

equality and the modern economy

Seminar 4:

Why equality? What is equality?

A seminar held on

Wednesday 15th July 1998

11 Downing Street, London



The Smith Institute

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Edited by Wilf Stevenson

Published by The Smith Institute

ISBN 1 902488 05 9

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Preface

The Smith Institute has been set up to look at issues which flow from the changing relationship between social values and economic imperatives. The Institute takes its lead from the belief of the Late John Smith QC, MP that social justice and economic progress can go hand in hand, and it intends to centre its work on these themes.

This booklet is based on the presentations made by Professor Ronald Dworkin and Dr John Wilson during a Seminar held on 15th July 1998 in 11 Downing Street. We have tried to reflect the debate which followed. Inevitably, in transforming a live event into print, some of the colour and texture of the original have been lost. We hope, however that those who attended the seminar will recognise much of what is included here, and that those who read it fresh will respond to the flow of good ideas which emerged during the morning.

Introduction

Wilf Stevenson

Director of The Smith Institute

This is the transcript of the fourth seminar in a series of seven on Equality and the Modern Economy which the Smith Institute held in 1998. The Institute takes its brief from the thinking of the late John Smith who believed passionately that social justice and economic efficiency could be combined in the modern economy. The Prime Minister has recently said that the question of how social justice combines with economic efficiency is one of the defining issues for the left of centre. With the Budget and the Comprehensive Spending Review, the Government has signalled its determination to reduce inequalities in society using a wide and innovative range of interventions and partnerships. In our first three seminars we have looked at Employment, Welfare and the Education. In this seminar the focus is more abstract. Why do we worry about equality at all? What notion of equality should inform our policy making process? What implications does this have for the politics of our time?

Our first speaker is Ronald Dworkin is Professor of Jurisprudence at University College, Oxford and Professor of Law at New York University. He is published widely in philosophical and legal journals and has written a number of books relevant to our discussions today.

John Wilson is an Honorary Fellow at the Department of Politics at Edinburgh University. He has lectured in politics, but has also worked in the Voluntary Sector and was a research assistant to the late Brynmor John MP.

Rt.Hon. Gordon Brown MP

Chancellor of the Exchequer

John Smith believed passionately in equality of opportunity of which he had a very straightforward view. He was brought up in a Highland village, he had had the best of opportunities for education, got the best university education and the legal qualifications that eventually took him to the Bar, and then to Parliament. He believed strongly in educational opportunity being extended to all and believed indeed that all the advantages that he had should be available to everybody else.

I remember in the 1980's John and I talked about a story to do with Ronald Reagan. When he was shot in the 1980's his life was saved, as Ronald Reagan himself said, by an American doctor. Reagan gave this great eulogy to the doctor and said that here was the son of an Italian immigrant who had worked his way up. By all his own individual efforts had got to university and college and trained as a medical student and this was a tribute to self-help and the American dream. The doctor wrote to the newspapers at the time and said that Ronald Reagan was right, that the American dream had benefited him, but he had only got to college by the virtue of a scholarship that had been provided by his local state. He had got his medical education as a result of public support. And equality of opportunity promoted by government had been the thing that had made it possible for him to have the medical education that, in turn, had enabled him to have the skills to save the President's life. John Smith used this example to put the case for equality of opportunity and the responsibility of Government for advancing it.

Now, for John, equality of opportunity had to be distinguished from equality of outcome. Equality of opportunity involved personal responsibility; it involved rewards by merit. It did not involve the degree of state control that a policy for equality of outcome would involve. He found equality of outcome unacceptable because it assumed that people would eventually have the same incomes and the same wealth, somehow imposed by a centralised state authority. I think that this is in a way where the debate has been stuck for the last ten years. Equality of opportunity has got to be real and it is a duty on the part of government. If equality of opportunity is to be real it is something that needs to be promoted in education, in employment and right across the economy. I hope that this seminar will enable us to see some of the key issues.

Professor Ronald Dworkin

Fellow of University College, Oxford

Why equality - equality or sufficiency?

It might seem sensible to you to decide what equality is before we decide whether we want it or not. But in fact the order of the questions is necessary because there are many different conceptions of equality. The Chancellor gave an example of the difference between equality of opportunity and equality of outcome. I think that in choosing between them and, more importantly, in saying what they actually mean, it is wise to begin with the question ‘Why Equality At All?’

That is a question much pressed now in the literature of political philosophy. There is a growing tendency, I fear, to say that we don't need equality, we need (a rather ugly word) sufficiency. We must be sure that there is a floor, a safety net. We must be sure that people have a minimum decent level of housing, of adequate care, of education and so on, but beyond that equality is simply a mistaken goal. Some might think that we are so far from achieving even sufficiency, that it is rather academic to speculate whether we should be driven on towards equality. I myself do not think it is an academic question. A commitment to equality at the level of a promise to the citizens of a nation actually has very important meaning. Words like minimum in the phrase ‘minimum decent level’ of welfare or medical care tend to mean what the majority thinks is enough and that of course tends to mean what it finds comfortable. I think it is also true that you end up with rather different programmes in search of your ambition, depending upon whether your

ambition is equality or simply sufficiency.

