

Markets, Desert and Reciprocity¹

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Abstract: This paper traces John Rawls's debt to Frank Knight's critique of the 'just deserts' rationale for laissez-faire in order to defend justice as fairness against some prominent contemporary criticisms, but also to argue that desert can find a place within a Rawlsian theory of justice, when desert is grounded in reciprocity. The first lesson Rawls took from Knight was that inheritance of talent and wealth are on a moral par. Knight highlighted the inconsistency of objecting to the inheritance of wealth while taking for granted the legitimacy of unequal reward based on differential productive capacity. Rawls agreed that there was an inconsistency, but claimed it should be resolved by rejecting both kinds of inequality, except to the extent they benefitted the worst off. The second lesson Rawls learned from Knight was that the size of one's marginal product depends on supply and demand, which depend on institutional decisions that cannot themselves be made on the basis of the principle of rewarding marginal productivity. The paper claims that this argument about background justice overstates its conclusion, because the dependence of contribution on institutional set-up is not total. Proposals for an unconditional basic income may therefore have a strike against them, as far as a reciprocity-based conception of desert is concerned. If we follow Knight's analysis of the competitive system, however, too does the alternative of leaving determination of income up to the market.

1. Introduction

One of the most controversial aspects of Rawls's theory of justice has been its lack of any fundamental role for desert. Rawls famously rejected the common sense view "that income and

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wealth... should be distributed according to moral desert” (Rawls, 1971: 310; Rawls, 1999a: 273).² However, he took himself to be building on generally accepted truths about the functioning of market economies. To explain why justice as fairness rejects desert, he pointed out that in a competitive economy distributive shares vary with supply and demand.

“Surely a person’s moral worth does not vary according to how many offer similar skills, or happen to want what he can produce. No one supposes that when someone’s abilities are less in demand or have deteriorated (as in the case of singers) his moral deservingness undergoes a similar shift. All of this is perfectly obvious and has long been agreed to” (311 / 274).

In support of this statement Rawls cited University of Chicago economist Frank Knight’s 1923 essay “The Ethics of Competition” (Knight, 1935: 54-57; Knight, 1923: 596-601).³ Knight was a defender of private property and free markets, but also a sharp critic of what he thought were bad arguments for laissez-faire, among them the argument based on “just deserts.”⁴ Some economists had used the theory of marginal productivity to answer socialist claims that workers were being

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2. All quotes are from the original edition of the work, but I provide references to both editions. Further references will be made parenthetically in the text.
 3. All references to this essay are to the 1935 version, which is the one Rawls cited, and will be made parenthetically in the text.
 4. I take the phrase “just deserts” from Gregory Mankiw’s recent attempt to revive the marginal productivity defense of the fairness of market rewards; Mankiw (2010: 293; 2013: 32). For another example of Knight’s critical response to laissez-faire, see his assessment of Henry

robbed of the fruits of their labour. Knight accepted that the distribution of income tracks marginal productivity, but denied that reward according to marginal product was an ethical principle, primarily because marginal product is heavily influenced by the luck of innate talent, upbringing, and supply and demand. Friedrich Hayek and Milton Friedman agreed, leading them to conclude that individual deservingness was not the best basis for a defense of capitalism.

It is not surprising that Rawls's appeal to the free market critique of the desert-based justification of laissez-faire has been overlooked. Hayek, Friedman, and to a lesser extent Knight⁵,

Hazlitt's defense of capitalism; Knight (1966).

5. Ross Emmett points out that it is difficult to "pigeon-hole" Knight with an ideological label (Emmett, 2011). Knight is generally remembered as "the 'sage and oracle' of Chicago economics and one of the most prominent critics of the economic policies associated with the Roosevelt years", and many people recall entering his classes as socialists but leaving as defenders of capitalism (Burgin, 2012: 34, 44). However, in his writings Knight "refused to extol the virtues of markets without drawing attention to their limitations" (Burgin, 2012: 35). Knight, and fellow Chicagoans Jacob Viner and Henry Simons saw themselves as working out a "more moderate response" to the crisis of capitalism than the do-nothing position advocated at the LSE by Hayek and Lionel Robbins (Burgin, 2012: 14-15), accepting the need for public works, progressive taxation, social insurance, and antitrust policies. As Bruce Caldwell points out, however, even Hayek was opposed to laissez-faire. The task in the 1930s was to revive liberalism, and it was commonly understood that this couldn't simply mean a return to the past (Caldwell, 2011: 312-316). At that time, even an

were champions of private property and free markets, whereas Rawls was a social justice liberal.⁶ It is puzzling, however, that Rawls would appeal to this line of thought to justify the claim that desert is not relevant to social justice, as distinct from the claim that desert is outweighed by other considerations (e.g. gains in general welfare, or gains to the least well off). Knight had not argued that the concept of desert did not apply to social institutions, but that the competitive system did poorly when judged by this standard.

Given the content of his conception of justice, it is also surprising that Rawls would argue that desert has no role to play in assessing social institutions. At the heart of justice as fairness is reciprocity, not just as fact of psychology generating feasibility constraints, but as an ideal that is meant to help justify Rawls's preferred "democratic" interpretation of his second principle (75-83 / 65-73). Yet reciprocity also grounds desert claims. Psychologically, reciprocity refers to "a tendency to answer in kind," apart from consideration of future benefit (494 / 433). From the

ambivalent defense of the competitive system could seem like a "radical validation" of free markets. Rereading the work of Simons later, Milton Friedman said he was "astounded" that it was so friendly to state intervention. In the words of Burgin, Friedman "abandoned the equivocations of his predecessors," leaving people such as Knight to look "with mingled admiration and disapprobation" on the world he had brought about (Burgin, 2012: 11). For a similar account of the divergence between the two generations of Chicago economists, see Ebenstein (2015).

6. The contrast between "social justice liberalism" and "classical liberalism" is from Gaus (2007: 84).

first person perspective, this tendency can be perceived as a duty. One good turn *deserves* another, we say, and for good reason. Following Joel Feinberg, whom Rawls cited (314-5 / 276-7), desert is a non-instrumental relation of fittingness between a characteristic or activity that is substantially under an individual's control, and a response that is called for on the part of others (Feinberg, 1970: 55-94).⁷ In the case of reciprocity, the "basis" of desert is be the intentional conferral of a benefit on someone else.⁸ If reciprocity is important, desert ought to be able find a home in justice as fairness, as one among a number of criteria of institutional assessment. The fact that it does not (at least not explicitly) is the second puzzle to which I am drawing attention, and which I claim is illuminated by looking at Rawls's relationship with the Chicago economists.

