

Global inequality and the (un)fairness of the citizenship premium

How relevant is global inequality?

And is the citizenship premium something that we are bound to find morally inappropriate?

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Global inequality explained by Branko Milanovic

The book ‘Global Inequality’ written by Milanovic opens with a strong statement: ‘the gains from globalization are not evenly distributed’¹. Looking at the data, it can be affirmed that the shape of the gains and the losses deriving from the process of globalization appears as a reclining S curve, or “elephant curve”, which means that the global top 1%, or the global plutocrats, and the emerging global middle class (mainly Asian economies), have profited more than those in between, in particular more than the lower middle class of the rich world. A bifurcation is opened between people in the old rich world and people in emerging Asia. Those gains are measured in terms of cumulative growth in real income. The first conclusion which can be drawn from the data is that globalization has mostly been beneficial to those in the rich countries who were already better-off². Regardless whether we

¹ Branko Milanovic, *Global Inequality* (2016), Harvard University Press, p. 10

² *Ivi*, p. 35

look at relative or absolute terms, the result does not change: even after the financial crisis, the winners are a group of super-rich individuals, the 1% of 1% of 1% which possess the double of the entire African continent' wealth³. Starting from the 1980s, the extent of global inequality was quite stable at 70 Gini point, but the role played by China was that of 'great income equalizer'⁴ which means if we exclude the country, the Gini value increases over time. Therefore, the claim that global inequality is decreasing ought to be taken with caution, also because of the difficulty of the highest incomes' accurate estimations. Passing over data analysis, an important question to be asked is: is it more relevant inequality between individuals of the same country or the one between two persons living in different countries? The former kind of inequality is called class-based inequality, the latter is the location-based one⁵. We need to ask ourselves which one of the two is the most heavier balance pan: inequality within nations or inequality among nations. Using the Theil entropy index it has been calculated the importance of class and location, showing how in the past the class was of prime importance. Starting from the 20th century we assisted in a shift from class to location, with 80% of global inequality depending on the place of birth. Suffice it to think about the disposal of incomes derived from European colonialism with the consequent creation of 'powerful and powerless nations'⁶. This disproportionate weight of location generates what is called *citizenship premium* and *citizenship penalty*, so, it could be argued that inequality starts, also, from the place where one is born. This is a morally-arbitrary circumstance and is not related to individual efforts. The dynamics connected to the citizenship premium also involve the field of immigration: in fact, many people decide to migrate to a richer country to find better living standards and

³ Ivi, p. 42

⁴ Ivi, p. 135

⁵ Ivi, p. 125

⁶ Peer Vries, *Escaping poverty. The origins of modern economic growth* (2013), Vienna and Göttingen: Vienna University Press and V&R unipress, p. 46

an increase in their income. But rich countries are unwilling to share their premium, and thus they will possibly reduce this rent with migrants.

Luck egalitarianism, *brute luck* and *option luck*

We now try to build a fictitious scenario in which we describe different situations of two individuals with very different life's prospects, in a way to better understand the meaning of the rent derived by the place of birth and the consequent connection to the question of luck and *luck egalitarian theory*. Suppose we are, say, in Norway. Here lives Ingrid, a young girl that will get easy access to a wide range of opportunities. She will attend school in her upscale neighborhood, she will make connections with other kids from her privileged background and she will undertake a multitude of attractive experiences that will favor her educational performance and will help her enter elite universities. Moving to, say, Congo, Tahir is a young boy who will have to deal with extreme poverty derived from being born in Africa: extremely poorly funded or non-existent schools and a disgraceful wage. He will not obtain a high-quality primary or secondary education, he will not go to university, but instead, he will help his mother to live a dignified life. In all likelihood, his major concern will be fighting to get access to clean water.

The diametrically opposite life trajectories of these two people are made up, but they are indicative of how people actually live today, making it striking how the place you were born is a determining variable in your life.

