From: Kymlicka, Contemporary Political Philosophy

the difference principle creates, rather than removes, unfairness. Treating people with equal concern requires that people pay for the costs of their own choices. Paying for choices is the flip side of our intuition about not paying for unequal circumstances. It is unjust if people are disadvantaged by inequalities in their circumstances, but it is equally unjust for me to demand that someone else pay for the costs of my choices. In more technical language, a distributive scheme should be 'endowment-insensitive' and 'ambition-sensitive' (Dworkin 1981: 311). People's fate should depend on their ambitions (in the broad sense of goals and projects about life), but should not depend on their natural and social endowment (the circumstances in which they pursue their ambitions).

Rawls himself emphasizes that we are responsible for the costs of our choices. This in fact is why his account of justice is based on the distribution of primary goods, not welfare. Those who have expensive desires will get less welfare from an equal bundle of primary goods than those with more modest tastes. But, Rawls says, it does not follow that those with modest tastes should subsidize the extravagant, for we have 'a capacity to assume responsibility for our ends'. Hence 'those with less expensive tastes have presumably adjusted their likes and dislikes over the course of their lives to the income and wealth they could reasonably expect; and it is regarded as unfair that they now should have less in order to spare others from the consequences' of their extravagance (Rawls 1982*b*: 168–9; cf. 1975: 553; 1980: 545; 1974: 643; 1978: 63; 1985: 243–4). So Rawls does not wish to make the gardener subsidize the tennis-player. Indeed he often says that his conception of justice is concerned with regulating inequalities that affect people's life-chances, not the inequalities that arise from people's life-choices, which are the individual's own responsibility (1971: 7, 96; 1978: 56; 1979: 14–15; 1982*b*: 170). Unfortunately, the difference principle does not make any such distinction between chosen and unchosen inequalities. Hence one possible result of the difference principle is to make some people pay for other's choices, should it be the case that those with the least income are, like the tennis-player, in that position by choice. Rawls wants the difference principle to mitigate the unjust effects of natural and social disadvantage, but it also mitigates the legitimate effects of personal choice and effort.

So while Rawls appeals to this choices–circumstances distinction, his difference principle violates it in two important ways. It is supposed to mitigate the effect of one's place in the distribution of natural assets. But because Rawls excludes natural primary goods from the index which determines who is least well off, there is in fact no compensation for those who suffer undeserved natural disadvantages. Conversely, people are supposed to be responsible for the costs of their choices. But the difference principle requires that some people subsidize the costs of other people's choices. Can we do a better job being 'ambition-sensitive' and 'endowment-insensitive'? This is the goal of Dworkin's theory.

4. DWORKIN ON EQUALITY OF RESOURCES

Dworkin accepts the 'ambition-sensitive' and 'endowment-insensitive' goal that motivated Rawls's difference principle. But he thinks that a different distributive scheme can do a better job living up to that ideal. His theory is a complicated one—involving the use of auctions, insurance schemes, free markets, and taxation—and it is impossible to lay out the whole theory. But I will present some of its central intuitive ideas.

(a) Paying for one's choices: the ambition-sensitive auction

I will start with Dworkin's account of an ambition-sensitive distributive scheme. For simplicity's sake, I will assume again that everyone has the same natural talents (I examine Dworkin's answer to the problem of unequal natural endowments later). Dworkin asks us to imagine that all of society's resources are up for sale in an auction, to which everyone is a participant. Everyone starts with an equal amount of purchasing power—100 clamshells, in his example—and people use their clamshells to bid for those resources that best suit their plan of life.