The initial purpose of the paper is simply to provide an account of this relationship. The first lesson Rawls took from Knight (and Hayek, whom Rawls cited) was that inheritance of talent and wealth are on a moral par. Knight, Hayek and Friedman used the fact that markets re-

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7. According to Feinberg's analysis, to deserve something is to satisfy informal conditions of worthiness based on one's own characteristics (Feinberg, 1970: 57-61). The basic things people deserve are "responsive attitudes," Feinberg claimed, with modes of treatment being deserved only derivatively as expressions of these attitudes, making at least the core cases of desert non-instrumental (82). The connection between Rawls and Feinberg is discussed by Scheffler (2000: 968-971). For similar definitions, see Miller (1999: 133-134) and Scanlon (2013: 11).
8. The 'basis' of desert, in Feinberg's terminology, is the characteristic in virtue of which the person merits the attitude or treatment in question.

ward luck to highlight an inconsistency on the part of socialists who objected to the inheritance of wealth while taking for granted the legitimacy of unequal reward based on differential productive capacity. Rawls agreed that there was an inconsistency in objecting to natural but not social inheritance, but claimed that it should be resolved by rejecting both kinds of inequality, except to the extent they benefitted the worst off. The second lesson Rawls drew from the economists was that contribution was influenced by the structure of background institutions. Marginal product depends on supply and demand, which in turn depend on collective decisions about matters such as the definition of property rights, the structure of taxation, and the funding of higher education. The precept of rewarding contribution could therefore not be used to make those choices, Rawls concluded.

The second purpose of the paper is to use this historical context to defend justice as fairness against some of the objections to which its apparent hostility to desert has given rise. Critics such as Daniel Bell and Michael Sandel saw in Rawls's equation of natural and social inheritance a shift away from liberalism's traditional commitment to meritocracy, towards a socialistic emphasis upon distribution according to need. In fact, however, Rawls was simply developing Knight's view that greater inherited capacity was not ground for deserving greater income and wealth. Rawls was no more guilty than Knight of treating people's innate talents as common property. At stake was not the ownership of these talents, nor the prestige and intrinsic enjoyment their exercise brings, but the earnings they generate, when put to work on natural resources alongside the talents of others in a common institutional setting. The implication of the moral arbitrariness of the distribution of natural talent is not that justice as fairness must reject desert, however, as Rawls sometimes seemed to suggest, but simply that innate talent is not itself a basis

of desert.

The third purpose of the paper is to argue that there is a respectably Rawlsian ground for desert in the value of reciprocity. Some benefits deserve to be reciprocated, and other things equal it is a good thing if institutions encourage or at least do not undermine such reciprocation. The argument about background justice overstates its conclusion, because the dependence of contribution on institutional set-up is not total. Someone who does nothing that is useful to others does not contribute anything. So, for example, the proposal that all citizens should be paid an income unconditional on willingness to contribute has a strike against it, as far as a reciprocity-based conception of desert is concerned (at least when this income is set above whatever level can be justified by a right to a share of inherited natural and social assets). However, if we have absorbed the lessons of Knight, Hayek, and Friedman, we must recognize that the alternative of leaving determination of income up to the market also has a strike against it, in this respect, since prices track present scarcity rather than the merit of past conduct.

The paper is organized historically, for the most part. Section 2 explains Knight's views on markets and desert, and how they were essentially adopted by Hayek and Friedman. Section 3 describes how Rawls transformed their position, and uses this characterization to assess subsequent debate about the role of desert in Rawls's theory. Section 4 discusses the roles of reciprocity in justice as fairness, and the space reciprocity opens up for a Rawlsian conception of desert, using as illustration recent debates over proposals for an unconditional basic income.

2. The Free Market Critique of Desert-Based Justifications of Laissez-Faire

2.1. Capitalism, socialism, and marginal productivity

Knigh's purpose in "The Ethics of Competition" was to "inquir[e] into the standards of

value implicit in the *laissez-faire* or individualistic social philosophy,” (42), the “obvious and simple system of natural liberty” (47) according to which the state enforces rules of property and contract but otherwise lets the economic chips fall where they may.

“The argument for individualism, as developed by its advocates from Adam Smith down, may be summarized in a sentence as follows; a freely competitive organization of society tends to place every productive resource in that position in the productive system where it can make the greatest possible addition to the total social dividend as measured in price terms, and tends to reward every participant in production by giving it the increase in the social dividend which its cooperation makes possible” (48).

Knight accepted that this description of the pattern of distribution in a market society was roughly⁹ accurate, and that distribution according to marginal product had beneficial consequences, but denied that it was a “sound ethical social ideal” (48). “[P]roductive contribution can have little or no ethical significance from the standpoint of absolute ethics” (54). By “absolute” Knight meant the assessment of the existing economic system according to a set of ideals – measuring its absolute distance from the ideal, so to speak – as opposed to the comparative assessment of one system vs. another. Knight recognized that the competitive system had import-

9. Knight was fully aware that the notion of a perfectly competitive economy involved demanding idealizations; the early pages of “The Ethics of Competition” explore the ways in which “the conditions of real life” diverge from the model of a perfectly competitive individualistic system (49-54).

ant advantages, particularly in terms of generating prosperity, and shrewdly noted that critics of capitalism “generally underestimate egregiously the danger of doing vastly worse” (58). But he denied that reward according to marginal product was in itself ethically significant.

Knight did not name the targets of his critique – the proponents of the marginal productivity theory of income distribution who he said were “partly responsible” for the common view that “productive contribution is an ethical measure of desert” (54) – but it is reasonable to assume that he was referring to views commonly attributed to American economist J. B. Clark.¹⁰ Clark was responding to socialist claims that under capitalism workers were robbed of a portion of their product. As songs such as “Solidarity Forever” attest, it seemed exploitative that those who “ploughed the fields... built the cities... [and] dug the mines...” were forced to yield a part of the wealth they had created to those who owned the means of production (Cohen, 1995: 153-155). Clark conceded the principle upon which such claims were based. “A plan of living that should force men to leave in their employers’ hands anything that by right of creation is

10. According to Mark Blaug, Clark regarded reward by marginal product as a normative principle of distributive justice; Blaug (1997: 433). Rawls said that J.B. Clark was “often cited” as an example of the view that productive contribution was a principle of justice, but referred readers to doubts expressed by Clark’s son, fellow economist J. M. Clark (308 / 271, note 33), who construed his father’s views in a way that made them consistent with those of Knight. According to Clark Jr., Clark Sr. recognized that supply and demand “have nothing to do” with desert; his point was simply that capitalism is not “dishonest” because aligning reward with marginal product serves useful social purposes; Clark (1952: 610).

theirs, would be an institutional robbery,” (Clark, 1927: 9) giving workers every right to become “revolutionists” (Clark, 1927: 4). Clark’s answer was that a competitive system gives to each factor what it adds to production, implying that workers are paid the full value of their labour. “Offhand this strikes us as fair,” Rawls commented, because “[i]t appeals to a traditional idea of the natural right of property in the fruits of our labour” (308 / 271).

