IS UNEQUAL UNFAIR?

On the legitimation of income inequality in a democracy

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Voorwoord

September 2016. In een zaaltje met wat anderen zat ik bij het eerste college van '*Contemporary Debates in Political Theory*', en hoopte dat de beslissing om voor een tweede master te gaan een goede was geweest. Tijdens de maanden erna zou al snel blijken dat dit zeker zo was. Tijdens mijn studie Economie had ik me er vaak aan geërgerd dat er nooit normatieve uitspraken gedaan mochten worden. We hadden het over de uitkomsten van economische modellen, en wat de implicaties daarvan zijn voor beleid, maar er werd nooit gesproken over of het beleid wel *goed* was, en of de uitkomsten voor de modellen wel *wenselijk* waren. Bij Political Theory stond juist die rechtvaardigheidsvraag centraal, en kwam ik daarom vol aan mijn trekken. Ik heb mij gedurende de opleiding vaak verbaasd over hoe omvangrijk het veld van Political Theory is als je kijkt naar het enorme aantal verschillende onderwerpen, en het aantal theorieën en argumenten dat er te bedenken is. Niet alleen de inhoud van de master heeft mij verrast – ik merk dat ik op een andere manier ben gaan denken, en dat dezelfde rechtvaardigheidsvragen mij nog elke dag bezig houden in mijn dagelijks leven.

De master bracht veel uitdagingen met zich mee. Ik was het niet gewend om veel te lezen, noch om veel te schrijven – twee dingen die bij Political Theory bij uitstek nodig waren. Daarnaast werkte ik tijdens het volgen van mijn vakken twee dagen in de week als junior docent economie, en heb ik mijn thesis grotendeels geschreven terwijl ik (fulltime) werkte als trainee bij de Rabobank. De vakken heb ik desondanks netjes volgens mijn eigen planning in 1,5 jaar afgerond, maar het schrijven van een thesis in de avonduren en weekenden (en zelfs een periode in Sydney) bleek uitdagend en heeft langer geduurd. Verschillende keren heb ik op het punt gestaan om ermee te stoppen, maar ik ben blij dat ik anders heb besloten en toch ben doorgegaan. En hier is hij dan! Het onderwerp '(economische) ongelijkheid' heeft mij altijd erg getriggerd, en het is dan ook geen verrassing dat mijn thesis hierover gaat. Het vormt bovendien een mooie brug tussen political theory en economie.

Ik wil Bart van Leeuwen graag erg bedanken voor de fijne begeleiding, de goede ideeën en discussies en het geduld om rustig een paar maanden te wachten voordat ik weer eens met een volgende versie kwam! Daarnaast wil ik mijn moeder Liesbeth en mijn zusje Robin graag bedanken voor het op Engels nalezen van stukken tekst, en mijn vriend Lennart voor de moral support.

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Abstract

In this thesis it is evaluated to what extent income inequality is fair in a democracy. Four factors are defined that determine the legitimacy of income inequality. The first factor was identified by aggregative democrats, and states that the voting procedure should be fair. The second factor, identified by republican and deliberative democrats, states that income inequalities in a democracy can only be justified if they are not that large that they cause domination of some people over others, and in that regard takes the influence of money on political power into account. In this thesis it is argued that those two factors by themselves are not enough and that other factors, that consider the way income is earned, also play an important role, although they are overlooked by both aggregative, republican and deliberative democrats.

More specifically, these other factors are 'effort' and 'contribution to society'. 'Effort' indicates that the distribution of income should be reflective to ambition, so that differences in income that purely arise from differences in personal choices are legitimated. 'Contribution to society' means that income distribution should also be reflective to one's contribution to society, so that one's income corresponds to the value one adds to society. It is shown that these factors also coincide with what people in a democracy actually think is fair.

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1 - Introduction

In all countries, income is distributed unequally. For example, the gini-coefficient[1] of income inequality in the Netherlands in 2014 was about 0.3 (OECD, 2017; CBS, 2017a). The average gini-coefficient of countries that are member of the European Union is 0.3, with Estonia having the highest gini of 0.361 and Denmark having the lowest: 0.254 (OECD, 2017). However, the income distribution in a country is not always seen as fair. Kiatpongsan and Norton (2014) show that both in the US and Europe, what citizens perceive as a fair income distribution does not match the actual distribution of income in a country. Not only does the majority of the citizens underestimate actual pay gaps between skilled and unskilled workers, they actually would like these income differences to be even smaller. It is remarkable that these results are consistent regardless demographic characteristics like political colour and opinions on equality and pay. Norton and Ariely (2011) show the same type of results with regard to the distribution of *wealth* in the US: the majority of the citizens underestimates the level of wealth inequality in the US, and desires an even more equal distribution. Again, the results are consistent over all demographic groups. Although the Netherlands was not studied in the above mentioned articles, there are signs that here as well, the majority of the citizens desires a more equal distribution of income and wealth. The SCP (2014, 127) shows that respectively, 75% and 70% of the citizens want income and wealth to be distributed more equally. However, opinions on this matter correlate with one's own level of wealth and income: the higher one's own level of wealth and income, the less likely they are to be a proponent of a more equal distribution of wealth and income. Results from the Dutch national voter research (CBS, 2013) are somewhat different but still indicate that in 2012, 58% of the citizens desire income differences to be smaller. However, this percentage has decreased over the years, being 67% in 2006 and 63% in 2010.

So, in all investigated countries in Europe and the US, the majority of the citizens is not satisfied with the actual distribution of income in their country. At the same time, all these countries are classified as *democracies*, which, (very) loosely defined, means, *'rule by the people'* (Ishiyama et al., 2011, 267). Democracy is supposed to bring freedom by giving power over resources and political processes to 'the people' (Welzel, 2009, 75-76). Political equality is often used to legitimize a democratic regime: in a democracy, people are treated as equals in the distribution of political power (Dworkin, 1990, 331). There is a contradiction here: while democracy is supposed to mean 'rule by the people', and to give equal 'power to the people', 'the people' do not seem to rule in the case of income inequality - since the majority of them would rather have a more equal distribution of income. The question then, is whether the actual income distribution in a democracy can be legitimate, even if the majority of the citizens of that country is not satisfied with the income distribution.

The answer to such a question, however, will depend on the way democracy is viewed. It might be the case that the legitimatization of income inequality in a democracy does not even depend on the opinion of the majority of the citizens. For example, an argument against majority rule is that it might lead to tyranny of the majority when preferences of citizens are sticky, meaning that they do not change over time (Pettit, 2012). To illustrate this, take a group of seven friends who vote every week over what activity they are going to do. Four of them always prefer horse riding, while the other three always prefer tennis. According to majority rule, horse riding will always win, while this is obviously not fair. On the other hand, if the preferences of the group of friends were not sticky and would change so now and then, there would not be such a problem: one week they will go horse riding and the other week they will play tennis. So, if the majority of the citizens in a country always prefers a low income inequality and the minority always prefers a high income inequality, it might not be fair to always do as the majority of the citizens prefers.

[1] The gini-coefficient is a measure of the relative distribution of income. A coefficient of 0 means complete income equality, while a coefficient of 1 means complete inequality of income (meaning that one person has all the income). The data of CBS and OECD measure disposable income (gross income - taxes + social security contributions), with an adjustment to correct for differences in household size and composition.

Another argument that is independent from the opinion of the majority of the citizens, is that some argue that a too large income inequality in itself could undermine democracy (Levin-Waldman, 2016; Piketty, 2014). They argue that the danger of inequality is that elected representatives in an indirect democracy do not equally represent all people in a country, but are biased towards the citizens that have much resources, because they often help to finance the campaign of politicians. In this case, having a high income is directly translated in political power. Levin-Waldman argues that this type of 'democracy' is already prevalent in the US. Piketty argues that besides this, there are two other problems. First of all, extreme inequalities cause large groups in society to feel excluded from the political process, which will cause them to express their dissatisfaction through nationalism and racism. Moreover, the rich elite will store large amounts of money in low-tax countries, so that the country will lack tax incomes to finance public facilities like roads and hospitals.

So, the legitimization of the income inequality in a democracy might or might not depend on the opinion of the majority of the people. The question is what is fair in a democracy. In this research, the goal is to discover how income inequality relates to democracy. Therefore, the main question of this research is: *To what extent is income inequality fair in a democracy?* The question has a clear societal and scientific relevance. There has always been a debate on the topic of income inequality in society, but since the publication of Piketty's '*Capital in the Twenty-First Century'* (2014), the debate has heated up (Sociale Vraagstukken, 2019). More and more, the debate is also about whether the government could take a part in counteracting inequality, and this is where the topic of democracy comes into play. Clearly, this thesis can add to this debate. Scientifically, there seems to be a 'gap' in the literature when it comes to the link between income inequality and democracy. Much has been written about both the fairness of income inequality and theories of democracy, but they rarely have been linked. This thesis aims to provide a first step in this direction.

As mentioned earlier, the answer to this research question will depend on the way democracy is viewed. There are different concepts/models of democracy, that use different ways to legitimize a certain income distribution. However, before talking about different models of democracy, the concepts of 'money' and 'income' need to be defined.

What is money?

Money can be defined in an economical and philosophical way. Economically seen, money is anything that is generally accepted as payment for goods, services and loans (Mishkin et al., 2013, 46-47). Income is an inflow of money within a certain amount of time (for example, all the money someone has earned in the month of June). Wealth, on the other hand, is the total amount of money someone possesses at a certain point in time (for example, all the money someone possesses on June 15, 2017). The income (or wealth) inequality is the extent to which income (and wealth) are distributed unequally across individuals or households in an economy. It should be noted here that while income and wealth inequality are (especially empirically) closely related, they are morally very different: wealth is inherited, while income is not. Since this is a totally different subject, which does not fit the scope of this research, wealth inequality will not be considered in this thesis.

A government can influence the income distribution by redistributing the income by means of taxes and social benefits. The income distribution of a country after redistribution is more equal than the income distribution without redistribution (Ostry et al., 2014; Doerrenberg and Peichl, 2014). Vandevelde (2018) defines money in a philosophical sense: seen that way, money is in fact a claim on a piece of richness in the future. It is nothing more than *'institutionalized trust'*: it has almost no worth in itself (called 'intrinsic value'). Most of the value of money comes from the fact that everyone believes that it is possible to exchange money against goods and services (which form the true richness) today and in the future, and this is institutionalized by law. Money can only function if it is a fair and trustworthy sign of the richness that can be gained by using it.

Economists often define money with the help of three functions of money: as a means of exchange, a unit of account and a store of value (Mishkin et al., 2013, 46-58). When money is used as a means of exchange, it is used to pay for goods and services. This fosters economic efficiency, because it is more time efficient to trade goods against money, than to trade goods against goods directly. If money is used as a unit of account, it is used to calculate the value of different goods and to compare the value of different goods with each other. Money can also be used as a store of value: to save purchasing power over time. Some thinkers, like Aristotle (384 a.C.–322 a.C.) and Keynes (1883-1946), saw a certain ambivalence in the existence of money (Vandevelde, 2018). On the one hand, they thought that money as a means of exchange and a unit of account brought a lot of good things (primarily efficiency) to the economy and society. However, they saw a danger in the use of money as a store of value. Keynes thought that the economy will only function if money is used to consume (spend), and not so much to be saved up (Vandevelde, 2018, Pressman, 1997). A high level of consumption increases the effective demand for goods in the economy, and this in turn increases the production - which causes the economy as a whole to grow. If money is saved up too much, demand will decline, and so will production. Aristotle also thought that money should be used to spend: if people store money, they consequently store power and wealth, which will cause social disruption. It is interesting to note that Aristotle connects money to power, because this brings us back to democracy: is it even possible to give citizens equal power (as democracy is supposed to do), when incomes are distributed unequally? As argued before, this will depend on the *model of democracy* that is used.

Models of democracy

In this research, three models of democracy will be distinguished: liberal democracy, republican democracy and deliberative democracy, and the models will be discussed in this same order. These three models of democracy are chosen because it are the most commonly discussed models in the field of political theory, that are used to give an overview of the different debates in the field of democracy (Habermas, 1998; Held, 2006). Moreover, they are also very suited to describe the evolution of the debate in chronological order. Of course, many more models of democracy exist. But since the scope of this research is limited to finding the link between income inequality and (theories of) democracy, the goal is to serve as a good starting point for further research.

In the liberal concept of democracy, the focus lies on individual *rights*[2] (Habermas, 1998; Terchek and Conte, 2001). The government should be arranged in such a way that individuals can pursue their self-interest (as long as individuals act within the legal boundaries). The government should enforce rights by which individuals are protected. Political rights included in models of liberal democracy often include voting rights, freedom of speech, freedom of association, and freedom to oppose the current regime (Rose, 2009, 12). Liberal democracy is a very broad concept, and models of liberal democracy can differ greatly from each other. To keep things clear in this thesis, a thin definition of the concept of liberal democracy will be used: that of *aggregative democracy*. In short, in this view, all the legitimacy of a democracy comes from the voting process (Heath, n.d., 5). The outcomes[3] of a democracy in this view are legitimized by a fair and efficient procedure - the preferences of individuals themselves need no justification. The society is merely treated as a market, in which the preferences of individuals must be aggregated into a political will (Gutmann and Thompson, 2004, chapter 1; Habermas, 1998). Schumpeter (1943) is often mentioned as the founder of the concept of aggregative democracy. He argues that in a democracy, there should be *'free competition for a free vote'* (p. 271). This implies that every adult citizen has the right to vote, elections are free, fair and competitive and that the result of elections is adhered to.

[2] In the liberal concept of democracy, the focus mainly lies on *negative* rights: the protection of an individual against action of others.

[3] With 'outcomes', the legislation and policies are meant that are actually implemented after the voting procedure has taken place,

What is the link between aggregative democracy and the legitimation of the income distribution in a country? Could an income distribution according to an aggregative democrat be just, even if the majority of the citizens in that country would prefer a more equal distribution of income? Theoretically, aggregative democrats could argue both ways. On the one hand, they might argue that an income distribution could be just, despite the fact that the majority of the citizens would prefer a more equal distribution. It could be the case that the election process was perfectly fair, but that it is 'just' the case that in a representative (or indirect) democracy, the actual income distribution does not perfectly mirror the one that is desired by the majority of the citizens. In an aggregative democracy, citizens will pursue their self-interest – and so will politicians. There is no reason to believe that an aggregation of votes of citizens will lead to implementation of 'the will of all'[4] in all areas, and there is no reason to believe that this should be the case. According to aggregative democrats, the outcome (in this case: the actual income distribution) is just when the voting procedure is just. Whether the majority of the citizens are satisfied with the actual income distribution is an irrelevant factor. On the other hand, an aggregative democrat who favours a more direct form of democracy might argue that an income distribution cannot be just if the majority of the citizens actually prefer a more equal distribution. The discrepancy between the actual income distribution and the opinion of the majority of the citizens reveals that there is something wrong with the voting procedure. The voting procedure it not doing what it is supposed to do: aggregating the preferences of citizens in a fair and efficient way. So, the difference between these two positions might be answered by the question: what is it that should be aggregated? In the first view, votes for representatives in an indirect democracy are aggregated, while in the second view, preferences of individuals in a more direct form of democracy are aggregated.