If the auction works out—and it can always be rerun if it does not—everyone will be happy with the result, in the sense that they do not prefer anyone else's bundle of goods to their own. If they did prefer a different bundle, they could have bid for it, rather than the goods they did bid for. This generalizes the case of the tennis-player and gardener who, starting with the same amount of money, acquire the land they need for their desired activities. If the auction works, this will be true of everyone—i.e. each person will prefer their own bundle of goods to anyone else's. Dworkin calls this the 'envy test', and if it is met, then people are treated with equal consideration, for differences between them simply reflect their different ambitions, their different beliefs about what gives value to life. A successful auction meets the envy test, and makes each person pay for the costs of their own choices (Dworkin 1981: 285).[8]

This idea of the envy test expresses the liberal egalitarian view of justice in its most defensible form. If it could be perfectly enforced, the three main aims of Rawls's theory would be fulfilled, i.e. respecting the moral equality of persons, mitigating the arbitrariness of natural and social contingencies, and accepting responsibility for our choices. Such a distributive scheme would be just, even though it allows some inequality in income. The gardener and tennis-player have unequal income, but there is no inequality in respect and concern, since each of them is able to lead the life they choose, each has an equal ability to bid for that bundle of social goods that best serves their beliefs about what gives value to life. To put it another way, no one can claim to be treated with less consideration than another in the distribution of resources, for if someone had preferred another person's bundle of social goods, she could have bid for it as well. It is difficult to see how I could have a legitimate complaint against anyone else, or they against me.[9]

(b) Compensating natural disadvantages: the insurance scheme

Unfortunately, the auction will only meet the envy test if we assume that no one is disadvantaged in terms of natural assets. In the real world, the auction will fail the envy test, for some of the differences between people will not be chosen. Someone with handicaps may be able to bid for the same bundle of social goods as others, but she has special needs, and so her 100 clamshells will leave her less well off than others. She would prefer to be in their circumstances, without the handicap.

What should we do with natural disadvantages? Dworkin has a complex answer to that question, but we can prepare the way for it by looking at a simpler answer. The handicapped person faces extra burdens in leading a good life, burdens that cut into her 100 clamshells. Why not pay for all those extra costs before the auction, out of the general stock of social resources, and then divide up the remaining resources equally through the auction? Before the auction, we give the disadvantaged enough social goods to compensate for their unchosen inequality in natural assets. Once that is done, we give each person an equal share of the remaining resources to use in accordance with their choices in the auction. The auction results would now meet the envy test. Compensation *before* the auction would ensure that each person is equally able to choose and pursue a valuable life-plan; equal division of resources *within* the auction ensures that those choices are fairly treated. Hence the distribution would be both endowment-insensitive and ambition-sensitive.

This simple answer will not work. Extra money can compensate for some natural disadvantages—some physically handicapped people can be as mobile as able-bodied people if we provide the best technology available (which may be expensive). But that goal is impossible to achieve in other cases, for no amount of social goods will fully compensate for certain natural disadvantages. Imagine someone who is severely mentally retarded. Providing extra money can buy medical equipment, or assistance from skilled personnel, things which ensure there is no unnecessary pain in his life. And more money can always help a little more. But none of this can ever put him in a situation where his circumstances are genuinely equalized. No amount of money can make the severely retarded person as able to lead a good life as other people.

Full equality of circumstances is impossible. We could try to equalize

circumstances as much as possible. But that too seems unacceptable. Since each additional bit of money can help the severely retarded person, yet is never enough to fully equalize circumstances, we would be required to give all our resources to people with such handicaps, leaving nothing for everyone else (Dworkin 1981: 242, 300; cf. Fried 1978: 120–8). If resources had to be used to equalize circumstances first (before the auction starts), there would be none left for us to act on our choices (bidding for goods in the auction). But one of our goals in equalizing circumstances was precisely to allow each person to act on their chosen life-plans. Our circumstances affect our ability to pursue our ambitions. That is why they are morally important, why inequalities in them matter. Our concern for people's circumstances is a concern to promote their ability to pursue their ends. If in trying to equalize the *means* we prevent anyone from achieving their *ends*, then we have failed completely.

If we cannot achieve full equality of circumstance, and we should not always try to achieve it, what should we do? Given these difficulties, Rawls's refusal to compensate for natural disadvantages makes sense. Including natural disadvantages in the index which determines the least well off seems to create an insoluble problem. We do not want to ignore such disadvantages, but nor can we equalize them, and what could be in between, other than ad hoc acts of compassion or mercy?