The question is important and I want to tell you why it seems to me that equality not sufficiency is what we need. I believe that because I accept two fundamental ideas of political morality. The first is that the life prospects, the distribution of wealth and opportunity are a political matter. I reject the idea descending from John Locke among others, that there is a kind of natural moral order, that those who have worked have a certain moral right independent of the needs and concerns of others in society. I reject that. I believe that the question of distribution is a question of what regime of laws a political society will adopt. By the regime of laws I don't just mean the obvious ones: the welfare scheme, the tax law, the educational system, the health system - I mean every aspect of the regime of laws that dictates economic production and distribution and this includes macro-economic regulation. So, the first proposition is that distribution is a political matter.

The second basic proposition is a proposition about the legitimacy of government. Government exercises a coercive monopoly. It demands not just obedience but fidelity. We tell ourselves that we have an obligation once a political decision has been reached, all to obey that decision except in rather extreme circumstances. There must be conditions for that claim of legitimacy and the conditions seem to me prominently to include the following:

It is a condition of legitimate government that the regime of laws be such as to accept that the life of every single person under the dominion of the state is important and just as important as the life of

any other person. There is no evading that requirement of legitimacy. I do not mean that this has always been accepted. On the contrary I fear that over the course of human history that requirement has been ignored more often than it has been accepted and I fear that is perhaps true even today.

These two propositions in combination have strong implications. If a society were to say our aim is to be as rich and prosperous as it is possible for us to be, and that means that some of us will go to the wall, then that community has not delivered on its responsibility of legitimacy. It can hardly say to the person who when born faces a prospect of a bleak, impoverished existence, that that person's life is equally important.

That is my answer to the question of why sufficiency is not enough. We do owe some obligations of decent concern to people in other nations. We don't live up to those obligations. We must recognise them. We owe those amongst us, those we take to be partners in government with us, we owe them more than simply a decent concern, we owe them an equal concern. It is one of the worst things about nations that ignore the responsibility of equality, that they treat the unfortunate among them as strangers not as partners.

What is Equality? - Equality of Resources?

That is the case for equality, and it is in the shadow of that case that I think we have to explore the question, what does equality mean? The Chancellor introduced the distinction - it is a familiar one - between

equality of outcome and equality of opportunity. How do we refine these distinctions, make something politically active out of them? We must begin to think about that question by asking what kind of a regime would a society that has genuinely equal concern for all its members institute. There are two answers to that question. One is a society which sets out to the degree practicable to make sure that people are equally happy or successful over their lives - that is a philosophic reading of equality of outcome. The other society is to set out to see that people have equal resources available to them, to the extent government can arrange that, with which to make something themselves of their own lives.

Now, the second ambition, equality of resources, does not have as its aim that everyone be equally happy. For one thing some people have ambitions that ensure that they will not be happy. It ensures that if they have made choices about leisure over work, about saving over consumption, that those choices will have consequences for their lives. A government that does not accept that kind of responsibility in its citizens does not treat them as equally free as well as equal citizens.

I am committed to equality of resources and that is to say to the following two principles. First, that so far as is possible, the distribution of wealth and opportunity a government achieves should be insensitive to endowment. That is, it should be insensitive to the resources with which people begin including not just their material resources but their resources of talent and skill: that is those abilities that command rent in an economic market. However, the aim is equally that the distribution should be sensitive to the choices that people make over their lives.

How do you achieve a distribution that is insensitive to endowment and sensitive to choice? It is not easy because the conflicts, the difficulties, the hard choices, the murky cases are too prominent. Just to name two cases - qualities of mind and qualities of disposition. Do industry and energy come under the headings of talent and endowment or do they come under the heading of choice. Another great problem, a problem actually addressed by Aristotle a long time ago, is that peoples' endowment, their skills, their needs, differ minutely as well as in gross degrees. It becomes very hard when you are designing institutions and not just speaking in a political seminar, to see exactly how you work this out.

An 'envy free' distribution

I begin by supposing that the key to a distribution of the kind that I describe is what the economists call an envy free distribution. This a technical term of economics, it is not a psychological term. An envy free distribution as an ideal is a distribution in which no one envies the package of resources and the life lived to gain those resources that anybody else has. This kind of distribution would not be difficult to achieve in a society of mere consumption where there was no production. We can imagine, for example, an auction on a desert island in which people begin with the same number of chips and bid for whatever resources of mango and cherry there are on that island. If the auction is run fairly, people will end up with an equal distribution passing the envy test, because though they will have very different bundles, the distribution is such that no one would trade his or her bundle for anybody else's. That is just a sort of desert island story that philosophers like to tell.