Interesting to consider here as well is the view of *pluralist democrats*[5] (Tercheck and Conte, 2001; Dahl, 1989). According to them, we should not think in terms of preferences of individuals or 'the people'. Instead, it is simply the case that there are different interest groups in a society, and that these groups compete for power. This competition will lead to an equilibrium until new groups enter the political sphere which will change the dynamic. So, whether the majority of the people are satisfied with the outcomes of the political process (such as the actual income inequality) is not even relevant: the fact is that a certain interest group at a certain moment had enough power to pursue their interest. Critics of pluralist democrats argue that in a pluralist democracy, the interests of minority groups will be overlooked. However, pluralist democrats argue that a pluralist democracy actually is the reality, and that the past has shown that minority groups (such as racial minorities and environmentalists) can also gain power.

The second model of democracy that will be looked into is that of republican democracy. In republican concepts of democracy, the focus is not on individual rights and self-interest, but rather on *civic virtue* and the public interest (Terchek and Conte, 2001; Dagger, 1997; Habermas, 1998). Republican democrats are afraid that mere accumulation of individual preferences will lead to implementation of 'the will of all'[6]–which indeed will be nothing more than the sum of all individual preferences. This will lead to the will of the majority. However, this does not necessarily match the 'general/public will': what, from an impartial point of view, would be best for society. According to republicans, people may be selfish when they are merely aggregating their individual preferences. Republicans think that people should be aware of their position in society and should keep the public good in mind. Not the individual, but the society should be seen as the highest good. Therefore, all citizens should take an active role in society and in the political process.

What would republican democrats think about the fairness of income inequality in a democracy? According to republican democrats, democracy is not about aggregating individual preferences in the first place, so the fact that the majority of the people would prefer a more equal

[4] The aggregation of individual preferences of all citizens.

[5] The view of pluralist democracy will be not be the subject of a main chapter of this thesis. While pluralist democracy is certainly an interesting theory, it is for this thesis not interesting enough to write a main chapter about it, because it treats reality 'as it is', and does not that much take into account substantive normative arguments.

[6] The division between the will of all and the general will was first made by Rousseau (Dagger, 1997).

income distribution than the actual income distribution does not necessarily indicate that the democracy is not working properly. For example, it could be the case that individual citizens put their self-interest first, which would lead the majority of the citizens to favour a certain income distribution that does not match the actual income distribution. However, it might be the case that in this view of the majority, the interests of certain minority groups are overlooked[7], and that the will of all in this case is not equal to the general will. A different income inequality than the majority of the citizens would favour, could be in line with the general will, and therefore, could be legitimated.

The third (and last) model of democracy that will be discussed in this thesis is the model of *deliberative democracy*. Deliberative democrats, like republican democrats, make a distinction between the will of all and the general will, and think that in a democracy, people should strive for reaching the general will. Deliberative democrats argue that the general will most likely will be reached when people participate in a genuine deliberation - to which everyone should have equal access, before voting (Habermas, 1998, Thompson, 2008). Genuine deliberation, they argue, transforms the preferences of individuals. Because everyone participates in the debate, no point of view is overlooked. And by hearing each other's points of view, there is a tendency to state arguments from an impartial point of view and to think with the public good in mind.

How would deliberative democrats think about the fairness of income inequality in a democracy? They probably would argue that the opinion of the majority of the citizens would matter, and that a difference between the actual income distribution and the preferred income distribution by the majority of the citizens is not legitimated. The whole idea of deliberation before voting is that genuine deliberation transforms the preferences of individuals. When voting is indeed preceded by genuine deliberation, the outcomes of the democratic process should correlate with the (transformed) preferences of individuals - in this case, the actual income distribution should be the same as the preferred income distribution by the majority of the citizens. If this would not be true, that would mean that the process of deliberation did not succeed - and thus, the democracy cannot be legitimated and the process could be improved.

So, to summarize, according to more liberal concepts of democracy, the actual income distribution basically can be legitimated by a fair procedure. Republican democrats, roughly, would legitimate the actual income distribution when politicians govern with the public good in mind. For deliberative democrats, an income distribution could be legitimated when voting is preceded by genuine deliberation.

How to proceed?

Of course, the statements made in the last paragraph are very broad and not very nuanced. To answer the main question - 'To what extent is income inequality fair in a democracy?' - more accurately, the link between the different models of democracy and a fair income distribution will be discussed in more depth. In chapter 2, the link between aggregative democracy and fair income will be discussed, with the help of three models of aggregative democracy: those of Schumpeter, Post and Klosko. In chapter 3, the link between republican democracy and fair income will be discussed. A distinction between developmental and protective republicanism is made, and the models of Rousseau (developmental republicanism) and Pettit (protective republicanism) will form the basis of this chapter. In chapter 4, the link between deliberative democracy and fair income is discussed, with the help of the models of deliberative democracy of Habermas and Rawls, who are both known as one of the founders of deliberative democracy. In chapter 5, all positions will come together and it will be argued that they all overlook an important aspect, namely the way income is earned. In chapter 6, finally, the thesis will be ended with a discussion.

[7] Called 'the tyranny of the majority'.

2 – Aggregative democracy and fair income

Aggregative democracy is defined as a model of democracy in which the legitimacy of 'outcomes' (like the actual income distribution) comes from the voting process by which preferences of individuals are aggregated to determine either who should rule, or (for some writers) what collectively should be done (Heath, n.d., 5). Different views of aggregative democracy exist, but the central element of all these theories is the focus on the procedure of aggregating individual preferences (one person, one vote). A just democracy does not require any other principles of substantive justice. In this chapter, the views of Schumpeter, Post and Klosko with regard to aggregative democracy will be discussed. Moreover, what Schumpeter, Post and Klosko would think about the fairness of income inequality in a democracy will be mapped out. Finally, it will be argued that all these theories of aggregative democracy have some shortcomings - which will be discussed as well.

Schumpeter and aggregative democracy

Schumpeter (1943) is known as the 'founder' of aggregative democracy. His model of aggregative democracy was based on his criticism of the 18th-century view of democracy - a view he regarded as problematic. In this 18th-century view, democracy was seen as a tool to reach the common good, and in that way, procures the greatest happiness for the greatest number of people (utilitarianism). The common good is realized through institutionalization of mechanisms that make the people '*itself decide issues through the election of individuals who are to assemble in order to carry out its will*' (p. 250). In that way, there would be rule by the people, or –in large societies- at least control of the people who govern. So, in this 18th-century view of democracy, it are the citizens who govern: the representatives that are chosen by the citizens must carry out the will of the citizens. That is the way through which the common good will be realized. Take for example the case of income inequality. In the 18th-century view of democracy Schumpeter talks about, citizens would vote for representatives and they ought to carry out the preferences of the citizens. So indirectly, citizens rule the country and decide what politicians should do, and thus for example, what the income distribution should be. In this (18th-century) view it would not be seen as fair if the majority of the citizens desires a more equal income distribution than the distribution that is actually prevalent in society.

Schumpeter argues that this 18th-century view of democracy is problematic, because (1) according to Schumpeter, a public good does not exist, since everyone has their own conception of the good; and (2) even if it would exist, there would be disagreement over the means to reach it. On top of that, the personality of individuals is not rational and stable over time, but is highly influenced by individual experiences, motivations and local issues. Therefore, individuals do not have a complete picture of reality, which makes them less responsible for all issues at the national level and also makes them sometimes ignorant and devoid of will: citizens do not have well-founded conceptions of their preferences.

According to Schumpeter, democracy should therefore be seen differently, and his theory will be explained here. Not the fact that power is in the hands of the electorate, but the selection of representatives should be the primary function of democracy: '*the democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote*' (p. 269). Instead of deciding over political issues, the primary role of the electorate is to establish (and end) a government. Not the people rule but politicians do: representatives no longer have to 'represent' the will of citizens - since, according to Schumpeter, there is no such thing as a will of all, or a general will: people do not even have well-founded preferences[8]. Politicians just try to get elected

[8] Implicitly, even in the view of Schumpeter, politicians should represent the will of the citizens in a minimal way: citizens namely do have the power to dismiss a politician - which they will probably do when a politician does not listen to the citizens at all.

by the people to get the power to pursue their party's interest. Democracy actually is just a method –not an end in itself- by which the competition for leadership can be organized (p. 240). In this view, a political party does not intend to follow the general will and in that way, increase welfare. Instead, a party is a *'group whose members propose to act in concert in the competitive struggle for political power*' (p. 283). So-called 'psycho-technics' (advertising, slogans and the like) are not a side-effect of politics, but form the essence. For a democracy to function, there should be free competition for a free vote: this implies that everyone should be free to engage in the competition for political leadership. According to Schumpeter, this will in most cases lead to a reasonable amount of freedom of discussion for all as well – and in particular, freedom of the press.

So, according to Schumpeter, a democracy functions like a market, where politicians deal in votes. While on an economical market, the payment method is money, the payment method on this 'political market' are votes. Democracy does not imply rule by the people, but rule by politicians, who are elected by the people. For the 'great industrial nations of the modern type'[9] (p. 290), there are five conditions for the democratic method to succeed: first of all, there must be politicians of sufficiently good quality. There should be a selection process that leads to a social class of individuals that could participate in democracy, and that selection process should neither be too exclusive, nor too easily accessible. Secondly, politicians should limit themselves to political decisions - technical issues should be left to specialists. What politicians should and should not decide is not something that should be regulated, but something that politicians themselves should understand. The third point, related to this, is that the government should have a professional bureaucracy. The democratic government must be able to command all parts of the public sphere. The fourth condition is democratic self-control: all people must accept all laws that are imposed democratically. People may try to change the laws, but until new laws are adopted, people should accept the laws that are currently in force. Lastly, for the democratic method to work, people must have a tolerant and respectful attitude with regard to different opinions.

To what extent would Schumpeter think that income inequality in a democracy is fair? Although Schumpeter does not explicitly discusses the topic of distributive justice, it implicitly can be argued that the level of income inequality in a democracy does not matter to Schumpeter. Schumpeter argues that democracy implies rule by politicians, not rule by the people: it is not the case that politicians ought to carry out the will of the people, since in the eyes of Schumpeter that will does not exist in the first place. For the legitimization of the actual income distribution, it does not matter what kind of income distribution the majority of the citizens desires, as long as there is free competition for a free vote; citizens can establish and end a government and the five conditions for the success of the democratic method are fulfilled. In short, when the process of voting for representatives is fair, the resulting income distribution is fair as well, no matter the preferences of the majority of the citizens.

Other views on aggregative democracy

Besides the view of Schumpeter, there are some other views with regard to aggregative democracy, of which the views of Post and Klosko will be discussed here[10]. For two reasons, both Post and Klosko fit well into the picture of aggregative democracy. First of all, their notion of democracy is very procedural: outcomes of democracy are legitimatized by the just procedure

[9] Schumpeter here means the more developed, western states: the US and Europe.

[10] It is very difficult to find quotes that prove that Post and Klosko actually are aggregative democrats. Except for Schumpeter, there are very few democrats that are actually called 'aggregative democrats', although implicitly, there definitely are some. Post, for example, is a lawyer who writes a lot about constitution and the procedural aspects of democracy (Yale Law School, 2019). His theory as described in 'Democracy and Equality' (Post, 2005) can reasonably be argued to be aggregative. Klosko belongs to the classified 'liberal democrats', a group of democrats of which aggregative democrats are often seen as a subclass (Klosko, 2000; Wall and Klosko, 2003). In articles, Klosko is quoted many times on the topic of *consent*, which he considers to be a very important element of democracy (Warren, 2012, 10; Volmert, 2009).

(Kokaz, 2002). Secondly, the aggregating of individual preferences forms a central element of their theory (one person, one vote).

The view of Post

According to Post (2005), the key characteristic of democracy is the identification of citizens with the community. In a democracy, citizens must not only formally be autonomous and able of self-regulation, they must also feel that they are autonomous and have an influence on regulation. If citizens feel alienated from the general will[11], or the process to form the general will, democracy is not working properly. If people have to make collective decisions but they do not feel like being a collective body, collective decisions can oppress individual people. Post illustrates this with the example of state X, in which citizens each morning have to state their preferences concerning various issues in a computer. For example, they should decide what is going to be served for dinner. Decisions are made on the basis of majority vote. The computer gives all the information citizens need for making the decision, but there is no civil society and no public discourse. Post argues that this will cause alienation: citizens will not feel connected to the collective decisions that are made, and they even could feel like they are *'controlled and manipulated by the external force of the collectivity'* (p. 145).

According to Post, in order to prevent this alienation, citizens must feel that the democracy is responsive to their own values and preferences. The only way to reach this is to treat citizens equally, both in the context of voting and in the context of public discourse. Equality in the context of voting should be expressed by the fact that each person has one vote in the selection of representatives, and all votes count equally. This will make sure that everyone is equally autonomous in the political process. Democracy does not require other principles of fairness, substantive equality, strong egalitarianism or distributive justice – because this would undermine both autonomy and (collective) self-determination. Systematic violation of strong egalitarian principles, though, can form a threat to democracy, since they can cause alienation. But only when inequalities undermine democratic legitimacy, they need to be ameliorated. For equality in the context of the public discourse, there is no measurement. However, the public discourse should be arranged in such a way that citizens are *'guaranteed the right to express themselves in public discourse in such a manner that will allow them to believe that public opinion will be responsive to their agency'*[12] (p. 148). So, both Schumpeter and Post reach the same conclusion about the voting procedure in a democracy: namely, that each person should be treated equally and should have one vote, and other substantive principles are not required. However, that is where the resemblance ends. For Schumpeter, the public good, or general will, is something that does not exist, and democracy is just a method to handle the competitive struggle over power. Politicians do not have to be responsive to the preferences of citizens. For Post, responsiveness to the preferences of citizens is almost the essence of an aggregative democracy: it ensures that citizens feel identified with the community; the general will, and the decisions made in a democracy.