Dworkin's proposal is similar to Rawls's idea of an original position. We are to imagine people behind a modified veil of ignorance. They do not know their place in the distribution of natural talents, and are to assume that they are equally susceptible to the various natural disadvantages which might arise.[10] We give each person an equal share of resources—the 100 clamshells—and ask them how much of their share they are willing to spend on insurance against being handicapped, or otherwise disadvantaged in the distribution of natural talents. People might be willing to spend 30 per cent of their bundle of resources, for example, on such insurance, which would buy them a certain level of coverage for the different disadvantages they may suffer. If we can make sense of this hypothetical insurance market, and find a determinate answer to the question of what insurance people would buy in it, then we could use the tax system to duplicate the results. Income tax would be a way of collecting the premiums that people hypothetically agreed to pay, and the various welfare, medicare, and unemployment schemes would be ways of paying out the coverage to those who turned out to suffer from the natural disadvantages covered by the insurance.

This provides the middle ground between ignoring unequal natural assets and trying in vain to equalize circumstances. It would not lead to ignoring the problem, for everyone would buy some insurance. It is irrational to not provide any protection against the calamities that may befall you. But no one would spend all of their clamshells on insurance, since they would have nothing left to pursue their goals with, should they turn out not to have any natural disadvantages. The amount of society's resources that we dedicate to compensating for natural disadvantages is limited to the coverage people would buy through premiums paid out of their initial bundle (Dworkin 1981: 296–9). This provides a principled basis to decide how much of society's resources should be devoted to helping those who are disadvantaged by the 'natural lottery'.

Some people are still disadvantaged in undeserved ways under this scheme, so we have not found the pure ambition-sensitive and endowment-insensitive distribution we were looking for. But we cannot achieve that goal no matter what we do, so we need a theory of the 'second-best'. Dworkin claims that his insurance scheme is fair as a second-best theory, because it is the result of a decision procedure which is fair. It is generated by a procedure which treats everyone as equals, and excludes obvious sources of unfairness, so that no one is in a privileged position in buying the insurance. Hopefully everyone can recognize and accept the fairness of letting their compensation be determined by what they would have chosen in such a hypothetical position of equality.

It might seem that Dworkin's unwillingness to try as best we can to mitigate the effects of natural handicaps shows an inadequate regard for the well-being of the handicapped. After all, they did not choose to be handicapped rather than talented. But if we attempt to provide the highest possible coverage to those who turn out to be handicapped, the result would be the 'slavery of the talented'. Consider the situation of those able-bodied people who must pay for the insurance without receiving any compensation:

> Someone who 'loses' in this sense must work hard enough to cover his premium before he is free to make the trade-offs between work and consumption he would have been free to make if he had not insured. If the level of coverage is high then this will enslave the insured, not simply because the premium is high, but because it is extremely unlikely that his talents will much surpass the level that he has chosen, which means that he must indeed work at full stretch, and that he will not have much choice about what kind of work to do. (Dworkin 1981: 322)

Those who were fortunate in the natural lottery would be forced to be as productive as possible in order to pay the high premiums they hypothetically bought against natural disadvantage. The insurance scheme would cease to be a constraint that the talented can reasonably be expected to recognize in deciding how to lead their lives, but would rather become the determining factor in their lives. Their talents would be a liability that restricts their options, rather than a resource that expands their options. The insurance scheme would have the effect that those with greater talents would have less freedom to choose their preferred leisure-consumption mix than those with lesser talents. Hence, equal concern for both the handicapped and the talented requires something other than maximal redistribution to the handicapped, even though it will leave the handicapped envying the talented.[11]

Jan Narveson says that this failure to ensure a real-world fulfilment of the envy test undermines Dworkin's theory. Suppose Smith is born with natural disadvantages relative to Jones, so that Jones is able to earn a larger income. Even if we tax Jones to fulfil the insurance obligations arising out of this hypothetical auction, Jones will still have more income than Smith, an undeserved inequality. As Narveson puts it, 'the *fact* is that Smith is, in every measure that matters to him or to Jones, way behind Jones in the actual world. Can we hold with a straight face that the bundle of counterfactuals added to his bundle of de facto resources sufficiently "compensates" him in the terms of a substantial theory of equality?' (Narveson 1983: 18). The envy test fails in the world, and, as Narveson says, it seems peculiar to say we have compensated for that by satisfying the envy test in some hypothetical situation.