2.2. Markets reward luck (and encourage vice), so capitalism can't be justified on grounds of desert

The first main argument Knight made against the ethical interpretation of marginal productivity was that measured by market prices, the extent of one’s contribution is to a great extent simply a matter of brute luck – events over which individuals have little or no control. The modern economy resembles a competitive game, Knight noted, and much of the criticism of the market system took the form of objections to the game itself, particularly since participation is compulsory (71), rather than to its material consequences. A good game establishes a “reasonable” proportion between inherent capacity, effort, and luck in determining outcomes (63). In a competitive economic system, however, luck plays a very large role – “far larger than fairly successful participants in the game will ever admit” (64) – for two main reasons. First, income does not go to factors of production as such, but to their owners, and ownership of productive capacities is based on inheritance, luck, and effort “probably in that order of relative importance” (56). Yet of these three factors, only effort can have any ethical significance, Knight argued (since inheritance is itself a matter of luck, not something deserved). Second, contribution as measured by marginal productivity is based on supply and demand. However, “it is hard to see that... possession of the capacity to furnish services which are in demand, rather than other capacities, consti-

tutes an ethical claim to a greater share of the social dividend, except to the extent that the capacity itself is the product of conscientious effort” (56-7). As Hayek would later say, “there is little a man can do to alter the fact that his special talents are very common or exceedingly rare” (Hayek, 1960: 94). For example, in a pre-industrial society strength may be in high demand, for cutting down trees and pulling up roots, say, whereas in later generations intelligence and manual dexterity will be in higher demand. Having been born strong is not by itself a basis for deserving a greater income, in the earlier age, no more than being born intelligent will be a later.

The terms upon which people enter the economic contest are for these reasons very unequal, but the weak are thrown into competition with the strong “in one grand mêlée,” without any system of categories or handicaps (64). If anything, the system involves handicaps that advantage the strong, since “social institutions add to inherited personal superiority the advantages of superior training, preferred conditions of entrance into the game, and even an advance distribution of the prize money” (64-5). Luck works cumulatively, in that success in one round of play confers advantage in succeeding rounds (64). Also, the distribution of prizes tends toward the winner-takes-all model, rather than a system with prizes for first, second and third. The tendency is thus “to multiply inequalities of performance in the inequality of distribution of the stakes” (65). Knight imagined designing a footrace. At one extreme everyone might race for a single pot of money, while at the other the pot might be distributed equally regardless of performance. “If the critics of competition tend to make a fetish of equality, the system itself does undoubtedly go very far to the opposite extreme” (65).

In addition to arguing that markets tend to reward luck rather than merit, Knight claimed that the competitive system rewards vice.

“[D]oes any one really contend that ‘competence,’ as measured by the price system, corresponds to ethical merit? Is it not obvious that ‘incompetence’ follows just as surely if not quite so commonly from being too good for the world as from being blameworthy in character?” (57).

Knight emphasized that markets encouraged “emulation,” the desire to win for its own sake (47), which was frowned upon by both Christian and ancient Greek ethics (66-75). While competitiveness can be harnessed for useful social ends if people play by the rules, “business as it is and has been does not commonly display a very high order of sportsmanship” (65). Knight quoted John Ruskin’s statement that in a society based on supply and demand the rich will include the “covetous” and the “insensitive” as well as the “industrious,” while the poor will include the “entirely merciful, just and godly person,” not only the “reckless” and the “improvident” (65-6).

We might try to redesign the economic system to establish a better proportion between reward and merit or deservingness. However, doing so would interfere with the market’s main function of aggregating dispersed information about scarcity of resources in relation to preferences. In a free market, prices communicate information about what people have and want, and so direct people’s economic choices in a manner that will allocate resources efficiently across different tasks. Pursuing the example of a pre-industrial society, if strength is what we happen to need now, then strong people should be more highly rewarded, even if some of them did nothing to deserve their strength, because that is the price that will send the right signals, i.e. “build up your strength” and “find ways of producing the same things that require less strength.” Hayek made this point by distinguishing the “value” of a person’s product to her fellows from the “merit” she displayed in generating this product (Hayek, 1960: 85-102). Value is based on res-

ults, assessing results in terms of usefulness for other people's personal goals, whereas merit is based on the character of action, assessed in terms of ethical standards that justify praise or blame. From the point of view of merit, looking backwards, we would want to cancel out the effects of luck. But from the perspective of efficiency, looking forward, and given limited information about the balance between luck and merit in any particular case, we must reward luck, because that sends the right signals. There are good reasons for rewarding people in proportion to productive contribution, but these have to do with efficiency, not fairness.

2.3. But inheritance of human capital is a matter of luck too, so socialists can't criticize inheritance of wealth without putting into question the rights of labour

The claim that markets reward luck was accompanied by the thesis that natural and social inheritance are on a par with respect to desert, a premise that Knight used to launch a critique of egalitarianism. According to Knight, many on the left objected to inequality based on inheritance of property, while accepting inequality based on capacity for productive labour. Knight argued in response that "the capacity to labor productively derives from the same three sources as property ownership, namely inheritance, luck and effort of acquisition, with no obvious general difference from the case of property in their relative importance" (56). In his 1940 critique of socialism, Knight returned to the comparison between human and ordinary capital. "There is no visible reason why anyone is more or less entitled to the earnings of inherited personal capacities than to those of inherited property in any other form" (Knight, 1940: 277). Hayek quoted this statement in order to highlight the same inconsistency. "Egalitarians generally regard differently those differences in individual capacities which are inborn and those which are due to the influence of environment... Neither... has anything to do with moral merit" (Hayek, 1960: 88-9, note 6). On the

next page, in a passage cited by Rawls, Hayek reiterated that “[t]here is, of course, neither greater merit nor greater injustice involved in some people being born to wealthy parents than there is in others being born to kind or intelligent parents” (Hayek, 1960: 90; Rawls, 1967: 71). The lesson was that inheritance of wealth is no more objectionable than the inheritance of talent – not the bare fact that some have more talent than others (or that some talents that are more scarce¹¹) but the fact that despite being no more deserving, those whose talents happen to be greater / more scarce earn more.

Although Rawls never cites Milton Friedman, it is worth pointing out that the same line of argument appears in the chapter on income distribution in Friedman’s 1962 *Capitalism and Freedom*. Rob Van Horn and Philip Mirowski have suggested that *Capitalism and Freedom* was a “corporate neoliberal version of *Road to Serfdom*,” paid for by corporate money, and “proud to be the work of an intellectual for hire, because all human discourse was essentially just a sequence of disguised market transactions” (Van Horn and Mirowski, 2009: 168). Friedman was no doubt a more ardent defender of private property and free markets than was Knight. However,

11. The phrase “distribution of natural talent” might be taken to imply that a person’s level of talent is fixed by nature independently of social context. However, that is obviously not true; what traits and capacities are valuable to others will depend on the level of economic development, distinctive cultural preferences, etc.. At the same time, it is likely that some talents would be valuable across a broad range of social contexts, other talents less so. Whether we think of people’s level of talent as natural or socially constructed, the key point is that some are luckier than others, in this distribution.

Friedman's remarks on the fairness of market rewards are remarkably ambivalent. He frankly acknowledges that much economic inequality results from "initial differences in endowment, both of human capacities and of property" (Friedman, 1962: 163-164).