Like Schumpeter, Post does not explicitly discuss the relation between aggregative democracy and income distribution. But again, something can be inferred from Post's theory. For Post, when the majority of the citizens prefers a more equal income distribution than the actual one, this could be a sign that the democracy is not responsive enough to the preferences of citizens - which could lead citizens to feel less identified, and maybe even alienated from, the community and the general will. At the same time however, Post argues that the general will is certainly not the same as the will of the majority: *'a majority of the electorate can implement rules that are plainly inconsistent with democracy'* (p. 143). Moreover, it is questionable whether citizens immediately would feel alienated from the general will when the majority of them is dissatisfied with the actual distribution of income. So, for Post, it probably will depend on the level of

[11] The 'general will' that Post is talking about, is not the same as the 'general will' of Rousseau. In fact, Post's general will could be interpreted as 'the collective will of the people'.

[12] In first instance, this might look like deliberative democracy, but it is not: for deliberative democrats, substantive principles form an essential part of democracy. For Post, equal rights for people and 'one person, one vote' are the only principles required.

alienation whether a certain level of income inequality within a democracy is legitimized. If individuals feel that the democracy is responsive to their preferences and they feel connected to the community, Post will probably argue that the income distribution is legitimized, even if the majority of the citizens would actually prefer a different income distribution. If citizens do feel alienated, and do not or cannot connect to the society and the public discourse, there would be a legitimization problem - even if the majority of the citizens agrees with the actual income distribution.

The view of Klosko

Klosko (2000) provides yet another position. He argues that ideally, people in a democracy should be able to give their consent to political arrangements, and agree on general principles on which policies are based. In practice though, societies are too pluralistic to reach such a consensus, and this pluralism is ineradicable. However, although complete general agreement is utopian, there should be some level of general agreement. To establish this, the state should try to be neutral with respect to different conceptions of the good[13]. Although neutrality itself –of course- also contains a concept of the good, this is, according to Klosko, a minimal conception. A general agreement should begin with the idea that people should be treated with equal respect. From that, it follows that their rights necessarily should be equal as well: with regard to political rights, each person should have one vote in the voting process, and these votes weigh equally.

Klosko shows that a lot of empirical studies reveal that there is an ambiguity: while US citizens do support democratic values when they are stated in abstract, they lack support for democratic values when things become concrete (Klosko, 2000, 55). Klosko mentions that research shows that consensus on democratic values is not necessary for the stability of democratic societies (p. 48), but argues that there should still be a minimal level of consensus about basic values. When people feel threatened by a minority, they become intolerant (and therefore, anti-democratic), and want to repress the minority through government action, instead of listening to the opinion of the minority and taking their rights into account. For example, it could be that when stated in abstract, most of the people in the Netherlands would agree about the fact that people who are a victim of war need to receive support. However, when the Netherlands actually receives refugees, citizens in the Netherlands feel threatened by this group: they are afraid that the refugees will become criminals, will take over 'their' job and will use 'their' tax money for housing and medical care (SCP, 2014). Instead of taking the rights of these groups into account, some citizens will argue that the best solution is to 'send refugees back to where they come from' (Wilders, as cited in Van der Galien, 2018). Klosko argues that this is a natural response to fear, and that more knowledge can help people to become more tolerant (p. 66). Furthermore, Klosko argues that the strong rights principle should be followed, meaning that rights (enabling liberty) can never be traded for other principles, except for liberty itself. So, while both Schumpeter, Post and Klosko argue that equal rights are central to democracy, Klosko adds an extra requirement: there should be agreement on basic principles. According to Klosko (p. 230), in liberal societies, there indeed is consensus about (the support for) democracy as a central political value, and for basic rights for all citizens. On some specific cases, consensus might be weak, which implies that policies on those fields should be as neutral as possible, so that they can be justified to a large majority of democratic citizens and respect individual liberty. Borderline cases should be determined democratically – by aggregating the votes of individuals.

To give an example, Klosko (2000, 150-182) argues that in the US there is a broad consensus about basic values with regard to distributive justice. First of all, there is a general belief that distribution of income should be according to merit. Secondly, there is a general agreement that there should be equality of opportunity. People often believe that economic inequality has positive effects, but there is disagreement over the extent to which the economic system is fair to everyone. A few cases are clear-cut. For example, classes of people who cannot reasonably take

[13] This does not mean, however, that all conceptions of the good should be treated equally (Klosko, 2000, 20). 'Unreasonable' conceptions can be excluded: '*in a pluralistic society justificatory arguments should be limited to canons of reasoning and evidence that are as uncontroversial as possible"* (p. 20).

care of themselves should receive government support, and this can be justified to all citizens relatively easy. Also easy to justify to most of the citizens are policies that are necessary to maintain equality of opportunity. For example, it is known that education is very important for one's further opportunities. Therefore, there is a justification for the government to provide educational opportunities. However, over some issues there are strong philosophical disagreements among the population. Those disagreements must be settled by means of the democratic process, because other means of settling this kind of disagreements are non-existent. The state itself should stay as neutral as possible regarding those issues.

Like Schumpeter and Post, Klosko does not explicitly discuss the topic of distributive justice. However, Klosko shows that it is not always helpful to view the income distribution as a whole: for example, it could be the case that in a society there is a general agreement that poor people should receive a certain amount of benefits, but at the same time there is a discussion about what a just pay for a CEO is. With regard to issues on which there is no agreement among citizens, the government should stay as neutral as possible, and the issue should be solved by 'the democratic procedure', so that the resulting policy is justifiable to the majority of the citizens. It remains unclear, however, when a certain income distribution would be considered to be fair to Klosko. The fact that the majority of the citizens would prefer a more equal income distribution than the actual income distribution, does not necessarily imply that the actual income distribution is not decided by means of the democratic procedure, or that it is not justifiable to the majority of citizens.

Shortcomings of aggregative democracy

So, in all the concepts of aggregative democracy of Schumpeter, Post and Klosko, although they certainly have important differences, the main way to legitimize the actual income distribution is the procedure of aggregating votes of citizens. Next, I will argue that theories of aggregative democracies have three important shortcomings. First of all, they assume that a just procedure implies a just outcome of policy, while this does not necessarily have to be the case. Secondly, it is implicitly assumed that giving each person equal rights to vote implies that each person has an equal influence on the political process. But again, this might not be true. Finally, while 'one person, one vote' sounds simple, neither Schumpeter, nor Post and Klosko discuss the decision procedure that should be implemented. These shortcomings will be discussed hereafter in the abovementioned order.

Procedural and distributive justice

First of all, in the case of aggregative democracy, the outcomes of the political process are basically considered to be fair when the procedure ('one person, one vote') is fair. But the fact that the procedure is fair, does not necessarily have to imply that the outcome is fair. In the literature about the fairness of income inequality, there is often made a distinction between 'distributive justice' and 'procedural justice' (Tyler, 2011; Tyler and Van der Toorn, 2013). Distributive justice is concerned with the fairness of the *outcomes* of the distributive process, while procedural justice is concerned with the fairness of the *process* of distributing income. In theories of aggregative democracy, procedural justice and distributive justice are assumed to be one and the same.

This might not be true: Tyler (2013) argues that the reason for the difference between the level of income inequality that is preferred by the majority of citizens in America and the actual level of inequality in America is due to the fact that people consider the distribution of money to be unfair (people feel that hard-working people get less money than they deserve and that 'bankers' and 'politicians' are excessively greedy). However, at the same time, people still regard the procedure as just. A majority of the American people believes in 'the American dream'[14], and sees the 'free' market as a fair way to allocate income. The fact that opinion polls reveal that Americans see the income distribution as unfair, but at the same time the allocation procedure is

[14] With 'American dream', I mean the possibility to achieve success by working hard for one's dreams.

regarded as fair, shows, according to Tyler, that distributive and procedural justice cannot be considered to be one and the same. In parallel, the fact that American people regard the procedure to be just while they regard the outcome to be unjust, explains why there is not much resistance in society against the rising level of inequality: people think the procedure is fair, so they accept the outcome – while according to Tyler, they should not, because it are two different things. So, while theories of aggregative democracy basically assume that procedural and distributive justice are one and the same, this is not necessarily the case: the procedure might be considered just while the outcome is not.

Unequal influence

Secondly, the starting point of all the theories of aggregative democracy of Schumpeter, Post and Klosko is that each person has to be treated equally, and therefore, in the political realm, each person deserves to have one vote, and all votes count equally. Votes of individuals have to be aggregated to reach a collective political will. It is implicitly assumed that by giving all people one vote and let all votes count equally, people are given equal influence in the political process. However, the fact that each person has one vote, does not mean that each person has equal influence. Dahl (1961) points out that it might be the case that each person has one vote, but other resources, like knowledge, wealth etcetera are unequally distributed. According to Dahl (1961, 3), a certain amount of equality of social conditions is a prerequisite for equality of power among citizens. The fact that everyone has one vote, does not mean that everyone has equal influence.

Especially income inequality might cause unequal influence in the political realm. Dahl (p. 241) argues that money can be used to obtain political influence, in three ways: financial pressure, corruption and political contributions. Occasionally, it happens that elections are bought, but most of the times, the role of money is more subtle. However, it remains the case that money and political influence are highly correlated. Even though formally, the votes of each person may count equally, a rich person has considerably more influence in the political realm than a poor person. Christiano (2012) also argues that money can be used to influence the political process. Money can both be used to influence the votes of politicians and to influence opinions of other people. The result is that rich people have more influence on the political process than poor people, which is a problem when political preferences are correlated with income - which they often are (Christiano, 2012, 251). Przeworski (2008) even argues that a democracy can only last when income is not distributed too unequally. Democracy can survive in countries where income is distributed more unequally as per capita income in that country is higher (i.e.: the country is more wealthy). As a country is wealthier, poor people will accept redistribution of income less easily than rich people. However, each country has a threshold of the level of income inequality. If inequality is higher than the threshold, democracy will not survive because redistribution schemes will not be accepted by both the poor and the rich people. Schumpeter does realize that preferences of voters are not rational and stable, but are formed by all kinds of external factors - which is one of the reasons that not citizens, but politicians should rule. But apart from that, the issue of unequal influence in the political realm is not discussed in the theories of aggregative democracy of Schumpeter, Post and Klosko, while this might be an important issue, especially with regard to income inequality.

Decision procedure

In the models of aggregative democracy discussed in this chapter, there were arguments for 'one person, one vote' (Post), 'a free competition for a free vote' (Schumpeter), and 'the democratic method' (Klosko). However, no consideration was given to the decision procedure that should be implemented. It is clear that preferences of individuals should be aggregated, but what is the best way to aggregate those preferences? This might seem simple, but it is not. Arrow (1950) shows that when voters have ranked preferences[15], there is no voting procedure that can transfer the

[15] A 'ranked preference' means that someone prefers alternative A over B, but B over C and C over D and so on.

preferences of individuals in a fair and efficient way to the level of the community[16]. Ledyard (2008) and Waldron (2012, 197-199) argue that although that might be true, majority voting as procedure is the best alternative available to reach a fair outcome. No other procedure will be more efficient and incentive- compatible than majority voting. In the case of income inequality, the findings of Ledyard and Waldron are supported by the median voter model of Meltzer and Richard (1981). If all voters would be ranked from poor to rich, the median voter is the one who is in the middle of the line. The median voter rule holds that there is a unique equilibrium that can be reached by majority voting[17].

While research shows that majority rule is the most efficient way to aggregate preferences, Schumpeter, Post and Klosko do not explicitly talk about the decision rule that should be implemented. That is a shortcoming of their models, because it becomes difficult to know how their theories should be implemented in practice. It is interesting that although Schumpeter, Post and Klosko all favour indirect types of democracy, they differ as to the degree to which representatives should 'directly' represent the preferences of citizens. Schumpeter argues that representatives do not have to represent preferences at all, because citizens do not even have clear conceptions of their preferences. Post argues that the government should be responsive to preferences of citizens, so possibly more direct forms of democracy, like referenda, would fit into his theory. At the same time, Post opposes majority rule as a decision rule, but it remains unclear what a just decision rule should be. Klosko argues that with regard to areas in which there is no consensus among citizens, the government should be as neutral as possible and policies in this area should be decided by the democratic procedure and be justifiable to the majority of the citizens. Again, the question remains: what decision rule should be followed?

Urbinati (2006, 10-16) argues that representative democracies are necessarily intertwined with participation of citizens and informal expression of the 'public will'. The fact that a government is representative can be demonstrated by showing that citizens have control over what the government does (and not vice versa: that the government controls what citizens do). This is the main (and widely recognized) problem with aggregative democracy: the fact that citizens choose a government, does not imply that citizens control that same government. However, Urbinati argues that aggregative democrats have a fair point in stating that it is impossible to represent the public will, because we lack means to come to a public will. Therefore, we should not represent the public will, but *judgement*, meaning opinions, majority rule and indirect politics. In societies, there are means to represent judgement, and according to Urbinati, judgement is a good enough proxy for the public will.

In this thesis the theories of democracy are discussed chronologically on purpose: nowadays, there are no longer many political theorists that adhere to the theory of aggregative democracy, because of the fact that it does not require citizens to control the government in order for the government to be legitimate. That alone however, does not mean that the theory of aggregative democracy is totally worthless: a fair voting procedure is still widely recognized as an important determinant for the legitimacy of a democracy (Freedom House, 2018; Polity IV, 2018). For republican and deliberative democrats however, a fair procedure cannot be *enough* to legitimize a representative democracy. They add determinants like equal influence on the political process, equal opportunity of influence on the political process and a level of actual equality.

Conclusion

Schumpeter, Post and Klosko all construct a model of aggregative democracy in all of which - for different reasons - the outcomes of the democratic process are legitimized by a voting procedure

[16] This is a very concise representation of Arrow's theorem. However, more elaborate discussion would become very technical and would not further contribute to the point made in this thesis.

[17] When the average income appears to be higher than the median income, that equilibrium will be a tax rate that will lead to redistribution of income. Redistribution will be more drastic as the gap between the median and average income becomes larger.

in which each person has one vote and all votes weigh equally. However, the way income inequality could be legitimized differs. For Schumpeter, it does not matter if there is a gap between the actual income inequality and the income inequality that the majority of the citizens desires, but for Post and Klosko it could in some cases be a sign that democracy is not functioning properly, because it could either suggest that the government is not responsive enough to preferences of citizens (Post), or that the government is not as neutral as it should be (Klosko).