In the real world we have production as well as consumption and there the difference between peoples' talents and needs will become evident. People will not all be able to do the jobs that command the highest resource, the highest rent. We introduce, and this is the crucial bit of machinery in this approach, insurance as a model for thinking about questions of social justice and distribution. We ask the following question, which is sharply counter-factual. Imagine in our society that insurance was available on market terms, that is the true cost of the insurance is reflected in the premium, but available to everyone at the same premium. In other words, people buying the insurance and insurance companies, are ignorant of the propensity of any person buying to fall into the risk. What kind of a policy would it make sense for people to buy under those circumstances? What would be a rational choice? Of course there is no precise answer to that question because people differ in their aversion to risk but we are able to say what decisions people in the main would make. We can base a tax and distribution system on that assumption. Once again it will not mean that people will be equally happy or equally successful. But, as I have tried to argue, it takes us as far as I think we can go in bringing together the two ambitions - sensitivity to choice which we must not damage in a free society and insensitivity to endowment. It works because through insurance we attempt to pool our risks.

Applying the principle

Let us see how this might be helpful in thinking about some actual problems of the kind that the Chancellor and others in his position must think about.

Health Insurance. Suppose we thought about the terrible problem of the rationing of health service in that strategy. We ask ourselves what it would make sense for people with roughly our taste, ambitions and fears to buy early in their life by way of health insurance? We attempt to design a system with the answer to that question in mind. It is clear that such an insurance policy would not include very generous support for people in the last few months of their lives. In the United States about 40% of the health budget is spent on keeping people alive in the last few months of their lives - which is tremendously expensive. Imagine being offered a high premium in exchange for insurance of that kind. You would much rather spend that sum on education, on training, on recreation or indeed on culture. Not paying that premium would seem to be an extremely rational choice. It would be even more rational to decline the clause in the premium that stipulates that 'if I fall into a permanent vegetative state I will be kept alive at tremendous expense'. These would be irrational choices viewed from the ex-ante perspective of an insurance decision which illustrates the consequences for the policy which I am advocating.

What about welfare? What about the vexing question of whether it is right to require people to train themselves and to accept available work as a condition of receiving support while unemployed. If we think about that in terms of the insurance programme I have described, then we ask ourselves the following question. Suppose people were offered early in their lives unemployment insurance, two policies, one which contained this requirement of seeking work and the other of which did not - which would they choose? That is an easy question to answer because the second policy runs such a moral risk that even if it were

available at all from Lloyds of London, the premium would be so expensive that no one would take it.

I hope these illustrations help us the meaning of equality of opportunity. When we try to give some structure to that idea through the twin principles of a distribution which is insensitive to endowment but very much sensitive to choice, then these seem natural ways to approach a problem of distribution. There is, of course, something of the lamp in everything that I have been saying because I have been talking about strategies for the idea; and here and now there are constraints of a thousand kinds on what a government can do.

I will end by going back to what I said at the beginning. The ideal is important - but it is equally important not simply to reaffirm it but to refine it so that the idea of equality of opportunity descends a bit from the level of pious abstraction. It must descend to the level where we begin to see it as an ideal which is sufficiently muscular to have implications for the decisions we take here and now. That is the project I commend to you.

John Wilson

Equality or Inclusion?

Like Professor Dworkin I shall take sufficiency for granted and focus on equality. He began by asking: why equality? In the first of these seminars, Lord Dahrendorf remarked that the key issue today is not equality it is inclusion. But surely inclusion has to mean inclusion as an equal, not inclusion within a hierarchical system of castes or ranks. The Feudal societies of the Middle Ages included everyone, but some were included as barons and others as serfs. In some sense of inclusion, societies have always included both men and women - but not as equals. Inclusion is not an alternative to equality - it has to be spelt out in terms of equality.

If inclusion means inclusion on an equal basis, what is an equal basis? Is Professor Dworkin right to say that the critical equality is an equality of resources?

I find his answer to '*Why equality?*' utterly convincing. Equality must come into the picture at a political level, because a Government is obliged to treat with equal concern all those over whom it claims dominion. I do not doubt that equal concern means sufficient resources for all, but I am less sure about the way Professor Dworkin gets to equal resources, or indeed to any form of distributive equality.

Government makes the laws that shape the processes of economic distribution. If the laws were different, distribution too would be

different. But does it follow that we must hold government responsible for distribution itself? Let me suggest an analogy. FIFA is responsible for the rules of football. It surely does not follow that FIFA is responsible for the actual results of every match, let alone that it should aim for the greatest number of draws. Its aim is fairness, not equality of results, or even of resources. These responsibilities still rest with individual teams.

A Problem with Equality of Resources

Equal concern requires a fair economic framework, but I think more argument is needed to translate this into any kind of distributive equality. You may feel that my analogy itself is unfair. To spell out why might help us to the right balance of responsibility between Government and individual, and between the consuming and the producing individual. It surely lies with an equal social enablement of the individual's active responsibility, underpinned by sufficient consumption, not equal consumption. I'm not sure if equal resources expresses this - it seems to hover slightly enigmatically between outcome and opportunity.

