find this claim puzzling. Consider the link between self-confidence and plan-worth. If I am not confident in my ability to fulfill my life-plan, I am not likely to find that plan worthwhile for me. But it is not clear to me what confidence (as far as having the requisite material resources go) has to do with relative wealth. Surely I only need *enough* resources to execute my life-plan to be self-confident. Take the case of two novelists, Jane and Nancy. Jane is wildly successful, and has enough to own two houses. Nancy is not so successful, but is still able to provide a good living for herself and her family. What work would *more* resources do in improving Nancy's self-confidence and plan-worth? After all, she is living according to her life-plan (that of being a novelist) and is able to provide for her family without want. To reiterate: the important question in regards to self-confidence and plan-worth is to ask is whether one has *enough* resources to execute one's life-plan, rather than as many resources as possible.

¹ Joshua Cohen discusses what he calls the 'ultralax' reading to make this point (Cohen 2001, pp. 365-372). The 'ultralax' reading takes *all* preferences as fixed in evaluating what makes an incentive necessary, rather than merely self-interested preferences.

Further, once we take on board the distributive requirements of the lexically prior fair equality of opportunity (FEO hereafter), it becomes even clearer that Rawls's principles of justice ensure the self-confidence of the least advantaged despite any incentives offered by the difference principle.

FEO is oddly unmentioned by Penny in the body of his article. Indeed, FEO (in conjunction with the prior basic liberties including the fair value of political liberties) seems better suited for securing self-confidence than the difference principle, as FEO demands that '[i]n all parts of society there are to be roughly the same prospects of culture and achievement for those similarly motivated and endowed' (Rawls 2001, p. 44). Not only does this clearly rule out substantial inequalities, but also demands that political and economic institutions be organized such that persons have real (rather than merely formal) opportunities to achieve their ends. Further, FEO likely has the side effect of reducing what inequalities *are* licensed by the difference principle. Rawls notes that the difference principle 'relies on the idea that in a competitive economy (with or without private ownership) with an open class system [which is required by FEO] excessive inequalities will not be the rule' (Rawls 1999a, p. 137). Given this, it seems that the potential harms to self-respect in the form of self-confidence appear small or at least mitigable through FEO.

Fraternity, Self-Worth, and the Fact of Reasonable Pluralism

Penny's second worry is that unequalizing incentives tarnish the difference principle's image as a principle of fraternity and reciprocity. This damages the difference principle's ability to frame inequalities in such a way that one's self-worth is insulated from one's relative economic status. While this objection has merit for us here and now as most (if not all) societies fail to instill a Rawlsian sense of justice, it does not apply to a well-ordered society. This is because members of a well-ordered society *affirm* the difference principle through their sense of justice for Rawls. This affirmation reframes inequalities licensed by social and economic policy. Notice this goes for *all* members of a well-ordered society, not just the least advantaged. Thus it seems false to say that the more advantaged wrongfully 'exploit' their talents, given that they too affirm the principles of justice. As Rawls notes, 'when citizens do meet one another, as they do in public affairs at least, the principles of equal justice are acknowledged' (Rawls 1999a, p. 470).

Penny might object that affirmation of the principles of justice is not available to Rawls, as this violates his focus on the basic structure.² This would push us towards G.A. Cohen's strict reading of the difference principle and the need for a robust egalitarian ethos. However, this objection ignores Rawls's faith in the institutions of well-ordered society to mold the character of its citizens. Rawls sees himself following Rousseau in taking people as they are and laws as they might be (Rawls 1999b, p. 13; see also Cohen 2001). Nonetheless, Penny may press further. Even if we take my point about the character-forming function of institutions in a well-ordered society, a strict reading will secure the self-respect of the least advantaged *better* than a lax reading. After all, a Rawlsian sense of justice does not

² Patrick Tomlin makes a similar objection to this move when considering the effects of inequality on envy, which relates to self-respect (Tomlin 2008, p. 110).

demand the same behavior that a strict egalitarian ethos would. If members of a well-ordered society truly cared about the interests of least advantaged, why wouldn't they make daily economic decisions with these interests in mind? Surely if they did, this would strengthen the image of the difference principle as a principle of fraternity, better securing the self-respect of the least advantaged.