Some issues that might be relevant for legitimating income inequality in a democracy might be overlooked in the theory of aggregative democracy as mapped out by Schumpeter, Post and Klosko. First of all, they assume that procedural justice is equal to distributive justice: the outcome is just when the procedure is just. However, this does not necessarily have to be true. Secondly, giving each person equal voting rights does not mean that each person has equal influence. Money can often be used to influence the political process, which could be a problem when preferences of voters are distributed over income level. Third, giving each person one vote does not automatically imply a certain decision procedure. These problems are largely addressed by republican and deliberative models of democracy, as will be described in chapters 3 and 4.

3 - Republican democracy and fair income

Like aggregative democracy, republican democracy is a broad concept that could entail very different theories. In this thesis, two types of republicanism will be distinguished: developmental republicanism and protective republicanism (Held, 2006, 29-56). Developmental republicanism stems from the philosophers in the old Greek polis, and was later continued by (among others) Rousseau. Developmental republicans think that political participation has an intrinsic value, because it will lead to the personal development of citizens. The key idea is that *'citizens must enjoy political and economic equality in order that nobody can be master of another and all can enjoy equal freedom and development in the process of self-determination for the common good'* (Held, 2006, 48). In this view, it is important that citizens take an active role in society, so that they are engaged with society and the political process. Preferably, political decisions are taken unanimously, but if no consensus can be reached, the decision should be made by majority rule. Moreover, there should be a division of power, and a separation between executive and legislative positions. Depending on the specific thinker, executive positions should be fulfilled either by means of election, or by lottery.

Protective republicanism stems from old Rome. Later protective republicans are (among others) Machiavelli, Montesquieu and Madison. While the intrinsic value of political participation is a central element for developmental republicanism, the instrumental value is key for protective republicanism. In this view, political participation is a way to ensure personal *liberty*: citizens should rule themselves in order to make sure that they are not ruled by others. Important elements are the rule of law and liberties of speech, expression and association. The political realm should not be dominated by one group, but different social groups should compete for power - the end result being that power is 'balanced' between different groups.

In this chapter, the theories of Rousseau (developmental republicanism) and Pettit (protective republicanism) will be discussed - in that order. Both Rousseau and Pettit inherently connect their theory of democracy with distributive justice, and argue that too large inequalities in wealth and income undermine the equality of freedom of every individual.

Developmental republicanism - Rousseau

Rousseau thinks that in an ideal society, people should associate themselves under a social contract - which binds them all and makes sure that the general will prevails. In this section, Rousseau's theory will first be mapped out in more detail, and then the implications for the distribution of income will be drawn.

Rousseau's theory of republican democracy

In his book 'The Social Contact', Rousseau (1968, 60) tries to solve the fundamental problem of how people can find a form of association which *'will defend the person and goods of each member with the collective force of all'*, without giving up their freedom[18]. Rousseau argues that the social contract forms the answer to this problem, because that enables people to rule themselves as a people. Essentially, the social contract is a covenant by which a people associates themselves into a *sovereign*, and form a state. As a sovereign, they agree to subordinate their individual interest to the *general will* - which is the impartial collective will of all citizens. The general will pursues the common good, and differs from the *will of all*, which is simply the sum of the private wills of all citizens. Under the social contract, the goal of the state becomes to pursue the *common good*. By subordinating their private will to the general will, people agree that the sovereign should have absolute power over all citizens - or at least, absolute power so far as it is in the interest of the community. People can still be called free however, because the social contract enables them to

[18] Rousseau assumes that *'men reach a point where the obstacles to their preservation in a state of nature prove greater than the strength that each man has to preserve himself in that state*' (1968, 59), and consequently, the only way men can preserve themselves is by forming a people.

(collectively) *rule themselves*, and each person voluntarily agreed to enter the social contract (the decision to enter the social contract should therefore be unanimous. Moreover, under the social contract, everyone is *equally* free, because the contract is completely reciprocal: no one is subordinated to anyone else[19]. Exactly because everyone gives up their own interests for the general interest, and all commitments are mutual, no one can be said to rule over another, and everyone is equally free - no one rules over citizens, but they rule themselves as a people. For example, to attack an individual within the society, is the same as to attack the whole society: the whole body will react to protect that individual. At the same time, every individual has the duty to protect every other individual when attacked. So, because all duties are completely reciprocal, people have an equal relationship towards each other.

According to Rousseau, to form a sovereign is to exchange one's natural freedom (the absolute right to follow one's temptations and to take what one can take) for civil freedom, which entails protection by the state and moral freedom (p. 65). Moral freedom *'consists of self-regulation, of obeying laws that one gives to oneself'* (Dagger, 1997, 88). So, people exchange one type of freedom for another. In a state, people are no longer a 'victim' of their *'appetites, needs, and circumstances'* (Dagger, 1997, 88). Moral freedom, according to Rousseau, is therefore true freedom. It enables people to resist their 'natural' appetites and to form their own lives, according to their own rules. Natural freedom though, cannot be taken from someone without consent (Rousseau, 1968, 152/153). Therefore, the social pact should be established with unanimous consent, and once the state is established, residence implies consent.

Within the state, there should be a distinction between legislative and executive power. Legislative power is the act of making laws, and that can -according to Rousseau- only belong to the sovereign. The sovereign cannot be represented: laws are acts of the general will (and therefore of equality), and a private will of an individual will always incline to partiality[20]. Therefore, to make laws, all people should come together in large assemblies, where public issues will be discussed based on the general will. In the end, the general will could be approached by means of majority voting (p. 72). Rousseau acknowledges that there is often a difference between the will of all, understood as what all individuals want, and the general will, which considers the common good. However, *'if we take away from these same wills, the pluses and the minuses which cancel each other out, the sum of the difference is the general will'* (p. 72/73). In other words, one individual might favor more strict regulation with regard to a certain subject and the other a more loose. But taken together, all these differences between individuals will cancel each other out and what remains should approach the general will.

Important here are two things. First, that individuals should be properly informed regarding the issue, otherwise the general will might err. Second, that there should not be too much deliberation within society apart from the assemblies, because if there was, individuals could be that intimidated by the debate that they would no longer vote according to their own preferences (Pettit, 2001, 271). It is important that people make up their own mind, and thereby are not influenced by others. If there is too much communication within society, the risk is that people start to form groups. The consequence is that the will of this group will become general in relation to its members, but the will of the group will become private with regard to the state. According to Rousseau, *'we might then say that there are no longer as many votes as there are men but only as many votes as there are groups'* (p. 73). And when this is the case, the difference between votes becomes less numerous, and the result will be less general (there are simply les 'pluses and minuses' that can cancel each other out). Another danger is that one group will eventually dominate. Then no longer the general will prevails, but the will of one group. For the general will to prevail, there should be a lot of small differences: not a few large ones.

In the ideal situation, people are unanimous about the general will, but this is not necessary (except when it is about the social contract itself). In other cases, the general will is

[19] According to Rousseau (1968), all legitimate authority comes from covenants - and the only legitimate covenant, that by its nature overrules all others, is the social contract. No one has a natural right to rule over someone else. Force is definitely a power, but not a legitimate one.

[20] Rousseau calls a 'republic' any state that is ruled by the law made by a sovereign.

revealed by the vote of the majority, and this is what binds people. Rousseau formulates two maximins regarding this issue (p. 154). First, the opinion of the people should be closer to unanimity as the issue to be decided is more important. Second, the quicker a certain decision should be made, the smaller the majority may be[21].

As shown, any public decision can imply a duty on all individual citizens towards the sovereign. However, it could be the case that the private will of an individual does not coincide with the general will as a citizen. For the social contract not just to be an 'empty' commitment, it requires that an individual who refuses to obey the general will, will be forced to do so - *'he shall be forced to be free'* (p. 64). An individual should alienate from himself and all his rights, for the general will, and he chooses to do so when entering the social contract. When under the social contract, certain individuals refuse to obey a public decision, the contract is no longer reciprocal and individuals are no longer equals. Under such circumstances, the general will cannot prevail.

While the making of laws is the duty of the sovereign, the execution of the laws should be done by the government. While the law is always general, the execution of the law considers particular acts, and thus should be done by an intermediary body (the government) between the individual people and the sovereign. The government could be a (direct) democracy, aristocracy or a monarchy. According to Rousseau, the number of people in the government should be an inverse to the number of citizens. Thus a democracy would suit small states, an aristocracy intermediate ones and a monarchy very large states[22]. Rousseau says that a small direct democracy is the ideal situation[23]. However, this requires that the state is small enough for people to know each other and to identify with one another. This is almost impossible in reality, and therefore an aristocracy[24] (an elected government) is the most preferable form of government in the 'real' world. Election of people in the government could happen either by choice or by lot. Preferably, election should happen by choice when the position requires some special skills, and it should happen by lot when it requires not much more than common sense and integrity.

Rousseau and income inequality

Given all this, what would Rousseau think of income inequality in a society? First of all, Rousseau has an interesting view with regard to private property. While Rousseau does argue that there should be a system of private property rights in a society, the key element under the social contract is reciprocity (Siroky and Sigwart, 2014, 384). There should be legal protection of private property rights to ensure that each individual is free. To maintain this freedom for all, everyone should help to protect the property of one other, and at the same time, everyone else protects the property of an individual citizen[25]. However, there are also limits to property rights: the interest of the community as a whole always weights heavier than the interest of an individual alone. Each individual should be willing to give up the power over his private property to the sovereign and the general will when the circumstances of the community as a whole are such that that is required (just as each individual gives up the power over all his natural rights). In theory, what was private property before the establishment of the social contract, is public property under the social

[21] Since Rousseau thinks that there should be no public deliberation, but that people should make up their own mind, it could be questioned how an issue should be decided when there is not a large enough majority (Rousseau does not elaborate on this issue in his book).

[22] The larger the number of people that have to be ruled, the more powerful a government should be to control the people. The smaller the number of people in the government, the less internal power struggles there will be - so, a smaller government is better suited to control a large number of people.

[23] At the other hand though, Rousseau (1968, 130) argues that the quality of a government can be judged by the increase of population numbers. The goal of every political association should be the protection and prosperity of its citizens. If population numbers increase, that shows that citizens fare well. So, Rousseau's 'ideal situation' (a small direct democracy) does not necessarily coincide with a situation in which the government can be described as being of good quality.

[24] Actually, what Rousseau calls an aristocracy very much resembles what is known as an indirect democracy now. When Rousseau talks about a 'democracy', what he means is a direct democracy.

[25] *'Any individual claim of legitimate private property rights necessarily implies the recognition of fellow citizens' respective property claims as equally legitimate'* (Siroky and Sigwart, 2014, 405).

contract (Rousseau, 1968, 65-68). However, the fact that an individual does not longer has any rights over their own property, does not imply that he/she cannot own that property or that it has to change hands. Individuals are considered to be trustees of public property. Exactly because no one has formal rights over one's own property, property rights are completely reciprocal and citizens can be treated as free and equal. Everyone *has* to respect each other's property rights equally, otherwise property does not exist - and that is in no one's interest. Each individual namely is also a subject (citizen) of the sovereign: *'since every owner is regarded as a trustee of the public property, his rights are respected by every other member of the state, and protected with its collective force against foreigners'* (p. 68). But again, the 'right' of an individual over his own property is always subordinate to the right of the sovereign over everything.

Secondly, Rousseau also has a strong view with regard to equality of wealth and income: according to Rousseau, freedom (under the social contract) cannot survive without a certain degree of material equality. That does not imply that income and wealth should be completely equal, but it must be such that *'no citizen shall be rich enough to buy another and none so poor as to be forced to sell himself'* (p. 96). For this would imply that citizens are no longer equal, but some citizens rule over other citizens. Those citizens would no longer be equally free, and obligations are no longer mutual.

In the *Discourse of Inequality* Rousseau (1761) elaborates more on this issue. He argues that in the realm of nature, the only type of inequality that prevails among people is physical inequality, and this is for Rousseau the only kind of inequality that is legitimate. As soon as people start to live in groups, and property and the division of labor are invented, people start to compare themselves to others. This is the beginning of moral inequality - which accounts for domination of rich people over poor people. In bad societies, therefore, physical inequality is replaced by moral inequality. Consequently, when people agree over a social contract, they should alienate themselves from all their rights to property and be aware of too much inequality as time passes by.

Now of course, there rests one question: what would Rousseau think about the legitimization of income inequality in a democracy? Rousseau does not discuss this issue directly, but his answer would be clear: in a republican democracy (or aristocracy), the level of income inequality should be such that it is in line with the desires of the majority of the citizens. Under the social contract, the sovereign -and thus, the general will- should rule. The general will could best be approached by majority voting, on the prerequisite that there is not too much deliberation in society that causes people to form groups. Rather, people should make up their own mind, so that the large amount of differences of opinions cancels each other out and the general will is that what remains. So, it would not be legitimate that the preferred income distribution by the majority of the citizens deviates from the actual one. On top of that, there is an even larger illegitimacy when it is the case that the majority of the citizens prefers a more equal distribution of income, since according to Rousseau, too much inequality in wealth and income creates moral inequality between people, which causes rich people to dominate poor people. That would violate the social contract, under which the general will should rule, and all people are equally free.

Protective republicanism - Pettit

For Pettit, the protection of equal freedom of all citizens is the most important element in a democracy. Again, Pettit's theory of democracy will be outlined first, and it will then be connected to the case of income inequality.

Pettit's theory

Pettit (2012) argues that in a republican state, all citizens need to be equally free, and that the state needs to protect that freedom both in the private domain and in the public domain. Pettit defines freedom as 'non-domination'. People are free in so far as they are able to act according to

the preferences they form over the existing options: their choice should not be dominated by others, because people then are no longer equally free[26].

Pettit makes a distinction between social justice and political legitimacy: social justice is about how to ensure freedom as non-domination in the private sphere (of people against people); political legitimacy concerns freedom as non-domination in the public sphere (the government against the people). There is a paradox: Pettit argues that to ensure social justice, people need a government. But how can there be a government, without the government dominating the citizens? According to Pettit, the government should be a democracy in which there are checks for popular control - so that the citizens control and influence the interference of the government.

For social justice, it is required that people enjoy equal freedom in their relations with one another. According to Pettit, this means that they enjoy certain basic liberties. To determine what level of support (resources and protection) people should achieve, the *eyeball test* should be used: people *'can look others in the eye without reason for the fear of deference that a power of interference might inspire; they can walk tall and assume the public status, objective and subjective, of being equal in this regard with the best'* (p. 84). For example, too large differences in wealth and income will make people fail the eyeball test. When there are very large inequalities, poor people fail to live according to the same material standards as their fellow citizens, and therefore will live in some sort of shame (p. 87). This makes the eyeball test impossible: because poor people look up to people who are richer than they are prone to domination of them. Pettit does not mean, however, that income and wealth should be completely equal: it is just the case that there are constraints on how large the inequality may be to entail freedom as non-domination.