Professor Dworkin argues that a fair system of distribution would be insensitive to natural endowment but sensitive to choice. Hard workers and risk takers should reap the rewards of their choice, but in an ideally fair system people would not benefit from natural talents and abilities for which they were not responsible. I do not feel happy with this but it is hard to say why.

Part of my worry is this: any distributive scheme must also be a scheme for economic production, or be based on such a scheme. In any economy people engage in some form of productive activity and are paid for doing so. Payment is a return for productive activity, not for virtue. Fair payment is a fair return, but surely we measure fairness against the work for which payment is made, not against the person doing it. As a matter of fairness, the same productive activity should attract the same return. How far it is grounded in natural talents and how far in choice is simply not relevant.

It becomes more relevant when Government amends the initial distributive pattern by imposing taxes and making transfer payments, or provides enabling help for those who are handicapped or disadvantaged. It may demur at helping those who choose not to work. But the issue here is surely one of sufficiency not equality.

Indeed is the critical equality for equal inclusion any sort of distributive equality at all? Distributive issues might come in at a later stage. One way of looking at equality is certainly to ask how some kind of individual good is distributed, whether it's income and wealth, or opportunity, or welfare, or resources. We assess how equal A and B are by comparing their holdings of the good in question. These are all distributive or comparative notions of equality, because the metric in each case is some attribute of individuals. Equality is measured by looking at people one by one, not at the social relationships that exist between them.

A Rival Theory of Equality

There is another way of looking at equality that adopts a more social metric. I tend to agree with David Miller, who has recently argued for its central place in our thinking. It requires us to look at society as a whole and at the patterns of relationship which exist within it. Do people of different kinds view one another and treat one another as social equals? This is not answered by comparing their different holdings of any individual good.

In this sense, an equal society is the opposite of a hierarchical society. It may contain many important differences, including differences of income and wealth, but there are no significant social barriers or differences of social status. I think this was an important part of what equality meant for Anthony Crosland.

As David Miller has pointed out, social equality provides a different way of looking at distribution itself. So does another aspect of relationship - power. An important sense of equality is not being pushed around by other people. We can ask: what spread of income and wealth, or of other resources, is consistent with a socially equal society? When do economic differences lead to social hierarchy, or to great inequalities of power? Perhaps there are important notions of equality to be slotted in somewhere between equal concern and equalities of a distributive kind.

Like Professor Dworkin, I would like to combine a strong commitment to equality with maximum room for human diversity and for individual choice. But perhaps individuality can be written in from the very start.

Suppose someone says: “Yes, any government should show an equal concern for all its citizens, but it shows equal concern by treating each citizen on his or her merits”. People differ vastly in their merits. So why not a meritocracy?

I think we only avoid meritocracy through the moral axiom that every human being is of equal intrinsic worth. To steal a metaphor from Professor Dworkin, equal worth trumps differing merits as a starting point for social organisation. I owe a different sort of debt to the American philosopher Gregory Vlastos for clarifying the distinction between the variable value of merit and the equal value that stems from being a unique and irreplaceable human being. This second kind of value, the value of human worth, is a status value not a grading value. It is the equal value we are born with. It derives simply from being born human.

We are born of equal worth as differing human individuals. True human individuality will only flourish in the right social setting. So what social institutions will give equal value to each person as a unique human individual?

When I ask what distinguishes a person from every other person, four things come to mind. Each person is a separate subject of experience, with a separate set of material needs, and a separate capacity for pleasure and pain. Each person is a unique source of action. Each person is born with a unique capacity for personal growth and for developing innate potential over the course of a lifetime. Each person is also a maker of sense and meaning, with a separate point of view. Equal

concern means an equal social value for each person in each of these four respects - not in the first alone.

This gives four separate questions to ask of basic social institutions. Do they give equal weight to each person as the subject of material need? And to each person's responsibility as an agent? To each person's capacity for growth and development, beginning in earliest childhood and continuing throughout the whole of life? To each person's capacity to form and express a point of view? Equal inclusion would lie in a best approximation to all these equal weightings.

Equal worth must also imply social equality in the David Miller sense. People of equal worth should believe in their equal worth, and in that of others. Any form of social hierarchy tends to subvert these beliefs.

There is a strong economic case for equality, but only the moral case gives an incontestable and equal value to every person's potential, however limited its economic significance. Four different kinds of economic exclusion are always relevant: material deprivation, exclusion as an agent from the labour market, frustration of human potential, denial of a say. This means welfare to work is the best road to sufficiency, but beyond sufficiency something like the Chancellor's strong and lifetime sense of equal opportunity.

A moral basis for social policy must capture a sense of human continuity, giving each human life an equal value as a whole life, in more senses than one. Polly Toynbee recently wrote about the present Government's focus on early childhood. If each child is born with an

equal value, this becomes a moral imperative not just a cure for future social problems. The same view gives just as much human value to the unpaid forms of activity that take place in the family as to those that are paid. Given more time, I would argue that a rich concept of equal worth must lead to fair outcomes, but not to equal outcomes, even in principle. I would also counsel against the temptation to root fairness in desert. Fairness as desert conflates economic success with moral success. It feeds meritocracy and social division.