But this objection begs the question. If we cannot fully equalize real-world circumstances, then what else can we do to live up to our convictions about the arbitrariness of one's place in the distribution of natural and social circumstances? Dworkin does not say that his scheme fully compensates for undeserved inequalities, just that it is the best we can do to live up to our convictions of justice. To criticize him, we need to show either how we can do better living up to those beliefs, or why we should not try to live up to them.

(c) The real-world equivalents: taxes and redistribution

This, then, is the core of Dworkin's theory: we identify a just distribution of resources by imagining an equal initial share of resources which is then modified over time as a result of people's hypothetical auction choices (which are choice-sensitive) and hypothetical insurance policies (to protect against unequal circumstances). This, he claims, is superior to traditional theories of equality, which provide no room for choice-sensitivity, and which provide no principled criteria for dealing with unequal natural endowments. And, he argues, it is also superior to right-wing libertarian theories—discussed next chapter—which focus exclusively on being sensitive to choices, while ignoring the need to equalize circumstances.

But what would such a theory require in practice? Assuming that the insurance model is a legitimate, albeit second-best, response to the problem of equalizing circumstances, how can we apply it to the real world? It cannot be a matter of enforcing real insurance contracts, for the insurance market was purely hypothetical. So what in the world corresponds to the buying of premiums and the giving out of coverage benefits? I said earlier that we can use the tax system to collect premiums from the naturally advantaged, and use welfare schemes as a way of paying out the coverage to those who are disadvantaged. But the tax system can only approximate the results of the insurance scheme, for two reasons (Dworkin 1981: 312–14).

First, there is no way of measuring, in the real world, what people's relative advantages and disadvantages are. One reason is that one of the things people choose to do with their lives is develop their talents. People who started with equal natural talents could come later to have differing skill levels. Those sorts of differences do not deserve compensation, since they reflect differences in choices. People who start off with greater skills may also develop them further, and then differences in talents will partially reflect different natural talents, and partially reflect different choices. In such cases, some but not all of the differences in talents deserve compensation. This will be extremely difficult to measure.

Indeed, as Richard Arneson notes, it would be 'preposterous' to even try to measure the extent to which people are responsible for their income:

> the idea that we might adjust our distributive-justice system based on our estimation of persons' overall deservingness or responsibility seems entirely chimerical. Individuals do not display responsibility scores on their foreheads, and the attempt by institutions or individuals to guess at the scores of people they are dealing with would surely dissolve in practice into giving vent to one's prejudices and piques. (Arneson 2000*a*: 97)

It would be impossible to make these determinations, and would involve a gross violation of privacy to even try.[12]

Moreover, it is impossible to determine in advance of the auction what counts as a natural advantage. That depends on what sorts of skills people value, which depends in turn on the goals they have in life. Certain skills (e.g. physical strength) are less important now than before, while others (e.g. abstract mathematical thought) are far more valuable. There is no way to know definitively, in advance of people's choices, which natural capacities are advantages and which are disadvantages. This criterion changes continuously (if not radically), and it would be impossible to monitor these shifting criteria.

How then can we fairly implement this insurance scheme, given the impossibility of identifying those rewards which accrue from talents rather than ambitions? Dworkin's answer is perhaps rather disappointing: we tax the rich, even though some got there purely by effort with no natural advantage, and support the poor, even though some, like the tennis-player, are there by choice without any natural disadvantage. Hence some people will get less coverage than they hypothetically bought, just because they are now, by dint of effort, in the upper income categories. And some people will get more coverage than they deserve, just because they have expensive lifestyles.

A second problem with applying the model is that natural handicaps are not the only source of unequal circumstances (even in a society with equality

of opportunity for different races, classes, or sexes). In the real world we lack full information and cannot rerun the auction, so that the envy test can be violated when unexpected things occur. A blight may ruin our gardener's crop for a number of years, leaving her with little income. But, unlike the tennis-player, she did not choose to lead an unproductive lifestyle. That was a wholly unforeseen natural contingency, and it would be wrong to make her pay for all the costs of her chosen lifestyle. If she had known it would be so costly, she would have chosen a different life-plan (unlike the tennis-player, who was aware of the costs of his lifestyle). These sorts of unexpected costs need to be fairly dealt with. But if we try to compensate for them through an insurance scheme similar to the one for natural talents, the result will have all the shortcomings of that other insurance scheme.