Material inequality is relevant for the ideal of freedom as non-domination, because freedom as non-domination is essentially a social relationship (p. 91). It is only possible to enjoy freedom as non-domination in a realm where there are also others. In relationships with others, there is always the danger of domination - and material inequality simply facilities domination. According to Pettit, there are three things a society should do to secure basic liberties of people: it should care for the development of citizens (such as, proving education for children) - so that each individual has as many options as possible; it should secure people against danger or illness and finally, it should protect people against the power and bad intentions of others.

These three requirements can only be achieved when there is a state that assures them. But how could it be made sure that the state does not dominate the people? According to Pettit, political legitimacy requires that people *control* the state (p. 149). Control means two things: first, one should have influence over the process that the government adopts. Second, one should have influence over the direction of that process. Influence over the process alone is not enough to also influence the direction of that process. For example, if I ride a horse, I might influence his behavior by pulling the reins. However, I only control the horse, if he does not only give a reaction to me pulling the reins, but also goes in the direction that I desire[27].

Pettit establishes a few requirements for popular control (p. 167). First of all, control should be individualized, meaning that each individual equally controls the government, and that the direction in which the state goes is equally accepted to everyone. This does not mean that everyone should agree on every policy detail, but that every citizen can see the reasonability of the policy, and in that way, every policy should be equally *acceptable* to everyone. Equal influence requires that everyone has an equal opportunity to participate in the political system. Secondly, control must be unconditional, meaning that (changes in) the will of the government should not influence the control that the people have. To warrant this, the citizenry should be resistant-prone

[26] Non-domination is not the same as non-interference. Someone can dominate another person without interfering in their choice (for example when someone would have chosen the same option if one was not dominated), and someone's choice can be interfered without being dominated (for example when someone gives consent to and controls the interference). Pettit does not explicitly define 'domination', but I think he means that domination is the control over someone's choice without consent of that person.

[27] Control is also different from consent: one may give consent to a form of interference that one does not control, or one may control a form of interference to which one does not consent (p. 157).

and be contestatory in character, meaning that they are willing (or even eager) to oppose regimes that are abusive. Citizens must resist abuse of the government. Third, control should be efficacious, meaning that the amount of influence people possess is sufficient to guard them against domination of the state.

How should people gain democratic influence over the government? According to Pettit, they should establish a representative democracy, in which there should be freedom of speech, association and travel to make sure that the opportunity of influence is equal to everyone (p. 201) To prevent tyranny of the majority, the possibility to continued contestation and amendment should be kept alive. The representative assembly should embody transparency, contestability (always having the opportunity to change laws) and impartiality. According to Pettit, no such thing as a sovereign is needed. Instead of a 'law-making assembly' that speaks with one voice - that of the people, the voice of the people is *'meant to emerge from a process of interaction between different bodies*' (p. 228). The state can still display one mind, but it should not be denied that it simply consists of an interaction between different parts.

Actual and preferred income inequality

Again, the aim here is to try to answer the following question: what would Pettit think about the legitimization of income inequality in a democracy? The disadvantage of Pettit's theory is that he doesn't go into very much detail and remains sometimes a bit vague, so it is hard to see what exactly the implications of his theory would be (Maloy, 2014; Schink, 2017). Therefore, this question will be answered with some caution. First of all, Pettit argues that voting is necessary, but not sufficient in a republican democracy. If voting is used as a procedure, people should be aware of tyranny of the majority and make sure that everyone has an equal opportunity to influence the government, and the direction it takes should be equally acceptable to everyone. Assuming that citizens live in a society that is the ideal society as designed by Pettit, and assuming that there is no tyranny of the majority, a difference between the actual income distribution and the (more equal) income distribution that the majority of the citizens desire would not be acceptable. The question is: how does one know when there is tyranny of the majority? Pettit argues that continued contestation and amendment should prevent tyranny of the majority. On top of that, the fact that someone prefers a different income distribution does not mean that the actual income distribution could not be acceptable to them. So, the answer of Pettit on this question remains unclear. A clear-cut case would be a case where the income inequality is so large that people fail to meet the eyeball test - such a distribution of income would not be legitimate. It is the intrinsic tendency to domination that makes a too large income inequality problematic: when there is domination, people do not have an equal opportunity to influence the government and policies are no longer equally acceptable for all.

Conclusion

Republican democrats address some of the problems of the aggregative democratic model. Both Rousseau and Pettit do not determine the fairness of the actual income distribution in a society by the decision procedure that is adopted, but embody a broader concept of democracy, in which the equal freedom of each citizen is central. They also do not assume that giving people equal voting rights implies that all people have equal influence - and they both recognize that large differences in wealth and income may cause the influence of one person to be larger than the influence of someone else, which is problematic. Too large inequalities in income may cause domination of some persons over others, because it makes people unequal in the political realm as well. In order to prevent this, both Rousseau and Pettit argue that inequalities in wealth and income should not be too large in a republican society. Moreover, they differ in the extent to which they are clear about the decision procedure that should be implemented: while Rousseau is clear about the decision procedure that should be implemented (majority voting), Pettit is not.

Finally, Rousseau would argue that a difference between the actual income inequality in a society and the income inequality that the majority of the citizen's desire is not acceptable. Under

the social contract, the general will should rule, and the best way to approach the general will is majority voting. According to Pettit, it is more complicated. Regardless of what the majority of the citizens desires, the most important thing is that everyone has equal influence and that the outcome is equally acceptable to everyone. A very large income inequality would not be acceptable to Pettit - not because of the opinion of the majority of the people, but because of the fact that a large income inequality will cause people to fail the eyeball test.

Of course, like aggregative democracy, republican democracy also has its shortcomings, although they are less severe than the shortcomings of aggregative democracy. Rousseau, for example, argues that the general will could be approached by means of majority voting, so that all the small 'pluses and minuses' would cancel each other out. However, one could question if that really is the case. It seems very difficult to objectively determine whether the general will is complied with, or not. Another question is: is there still a difference between the will of all (the sum of the private wills of all people) and the general will, if the general will can be approached by majority voting? The whole idea of the social contract is to subordinate one's private will to the general will, and one could question to what extent this ideal is actually reached when the general will is approached by majority voting. Moreover, like aggregative democrats, Rousseau (and Pettit) do(es) not talk about what decision rule should be implemented[28].

The same objection holds for Pettit, who argues that citizens can be called 'free' when nobody fails the eyeball test. However, the eyeball test is based on subjective judgement, because it is about the sense of being equal and free of fear when people look each other in the eyes. People have a different sense of status and fear though, so an inequality that would make one person fail the eyeball test, could feel differently for another person. How could objectively be determined that nobody fails the eyeball test, and thus, that people in a democracy are equally free?

In the next chapter, the theory of deliberative democracy will be discussed, in which the public debate forms a central element of legitimizing a democracy. Because of its focus on the public debate, the question of how to approach the general will is not a big problem for deliberative democrats.

[28] See chapter 2 for an explanation on this topic.

4 - Deliberative democracy and fair income

The republican theorist Pettit (2012) already highly valued freedom of speech and association. Deliberative democrats value these aspects very highly as well, and argue that the use of an informed debate and genuine deliberation among people should be used to improve the quality of democracy (Held, 2006, 231-258). They argue that everyone should have an equal opportunity to influence the political process [29]. Deliberative democracy is a contemporary philosophical position, that arose in the 1980's. Deliberative democrats embody a shift from a 'vote-centric' model of democracy, where democracy primarily is defined by formal voting rules, to a 'talk-centric model of democracy, in which democracy is an constant process of deliberation (Kymlicka and Patten, 2003, 12-13). According to deliberative democrats, the source of legitimacy in a democracy is not the pre-existing will of individuals, but rather the process of free public deliberation in which the public will is formed (Held, 2006, 231-258; Cohen, 1989, 30-34). Genuine deliberation, where people are properly informed and everyone has an equal chance to speak, will lead to decisions that are mutually justifiable (or, impartial). Public deliberation can be established in many various forms: organizing micro-fora, national deliberation days, deliberative polling [30], e-democracy programmes, etc. All these initiatives mean to stimulate citizens to deliberate.

In the past years, a large amount of literature on the topic of deliberative democracy emerged. It is clear that (just like aggregative and republican democracy), the term 'deliberative democracy' is fluid and its interpretation depends on the author. When comparing many different definitions of deliberative democracy however, there are a few aspects of deliberative democracy that are present in almost all definitions (Thompson, 2008; Cohen, 1989). First of all, the term 'deliberation' implies that there must be some sort of disagreement among people: otherwise there is nothing to deliberate about. It thus indirectly implies that people are *diverse*. Second, decisions that follow from the process of deliberation are *collective* decisions, by which every individual is bound. The decisions are not decisions made by individuals, but by groups, and all members of a group are bound by the decision once it is made. In deliberation, people should always strive for consensus. This does not mean that every individual has to participate in political governance, but that by means of deliberation everyone does have the opportunity to influence the political process, and in that way, decisions are collective[31]. If no consensus is reached, the issue should be decided by some kind of majority rule. Third, in a deliberative democracy, there is a debate over the legitimacy of the decision self. According to Thompson, a decision can be considered legitimate when a decision is mutually justifiable to all citizens. Finally, each model of deliberative democracy has evaluative standards, that are used to evaluate the quality of a debate itself. These standards differ per model.

In this chapter, the extent to which income inequality is fair in a deliberative democracy will be assessed. This will be done with the help of the deliberative theories of Habermas and Rawls. Both Habermas and Rawls are often described as early thinkers in the realm of deliberative democracy (Gutmann and Thompson, 2004, 26). Habermas is often mentioned to be the 'founder' of deliberative democracy, which is the reason he will be discussed in this chapter. Rawls on the other hand is interesting because his theory of deliberative democracy is inseparably connected with his theory of distributive justice.

[29] Contrary to republican democrats, deliberative democrats do not argue that everyone has to actually use their opportunity to influence the political process. Where republican democrats argue that everyone should have equal influence on the political process, deliberative democrats argue that everyone should have an equal *opportunity* to influence the political process.

[30] A deliberative poll is an opinion poll which is deducted among a representative sample of citizens that, before being polled, were informed by experts on the issue and engaged in small group discussions.

[31] In other words: the fact that decisions are collective, does not necessarily imply that they are made by all people.

Habermas on deliberative democracy

Habermas [32] (1998a; 1996, 287-315) distinguishes between three normative models of democracy (roughly in line with this thesis). First of all the aggregative model of democracy, in which a democracy is considered legitimate if it aggregates the preferences of citizens in a fair way. In this model, the preferences of citizens themselves do not need any justification. According to Habermas, this model is problematic because it focuses too much on practical instead of ethical reasoning (it lacks an *'ethical discourse of self-understanding'*, Habermas 1998a, 246). It focuses solely on the *private autonomy* of citizens: the fact that certain basic rights of citizens are guaranteed by the rule of law.

The second model of democracy that Habermas distinguishes is the republican model. According to Habermas, the republican model of democracy is the very opposite of the aggregative model of democracy. The republican model (as presented by Habermas) is not centered on the preferences of individuals, but on the society as a whole, from an impartial point of view, which would best be approached if all citizens participate in society and in the political process. Habermas criticizes the republican model of democracy because it is too idealistic, and not practical enough[33]. It is all about the *public autonomy* of citizens: the ability of self-rule of a community, to have a sovereign will and to make laws that embody that will.

The third model of democracy then, is the deliberative model. According to Habermas, this model combines the best of both other models of democracy. While the aggregative model focuses too much on the individual element and the republican model too much on the public element, the deliberative model combines both. Within this model, individual preferences should not be understood as something secondary, as (according to Habermas) it is in the republican model. However, preferences of individuals should not be treated as given either (as, according to Habermas, the aggregative model does). Habermas argues that there should be a free, public debate to which everyone in all layers of democracy has equal access: both in 'institutionalized deliberations' and parliamentary bodies and in *'informal networks of the public sphere'* (Habermas 1998a, 248). The underlying notion is that the preferences of citizens will be influenced by deliberations on the basic principles of justice, and by the practical effect of those principles. The fact that all citizens have the same level of access to the debate guarantees that all perspectives are taken into account, and the public nature of the debate ensures that people adopt an evenhanded position. In deliberation, citizens should strive for consensus. But when the pressure to decide is high, deliberation should be concluded by majority decision. Habermas argues that there should be a *constitutional democracy*, which will be elaborated upon below. Next, the connection between Habermas' theory of deliberative democracy and fair income will be discussed.

Constitutional democracy

In his book *'Between Facts and Norms'*, Habermas tries to find a solution to the problem of how completely different lifeworlds of individuals can be integrated in a society (Habermas, 1996; Habermas, 1998b; Michelman, 1996). According to Habermas, law is the solution. Laws make sure that people have stable expectations of society and help to maintain a certain freedom of individuals. Habermas argues that laws should be equally acceptable to everyone. Discourse theory ensures that law is legitimate because after deliberation, laws are equally acceptable to all. That does not mean that everyone should always approve of the specific content of the law, but everyone should either approve of the ground of the law or of the way the law was established. So, everyone must have a *reason* to agree with the law (Michelman, 1996). Thus, laws are legitimate when they are agreed upon by all citizens in a discursive process that is equally open to all (Habermas, 1996; Misgeld, 1995). The discursive procedure should be institutionalized (and

[32] Although Habermas' theory is much broader than just his concept of deliberative democracy, I will stick to that part of his theory here.

[33] The disadvantage of the republican model is that *'it makes the democratic process dependent on the virtues of citizens...'* (Habermas, 1998a, 244).

captured in the constitution), so that it is present in all layers of society and it is also possible to reflect on the law-making procedure itself in a discursive manner.

Habermas favors a constitutional democracy, and opts for a two-stage concept of democracy, in which there is a formal and an informal part (Habermas, 1996; Michelman, 1996). The formal part is structured in line with formal rules: it is in the representative bodies that are chosen by the citizens that discussions take place and rules are made. In this part, *'the constitution sets down political procedures according to which citizens can, in the exercise of their right to self-determination, successfully pursue the cooperative project of establishing just conditions of life'* (Habermas, 1996, 263). So, the constitution has the function of establishing a fair procedure for the democratic process. The informal part of the democracy is formed by civil society, to which everyone has access. There are no formal rules that constitute civil society, which makes civil society fluid. Civil society influences the formal legislative assemblies, but in turn, the formal assemblies also influence civil society. They constantly reflect on each other and shape each other: it is a continued discursive process, both between the formal and informal part of society, and within each part itself.