Any economic system deals in value and meanings as well as income and wealth. True social cohesion must be rooted in an equal value. If equal worth resides in human individuality, it can unite society without imposing sameness. I don't take quite the same route as Professor Dworkin, but perhaps our destination is not so very different.

Discussion

Victor Keegan

Can I just kick off by going from the theoretical desert island extreme example to the extreme example in the real world? Bill Gates passes the endowment insensitive criteria presumably - is his wealth a problem that we ought to be worrying about?

Poly Toynebee

Talking from a social policy point of view, it seems rather abstract to make this distinction between opportunity and outcome because it is very difficult to imagine two children being born into families with very

different outcomes who could possibly have the same opportunity right from the very beginning. So I have always gone out of my way to say it does not really matter - let's just concentrate on opportunity, that will do fine. Opportunity seems to be something that people can grasp and agree with much more easily than the idea that Bill Gates should not make whatever he can because he is brilliant.

Sir Samuel Brittan

It is really a question for Professor Dworkin but the name of Bill Gates caused me to intervene. Professor Dworkin spoke about envy free distribution: could he clarify this a bit? Many people may be envious of Bill Gates, from the point of view of the US Department of Justice the question is whether his position is as a result of monopolisation or not. Does Professor Dworkin mean what I think Rawls called legitimate envy or does he mean envy as might appear from a public opinion poll?

Response: Ronald Dworkin

Well first of all Bill Gates in the story would not yet be Bill Gates at least at the beginning. Of course, soon after he bought all the silicon on the island because nobody else wanted it, then he would be Bill Gates but that is the production story.

Polly Toynbee says that opportunity cannot really be equal, so let's talk about just opportunity. I have two difficulties with that, the first is that opportunity on its own does not dignify what kinds of opportunity - it must be filled out. I intended the illustrations to bring out the fact that a bit of theory has got to come in very soon in the story. If somebody says 'why should I have to work in order to have this opportunity,

I want to develop my talents', then I think government has got to have an answer. It is a very complex question. When the answer is unfolded it is an answer that is going to include some more idealised picture of where we should be in the end.

Samuel Brittan asked me to clarify envy. Well, envy as I said is not a psychological notion. It is an Economists' technical term; it means the willingness to trade your resources for those of others. Still that doesn't matter. Anybody would be willing to trade, at least I would, my resources for Bill Gates'. The notion of envy free therefore seems to me becomes progressively less and less useful as the distribution becomes more and more unjust. It is introduced into the discussion really as a way of helping to see what the difference is between equality of result and equality of opportunity. In the philosophical literature there is the idea, it is very strong and powerful, that the aim should be to make us envy free in the psychological sense so that everybody is just as happy as everybody else. That is not only an absurd idea it is also a bad one, because I do not think that belongs to government. I think that is our individual responsibility.

Response: John Wilson

I suppose the question is whether we are talking just about equalising upwards or whether you start talking about equalising downwards as well. The real question is does it matter, (and if so, why does it matter) that Bill Gates has so much wealth. There are different ways of looking at it, one of which is to say that his wealth in some way impedes sufficiency for others, or equal opportunity for others. Another is to say that it is somehow morally wrong in itself, and another is to say that

such great differences of income and wealth actually get in the way of another sort of equality which is social equality. The last point is a matter of does Bill Gates actually lead a separate life, do we think of Bill Gates as being in some way morally better than other people because he has got so much wealth, or can we keep those notions separate? I think you have to ask why does it matter, does it matter morally that he has got so much.

Response: Ronald Dworkin

To my mind it matters morally only if the system, the regime which allows him to do that, is one that did not treat people as equals. It is perfectly possible that it is the best we can do because I believe that a market would be an indispensable element in any fair system of equality of resources. It is perfectly possible that somebody would get to be that rich but it is less likely than in an unfair society.

I wanted to say something about your point that economic equality does not exhaust the kinds of equality in which a decent society will show interest. I absolutely agree with that. But I don't think that concern for the equality of respect and of self-respect are to be had at the cost of compromising the kind of economic equality at which we should aim. I think they are additions they are not in competition.

Lord James Gordon

Just to follow the insurance analogy, Professor Dworkin quoted the staggering statistic that 40% of American healthcare is used in keeping people alive in the final few months and that any sane person would opt for a lower premium by excluding that possibility. I imagine enthusiasm

for that might diminish with age but leaving that on one side, if we take certain types of life style it could be that lower universal health insurance could be just about premiums. It could be justified if people agreed to be non smokers, non drug takers or anything else, but if people sign up to that and then breach those conditions what does society do about it? How do we maintain an inclusive society with people who do not observe the rules they have signed up to?