We now have two sources of deviation from the ideal of an ambition-sensitive, endowment-insensitive distribution. We want people's fate to be determined by the choices they make from a fair and equitable starting point. But the idea of an equal starting point includes not only an unachievable compensation for unequal endowment, but also an unachievable knowledge of future events. The former is needed to equalize circumstances, the latter is needed to know the costs of our choices, and hence be held responsible for them. The insurance scheme is a second-best response to these problems, and the taxation scheme is a second-best response to the problem of applying the insurance scheme. Given this distance between the ideal and the practice, it is inevitable that some people are undeservedly penalized for their unfortunate circumstances, while others are undeservedly subsidized for the costs of their choices.

Can we not do any better in achieving an ambition-sensitive, endowment-insensitive distribution? Dworkin concedes that we could achieve one or other of the aims more completely. However, the two aims pull in opposite directions—the more we try to make the distribution sensitive to people's ambitions, the more likely it is that some people disadvantaged by circumstances will be undeservedly penalized, and vice versa. These are both deviations from the ideal, and equally important deviations, so a proposal which concentrates on one to the exclusion of the other is unacceptable. We must employ both criteria, even if the effect is that neither is fully satisfied (Dworkin 1981: 327–8, 333–4).

This is a rather disappointing conclusion. Dworkin argues persuasively that a just distribution must identify 'which aspects of any persons's economic position flow from his choices and which from advantages and disadvantages that were not matters of choice' (Dworkin 1985: 208). But it seems that in practice his ideal is 'indistinguishable in its strategic implications' from theories, like Rawls's difference principle, which do not mark this distinction (Carens 1985: 67; cf. Dworkin 1981: 338–44). The hypothetical calculations

Dworkin's theory requires are so complex, and their institutional implementation so difficult, that its theoretical advantages cannot be translated into practice (Mapel 1989: 39–56; Carens 1985: 65–7; cf. Varian 1985: 115–19; Roemer 1985a).

Dworkin admits that his is a very abstract theory, but insists it can be used to evaluate real-world distributions, and to design public policies. The theory is not precise enough to single out any particular distribution as *the* correct distribution. But it can be used to rule out certain distributions as clearly unjust. For example, Dworkin argues that on any plausible account of the sort of hypothetical insurance people would buy against natural misfortunes, the coverage would be 'well above' what is offered to the disabled, sick, or unskilled in the United States or Britain today (Dworkin 1981: 321).

He also argues that his model shows the superiority of a 'third-way' between traditional socialism and free-market libertarianism (Dworkin 2000: 7; cf. Giddens 1998; White 1998). For example, he argues that his theory explains why we need both a system of public health care and also the option to buy private health insurance. The hypothetical insurance scheme shows that the former is needed to equalize circumstances; the hypothetical auction scheme shows that the latter is needed to be choice-sensitive (Dworkin 1993; 2000: ch. 8). Similarly, he says that his theory shows the necessity of combining generous welfare provisions (to equalize circumstances for those with lesser natural talents) with certain workfare requirements (to ensure that talented but lazy people pay for the costs of their choices) (Dworkin 2000: ch. 9).

Still, Dworkin's policy suggestions are surprisingly modest. They are primarily focused on *ex post* corrections to the inequalities generated by the market—i.e. they take the existing level of inequality in market income as a given, and ask how best to tax some of the unequal income of the advantaged and transfer it to the disadvantaged. But these proposals leave unaddressed an important plank in his theory—namely, that people should have equal *ex ante* endowments when they enter the market. The policy implementation of his theory should presumably include some real-world equivalent of the 100 clamshells that individuals start with in life, and use to make choices about investment, savings, risk, training, and so on. This is surely as important (if not more so) to achieving genuine equality of resources as *ex post* transfers of market income. Indeed, if there were greater equality in people's *ex ante* endowments—i.e. in their capacity to invest in productive assets or in developing their own skills and talent—there would be less need for *ex post* redistribution, since there would be fewer involuntary inequalities in market income to correct after the fact.