Moreover, Habermas argues that the focus should not lie on either private or public autonomy, as he argues is the case in the aggregative and republican model of democracy respectively - instead, the focus should lie on both private and public autonomy, because they make each other possible (Habermas, 1998b). The rule of law guarantees both private and public autonomy: private autonomy because the law guarantees the basic rights of individuals, and public autonomy because the law protects the rights of communication and participation, that assure public autonomy of citizens[34]. It is exactly because of the fact that the law protects private autonomy (and thus the basic rights of individuals), that it is possible for a people to rule itself. Without individual rights, there is no medium for citizens to make use of their public autonomy. It can also be turned around: precisely because there is public autonomy and popular sovereignty, citizens can structure the society in such a way that individual rights are protected and there is enough private autonomy. According to Habermas, individual rights cannot be imposed on the system as some kind of external constraint, but should be constructed internally by means of deliberation.

Habermas on fair income

Habermas (1996, 414-420) argues that discourse theory requires that citizens are treated as free and equal subjects in the legal system. This is also how the 'rationality' of laws is proved: if citizens are treated as free and equal subjects in the society, this is proof of the quality of deliberation that preceded the law-making, and proof of the premise that laws are equally acceptable to all. However, for citizens to be treated equally *after* law, they should already be treated as free and equal subjects in de deliberation *before* law. Formal equality is not enough here, and some level of substantive equality is required in *relevant aspects*.

For example, Habermas (1998b) argues that growing inequalities in economic power, assets and living conditions have caused some people to be in a better position to make effective use of equally distributed legal powers than others. In other words: legal equality does not necessarily coincide with factual equality (Habermas, 1996, 415): the fact that people are equal by law, does not imply they are *actually* equal. For example, it could be the case that political rights (for example, the right to vote) are divided equally by law. In that case, people are legally equal in the political realm. However, the fact that political rights are legally divided equal, does not mean that everyone uses their legal rights in the same way: *'The principle of legal freedom…not only permits, but facilitates the differential use of the same rights by different subjects'* (Habermas, 1996, 415). If equal legal rights are not used in the same way by everyone, legal equality might lead to actual inequality. This is not necessarily a problem, as long as there is *equal legal treatment*, and there are no inequalities that cause discrimination of specific citizens.

[34] Habermas adopts a *proceduralist* conception of law (Habermas, 1998b). The constitution should ensure a democratic procedure, and the procedure should both secure public and private autonomy.

The question is: what are the 'relevant aspects' in which citizens should be substantially equal? One could argue that the existence of a socio-economic elite in a society signals that there is not enough substantial equality. However, the existence of an socio-economic elite does not necessarily lead to unequal access to legal power. If the elite is more or less rational, capable of making decisions and open for change in policies, the elite itself could make sure that the law functions more or less in the interest of all citizens (Habermas, 1996, 332).

According to Habermas (1996), the relevant aspects in which citizens should be substantially equal, differ from case to case. This is because the reasons (on which the relevant aspects are based) are normative, or based on normative reasons. So, a constraint on substantial equality cannot be imposed externally, but should be internally debated on a case-by-case basis. There is a dilemma when welfare regulations, improving substantial equality and equal treatment of individuals, lead to limitation of private autonomy (the ability to pursue one's own life goals) for individuals (p. 416). For example, the private autonomy of working people is limited when there is redistribution of income by the government and because of that, they have to pay taxes. In that case, the government determines the way a part of people's income is spent, and they can no longer determine that for themselves. Which reasons weigh heavier should be deliberated upon and decided on a case-by-case basis.

It is important however, that everyone always has equal access to the debate, as it may be that only the less advantaged people can determine which features are relevant in establishing whether a certain issue involves equality or inequality (p. 420). For example, only groups that are discriminated upon can tell what aspects are relevant for them to feel equally or unequally treated. To illustrate, as an average earning Dutchman, you can guess what is feels like to be a poor Polish guest worker in the Netherlands, but it is impossible to really *know* what it feels like and which aspects make the Polish guest worker feel included or excluded - simply because the average earning Dutchman *is himself not* the poor Polish guest worker.

As mentioned earlier, with regard to income inequality, Habermas definitely recognizes that there are limits to income inequality for a democracy to function properly. What those limits exactly are, should be deliberatively and internally decided for every case. Moreover, Habermas also adds an interesting point: he argues that it is a fallacy to reduce justice purely to *distributive justice*: *'Justice should refer not only to distribution, but also to the institutional conditions necessary for the development … of individual capacities…*' (p. 419). The way income is distributed might affect individual capacities, but the education or health care system might do so as well. In the end, according to Habermas, injustice means oppression or domination. This might, but need not, include distribution of wealth and income.

There are a few objections that can be made against the model of Habermas (Martinot, 2017). First, as the model of Habermas is a theoretical model, there could be some problems by implementing it in a real-world democracy. Habermas argues that in the model of deliberative democracy, everyone should have equal access to the public debate and people should be treated as free and equal subjects. Although Habermas recognizes that this presupposes some type of substantial equality before law, there are a few objections that can be made here. First, even if people are treated alike and there are no substantial inequalities, that does not imply that people equally participate in the political process. This does not need to be a problem, as long as there is no 'natural' selection bias in society, which would mean that some groups of people are politically (much) more active than others). In reality (at least in the Netherlands), it is for example the case that low-educated people participate less often in politics (both actively and passively) than high-educated people (Bovens and Wille, 2008). Moreover, due to implicit biases, speech acts from for example white people are taken more seriously than from black people (Jolls and Sunstein, 2006). Considering all these selection and implicit biases, how could one make sure that outcomes of the deliberation are equally acceptable to everyone, as Habermas argues they should be? And how does one determine they are? How does one determine that everyone indeed is treated equally? According to Habermas, the level of substantive equality that is necessary in a deliberative democracy should be determined internally in the debate. However, when the level of substantive equality is determined within the debate, how can that level of equality be legitimated? Is it de

facto legitimate, precisely because it is determined via a debate in society? Or would it, in some circumstances, be possible to claim that the substantive equality is not legitimate? And if so, in what cases?

Second, Habermas argues that deliberation should take place at all levels in society (Martinot, 2017). But deliberation takes time (which cannot be spent on other types of activities), and people simply have a limited amount of time. This entails that deliberation is subject to certain limitations, which are not specified by Habermas (Shapiro, 2003). Moreover, if there indeed would be a broad discussion in society, how would people manage to take all the arguments brought about by others into account?

Third, in the model of deliberative democracy of Habermas, it seems to be the case that both the set-up of the deliberation as the outcomes of the process should be determined internally in the debate (Martinot, 2017). However, in that way it would be impossible to judge from an external point of view the quality of deliberation, or the justice of the outcomes of the deliberation. It is interesting to think about what would happen when genuine deliberation would lead to institutions that are non-deliberative. Supposedly, Habermas would not be happy with such a development, and argue that the democracy is not deliberative anymore (an hence, not just). However, if one truly believes that deliberation in itself is the only criterion for legitimation of the outcomes of the deliberative process, one should accept every possible outcome of it, even if that outcome would not be broad-minded or cogitative. Barry (2013) demonstrates that tolerance is not a predominant value in a great many societies. There is a difference between what people perceive as being just, and what in fact is just. The fact that Habermas probably is (implicitly) not that tolerant either, implies that there are certain standards of deliberative democracy that are not determined internally, and according to which a deliberative democracy can be evaluated/judged from an external point of view. Habermas is not explicit about what those standards are.

Rawls on deliberative democracy

In his essay '*The Idea of Public Reason Revisited*' (1997), and more implicitly in his book *'A Theory of Justice'* (1973), Rawls outlines how he thinks citizens in a democracy should deliberate and make decisions. Where '*The Idea of Public Reason Revisited*' is about the democratic procedure in general, in *'A Theory of Justice'* he adheres to a specific political conception of justice, which also relates to distributive justice. First, his general idea of '*The Idea of Public Reason Revisited*' will be dealt with, following with his specific concept of deliberative justice. As mentioned, in '*The Idea of Public Reason Revisited*' (1997), Rawls discusses the way citizens should deliberate and make decisions in a democracy, and he calls this 'the idea of public reason'. According to Rawls, a deliberative democracy has the following three central characteristics: the idea of public reason; the establishment of a deliberative democratic constitution and institutions, and an attitude of citizens that shows that they pursue the ideal of a deliberative democracy.

Rawls argues that public reason is reason that is not incompatible with any comprehensive doctrine[35], and it should be *public* in three ways (p. 133): it should be the reason of free and equal citizens, it should concern the public good, and the nature and the content of the public reason should be equally available to everyone. The *idea* of public reason should be distinguished from the *ideal* of public reason. The ideal of public reason is realized when *'judges, legislators, chief executives and other government officials, as well as candidates for the public office, act from and follow the idea of public reason and explain to other citizens their reasons for supporting fundamental political positions in terms of the political conception of justice they regard as most reasonable'* (p. 135). Citizens, in turn, should imagine they are government officials. They should think about which laws they would regard as legitimate if they were a government official, and hold the government officials to it.

In short, the ideal of public reason entails that the idea of public reason is actually embodied by government officials and citizens: public reason should be such that everyone can

[35] Except when the doctrine is not compatible with democracy and public reason itself (Rawls, 1997, 132).

reasonably justify their political ideas to everyone else. The question here is what is considered to be reasonable. Rawls argues that '*citizens are reasonable when, …, they are prepared to offer one another fair terms of cooperation according to what they consider the most reasonable concept of political justice; and when they agree to act on those terms, even at the cost of their own interests in particular situations, provided that other citizens accept those terms*' (p. 136). In other words, public reason should be based on *reciprocity*: reasons stated for political actions should not only be sufficient, but also expected to be reasonably acceptable to other citizens. Public reason is not only about the intrinsic validity of the reasons themselves, but above all, it is addressed to others (p. 155). The goal of public reason is not to prove that something is wrong or right, but to justify political actions publicly. For example, if one would argue that it would be a good idea to no longer pay taxes, because that would make him/her better off, that could not be considered a public reason, because the argument is only about the person itself, and therefore cannot be reasonably expected to be acceptable to all citizens. When the argument would include the sake of all, the reason could possibly be public.

According to Rawls, the eventual means to reach a decision is by majority vote (p. 169). A prerequisite to reach a fair outcome is that citizens do not vote strategically, but in line with their actual political preferences, and that they rank their preferences in such a way that they fit the ranking of their political values. When voting takes place in such a way, it implies that the resulting law is reasonable and legitimate. Majority voting does not imply though, that a law is right or wrong. But if the majority of the citizens, after fair deliberation and according to their fair preferences, votes in favour of a law, it has to be a law that is reasonably justified to the public.

There are multiple comprehensive doctrines that all consist of reasonable political conceptions (p. 141). Public reason consists of both political and non-political values. The political values concern political institutions. In a deliberative democracy, the political conception of each public reason should be complete: it should be possible to rank the values specified by it in such a way that they give a *'reasonable answer to nearly all questions involving matters of basic justice*'. According to Rawls, all comprehensive doctrines that embody reasonable political conceptions should have a place in a deliberative democracy. Nonetheless, there is a particular conception of justice that Rawls advocates himself, namely the one described in his book '*A Theory of Justice'* (p. 179). Here he develops a reasonable political conception of justice within a liberal comprehensive doctrine. In the next paragraph, this theory will be clarified.

A Theory of Justice

In 'A Theory of Justice', Rawls (1973) makes a distinction between social primary goods and natural primary goods. Natural primary goods are goods that are associated with a certain person, and cannot be distributed by society (for example, health and intellect). Social primary goods are goods that can be distributed by society (like rights and income). The question is, what a fair distribution of those social primary goods in a democracy would be. According to Rawls, the distribution of social primary goods is fair when there is *justice as fairness*: a just arrangement of the basic structure in society. With basic structure, Rawls means '*the way in which major social institutions distribute fundamental rights and duties and determine the division of advantages from social cooperation'* (Rawls, 1973, 7). By major institutions, in turn, Rawls means political, social and economic institutions: laws, the market economy, etc. So, Rawls' account of distributive justice is procedural: the distribution is just when the basic structure is just. The reason that the basic structure is so important for Rawls, is that it's effects on the lives of citizens are so thorough. It are the rules that follow from the basic structure that will be collectively enforced in the society.

How can the basic structure be justified? Rawls here uses the help of a though experiment, and comes up with the original position, which is meant to create impartiality. In the (hypothetical) original position, each person is covered by a *veil of ignorance*. This means that everyone knows they are a person, but not *who* they are, where they live, or what their position in society is: they do not know whether they are male or female, black or white, poor or rich, young or old, etc. According to Rawls, in this original position, people are mutually disinterested, meaning they are neither egoistic nor altruistic. Rawls asks himself how a society would be

arranged, if all people had to decide upon the arrangement of the basic structure of the society from behind a veil of ignorance. Given that people are mutually disinterested but do try to act in a self-interested way, they will assume that they are in the worst-off position, and will try to maximize this position (*maximin*). More specifically, Rawls argues that, following from the thought experiment about the original position, there will be two principles of justice.

The first principle states that *'each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all'* (Rawls, 1973, 302). If people would have to arrange the basic structure of society from behind a veil of ignorance, they would first want to establish two things: freedom and equivalence. This is precisely what the first principle of justice does. Rawls argues that there are four basic liberties: political liberty (including freedom of speech); liberty of conscience; liberty of the person (including the right to hold property) and freedom of arbitrary arrest and seizure. The second principle of justice states that *'social and economic inequalities are to be arranged so that they are both (a) to the greatest benefit of the least advantaged, consistent with the just savings principle*[36]*, and (b) attached to offices and positions open to all under conditions of fair equality of opportunity'* (Rawls, 1973, 60). This principle of justice reflects the 'maximin', that was mentioned in the previous paragraph. The principles of justice are ranked. The first principle has priority over the second principle, and part (b) of the second principle has priority over part (a) of the second principle.

While the original position was a thought experiment, Rawls does argue that it has implications for the real world: in a deliberative democracy, the basic structure should be arranged in such a way that it reflects the principles of justice. When citizens deliberate or make political decisions about the arrangement of the basic structure, they should always reason *as if* they are in the original position. Rawls thinks this is fair, because if reasoning starts from the original position, political reason is per definition public reason: personal circumstances are not taken into consideration. The idea behind this is that the well-being of people should be affected by their own choices, and not by natural circumstances — and this is precisely what people would opt for if they would have to make a choice from the original position (veil of ignorance). The implication again, is that according to Rawls, income inequality is justified when it improves the situation of the worst-off in society.