Ian Hargreaves

I just want to go back to Bill Gates in that I think there is another dimension to that question. It may or may not morally matter whether somebody is extremely rich or not, I personally think it doesn't matter. It may not be morally a problem for Bill Gates to buy himself and his children continuing advantage in education and health or in any other dimension of life. However, if the inequalities are so widespread or so deep then it will lead to a corrosion of the very institutions which work towards sustaining a broadly acceptable model of equality in any society.

Professor David Wiggins

I want to go back to what Polly Toynbee said, something with which I greatly agreed. I do not think Polly Toynbee was trying to derive everything about justice and a good policy from the idea of opportunity as such. She could have been speaking from a pluralist point of view about these issues. Now, Ronald Dworkin said in reply to her, that of course there has to be something else in the background. I am sure that Polly would agree with that, and I would agree with that, but the question is: does it have to come from equality or could it come from some another political idea? I would just like to make this

point again by adverting to the things that the Chancellor said at the beginning which were extremely persuasive. The best way of encapsulating what the Chancellor said was opportunity, not equality of opportunity. Nothing he said bore upon equality of opportunity at all.

Dr David Miller

I want to challenge Professor Dworkin's assumption that the principle of equality stands right at the foundations of our political morality or rather to challenge the idea that it stands alone there. It seems to me that some kind of principle of merit or desert, some principle that socially valuable contributions should be rewarded is equally fundamental to our thinking. Let's just take one case to illustrate, the case of Nobel prizes. I would like to ask Professor Dworkin whether he would abolish Nobel prizes on the grounds that the people who win them do so very largely because of talent. Of course there has to be effort and choice too, but I have never heard it said by anybody that the whole idea of having Nobel prizes for very talented scientists or writers or economists is wrong. That suggests some notion that when people make enormous contributions to scientific advance or to social welfare in some way, they should be recognised or rewarded. It seems a fundamental part of morality.

If that is the case then I think moves in the direction of equality have to find ways of taking that intuition and showing that it can be married to some overall notion of equality. In a way I think that, here I am agreeing with John Wilson (because he agreed with me), that we have to find a notion of social equality that makes room for that equally fundamental intuition about merit.

Professor Anne Phillips

I wanted to come back to the question about health insurance because I think it raises an issue about the things that can go wrong in the movement from theory to policy. If you ask the question about whether it is rational for us to spend so much of our social resources on keeping people alive in the last few months of their lives then many might agree that doesn't seem the most rational use of social resources. You can see how that could contribute to a sort of political discourse in which we might then come to agree that it is sensible to restrict, certain kinds of operations to those under 75 and so on. That would, of course, be introduced in a society in which the rich can always pay to have their operations up to any age in life, and it would only be the poor who would be subject to that kind of rationing or restriction. It seems to me that there is a problem there about the movement from a question that makes sense within an assumption of equality which is part of the theoretical framework but something goes wrong in the movement from that to the real world that we actually inhabit.

Geraint Davies MP

It seems to me that we do not have equality of opportunity partly because we have inequality of expectations. That is inequality of expectations amongst young children whose aspirations are based on the inequality of outcome of their parents. People who argue that there is a straight choice between them are quite wrong. It seems to me that redistributive justice is part of creating equal opportunity and we need to have both in order to raise the expectations of all the children. We need to allow them to take advantage of the outside opportunities which are being presented which may not be grasped by children whose

expectations are held down by the outcome of their parents.

Response: John Wilson

Could I just move from health to education and think about comprehensive education and grammar schools and the different ways you might look at an educational system. There would be one argument that says what is necessary for equal opportunity and there would be another argument that says what is necessary for social equality. The first argument would ask what educational structure is actually fairest in terms of opportunities. The second would look at the way people relate together and would say that the real argument against grammar schools is not the opportunity argument it is the social inequality that arises out of that. Of course, you could have a third argument which said it is actually a sort of 'Rawlsian' argument, what is necessary is what is best for society as a whole. We get the best overall outcome by singling out the brightest children and pumping resources in and even people at the bottom ultimately benefit from that. Before you can look at these questions you have to decide which sort of equality matters.

The other thing is the question of opportunity and how far you push it? What is actually involved in an equal opportunity if people's home backgrounds create very different expectations? Is that a matter for government or is that a matter for families? How far does government responsibility extend? Does it extend beyond the provision of external opportunities or does it extend somehow into the way that people think of themselves. The problem is that if you push the idea of opportunities too far, write in all the background conditions, the whole distinction between opportunities and outcomes seems to disappear and people

have got to be equal in every respect to have an equal opportunity. If you do that then you lose the useful notion of opportunity I think.

Response: Ronald Dworkin

These have been wonderful questions and each one of them seems to me to raise very fundamental issues. I am going to have to be very selective in answering them. First the question as to how a society copes having put a regime in effect that says smokers will not be entitled to certain benefits and then someone smokes and is desperately ill. No decent society is going to say you made your choice and you must now pay the consequences. So we can make it a paternalistic society by saying, since we will bail you out you must pay your fair share of the fund that is going to be used to bail you out. That seems to me an important thing to say and in general good.