"Most differences in status or position can be regarded as the product of chance at a far enough remove. The man who is hard working and thrifty is to be regarded as 'deserving'; yet these qualities owe much to the genes he was fortunate (or unfortunate?) enough to inherit." (Friedman, 1962: 165-166)

Friedman's conclusion is the same as Knight's; distribution according to productive contribution "cannot in and of itself be regarded as an ethical principle... [but] must be regarded as instrumental or a corollary of some other principle such as freedom" (Friedman, 1962: 165).¹² And like

12. In contrasting the positions of Knight and Friedman, Burgin says that Knight "abandon[ed] the equivocations of his predecessors," arguing that capitalism "was an engine of prosperity that rewarded merit and produced superior outcomes in all but the rarest cases..." (Burgin, 2012: 11). While the spirit of the sentence is no doubt correct, the reference to justification by appeal to merit is out of place. Similarly, it is misleading of Stuart White to characterize Friedman as saying that "a competitive capitalist economy will tend automatically towards distributive justice..." As White recognizes in the accompanying footnote, Friedman believes in the principle of 'reward according to what you and the instruments you own produce' "*only because...* it promotes social utility and respects individual liberty" (White, 2003: 52-3, note 6, emphasis added). This is to say that the principle is justified by utility and liberty *despite* the distributive unfairness it involves.

Knight and Hayek, Friedman used the equivalence of natural and social inheritance with respect to merit to undermine egalitarian complaints about inheritance of wealth. “Is there any greater ethical justification for the high return to the individual who inherits from his parents a peculiar voice for which there is high demand than for the high returns to the individual who inherits property?”¹³ In other words, if you object to inheritance of wealth, why don’t you object to inheritance of talent too?

3. Rawls’s Response to Knight and Hayek

The Rawlsian answer to this rhetorical question is that we *should* object to economic inequality that tracks levels of innate talent, if this inequality of reward does not benefit the worst off. In his 1967 article “Distributive Justice,” Rawls remarked that “[i]t is perfectly true, as some have said, that unequal inheritance of wealth is no more inherently unjust than unequal inheritance of intelligence; as far as possible the inequalities founded on either should satisfy the difference principle” (Rawls, 1999b: 142-143). As an example of what ‘some have said’, Rawls cited Hayek’s statement of the equivalence thesis, which I quoted above.¹⁴ Like Knight, Hayek and

13. “Frank Sinatra’s voice was highly valued in twentieth-century United States. Would it have been highly valued in twentieth-century India, if he had happened to be born and to live there?” (Friedman and Friedman, 1979: 22).

14. The same sentence occurs in *Theory*, minus the reference to Hayek. Rawls also inserted caveat that “[i]t is true that the former [wealth] is presumably more easily subject to social control,” but insisted that both forms of inequality should satisfy the difference principle (278 / 245).

Friedman, Rawls saw an inconsistency in objecting to social but not natural inheritance. According to the view Rawls dubbed “liberal equality,” individuals with the same innate talents should have roughly the same chance of developing those talents, while inequalities between social positions need only be Pareto efficient (Rawls, 1999b: 161). The problem with liberal equality was the one identified by the equivalence thesis; “[t]here is no more reason to permit the distribution of wealth and income to be settled by the distribution of natural assets than by historical accident and social fortune” (Rawls, 1999b: 162).¹⁵ Based on this inconsistency, Hayek and Friedman wanted to move people some of the way back towards laissez-faire. From Rawls’s point of view, however, the system of natural liberty permitted distributive shares to be “improperly” influenced by natural and social inheritance (Rawls, 1999b: 161), meaning not that all such influence was improper, but that it was improper if it didn’t benefit the worst off. Hence the “democratic” interpretation of Rawls’s second principle; inequalities between positions should raise lower positions, not just generate high levels of aggregate wealth.

Michael Sandel followed Daniel Bell in arguing that Rawls’s equation of natural and social inequality involved a major departure from common sense, and the traditional liberal commitment to meritocracy. Liberals had sought to reduce social differences in order to ensure everyone an equal start, while accepting inequalities based on natural talents (Sandel, 1998: 73, citing Bell 453-4 and 411). Rawls’s “democratic” equality seemed to represent a fundamental shift in values, away from distribution according to ability, towards distribution according to need. Bell claimed that Rawls’s theory represented “the most complete effort in modern philo-

15. Almost the same statement occurs in *Theory*, at p.74 / 64.

sophy to justify a socialist ethic...” (Bell, 1973: 444), while Sandel suggested that Rawls must be presupposing an “intersubjective conception of the self” (Sandel, 1998: 79-80). More recently, Samuel Fleischacker has also emphasized the historical novelty of Rawls’s position, stating that Rawls owes us an argument “to move us from our shared intuitions about the arbitrariness of inherited wealth to his own intuition about the arbitrariness of inherited skills” (Fleischacker, 2004: 132-133). It wasn’t just his own intuition, however. Rawls took the idea that natural and social inheritance are on a moral par from Knight and Hayek, if not Friedman. The contrast between Bell / Sandel and Knight on the ethical significance of superior innate talent is particularly striking. According to Bell and Sandel, common sense meritocracy holds that talent is by itself the basis of a claim to superior reward. In contrast, Knight thought that the traditional view was that being born with superior talent was the basis for heavier *duties*. “[M]ost persons will probably agree that inherited capacity represents an obligation to the world rather than a claim upon it” (56).¹⁶

16. Hayek also made sceptical comments about meritocracy based on concerns about self-respect that are not far off from Rawls. “A society in which it was generally presumed that a high income was proof of merit and a low income a lack of it... would probably be much more unbearable to the unsuccessful ones than one in which it was frankly recognized that there was not necessary connection between merit and success” (Hayek, 1960: 98). In the note to this passage, Hayek cited C. A. R. Crosland making the same point, in his 1956 *The Future of Socialism*. Hayek said that he had not yet read Michael Young’s *The Rise of Meritocracy*, but that “judging from reviews, [it] appears to bring out these problems very clearly” (Hayek, 1960: 441-442) Rawls cited Young in his response to the meritocracy objection in §17 (106,

Knigh, Hayek and Friedman had used the equivalence thesis to criticize socialists for opposing social but not natural inheritance. Not all socialists took for granted the legitimacy of superior reward based on productive capacity, however. As Ben Jackson explains, there was a vigorous debate within the British left in the early 20th Century about the legitimacy of “rents of ability” (Jackson, 2008: 75-6, citing Laski, Cole and Hobson). If those with scarce skills did not wish to use them in the most efficient manner, they would have to be paid extra. The innately talented would thus be in the position of extorting “rents” from society to which the individuals involved had no right but which had to be paid, at least until a socialist regime brought about a transformation of human character. Scepticism about the intrinsic claims of inherited talent can also be found in the work of R. H. Tawney. Although Tawney says that the inequalities of the old régime were arbitrary because they were based on “favouritism” rather than “differences in personal capacity,” he expresses serious doubts about the idea of “equal opportunities to become unequal” (Tawney, 1952: 102-103). A substantial degree of equality in living conditions is necessary not only because without it “ability cannot find its way to its true vocation,” but because not everyone can rise. Clever people tend to be impressed by exceptional talent, and to think society should be organized to reward it, but everyone no matter their economic position should be able to lead a life “of dignity and culture” (Tawney, 1952: 107-108). Tawney’s assumption in this passage, and elsewhere,¹⁷ is that being born clever does not by itself give one a right to a

note 22 / 91, note 21).