It is important to note that self-respect fundamentally is not a relative good, but rather a threshold good. The relevant distinction is between having and lacking, not between more and less. This goes especially for Rawls – his worry is not about maximizing self-respect, but rather that without self-respect, '[a]ll activity becomes empty and vain, and we sink into apathy and cynicism' (Rawls 1999a, p. 386). The relevant question (as it was with self-confidence) is whether or not the fraternity embodied by the lax reading *adequately* supports the self-respect of the least-advantaged. With this in mind, we must ask whether fraternity and reciprocity demands *full* devotion to the interests of the least advantaged in order to underwrite their self-respect. Is it not enough to acknowledge that their interests are worthy of special consideration in our public lives as citizens? This point takes on special relevance when we consider the fact of reasonable pluralism, or that conditions of freedom lead to a plurality of reasonable views about the good life (Rawls 2005, pp. xvi-xvii).

A strict egalitarian ethos is incompatible with the self-respect of citizens whose life-plans do not include pervasive concern for the economic interests of the least advantaged. As such, the strict reading fails to accommodate the fact of reasonable pluralism. This is not to say Rawls's well-ordered society condones high flyers and big spenders who care nothing for the interests of the least advantaged; affirmation of the principles of justice clearly rules such life-plans out as unreasonable. There is a range of reasonable life-plans that include consideration for one's own wealth while acknowledging the need for sacrifice in the name of justice. In this way, the weaker demands of a Rawlsian sense of justice preserves the ideal of fraternity for *both* the more advantaged and the least advantaged. Let me clarify through an analogy with friendship. The ideal of friendship does not demand full consideration of our friends' interests in all our actions that might affect them. Friendship just demands that we give our friends' interests due weight when they are particularly salient. This is similar to how we should treat the fraternity expressed by the difference principle. We can go about executing our life-plan without considering the impact of our daily decisions on the interests of the least advantaged. But when it comes to social and economic policy, we must design it with their interests in mind.

Conclusion

Penny is absolutely right to bring attention to the role of self-respect in Rawls's theory. This is an underappreciated topic that deserves more attention. However, Penny incorrectly evaluates the difference principle in isolation on this matter. My aim in this reply has been to show why it is important to take Rawls's principles of justice in the context of his theory as a whole. Once we do so, we see how the principles of justice taken as a unit ameliorate concerns we may have about unequalizing incentives in regards to self-respect. Further, we see the importance of seeing self-respect as a threshold good rather than a relative one. Only then does

self-respect reveal itself as a good that can be enjoyed by all citizens in a well-ordered society, rather than exclusively by one group or another.

References

- Cohen, G.A. 2008. *Rescuing justice and equality*. Cambridge: Harvard University Press.
- Cohen, Joshua. 2001. Taking people as they are? *Philosophy & Public Affairs* 30: 363-384.
- Penny, Richard. 2013. Incentives, inequality and self-respect. *Res Publica* 12: 335-351.
- Rawls, John. 1999a. *A theory of justice: revised edition*. Cambridge: Belknap Press of Harvard University Press.
- Rawls, John 1999b. *The law of peoples: with, the idea of public reason revisited*. Cambridge: Harvard University Press.
- Rawls, John. 2001. *Justice as fairness: a restatement*, ed. Erin Kelly. Cambridge: Belknap Press of Harvard University Press.
- Rawls, John. 2005. *Political liberalism: expanded edition*. New York: Columbia University Press.
- Tomlin, Patrick. 2008. Envy, facts and justice: a critique of the treatment of envy in justice as fairness. *Res Publica* 14: 101-116.