Of course, any attempt to achieve this sort of *ex ante* equality would require a major attack on entrenched economic divisions in our society. Dworkin himself offers no concrete policy suggestions about how to achieve this. In this respect, his policy prescriptions are 'surprisingly conservative' (Macleod 1998: 151). Can we imagine more innovative ways to implement Dworkin's theory? Several theorists have offered more radical measures to achieve liberal equality. Let me briefly mention four:

(*a*) 'stakeholder society': Bruce Ackerman has proposed giving everyone a one-time lump-sum 'stake' of $80,000 when they graduate from high school, financed by a 2 per cent wealth tax (Ackerman and Alstott 1999). People could use this stake as they see fit—to pay for more education or training, to help buy a house, to set up a small business, to buy stocks or bonds, or simply to spend on their preferred forms of consumption or leisure. This is actually a relatively old idea—going back at least to Thomas Paine in the eighteenth century—and would seem to fit very comfortably with Dworkin's theory. By reducing existing inequalities in young people's capacity to acquire productive assets or to develop their marketable talents, it would help ensure that distributions more truly reflect choices rather than circumstances.[13]

(*b*) 'basic income': Philippe Van Parijs has defended a guaranteed and unconditional basic income—say, $5,000 per year—that is given to everyone, whether employed or not (Van Parijs 1991; 1995). Liberal egalitarians have sometimes objected to such an unconditional basic income on the grounds that it might tax hard-working citizens to subsidize indolent citizens who do not want to work, such as the 'Malibu surfer'. But in fact it can be seen as simply a version of the previous stakeholder proposal.[14] The basic income can be seen as the yearly interest on one's 'stake'. The basic income proposal differs from Ackerman's proposal primarily in not allowing people to cash out their stake: they can only draw on the interest, rather than the capital. This would alleviate worries that some young people might 'blow' their stake in one go. But since having a guaranteed income makes it easier to borrow money, this proposal would still help equalize people's ability to invest in productive assets, or in their own education and training.[15]

A proposal that combines the 'stake' and 'basic income' models has been developed by John Roemer, under the label of 'coupon capitalism' (Roemer 1994; 1999: 65–8). Each young adult would receive a portfolio of stocks in the nation's firms, intended to give her a per capita share of the nation's profits. She could trade these stocks at prices quoted on a competitive stock market, but could not cash out her portfolio. At death, each person's portfolio would revert to the Treasury, to be recirculated to the next generation of young adults. Roemer calculates that one's 'stake' of stocks could generate an annual income of $8,000 per family in the United States. Roemer is not optimistic that this sort of programme could be adopted in the USA, although he points to the growing numbers of Employee-Share-Ownership Programs (ESOPs) as a possible precursor.

(*c*) 'compensatory education': John Roemer has defended a programme of 'compensatory' investment in the education of children from poorer families and communities (Roemer 1999: 69–70). As he notes, it is a significant egalitarian achievement that most Western countries now invest more or less equally in the education of all children, whatever their race or class. A century ago, it was often only the male children of the wealthy who received an education. However, equal public spending per child does not create equal opportunities, because children from wealthy families typically receive many advantages in their education and opportunities. Wealthy parents are themselves likely to be better educated, and to value education, and are willing and able to invest more time and resources in the education of their children. If we want to genuinely equalize opportunities, we need compensatory spending on the education of disadvantaged children. For example, Roemer estimates that to equalize future earning opportunities for white and black children in the USA would involve spending ten times as much on the education of blacks, per capita, than on whites.

(*d*) the 'egalitarian planner': Roemer has also suggested another approach for implementing Dworkin's theory, which he calls the 'egalitarian planner' (Roemer 1993*a*; 1995). As we have seen, one of the main barriers to implementing Dworkin's theory is that we have no realistic way of determining the extent to which any individual's disadvantages are due to her choices or her circumstances. Roemer agrees that this is impossible at the level of particular individuals, but argues that we can try to neutralize the effects of certain circumstantial factors at the social level. On his proposal, society would decide on a list of factors which everyone agrees are matters of circumstance rather than choice: e.g. age, gender, race, disability, and the economic class or education level of one's parents. We then divide society into groups or 'types' based on these factors. For example, one type would be 60-year-old able-bodied white males whose parents were college educated; another type would consist of 60-year-old able-bodied black women whose parents received only primary education.