17. “Theologians have not, as a rule, been disposed to ignore the fact that there are diversities of gifts and degree above degree. When they tell us that all men are equal in the eyes of God,

greater share of the social product than others, though it will of course be generally beneficial for society to reward the productive exercise of intelligence. It was “partial and one-sided” to focus solely on opening avenues to individual advancement (Tawney, 1952: 109), because the avenues for advancement are only open for the talented, but inheritance of scarce talent does not make someone deserving, no more than inheritance of wealth makes someone deserving. In other words, Tawney essentially accepted Knight’s equivalence thesis.

We can’t be sure that Rawls saw this; he had cited Tawney as an advocate of liberal equality (73 / 63). At the very least, however, we have a plausible hypothesis about why Rawls didn’t do much to justify his “extension” (Fleischacker, 2004: 132-133) of the intuition about the arbitrariness of inherited wealth to inherited talent, which is that this extension was already accepted by his sources on both the right and the left.

Rawls’s critics also claimed that his comment about treating the distribution of natural talents as a common asset (101 / 87) committed him to the implausible view that natural talents don’t really belong those who house them, a view that would violate the distinctness of persons, treating some as mere means to the purposes of others (Sandel, 1998: 78; Nozick, 1974: 228). In the literature Rawls was addressing, however, the question was never whether natural talents

what they mean, it is to be presumed, is what Jeremy Taylor meant, when he wrote, in a book today too little read, ‘if a man be exalted by reason of any excellence in his soul, he may please to remember that all souls are equal, and their differing operations are because their instrument is in better tune, their body is more healthful or better tempered; which is no more praise to him than it is that he was born in Italy’” (Tawney, 1952: 48).

should themselves should be treated as a common asset, but how the benefits of social cooperation should be divided. As John Stuart Mill said (in a passage cited by Rawls; 304-5 / 268-9), “superior abilities have already advantages more than enough, in the admiration they excite, the personal influence they command, and the internal sources of satisfaction attending them, without adding to these a superior share of the world’s goods” (Mill, 1969: 253-254). Similarly, in the 1940 passage from Knight cited by Hayek (in a passage cited by Rawls), what was at issue was not ownership of the capacities themselves, but the *earnings* they generate, when to put work in a given economic system. It is misleading, therefore, to say that liberals (unlike Marxists) don’t believe in self-ownership (Cohen, 1995: 162). Like Knight and Mill, Rawls took ownership of one’s talents for granted; what was in question was the share of the social product such talents should command, when put to work in a common environment under common rules. As Jeremy Waldron puts it, “owning a talent is one thing, and benefiting from it in a scheme of social cooperation is quite another” (Waldron, 1988: 405; cited by Mandle, 1997: 410, note 36). This defense of Rawls against the charge of treating innate talents as common property does not establish that desert is irrelevant, however, but simply that inheritance of scarce innate talents is not a basis of desert.

One of the first criticisms of Rawls’s theory was that without some notion of desert, Rawls couldn’t justify the priority of fair equality of opportunity over the difference principle; (Miller, 1976: 47). I agree with Richard Arneson that this priority represents the mistaken, *un-Rawlsian* (and *unKnightian*) notion that “fairness to talent trumps fairness to the worst off,” (Arneson, 1999: 86). Even if the theory ought to include an anti-discrimination principle (as Shiffrin (2004) argues), ensuring equal opportunity for the innately talented to rise up in the world

should not take precedence over the goal of raising the lowest social position. This rejection of the priority of equal opportunity for the talented does not show that Rawlsians must reject desert, however; it simply shows that inheritance of superior or scarce talent is not by itself a basis of desert. People deserve things in virtue of their conduct, choices and achievements, not merely the fact that they were lucky to be born with superior / scarce talents. The exercise of innate talents will of course be the basis for praise and admiration, as well as whatever economic reward such exercise entitles people to given the institutions in place. But inheritance of superior or scarce talents provides no basis for a claim to greater reward, independent of social benefits. Unfortunately, in one passage from §17 Rawls seemed to argue that desert was irrelevant to social justice because no one deserves their place in the distribution of natural talents nor the family circumstances that permit cultivation of character; “the notion of desert seems not to apply...” (104 / 89).¹⁸ This conclusion does not follow; the fact that it is difficult to reward meritorious conduct without also advantaging those born with superior talents does not make desert irrelevant, but simply suggests that we face trade offs.

Rawls’s fuller discussion of desert in §48 offered a number of different criticisms of the common sense view (that income and wealth should be distributed according to moral desert). Many are good reasons for rejecting the strict, monistic view that social justice consists *only* of reward according to desert, but not for rejecting the more reasonable, pluralistic view that social justice consists *in part* of reward according to desert.

1. The principles of justice as fairness don’t mention desert, and in a society following these

18. The Revised Edition reads simply “does not apply” (89).

principles there is no tendency for shares to correspond with desert (311 / 273), but these claims presuppose Rawls's view, they don't justify it.

2. The common sense view doesn't distinguish 'deserving things in virtue of choices under institutional rules' and 'desert as a criterion for designing institutions' (311 / 273), but we need a reason for thinking that desert can't be a criterion for designing institutions.
3. Rewards in a market economy reflect a substantial amount of luck, because marginal productivity depends on supply and demand – it is here that Rawls cites Knight (311/ 273-4) – but the fact that markets don't do well by the standard of desert doesn't show that desert is irrelevant to social justice, simply that justice may be in tension with the market.
4. Conscientious effort is hard to measure (312 / 274), but the impossibility of perfectly realizing a standard does not show that the standard is undesirable or irrelevant other things equal.
5. To the extent we recognize need we are deviating from reward according to desert (312 / 274), a point Knight had made (57), but this only shows that desert is not everything, not that it's nothing.
6. Those who respect justice have equal moral worth (312-3, 274-5), but there might be other bases of desert than moral character.

More significant is Rawls's claim that we don't have the institution of property in order to punish thieves, whereas we presumably do have criminal law to punish murderers (since respect for human life is a natural moral duty and not merely a rule of a social practice; 313-4 / 276-7). Sandel argued that Rawls rejected the idea of rewarding pre-institutional virtue on grounds of his desire to remain neutral with respect to competing conceptions of the good (Sandel, 1998: 76-77). Promoting athletic or artistic excellence obviously involves a kind of perfec-

tionism, and Rawls's own response to his critics on desert relied on the fact that conceptions of desert would be controversial amongst reasonable comprehensive doctrines; (Rawls, 2001: 73, 77). Thus Jon Mandle argues that judgments about pre-institutional virtue will be controversial, while assessments of character from the point of view of citizenship presuppose a conception of institutional justice that cannot itself be based on desert; (Mandle, 1997: 411, 417). However, many different kinds of things can be deserved on the basis of many different characteristics (Scheffler, 2000: 970; citing Feinberg, 1970: 79-80), not all of them controversial or motivated by the goal of encouraging achievement. And even though an all-things-considered assessment of someone's character as a citizen waits upon a full theory of social justice (which is not only a matter of desert), there might be dispositions that are important other things equal, which institutions ought to promote or at least not undermine, e.g. the willingness to repay favours and the disinclination to free ride.