The main point is that equality is a very important part of the story but it is not the whole story. Decency is also part of the story, as is sympathy and compassion. We are going to have to bring all of these in but still the main structure seems to me to have to be egalitarian.

I absolutely agree about Bill Gates and detachment. I think one of the maligned things about serious mis-distribution of wealth is the detachment of the rich from the institutions such that their co-operation is necessary to sustain these institutions. If we had, however, a fair society and enough people wanted to opt out from desirable institutions and use their wealth the other way, then I think it would be just too paternalistic to deny them that opportunity. Your question is an easy one to answer now because I believe that the system that

allowed Bill Gates to become so rich is not a fair system.

Now David Wiggins says that in giving more strength to Polly Toynbee's idea of opportunity - does the extra strength and information have to come from the idea of equality itself? No, it does not. You can think of all sorts of other ideas. For example, excellence where we will want to make opportunities available for people to flourish and we care more about those opportunities. That is perfectly true, but equality has come to be always in the background if only for the reason I gave, the reason of legitimacy. So when we ask the question does equality mean that a gifted child should be given support though it is extremely expensive and takes money from other parts of the educational budget, the values other than equality, values of excellence, values of fulfilment will come in. But there has got always to be an answer to the question is this fair to the other children who are giving up resource so the gifted child can have one? I am not pre-judging the answer but you cannot get away from those questions or at least not very far.

David Miller says equality does not stand alone even at the foundation and there are other principles. He suggests as one of his principles that merit should be rewarded. Well, I think we come here to the question of values about which there is not much to be said. I think the proposition that merit should be rewarded is ambiguous because we can distinguish between two kinds of merit. It is at that distinction that I was trying to aim when I said that distribution should be sensitive to choice but not to endowment. I mentioned as one of the difficulties, the whole question about whether energy and industry can be thought to be part of endowment. In any case the industrious, if that is a kind of virtue,

are rewarded in the scheme I describe and I think they should be.

Should people who are beautiful beyond compare and hence get to star in films that gross US\$120 million be rewarded at that level? My answer is only if the scheme which has generated a market which produces that result is a fair scheme. Therefore merit in that sense will inevitably have a place. What place it has seems to me to be the question that has to be put to the political society. Do I think it a requirement of legitimacy in exercising coercive power over people that you pay due respect to how beautiful they are, the answer to that for me is no. Is it a question of giving them equal respect and equal concern, the answer to that question is yes. We must go, you see, to these fundamental questions in the way you suggest, but I think we disagree about the answers.

On the question about the gap between theory and practice. The difficulty is posed by the suggestion that the poor will be the people who will not get the benefits in the last years of their life and the rich will pay for them. Yes, but what is the alternative. You see, rationality works in an imperfect society always by pressing the same question but with a smaller population. If we are thinking about the distribution of benefits to the disadvantaged now, is it not more important to distribute to them education, training and some degree of culture and recreation? Is that not more important than spending the sum on the last days of their lives? The question remains whether or not the rich can make different decisions for themselves and I would be tempted to give it the same answer.

On the point which is an extremely troubling and deep point about

inequality of expectation, once again it seems to me that we have to be discriminating. Expectations are generated by background all up and down the economic scale. It is the product of injustice. There is that reason for insisting on something like a decent starting game before we begin to think that people must be held responsible for their choices. We hope that as provision of education, provision of training and provision of jobs becomes more fair these expectations will change and we must take due account of the fact that they are unsatisfactory as they now are and perhaps compensate in various ways for that. That is a question about the order of progress towards this overall ambition.

Professor Albert Weale

Like others I have been pondering about the rationality of this health insurance choice. In response to this figure of 40% of expenditure in the last six months of life - it depends very much on the type of case you imagine in front of you. I think if you imagine the highly intensive surgery or the very aggressive experimental drug therapy probably yielding a few months of very low quality life, of course one can say that does not seem to be a very good bargain. If one thinks about long term care for degenerative diseases where typically the costs are very heavily loaded in the last few months of life, my response is rather different. I think this partly gets back to the distinction which John Wilson was adverting to about the merit system or the worth system. One of the ways in which a society demonstrates its concern for the equal worth of its citizens is precisely the way in which treats them at their most vulnerable moments. So I think we would be fooling ourselves if we thought the whole of that 40% of healthcare expenditure in the US was somehow up for grabs for more civilised purposes.

Anne MacElvoy

I felt insufficiency came off quite badly in both of the two speakers' accounts and I just wanted to address what I thought of that. Minimum standards do not need to be of minimal quality. I think that is something which is very important about a centre left agenda at the moment, that we are trying to drive up minimum standards for the greatest number of people.

Penelope Rowlatt

I want to make two points. The first point is not about economics it is more philosophical so I am in danger of getting that one wrong. The title of this talk is about equality and everybody is talking about equality and as the discussion goes on I am beginning to wonder whether fairness isn't rather what we are talking about. I am taking this partly from Polly Toynbee's point. When we talk about equality of opportunity do we actually mean fair access to opportunity?