Now within each type, people will vary considerably in their income or wealth. Within the group of 60-year-old able-bodied white males whose parents were college educated (call them type A), most persons might earn around $60,000, with the top 10 per cent earning over $100,000 and the bottom 10 per cent earning under $40,000. We assume that such inequalities *within* type A are due primarily to the choices people make. Since all members of type A share the same basic socio-economic and demographic circumstances, the inequalities we see within this group are likely to reflect different choices about work, leisure, training, consumption, risk, and so on. So we will not seek to redistribute resources within type A: we assume that the distributions within types are broadly ambition-sensitive. Hard-working and prudent white males of educated parents should not be forced to subsidize the choices of comparable white males with expensive tastes for leisure, or irresponsible habits.

Similarly, there will be considerable variation in income within the group of 60-year-old black women from less-educated parents (call them type B). Perhaps the average income in this group is around $20,000, with the top 10 per cent group earning $33,000, and the bottom 10 per cent earning $10,000. As before, we will assume that such inequalities within type B are due primarily to people's choices, since members of the group share most of the same social circumstances. Hence we will not expect hard-working and prudent black women to subsidize the expensive or imprudent tastes of other black women.

So on Roemer's view, inequalities within types are generally accepted as ambition-sensitive. However, notice that there are enormous inequalities *between* types A and B, and these, *ex hypothesi*, are due to circumstances not choices. Hard-working and prudent members at the 90th percentile of type A earn three times as much as hard-working and prudent members at the 90th percentile of type B. That inequality cannot be explained or justified in terms of choices. People should be rewarded for above-average levels of work or prudence, but there is no reason why members of type A who exhibit these characteristics should be rewarded three times more than members of type B who exhibit the same characteristics.

Similarly, compare the reckless and indolent white male at the 10th percentile of type A who earns four times as much as the reckless and indolent black female at the 10th percentile of type B. People should pay for their choices, and so reckless and indolent people should accept that they will do less well than others who are prudent and hard-working. But there is no reason why the costs of these imprudent decisions should be four times harsher for members of type B than for members of type A.

The goal of an 'egalitarian planner', therefore, is to accept inequality within types, but to equalize across types. Thus everyone at the 90th percentile of their type should have the same income, no matter what type they belong to; similarly at the 50th or 10th percentile (see Fig. 3). This will still ensure that people are held responsible for their choices: hard-working and prudent members of each type will do much better than members with expensive or imprudent tastes. But we will have neutralized the impact of the most important unchosen circumstances.[16]

Of course, as Roemer acknowledges, this model can only neutralize the effect of the most blatant and systematic forms of involuntary disadvantage. It wil not deal with the case of children raised by affluent and well-educated but uncaring parents who neglect them. Some members of type A will not get the advantages that are enjoyed by most members of their type, and may indeed