Rawls's best reason for rejecting the common sense view of justice and desert concerns "the question of background justice" (309 / 272, note 35). To illustrate why precepts such as reward for contribution cannot be elevated into principles of justice, Rawls compares wage differentials in two societies – one in which fair equality of opportunity is satisfied, the other in which it is not. He assumes that fair equality of opportunity can only be achieved by expanding access to education and training, which increases the supply of high-skill labour relative to low-skill labour, and so reduces the premium earned by those with higher education. Differences in education explain less of the variation in income, differences in effort more. Rawls says that in the just society the precept of reward for contribution receives relatively less "weight" than it does in the unjust society (307 / 270). This statement is potentially confusing because reward tracks margin-

al product regardless. We need to distinguish the general idea of rewarding contribution from the specific idea of measuring contribution by marginal product. We may agree that someone who produces more espressos should earn more than someone who produces fewer, but what should the pay gap be between those who make espressos and those who write computer code? And how big should that gap be compared to the gap between those who work a little (producing fewer espressos or lines of code) and those who work a lot? The idea of reward according to marginal product answers these questions because it is measured in terms of prices, based on the supply of different resources and the demand for different products. When education is harder to come by, the marginal product of those who get higher education will be correspondingly larger, as measured by market prices, *even for individuals who are producing exactly the same things in the same quantities in both cases*. The lesson is that the extent of the wage gap between high and low education workers (relative to the wage gap between high and low effort workers) depends on institutional decisions, decisions that Rawls thought could not be justified on grounds of individual desert. The dependence of the marginal product of labour on supply and demand shows that “following the precept of contribution” (i.e. reward according to marginal product) will not necessarily lead to a just outcome if the basic structure that governs activity is not just (paraphrasing 308 / 271).

The argument about background justice provides a partial answer to critics who argue that unequal luck does not rule out desert of reward.¹⁹ The fact that contribution as measured by

19. The original form of this criticism was to point out that the conditions that contributed to one’s deserving something need not themselves be deserved, otherwise nothing could ever be deserved; Nozick (1974: 225). Rawls’s main concern was comparative, however; the fact that

market prices varies with supply and demand, innate talent, and other forms of more-or-less brute luck blocks the ‘just deserts’ argument for minimal-state liberalism, but does not sever the connection between desert and social justice entirely, David Miller claims, for merit as well as luck plays a role. “[P]eople deserve the rewards of economic activity for their achievement, for the contribution they make to the welfare of others by providing goods and services that others want.” He concludes that “there is no inherent flaw in the claim that someone may deserve the benefits she receives in a well-functioning market as a reward for the contribution she is making” (Miller, 1999: 188). Miller’s premise must be correct; people deserve recognition for working conscientiously at tasks they may not love, but which provide goods and services other people want. The question is whether this reasoning applies to economic rewards as well as attitudinal responses, and in particular unequal economic rewards. If I earn more than you, and we both deserve what we earn, desert seems to justify inequality. Those who contribute more should get more, we may agree, but how much more, and how are we to compare the value of contributions

I didn’t deserve to be born with legs doesn’t mean I can’t deserve to win the race, since no one else deserved to be born with legs either; Sher (1979: 365-367). The real issue is whether unequal luck undermines desert claims. Some argue that it does not, unless the difference in luck is so large as to make it impossible for others to succeed, e.g. not just my legs being longer than yours, but you not having legs at all. Others maintain that individuals must have fair opportunity to deserve, not just some opportunity no matter how unequal; Olsaretti (2004: 31). Whatever the correct standard, critics claim that unequal luck doesn’t necessarily disqualify desert claims.

of different kinds? As we have seen, marginal product depends upon supply and demand, and the forces of supply and demand are in turn affected by collective decisions about the structure of institutions, including matters such as the design of property rights, the structure of taxation, and public funding of education. Miller's claim that individuals can deserve the rewards they receive under a given system doesn't justify that system as against others.

This dependence of individual contribution on institutional choice has led Rawls's defenders to argue that desert is irrelevant to distributive justice, because, according to Samuel Scheffler, desert is individualistic while distributive justice is "holistic." "[I]t makes no normative sense to suppose that there could be, at the level of fundamental principle, a standard for assigning such benefits [economic benefits] that appealed solely to characteristics of or facts about the proposed beneficiaries" (Scheffler, 2000: 985). This conclusion may seem too strong because, as Miller points out, in many standard cases (e.g. a footrace) desert depends on how an individual's conduct or performance compares to that of others (Miller, 2003a: 28). In the cases Miller has in mind, however, it is possible to measure an individual's performance and then to assess a person's degree of deservingness by comparing that individual's performance with the performance of others (e.g. my time in the race compared to yours). In contrast, the extent of one person's marginal product is itself a function of the activities of others.²⁰ The problem is not that

20. This interdependence of marginal productivities was explained by Marc Blaug in a passage from a chapter cited by Rawls (310, n.37 / 272, n.36). According to marginalist theory, the wage rate of labour is set by how much the last worker hired adds to production. Eugen Böhm-Bawerk objected that if labour is subject to diminishing returns, workers hired earlier receive less than they contribute. Clark's response was that the theory assumes homogenous

what one individual deserves depends on how her contribution compares to that of others, but that how much an individual will have contributed in successfully carrying out a particular economic activity depends on what activities others have undertaken, all of which depends in turn on institutional decisions, as for example about property rights and funding of education. These institutional decisions cannot themselves be made on the basis of the principle that reward should track contribution, it seems, because the size of people's contributions depends on the shape of these institutions.

The most plausible way to justify Rawls's claim that "the notion of desert seems not to apply" is thus to argue that it refers to the problem of background institutional justice, not the fact that willingness to make an effort is influenced by family circumstance. It's understandable that people might think that the better off deserve their greater advantages whether or not these advantages benefit others, because given an institutional system, when the talented make use of their advantages and gain greater rewards, they will be entitled to their greater rewards (assuming the system is not too unjust). Yet those with greater talents do not deserve an institutional scheme that rewards those talents.