In the second part of 'A Theory of Justice', Rawls (1973, p. 199) describes how both principles of justice would be applied in practice. According to Rawls, the first principle of justice (equal liberty) should be the most important factor in the process of establishing the covenants that form the constitution. This ensures the basic liberties of people. The second principle of justice, in turn, should be the most important factor in establishing the legislature. Legislature is subordinate to the constitution in the sense that laws should conform to the broader guidelines of the constitution. The fact that legislature is subordinate to the constitution is reflected by the second principle of justice being subordinate to the first principle. The last stage (after establishing a constitution and legislature) concerns the application of laws to individual cases by judges and administrators. The different stages reflect the 'lifting' of the veil of ignorance. When establishing a constitution, it are only the principles of justice that should be taken into account. In order to make effective laws, however, it is necessary to know some general facts about society (like the size and the level of economic advance), but no particularities about one's own condition. Finally, to be able to apply law one should know the conditions of the particular case the law applies to.

Rawls (p. 204) makes a distinction between liberty and the worth of liberty. The basic liberties (of equal citizenship) should be equal for all (which is reflected by the original position, and the constitution and legislation resulting from the two principles of justice). This includes an equal possibility for everyone to influence the political process. However, the worth of liberty cannot possibly be the same for all: the capacity to fulfil one's needs differs from one person to another: a rich person would probably be able to fulfil more of their needs than a person that is

[36] The just savings principle is meant to solve the problem of justice between generations, and entails that something should be left for future generations.

less well off. It is not necessary to compensate people for differences in the worth of liberty though, because this has already been done when the difference principle was taken into account in the establishment of the constitution and legislation. The least advantaged people probably would have been even more worse off if the principles of justice would not have been institutionalized in the basic structure of society, so they have already been compensated for it. Moreover, Rawls also argues that there should be differences in income in a society: if people know that it is possible that their income will grow, this is a good incentive for them and it motivates them to work harder, which is beneficial for the economic growth in a society. Consequently, maximization of the minimal position definitely does not mean that no inequalities in society are justified!

However, this does not imply either that Rawls favours very large inequalities in society (§ 26). This is because the difference principle never operates alone, but always in conjunction with the principle of equal liberty. The expectations of the best-off in society should be raised only if the expectations of the worst-off are raised as well. This, in turn, will cause more education and other opportunities to be available for the worst-off in society. Although Rawls's theory provides no 'formal' limit to the extent of inequality, he argues that in a good functioning society, there will be a strong tendency for inequality to be moderate. For example, if it would be the case that the expectations of the best-off were raised greatly, a very small increase in expectations of the worst-off could indicate that this increase is not an end in itself, but a means to justify the very large increase for the best-off in society. When people are treated as a means to an end and not as an end in themselves, this violates the first principle of equality of opportunity, and is actually not even a realistic scenario for the kind of society that Rawls sketches. So, although there is no hard limit to the extent of inequality, Rawls argues that there will be a tendency towards moderate inequality, and that the chance of extreme inequalities to occur is very low.

As mentioned, Rawls argues that each citizen should have the right to equally participate in the political process. This necessitates some preconditions, which include fair, free and regular elections; one vote for each citizen; freedom of speech, assembly and association; and a loyal attitude towards opposition, to guarantee divergence of ideas in the political arena (chapter 6). On top of that, each citizen should have an equal opportunity to get into public office. Besides rights, citizens also have duties. First of all, there is a duty of equal respect, which entails that citizens genuinely try to understand each other's opinions and are willing to explain their own opinions when necessary. Besides that, people are required to meet the expectations of institutions that are just, provided they entered into a voluntary commitment with them. Citizens even face a duty to comply with unjust laws (because they were established in a legitimated way), under the condition that the society as a whole is reasonably just. In a constitutional democracy, the legitimate decision procedure is majority vote[37]. However, Rawls does not argue that a majority vote will necessarily lead to just laws: it could be the case that the majority of the citizens was biased. Therefore, majority rule is legitimate only if the equal right of citizens to influence the political process is enforced.

In sum, Rawls argues that for income inequality to be fair in a democracy, the democracy should be organized around the principles of justice. The basic liberties should be equal for all, resulting in a deliberative democracy where each individual has an equal opportunity to influence the political process. The original position as a thought experiment plays a major role in the philosophy of Rawls. It should be the guiding factor in both the establishment of the principles of justice, and in public reasoning. Reasoning from the idea of the original position per definition ensures that reasoning is public, and justifiable to everyone. Moreover, it implies that in the end, the way in which the basic structure will be arranged will lead to maximization of the minimal position, and this does not imply that there should be no income inequality at all.

Rawls' theory overcomes part of the criticism that applies to the theory of Habermas. While the practical problems (deliberation takes time and not everyone participates equally in the political process) are still valid, Rawls makes it possible to judge the level of inequality in a deliberative democracy according to an 'objective' standard. By introducing the thought

[37] Because it is the only possible way to reasonably come to decisions, considered the fact that people should be treated as equals.

experiment of the veil of ignorance, there is an 'external' standard (meaning not determined by deliberation itself) according to which the quality of deliberation can be assessed. When there is income inequality in a deliberative democracy (and following the theory of Rawls), it can be considered unfair when the basic structure in society clearly does not maximize the minimal position.

Conclusion

Deliberative democrats, like republican democrats, also address some of the problems of the aggregative democratic model. Instead of simply aggregating individual preferences, deliberative democrats argue that everyone should have an equal *opportunity* to influence the political process by participating in a public discussion before voting. Both Habermas and Rawls argue that there are limits to the extent income inequality can be justified in a democracy. However, they differ in the way those limits can be identified: according to Habermas, the limits of income inequality cannot be objectively identified, but should be determined internally in the discursive process. Reasons used in the discursive process should be *public*, meaning that they are justifiable to all citizens. Income inequality in a deliberative democracy is unjust whenever there are inequalities that cause domination and oppression of certain citizens. Whether this holds true, should be determined discursively on a case by case basis: the simple fact that there is (income) inequality, does not necessarily imply that there are citizens who are dominated or oppressed.

Rawls argues that income inequality is justified when the reasons citizens use in deliberation are framed *as if* the basic structure has to be chosen from the original position (behind a veil of ignorance). That will lead to a basic structure that maximizes the minimal position. So, the most important thing is that people reason as if they are in the original position. This means per definition that reasons are justifiable to all (personal circumstances are not taken into account) and will lead to maximization of the minimal position. Income inequality is therefore justified if the situation of the worst-off in society is improved[38].

[38] It is interesting to consider the difference between Habermas and Rawls. Michelman (1996), has made a good point in arguing that the main difference between Habermas and Rawls is their starting point: Rawls investigates political self-governance of a group of individuals (who are mutually disinterested), while Habermas investigates political self-governance of a people.

5 – Is unequal unfair?

In every democracy in the world, there is income inequality (to a greater or lesser extent). In the previous chapters, it was shown that income inequality in a democracy can be legitimized in multiple ways. Aggregative democrats like Schumpeter, Post and Klosko legitimize income inequality by a voting procedure in which each person has one vote and all votes weigh equally. Republican democrats, like Rousseau and Pettit, argue that income inequalities in a democracy should not be too large, because that would cause domination of some people over others, which in turn causes unequal influence on the political process. Deliberative democrats, like Habermas and Rawls, argue that income differences are justified as long as everyone has an equal opportunity to influence the political process.

The purpose of this chapter is to reflect on these theories, and to evaluate their shortcomings. First, a recap will be given over when these theories consider income inequalities in a democracy to be problematic. Then, it will be argued that the theories largely limit themselves to the effect of income on (political) power in a democracy, and that they should include two more elements: effort; and one's contribution to society. This argument coincides with what people in a democracy actually think is fair.

Recap – when a difference in income becomes problematic

The question of when a difference in income is not legitimized is an interesting one, because it offers a good insight into the way income inequality is legitimized across the different theories of democracy. Schumpeter, as an aggregative democrat, would simply argue that differences in income are problematic when the voting procedure is not fair. Post and Klosko agree with this, but add that, although the voting procedure may seem to be fair at first glance, a large gap between the actual income inequality and the income inequality that is preferred by the majority of the citizens, actually could indicate that democracy is not functioning properly, and thus, might indicate that the existing income inequality may not be legitimized. A few problems regarding aggregative democracy were discussed (see chapter 2). First, aggregative democrats assume that procedural justice is equal to distributive justice, but this does not necessarily has to be the case. Second, they do not consider the fact that having money can sometimes mean having political power, so giving equal voting rights to each person does not mean that each person has equal influence. Third, aggregative democrats are unclear about the decision procedure that should be used, while that may considerably influence the outcomes of the political process.

Republican and deliberative democrats agree with aggregative democrats on the statement that without a fair voting procedure, a democracy cannot function properly. However, they argue that there is a second requirement for a democracy to function properly: people should not have that much power over other people that they can influence other people's decisions. Both Rousseau and Pettit, as republican democrats, argue that income inequalities in a democracy are problematic as soon as they result in domination of some people over others, because then, the influence of some people would be larger than that of others. If people do not have equal influence on the political process, this implies that they are not treated as equals. According to Pettit, everyone in a democracy should have equal influence, and the outcome of the political process should be equally acceptable to everyone. Rousseau is even more specific, and argues that an income inequality is not legitimate when it happens not to be the income inequality that is preferred by the majority of the citizens. According to Rousseau, people in a society are bound by the social contract (see chapter 3), and under this contract, the general will should rule. The best way to approach the general will is majority voting, thus the majority of the citizens should indicate what a legitimate income inequality would be.

Habermas, as a deliberative democrat, argues that income inequalities cannot be legitimized when they result in domination or oppression of certain citizens. Deliberative democrats argue that everyone should have an equal opportunity to influence the political process, and think that, before voting, citizens should participate in a genuine public discussion

(to which everyone has equal access). When there is domination or oppression, citizens will no longer have an equal opportunity to influence the political process. According to Rawls, income inequality in a deliberative democracy is justified when the reasons citizens use in deliberation are framed *as if* the basic structure has to be chosen from the original position (behind a veil of ignorance) – which will lead to a basic structure that maximizes the minimal position. Although Rawls' theory provides no formal limits of income inequality, Rawls argues that in a good functioning society, there will be a strong tendency for income inequality to be moderate (see chapter 4). Very large inequalities would indicate that the people with the lowest incomes are treated as a means to justify the large incomes at the top of society, instead of as an end in themselves, and this would indicate that Rawls' first principle of equality of opportunity is violated.

So, aggregative democrats embody a very procedural account of justice and argue that the income inequalities are not legitimized when the procedure is not fair. However, the concept of democracy in this theory is so small, that it leads to problems (e.g.: the influence of money on political power) that aggregative democrats do not address. Republican and deliberative democrats, on the other hand, do embody a broader concept of democracy and take the influence that money can have on the *power* of people into account. Large income inequalities cannot be justified if they cause domination of some people over others.

Effort and contribution to society

Republican and deliberative democrats do recognize the influence of money on political power and thereby address an important problem of theories of aggregative democracy. In this research though, it will be argued that – although the influence of money on power indeed is a very important determinant for the fairness of income distribution in a democracy – it is not *enough*. There are other factors that have to be taken into account as well, which are overlooked by both aggregative, republican and deliberative democrats. The factors that are meant here are *effort* and one's *contribution to society*. They will be discussed one by one below. The effect of effort on the legitimation of income inequality will be discussed on the basis of the theory of Dworkin (2002) (luck egalitarianism), the effect of one's contribution to society on the legitimation of income inequality will be illustrated on the basis of theories of Vandevelde (2017) and Bregman and Frederik (2016). After that, the example of meritocracy will be used to illustrate the above mentioned factors.

Effort

Dworkin (2002) argues that (among others) Rawls' theory of justice is not responsive to individual differences, like differences in ambition, and does not take account of personal responsibilities [39]. According to Dworkin, *'equality must be measured in resources and opportunities, not in welfare or well-being'* (2002, 237). Individual preferences must be taken into account. Imagine two people, both with the same capabilities. One gets really happy by eating in a very expensive restaurant every day, and works really hard to make that dream come true. The other does not need much more than the realm of nature, and appreciates their free time. This person decides to work just enough to make a living, but never more than that. Their final difference in welfare is purely a result of their own choices, and is therefore completely just. There is no reason why (as for example Rawls argues) the minimal position should be maximized here, as it follows from their own choices. These two people will also not be jealous of each other's position, because that position does not reflect their personal wishes.

Dworkin (2002) therefore pledges for a society in which there is an initial equality of resources. He makes a distinction between two types of resources: personal and impersonal resources. Personal resources are resources that are connected to a person, like health and

[39] Probably Dworkin would argue that this does not hold just for Rawls, but for all the theories discussed in this thesis.

intelligence. Impersonal resources can be transferred from one person to another, like money and other things people can possess. The worth of impersonal resources can differ from person to person, and that is why Dworkin argues that they initially[40] should be distributed according to the *envy test*: no one should prefer another set of resources to their own. Over time, inequalities in resources will inevitably arise. Some inequalities will be the result of deliberate choices, others of (bad) luck. Dworkin distinguishes 'option luck' from 'brute luck' (pp. 72-83). Option luck refers to a risk one consciously chooses to take: for example, investing money in the stock exchange. Brute luck refers to risks that are always there, and have nothing to do with consciously taking a risk. For example, the risk to get an injury or to loose belongings due to a storm. According to Dworkin, brute luck should be eliminated as much as possible. He proposes to adopt an insurance system, in which people establish a common 'pool' of resources to compensate people who are affected by brute luck[41].

Regarding the personal resources, Dworkin argues that a distribution in resources should be responsive to differences in efforts and ambitions, but not to differences in endowments (talents). The reason is that people can choose to put more effort into things, but people cannot choose their endowments. It is therefore unjust if a distribution of resources would be responsive to the personal resources of people. Personal resources should be seen as a form of brute luck, and should also be ensured. Dworkin proposes to adopt a compulsory insurance system to compensate people with less personal resources[42]. The personal insurance premium should be determined based on the income that people would be able to earn, instead of what they actually earn, to rule out differences in effort and ambition.