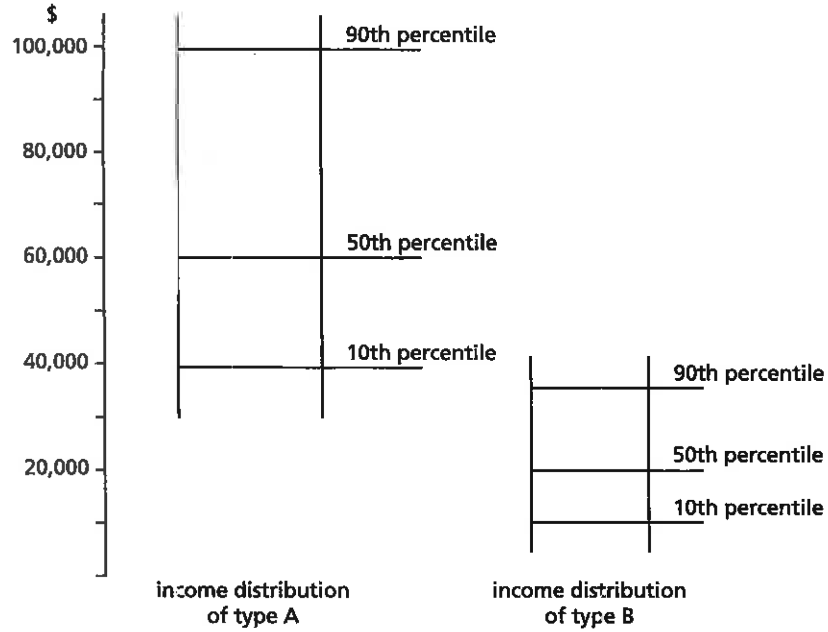

Figure 3 Roemer's types

face some of the same disadvantages suffered by most members of type B. Such people will be unfairly penalized by Roemer's scheme, which only identifies and remedies the most socially salient forms of circumstances. Still, as I noted earlier, this sort of unfairness was present in Dworkin's own account. Roemer's account does not eliminate this unfairness, but arguably would do a better job in reducing it, by better achieving the twin goals of endowment-insensitivity and ambition-sensitivity.

These are just a few examples of the interesting work being done on the practical implementation of Dworkin's theory, and are a testament to the influence his theory has had. Dworkin's idea of the envy test describes, and makes vivid, what it would be for a distribution scheme to fulfil the basic aims of Rawls's theory: a distributive scheme that respects the moral equality of persons by compensating for unequal circumstances while holding individuals responsible for their choices. There may be a more appropriate apparatus for implementing these ideas than the mixture of auctions, insurance schemes, and taxes that Dworkin employs. But if we accept these fundamental premisses, Dworkin has helped us clarify their consequences for distributive justice. Indeed, much of the most interesting work on distributive justice in the last twenty years has started from Dworkin's basic premisses and attempted to refine our ideas of ambition-sensitivity and endowment-insensitivity.[17]

It is worth pausing for a moment and reviewing the arguments presented so far. I started by examining utilitarianism, which is attractive for its insistence on interpreting morality in terms of a concern for the welfare of human beings. But that concern, which we saw was an egalitarian one, need not require the *maximization* of welfare. The utilitarian idea of giving equal weight to each person's preferences has some initial plausibility as a way of showing equal concern for people's welfare. But, on inspection, utilitarianism often violates our sense of what it is to treat people as equals, especially in its lack of a theory of fair shares. This was Rawls's motivation for developing a conception of justice that provides a systematic alternative to utilitarianism. When we examined prevailing ideas about fair shares, we encountered the belief that it is unfair for people to be penalized for matters of brute luck, for circumstances which are morally arbitrary and beyond their control. This is why we demand equal opportunity for people from different racial and class backgrounds. But the same intuition should also tell us to recognize the arbitrary nature of people's place in the distribution of natural assets. This is the motivation for Rawls's difference principle, under which the more fortunate only receive extra resources if it benefits the unfortunate.

But the difference principle is both an overreaction and also an insufficient reaction to the problem of undeserved inequalities. It is insufficient in not providing any compensation for natural disadvantages; and it is an overreaction in precluding inequalities that reflect different choices, rather than different circumstances. We want a theory to be more ambition-sensitive and less endowment-sensitive than Rawls's difference principle. Dworkin's theory aspires to these twin goals. But we saw that these goals are unreachable in their pure form. Any theory of fair shares will have to be a theory of the second-best. Dworkin's scheme of auctions and insurance is one suggestion for fairly resolving the tension between these two core goals of the liberal conception of equality.

So Dworkin's theory was a response to problems in Rawls's conception of equality, just as Rawls's theory was a response to problems in the utilitarian conception of equality. Each can be seen as attempting to refine, rather than reject, the basic intuitions which motivated the previous one. Rawls's egalitarianism is a reaction against utilitarianism, but is also partly a development from utilitarianism's core intuitions, and the same is true of Dworkin's relation to Rawls. Each theory defends its own principles by appealing to the very intuitions that led people to adopt the previous theory.