It does not follow that desert is irrelevant to institutional design. Scarce innate talent generates no claim on institutional design, but it might still be true that (other things equal) institu-

inputs; the marginal product of labour falls because as more workers are added there is less capital per worker. According to Blaug, this reply "destroys" the idea that reward in accordance with marginal product defines a just wage, because it reveals the interdependence of different marginal productivities (Blaug, 1997: 433).

tions should aim to secure reward according to desert. Moreover, there is a ground within justice as fairness for affirming desert as a criterion of institutional assessment, at least in one form. The plausibility of the maxim of rewarding contribution (apart from its incentive effects) derives from the idea of reciprocity, that those who benefit others should be benefited in turn. Reciprocity gives rise to desert; having benefited someone is, at least under certain conditions, a basis of desert. And as we will see in the next section, reciprocity is an idea that is at the heart of justice as fairness.

4. Desert and Reciprocity

Reciprocity played three main roles in Rawls's theory.²¹ The first explicit role was to help justify the claim that the democratic interpretation of the two principles is a "reasonable" conception of justice (Rawls, 1999b: 172). The difference principle satisfies a standard of reciprocity, Rawls said, because it is a principle of mutual benefit. When a social order satisfies the difference principle, each "representative man" can see that the social order is designed to advance his interests, and thus "[t]he social order can be justified to everyone, and in particular to those who are least favored" (Rawls, 1999b: 169)²² The difference principle expresses a "conception of re-

21. The following three paragraphs draw upon (Lister, 2011: 98-103), though I am less sceptical here about the justificatory role reciprocity plays in the theory. On the roles of reciprocity in Rawls's later political liberalism, see (Lister).

22. The first edition of *Theory* adds "and in this sense it is egalitarian" (103). The whole sentence is missing from the Revised edition, but see p.203 for the same idea: "An inequality in the basic structure must always be justified to those in the disadvantaged position," and see p.89 for a

reciprocity” (103 / 88), and realizes the value of “fraternity” (105 / 90), because each wants to gain only on condition others do too.

The second explicit role was to support the claim that justice as fairness was stable, and in particular more stable than utilitarianism. Rawls speculated that natural selection had given human beings a backward-looking (i.e. non-strategic) tendency to answer in kind (494-5/433, 502-3/440). When the inequalities engendered by social rules benefit everyone, people will tend to view the compliance of others with social rules as a benefit to be reciprocated. When inequalities only have to maximize the average, in contrast, those with less than others may be asked to accept less than they might have so that others with more can have even more; (496-503 / 434-40; Rawls, 1999b: 171-172).

The third, implicit role played by reciprocity in Rawls’s theory is to limit duties of justice. The flip side of the commitment to returning benefits is an unwillingness to make unilateral sacrifices. “[E]ven with a sense of justice men’s compliance with a cooperative venture is predicated on the belief that others will do their part” (296/336); “each person’s willingness to contribute is contingent upon the contribution of the others” (238/270). To be sure, Rawls recognized the existence of natural moral duties, duties that are binding irrespective of people’s institutional relationships. The natural duty of justice was one of these duties, and it contained the duty “to assist in the establishment of just arrangements when they do not exist, at least when this can be done with little cost to ourselves” (334 / 293-4). As that last phrase indicates, however, Rawls thought that duties that are unconditionally binding are subject to a demandingness

remaining reference to “the sense in which [the difference principle] is egalitarian.”

constraint. Beyond the borders of a political society, we have a duty to help create (just) institutions to regulate our interactions, but not the duty to share the benefits of cooperation fairly that we would have were effective institutions in place.

Given that reciprocity played these three roles in justice as fairness, one might have expected Rawls to have a more favourable attitude towards desert. Desert and reciprocity are not generally equivalent, because some bases of desert have nothing to do with reciprocity, while instrumental forms of reciprocity do not involve desert. A beautiful song may deserve admiration, but this admiration is not a way of returning benefits. Conversely, I may help you plow your field solely so that you will help me plough mine, without thinking you deserve my help. However, reward for contribution, the leading candidates for an economic desert basis, can be construed as involving generalized, non-instrumental reciprocity. People should be rewarded for doing things that contribute to the well-being of others, not only because that encourages them to benefit others, but because this is the appropriate way to respond to receipt of benefits – either to return benefits, or to benefit someone else, who will go on to benefit still another person, each trusting that in the long run the the circle is completed.

The idea that there is a connection between desert and reciprocity can be traced to Henry Sidgwick's claim (with which Rawls would have been familiar) that gratitude is the core element of the common sense idea of justice. Good deeds ought to be requited; generalizing this judgment across the different kinds of services people render to each other in society, we may conclude that "men ought to be rewarded in proportion to their deserts" (Sidgwick, 1907: 279). Sidgwick gave the example of the division of profits of an enterprise in proportion to participants' contributions to its success. Social justice, on this account, is "gratitude universalised."

Of course, not every conscientious effort will be successful at benefitting others, while some real contributions may be accidental. Since it will often not be clear exactly what was the connection between intention and result, we can think of the principle of reward for contribution as involving a presumption of good will. Contribution is not simply a proxy for conscientious effort, however. For what and how much I owe as a response to your efforts will typically depend on whether you succeeded in generating anything of benefit to me.

The argument about background institutions from Section 3 shows that desert can't be the whole of social justice, but not that desert is irrelevant to institutional design. To illustrate this point, I want to consider the reciprocity objection to proposals for an unconditional basic income. Even if the precise value of someone's contribution depends on the total set of contributions (which in turn depends on institutional choices), there are presumably some activities that do not contribute anything. The reciprocity objection is that "[t]hose who willingly enjoy the economic benefits of social cooperation have a corresponding obligation to make a productive contribution, if they are so able, to the cooperative community which provides these benefits." To claim a share of these benefits without being willing to contribute is "unfairly to free-ride on those citizens who do make the required contribution" (White, 1997: 317). This free-riding is said to involve a kind of exploitation; those who could work but choose not to are said to take advantage of those whose sense of social responsibility leads them to work (Miller, 2003b: 109). The policy seems to establish in law the rule that it is acceptable to take advantage of the efforts of others without being willing to respond in kind. It presents everyone with the choice of either supporting those who choose not to contribute, or being supported by those who do. Assuming that enough people choose to work, so that the guaranteed income is high enough for people to sur-

vive, no one is *forced* to assist anyone else (because anyone could *not* work, relying on the guaranteed income). Yet neither of the options they are given is consistent with the norm of reciprocity (assisting those who refuse to reciprocate, or taking assistance without making a contribution in turn).

There are powerful responses to the reciprocity objection. Perhaps the most important, from Thomas Paine through to Philippe van Parijs, is that the basic income represents the monetary equivalent of each individual's rightful share of natural resources and capital from previous generations, both of which we inherit as "undeserved gifts" (Van Parijs, 2001; Paine, 1974; Parijs, 1992; Parijs, 1998; Birnbaum, 2012: 78-82, 92) It may be argued, on this basis, that a guaranteed income is necessary for the legitimacy of private property rights; (Widerquist, 1999; Zwolinski, 2015). Why should anyone be forced to work for someone else by virtue of the fact that they have been born without property, in a world divided up into private shares? Carole Pateman cites Bertram Pickard's idea that a guaranteed income should be seen as "the monetary equivalent of the right to land," and so realizes the "freedom not to be employed" (Pateman, 2004: 90, 92, 96), meaning the right not to be forced into relationships of subordination by exclusion from access to resources. To focus only on state provision of income is to take for granted the legitimacy of property rights that limit people's freedom, rights that are at least partly responsible for people needing employment in the first place (as opposed to being able to support themselves). Catriona McKinnon's appeal to the social bases of self-respect rests on a similar premise. Many jobs are "menial, dangerous, degrading, exhausting, all-consuming, and exploitative," (Mckinnon, 2003: 150). A guaranteed income would ensure that no one was forced to take a self-respect destroying job – forced not just by circumstance or nature, but by a system of private property

rights that restricts access of non-owners to the world's resources.