Although Dworkin's theory is more elaborate than discussed so far, the relevant point has been made: Dworkin's theory differs from the theories discussed in chapter 2-4 in that it takes the effects of personal choices and effort into account. Differences in resources that are purely the result of differences in personal choices/effort are completely legitimate and do not need to be compensated, while differences as the result of brute luck/personal endowments should be compensated for as much as possible. There are definitely problems with Dworkin's theory: for example, it is very difficult to determine whether a difference in resources is the result of a difference in effort or a difference in personal endowments. Moreover, it will also be very difficult to determine who needs compensation for what, and how much compensation one deserves. Nonetheless, he seems to make a relevant point: it is a personal choice to put more effort in one's work: the resulting distribution of resources (not taking into account the effect of brute luck and differences in personal endowments) is completely legitimate, because everyone has the option to make the same choice. This seems to be a fair point, and indicates that *effort* definitely is a factor that should be taken into account in theories that discuss the legitimation of income inequality.

Contribution to society

Another point that should reasonably be taken account in determining the legitimation of income inequality, is one's contribution to society. According to Vandevelde (2017, 197-221), rewarding people who make great efforts belongs to the most basic intuitions of most people. Nonetheless, the inequality that is caused by rewarding people unequally, should not be unlimited. Vandevelde, like Dworkin, argues that people should be rewarded for their own efforts, but not for benefits that nature provides them with, without own merit. However, Vandevelde argues that factors in society should also play a role in determining the fairness of one's income. In most contemporary western democracies, he argues, the problem is the following: top managers of large companies earn extremely high wages - wages that are very difficult to tax, because both the companies and

[40] The initial distribution of resources concerns a society in which there is no form of possession yet. Dworkin (2002) illustrates this with an example of shipwrecked people that stranded on an uninhabited island, where they were going to distribute the resources that are available.

[41] It is never possible to fully compensate for bad luck, because it is not objectively determinable how to compensate for example a handicap with resources. But this is (according to Dworkin) something a society should accept.

[42] Again, the compensation will never be perfect, but this is something the society should accept.

the managers are usually internationally very mobile, and can thus 'optimize' their tax payments. According to Vandevelde, the exceptionally high wages of those managers are out of proportion to those of their employers. While CEO's do definitely contribute to the profit of a company, most of the time the income of a company depends highly on the general performance of the stock market. Moreover, it is questionable whether profit, in the first place, should be the most important purpose of a company. Maximum profit might not be in the first interest of other stakeholders, such as employers. The bonuses of managers might even cause a focus on the short term performance of the company, that might not even be in the interest of the shareholders on the long term. Lastly, collusion plays a role: 'independent' directors who have to control the management have learnt to use their network wherever they can, and in that way, develop a culture of insiders, in which directors protect each other.

There are, as Vandevelde (2017) argues, two problems of large inequalities in developed democracies as we know them today. First of all, as those countries move to a steady state economy, the growth of the economy will not be as high as it was before. As the population ages, the pension costs and healthcare costs will rise. Because of increasing globalisation, migratory pressure increases, which will lead to a more mixed society, and increasing costs of education. All of this will put pressure on the solidarity of a state, and if managers earn very high wages while the income of the largest part of the population stagnates, this will cause dissatisfaction. Secondly, excessive inequality poses a threat to democracy. It is possible that the influence of money on political parties is such that the system will no longer be legitimate.

Bregman and Frederik (2016) argue that wages should reflect people's contribution to society. They illustrate this on the basis of two examples: first of all, they describe the Irish bank strikes in 1966-1976, during which the banks in Ireland regularly closed all their branches. During these strikes, the effect on the Irish economy was surprisingly limited, as the Irish citizens simply started their own, informal, financial sector, in which hand-made checks were traded based on mutual trust. The second situation they describe is the strike of garbage collectors in New York in 1968. Within a few days, the whole city was a complete mess, and the mayor begged the garbage collectors to resume their work. The message was that the bankers – who earned big money- were not even that much needed in society, while the garbage collectors (who were badly paid) prevented the entire city of New York from functioning[43]. It illustrates that what one earns (in money) does not always equal what one deserves (if looked at their contribution to society). In other words, Bregman and Frederik argue that one's income should correspond to the *value* one adds to society.

An income distribution that corresponds to the value added to society fits in the theory of marginal economics (Landreth and Collander, 2002, 255-256). They argue that a distribution of income is correct when each factor of production (among which is labour) is rewarded according to its *marginal productivity* [44], which is -shortly said- what one adds to the production of an economy. For example, when one does work that many other people want to do as well, an hour extra input in that work does not lead to a large increase in output (since there already is a large output). On the other hand, for work that not many people want to do, an hour extra input will lead to a large increase in output, and it is therefore justified that people who do this kind of work earn more. Of course, economical contribution (the topic of marginal economics) cannot be related on a one-to-one basis to the contribution to society, but the purpose here is to illustrate that income distribution should be reflective of contribution from an economic perspective as well.

To sum up, the theories of democracy discussed in this thesis (ch2-4) use the fairness of the procedure (aggregative democracy) and the effect of income on political power as factors that influence the legitimation of income inequality in a democracy. Here it is argued that other factors

[43] Fun fact: being a garbage collector is a very popular profession in New York nowadays, because of the (relatively) high wages. Although one does not have to meet any educational requirements to become a garbage collector, it is recognized that they keep the city going (DeMorgen, 2014).

[44] The definition of marginal productivity is the value of production that one extra unit of a production factor (for example, one extra hour of work) adds to the total product.

are important as well, namely factors that consider the way income is earned. Both factors should be reflected in an income distribution that is reflective of people's ambitions – and thus takes into account the effort people put in their work, and in an income distribution that is reflective of people's contribution to society – because that reflects the value one adds to society. In the paragraph below it will be shown that these determinants also coincide with what people in a democracy actually think is fair. Before that, the determinants discussed in this paragraph will be illustrated on the basis of the example of *meritocracy*, which is meant to be a thought experiment.

Meritocracy

The Netherlands is more and more becoming a meritocracy: higher educated people participate more often in politics compared to lower educated people, both actively and passively (Bovens and Wille, 2008). Besides that, higher educated people more often have a job than lower educated people do, and also earn higher wages than lower educated people (CBS, 2017b, 24-30). The question here of course is whether the higher wages of higher educated people are legitimate: are they really more ambitious (and thus, work harder), or do they add more value to society than lower-educated people? Or are they just smart enough to (collectively) secure a high income for themselves?

For a few years now, the Dutch VET council (VET: Vocational and Educational Training) campaigns to increase the visibility of workers at VET level, who, as they put it, 'form the foundation of the economy and the backbone of society' (VET council, 2018). More and more citizens from the Netherlands who completed a study at VET level and would be able to get a job at that level, choose to continue their studies at a higher level, just because of the bad image that the VET studies have in the Netherlands. This indicates that there is at least no proof that lower-educated people are less ambitious than higher-educated people. On the other hand, some companies in the Netherlands are desperately looking for VET qualified people in for example horticulture and construction. As a solution, they attract foreign employees, because they cannot find Dutch people who 'want' to do the work. The fact that foreign employees are attracted indicates that the work that has to been done is important for society: it cannot be left undone.

The fact that not enough Dutch citizens can be found to fulfil the positions in horticulture could mean two things: that the wage is too low for the effort that has to be put in the work; and/or that the wage is not adequately reflect their contribution to society. Lower-educated people in the Netherlands might sometimes not earn what they deserve. Of course, the situation described here is not a 'proven' situation, and the assumption that lower-educated people in the Netherlands might not earn what they deserve is nothing more than a hypothesis. The purpose is to illustrate how wages could be linked to effort and contribution to society.

What do people think is just?

In a thesis that is about the fairness of income inequalities in *democracies*, the opinion of people in actual democracies cannot be overlooked, especially because they form the very essence of a 'democracy'. Moreover, to a greater or lesser extent, the opinion of the majority of the people was a determinant for the legitimation of income inequality in almost all of the discussed theories of democracy (ch 2-4). It appears to be the case that what people consider an important factor in the legitimation of income inequalities very much reflects the two principles discussed above: effort and contribution to society. Almost all people in a democracy look at the way income is earned to determine whether a certain income or income inequality is legitimate (Dohmen et al., 2017). Insights from behavioral economics tell that people do not think that inequalities in income are unfair by definition, but that it matters how the differences in income come about. Almås et al. (2016) even argue that the source of the income inequality is the most important factor in determining the acceptance of inequality.

Differences in income are perceived as just if (i) people have equal opportunities and the procedures are fair, and (ii) those differences reflect differences in effort or performances (Dohmen et al., 2017, 20-22; Almås et al., 2010; Abeler et al., 2010; Soede et al., 2014). Differences

in income resulting from luck are widely perceived as unfair. Even though differences in fairness preferences across (developed) countries explain why distribution policies across countries differ (and consequently, the inequality across countries), Almås et al. (2016) show that in all countries, differences in income resulting from differences in effort were perceived as fair, while differences resulting from luck were perceived as unfair. In the Netherlands, for example, citizens regarded the high income of successful entrepreneurs as legitimate, while they regarded the extremely high income of professional soccer players as extremely illegitimate (Soede et al., 2014). In the latter case, the (very high) income was perceived to be disproportionate to the effort made. Also, individual contribution matters (Almås et al., 2010). Individual income is perceived to be more fair if the person earning that income is perceived to contribute more to the 'whole'. Furthermore, the extent to which people perceive their own income as fair also influences to what extent people put effort in their job. People who perceive their own income as unfair, perform less well and even sometimes try to harm their employer on purpose[45,46] (Dohmen et al., 2017, Akerlof and Yellen, 1990).

Conclusion – Is unequal unfair?

To what extent is income inequality fair in a democracy? It is hard to clearly define the answer to this question, but in this thesis, four factors that determine the legitimacy of income inequality in a democracy were defined. The first factor was identified by aggregative democrats, who represent a very procedural account of justice, and argue that the voting procedure should be fair. Republican and deliberative democrats adhere to a broader concept of democracy and take the influence money can have on the power of people into account. They argue that income inequalities can be justified only if they do not cause domination of some people over others, and this forms the second element of justice in this respect. In this chapter, it was argued that these two factors by themselves are not enough, and that the factors of *effort* and *contribution to society* have to be taken into account as well, which are overlooked by both aggregative, republican and deliberative democrats.

Effort indicates that the distribution of income should be reflective to ambition, as luck egalitarians like Dworkin (2002) argue. Because the amount of effort someone puts into their job is a personal choice, the distribution of income that is purely the result of differences in effort is completely legitimate, because everyone has the option to make the same effort. Differences in luck that one could not have foreseen, or differences in personal endowments, though, do need to be compensated for. The income distribution should also be reflective to one's *contribution to society*, as Bregman and Frederik (2016) argue. According to them one's income should correspond to the value one adds to society. It cannot be seen as fair that some smart people can arrange high incomes for themselves, but are not even missed by society when they stop working, while on the other hand, a lot of people with jobs that are very relevant for society are paid low wage.

The opinion of people in actual democracies is also important here, because it forms the very essence of a democracy, and it also played a role in determining the legitimation of income inequality in almost all discussed theories of democracy. Research shows that what people consider an important factor in the legitimation of income inequalities very much reflects the principles identified in this thesis (Dohmen et al., 2017, 20-22; Almås et al., 2010; Abeler et al., 2010; Soede et al., 2014). Most people do not think that inequalities are unfair by definition, but think it matters how these inequalities come about. More specifically, people consider differences in income to be just if (i) people have equal opportunities and procedures are fair, and (ii) those differences reflect differences in effort, performances, or contribution (Almås et al., 2010).

[45] While the payment of an income that is perceived as a 'higher than fair' income also has a positive effect on the motivation of an employee, the negative effect on motivation of an income that is not perceived as fair is much stronger (Dohmen et al., 2017, 23).
[46] Akerlof and Yellen (1990) formalised this idea in the *fair wage-effort hypothesis*.

6 – Discussion

In the previous chapter it was argued that, besides a fair voting procedure and the effect of money on political power, effort and one's contribution to society are important factors for the legitimation of income inequality in democracies as well. This chapter will discuss the factor considering one's contribution to society. It was argued that income distribution should be reflective to one's contribution to society, because one's income should correspond to the value one adds to society (Bregman and Frederik, 2016). In this chapter it is argued that, while the argument regarding one's contribution to society might be a compelling argument nowadays, it might not hold anymore in the (near) future. The reason is that the argument is based on two assumptions: 1) people should contribute to society, and 2) people's contributions to society are needed. Both of these assumptions are true nowadays, but this is expected to change rapidly.

The future of work

For some centuries now, citizens (at least in developed Western societies) are used to a growing economy. Most of the time, *growth* is measured via GDP. However, due to a finite amount of natural resources available, it is impossible for material production to keep expanding forever. Moreover, although it is in people's nature to always want more, we might reach a point where we just have enough (Raworth, 2017). That would change the way we should look at the economy, and economic growth. When citizens of a country accept the fact that the economy cannot, or should not, grow further, it is no longer needed that everyone in the active population continues to work – which would change the way income should be distributed. Nowadays, citizens believe it is fair to reward people according to their contribution to society (Almås et al., 2010). Within a few decades, it might not be necessary anymore that every person contributes to society (at least not in a material way). Consequently, this would change the perception of a fair income distribution.

It may even be that this process has already started: according to Greaber (2013), it is already the case that not all people are needed (at least not for a fulltime working week) to complete all the work that needs to be done. However, rather than reducing the hours people work, pointless jobs arise, according to Greaber. In his definition, these are jobs that are not quite necessary, and only exist to keep everyone working[47]. In fact, a survey of YouGov (2015) showed that 37% of British employees felt that their job did not make a meaningful contribution to the world. This number is likely to increase in the coming decades.

Secondly, even if economic growth would not be finite and it was possible for demand and GDP to increase forever, it might be that it are not *humans* that need to contribute to this. Robots, artificial intelligence, machine learning, etc. have an increasing impact on societies (West, 2015). West shows that the number of industrial robots has increased from 1.2 million in 2013 to 1.9 million in 2017. Also, the number of robots that are able to perform complex tasks is increasing. Robots already replace people in many tasks, and it is inevitable that even more people will be replaced by them in the future. This means that in the future, people will probably not devote most of their time to working – another reason for the need of a change in the perception of what is a fair distribution of income.

Conclusion

In this thesis it was argued that one of the factors that are important in the legitimation of income inequality in a democracy is one's contribution to society (and the economy). However, because of finite economic growth and the emergence of robots and automation of processes, it might well

[47] Although Greaber (2013) believes there is no one definition that determines whether a job is useless or not, he is talking mostly about jobs in the service sector, like '*lobbyists, PR researchers, … telemarketers or legal consultants*' (p. 10).

be the case that in the future, less people need to and can contribute to the economy. Therefore, the way we morally look at income and work will also need to change. This would be a nice starting point for more research on the subject of the fairness of income inequality.

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