My second point is about remuneration. I cannot help thinking that if people have very valuable qualities, the market place rewards them accordingly. So it is all very well to say let's reward industry rather than merit, it is not actually the way the market works. We have got two things pushing in different directions here.

Sheldon Leader

I am wondering, listening to this discussion whether or not it is realistic and might mesh more with some of the practical politics we are seeing, to divide the concerns into two. Though I suspect the division is wrong, I would like to hear why.

The first part of it could be seen as a set of concerns about the match between resources and qualities of people. So we have debates about whether or not, for example, their ambitions deserve a different kind of treatment and their choices from their endowments or where the place of merit is etc. The second large division seems to have to do with priorities and planning for the future. We have the very powerful idea we have heard from Professor Dworkin that X's old age care probably counts for less than Y's education in early life precisely because X's education in early life counts more for X than his old age care. That is a very powerful idea it seems to me, but functions on a separate terrain which is to do with how we can fix priorities in the social goods we are aiming for. How realistic is it to separate the one from the other, to bracket questions about the match between resources and people's qualities and simply focus on the second question about priorities and planning?

Anne Begg MP

I am just wondering if there is a price you can put on the intrinsic worth of each person. I am thinking particularly of those in the fringes of society for whom equality of opportunity is actually very expensive, those with severe disabilities. It can be done, Stephen Hawkins is an example, but it does cost a great deal of money. So is there a level at which it becomes too expensive for a society in which resources are limited? In other words the intrinsic quality of the individual does not count for anything.

Response: John Wilson

I just want to pick up one or two points, first of all merit. I had a real

worry about merit and desert, which I think was one of Crosland's worries as well. If you imagine a society in which opportunities were really equal the consequence would be that if you fail you would have nobody else but yourself to blame. In the old forms of hierarchical society if you failed then there was somebody else to blame. Crosland's point was that this can actually create a much more rigid structure than the old structures.

The second point I want to make is about sufficiency and I think there are quite serious questions to be asked about sufficiency as well as equality, one of which is obviously what constitutes sufficiency? One of my brothers lives near Guildford and he says that in those parts sufficiency is defined in terms of owning a BMW. So it is a question of what is sufficiency and I would actually try to relate that back to ideas of equal worth and what is involved in a decent human life.

The third thing I want to say of a general kind is that these issues are very important and that it is important to develop some kind of coherent moral basis for policy. One of my problems about the Third Way is that it seems to be taking a bit of this and a bit of that and not to have any inner coherence. I think the coherence has to be based on some idea of an equal value for each life including the lives of those who were the most disabled. The question is, in that case, what is actually necessary to give equal value to the life of somebody who is severely disabled. It may actually take a lot more from society to give that life an equal value.

Response: Ronald Dworkin

I will also have to be selective and I want to start with the questions about medical care. Albert Weale says you judge a society by how it treats people in their most vulnerable moments, but of course the suggestion I was trying to make is that is not right. You must allow people to make decisions of this character for themselves. He makes the important distinction between heroic surgery and palliative care. That is a question which we can intelligently think about in this framework.

Back to the question about desert and merit. You will all know more about this than I do. If we try and recall the argument of a century ago, often backed with theology, about those who were worthwhile being rewarded, then I think that argument has gone. What we have instead is the rhetoric not of merit but of contribution. Those who contribute more, should get more. That is very different because even conservatives do not equate moral virtue or intellectual merit with contribution. Does anything I say advocate that the market should be indifferent to contribution, measured in terms of productive capacity? Not at all. As I said the market is an indispensable force in any structure that wants to emphasise choice in the way which I would like to emphasise it. The question is not whether the market should be tampered with in some way, so that it no longer seeks out people of quality in terms of their economic rent, the question is rather what do we do with the social product afterwards. Do we redistribute on a basis that supposes that the people who are fortunate enough to have this rent will keep it all? That it is in some way their money. One of the most insidious bits of rhetoric that is so often left unchallenged is that taxation takes the peoples money away from them. It does not. The economic regime that

I described earlier has many different possible structures one of which is to leave money with people for a while as trustees which is not rightfully theirs.

Finally, the question of disabilities. Anne Begg says it may be too expensive. Now I am suggesting that we think about the question of what is too expensive by a thought experiment, again it is the ex-ante approach. We think individually and then we talk about collectively and try and reach a collective decision. What would it cost to protect ourselves against an accident of a kind that really is going to alter our capacities and alter our lives? If we reach the judgement that it is too expensive and we reach that in good faith, then the answer is that this approach which is meant to define what equality is, does not demand of us more than we would in that situation think appropriate. Again that is a question about the balance that we have to make. Life is a matter of risks. Not having a decent educational system, not having a decent medical system, pre-natal care for example, these are all risks - there is no way of avoiding of the risk. What I have been trying to suggest is that we try and think about those risks rationally, ex-ante and then ameliorate by compassion - do our best to keep to what equality requires