These are good arguments against the legitimacy property rights in a laissez-faire economic scheme, but it is not clear that they justify making income support unconditional on willingness to contribute, as against the possibility of a “participation income” that would be conditional on involvement in some socially useful activity, e.g. education, training, caring for someone who lacks autonomy, etc. (Atkinson, 1996). A right to an unconditional income looks more like a right to be given the produce of the land than to a right to the land itself, and might permit people not to work at jobs that do *not* threaten self-respect, simply because they find the work tiresome, and would prefer paid leisure. On the other hand, serious doubts have been raised about the feasibility of a just participation income at reasonable cost, given the limits on time and information that administrators face (De Wispelaere and Stirton, 2007). I do not propose to resolve the justice of the basic income here. It is sufficient, for my purposes, to point out that there is a reciprocity objection to provision of income beyond whatever level of income the argument from inherited assets justifies. Consider the extreme case, in which all income is divided equally, no matter how much work is done. Such a proposal would violate the idea of reciprocity, since it presents everyone with the choice between living off the labour of others, or labouring in support of others who could work but have chosen not to do so. There is a plausible desert-based objection to such a proposal, if not to unconditional basic income as well, an objection that is consistent with the spirit of justice as fairness because animated by an idea of reciprocity. From this perspective, it is not surprising that Rawls would question the wisdom of unconditional income support. Rawls later said that the index of social primary goods should include leisure time, and that therefore “those who surf all day off Malibu must find a way to support themselves and

would not be entitled to public funds” (Rawls, 1996: 181-2, note 9). As White argues, Rawls’s theory involves a notion of “productive reciprocity” (White, 2014: 191; see also White, 2003: 57-58). If this is the case, then we ought to be able to assess social institutions according to the extent to which they encourage reciprocity, or whether the options they create are consistent with reciprocity. At least one kind of desert would have a role to play in the assessment of institutions, though it might be outweighed by other considerations all things considered.

Knight’s account of the relationship between markets and desert puts the reciprocity objection in a new light, however, because it forces us to acknowledge that there are also desert-based objections to the alternative of leaving determination of income up to the market. If one assumed that markets give people what they deserve because they reward according to contribution, then whatever its other merits, a guaranteed income would be a pure loss, from the point of view of a conception of desert grounded in reciprocity. Yet, as Knight, Hayek and Friedman argued, markets don’t reliably reward the deserving. Nor can responding to market incentives be fairly described as exhibiting reciprocity. Buying the best product at the lowest price is not what one do if one were motivated by reciprocity on a direct, interpersonal basis. The person who has been conscientiously delivering my newspaper safe and dry to my door at early hours through rain and snow every day but Sunday year after year is not top of mind when I cancel my print subscription to start reading on my tablet. There is a social benefit to my not being guided by reciprocity in this instance – by my not looking to past merit but to current value relative to the alternatives – which is that my choice sends a signal about scarcity of resources relative to preferences, a signal that could not easily be obtained by others in any other way. But this is an argument based on efficiency, not desert or fairness. Insisting on reciprocity at the level of economic

relationships taken one by one would interfere with the price-setting mechanism of the market, which is responsible for the efficient allocation of resources, in the context of dispersed information about preferences and productive capacities. Those who appeal to considerations of desert or reciprocity against policies such as the guaranteed income cannot take the competitive system for granted, as if left to itself a system based on private property and free markets will reward individuals according to their deservingness. In assessing policies such as the guaranteed income, we must therefore think in terms of what White calls the “balance of reciprocity” (White, 2006: 6).

Hayek would later argue that it would be irrational to accept a Pareto-inferior outcome for the sake of a distribution that more accurately tracked merit (Hayek, 1976: 64-65). Defenders of desert may concede that we ought not level down so as to achieve a better fit between reward and desert, but point out that when the market is embedded in the background institutions required by justice as fairness, the gains from deviating from desert don’t go to everyone, but to the worst off. Although we should no doubt help those in need, it is not obvious that we should *maximize* the position of the neediest person, at the expense of forsaking desert. This objection misinterprets the difference principle as being animated by a kind of prioritarian beneficence, when it is in fact a principle governing the fair terms of mutually beneficial cooperation. The principle concerns inequalities between social positions, focusing on the representative, fully-cooperating member of each position, thinking of positions as functional parts of a cooperative system. It is what Philippe Van Parijs calls an “opportunity-egalitarian” principle, as it is framed in terms of expectations associated with positions rather than individual shares, and so more “responsibility-friendly (or ambition-sensitive)... than it is often taken to be” (Parijs, 2003: 214-216). As such, it does not require us to maximize the economic position of the individual

most inclined to free ride on the efforts of others. It could, however, require that we put in place policies that permit free-riding if necessary to ensure that the worst-paid workers are as well paid as they can be. Rawlsian justice does not neglect desert, understood as a requirement of reciprocity, but it does prioritize fairness amongst the fully cooperative over detecting and deterring shirkers. Rawls should not say that desert is irrelevant, but that it is outweighed by the goal of raising the lowest social position.

In assessing the trade-offs between these two objectives, we are in effect placing weights on two different dimensions of reciprocity, two different ways the value of reciprocity might apply to social institutions. On the one hand, if we think of institutions as creating social positions into which people are born, and which play some functional role in the cooperative scheme, then (assuming we value reciprocity) inequalities between positions in the goods generated by social cooperation should raise the lower position. On the other hand, if we think of institutions as creating options for individual choice, a concern with reciprocity would manifest itself as the idea that institutions should not create opportunities for individuals to receive benefits without reciprocating, or opportunities to contribute without benefitting in return. Unfortunately these two dimensions of reciprocity need not point in the same direction.

5. Conclusion

The lesson we should draw from Rawls's appropriation of Knight and Hayek is not that it is senseless to talk of desert, in connection with social justice. For reciprocity can be a basis of desert. Rather, in the context of a society in which economic production is organized mainly through the market, desert needs to be balanced against the goal of raising the lowest social position, which is itself an expression of reciprocity. Those who criticize government programs for

rewarding the undeserving cannot assume that the absence of redistributive state action is flawless, from the point of view of desert. Markets are wonderful things, but their greatness depends on their capitalizing on chance, rewarding people according to factors for which they could not be held responsible, were it not for the fact that holding them responsible (via the price mechanism) sends the right signals about scarcity in relation to preferences, generating an efficient allocation of resources.

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