'It is unjust if some people are worse off than others through their bad luck'⁷. The core luck egalitarian claim straightforwardly clarifies what is talking about, and the link with the (mis)fortune connected to where one is born. Let's make some examples different from the place of

⁷ Gerald Allan Cohen, *Rescuing Justice and Equality* (2008), Cambridge, MA: Harvard University Press, p. 300

birth: being born black or homosexual is not *per se* something that carries bad luck, but in contexts such as Apartheid or an extremely homophobic environment it will undoubtedly result in the suffering of some people. In this case, it can be said that there is a genetic lottery functioning through arbitrariness and enshrining injustice. No one of us has chosen to be born poor, with a disability or in a hostile country, yet this contingency might turn out to be the main determinant for one's suffering, and this seems to be unfair. Luck egalitarianism is supported by John Rawls' view of equality of opportunity which, among other things, states that distributive shares are improperly influenced by arbitrary contingencies⁸ referring to the same possession of 'lucky genes' which allow a person to be, say, more talented than one other or to be 'born into a stimulating social environment that would encourage one to develop one's talent'⁹. In the luck egalitarian view a distinction is made between *brute luck* and *option luck*, for the reason that some luck egalitarians, such as Dworkin, agree that not all bad luck is unjust. In his words 'option luck is a matter of how deliberate and calculated gambles turn out – whether someone gains or loses through accepting an isolated risk he or she should have anticipated and might have declined. Brute luck is a matter of how risks fall out that are not in that sense deliberate gambles. If I buy a stock on the exchange that rises, then my option luck is good. If I am hit by a falling meteorite whose course could not have been predicted, then my bad luck is brute'¹⁰. He is saying that option luck is something resulting from choice, while brute luck is not. Most egalitarians believe that justice requires that the differential effects deriving from brute luck must be zero because it is not just that some people are worse off than others just because they are unfortunate to have been born with

⁸ John Rawls, *A Theory of Justice* (1971), Oxford: Oxford University Press, p. 72

⁹ *Ivi*, pp. 74-75

¹⁰ Ronald Dworkin, *Sovereign Virtue* (2000), Cambridge, MA: Harvard University Press, p. 73

‘bad genes’. Whilst some scholars, Dworkin included, think that inequalities reflecting option luck are fair: ‘...people should pay the price of the life they have decided to lead, measured in what others give up in order that they can do so... But the price of a safer life, measured in this way, is precisely foregoing any chance of the gains whose prospect induces others to gamble’¹¹. People victims of bad option luck have had a risky behavior whose consequences could have been reasonably foreseen and avoided, so they are considered to deserve their misfortune. And what if a person declines a gamble and ends up worse off than someone who engages in it and wins? Another question could be: should we compensate people only if they are victims of bad brute luck or we should include bad option luck? Then, should we compensate people at all?

‘What is the Point of Equality?’

Luck egalitarian theory has been harshly criticized by Elizabeth Anderson in one of her work called ‘What is the point of equality?’. She argues against egalitarian theorists in that they have moved away from the main purposes of their thesis, concentrating instead in the correction of ‘a supposed cosmic injustice’¹². According to her writing, egalitarian justice need not be something linked to *brute luck*, which means that individuals should not be repaid for their natural condition, but the scope is actually rebalancing the social system, in order to end discrimination and oppression. The distributive justice’ idea that the lucky one should transfer his lucky gains to the unfortunate is considered wrong. Anderson advocates for a different understanding of egalitarianism, founded on democratic principles. One of the main precarious aspect of luck egalitarianism, or equality of fortune, as she calls it, is paving the way for a society which shapes its citizens divided in an A team and a B team, hinting to the fact that

¹¹ Ivi, p. 74

¹² Elizabeth Anderson, *What is the Point of Equality?* (1999), The University of Chicago Press. Ethics, p. 288

superior and inferior persons exist, that a hierarchy exists, built on personal talent, skills, or more generally on one's genetic endowment, and in this respect, it turns out to be profoundly prejudicial. A consistent example reported by her is the one of the uninsured driver who causes an accident and because of it, seriously injured, rather than being aided with medical care, would be left to die on the basis of luck egalitarians' beliefs. And what's more, if the same human survives the accident but with a severe disability, he/she will still not have the right, not only to be cured but also to benefit of an invalidity pension. This is just one of the many issues highlighted, namely the abandonment of negligent victims. But what if I am not a negligent victim but instead I have been acting prudently? Also in this case I would be abandoned. 'If a citizen of a large and geographically diverse nation like the United States builds his house in a flood plain, or near the San Andreas fault, or in the heart of tornado country, then the risk of flood, earthquake, or crushing winds is one he chooses to bear, since those risks could be all but eliminated by living elsewhere'¹³. In other words, this means that if my house is completely destroyed as a consequence of a tsunami, I deserved it and have no right to disaster relief. I sought my misery.

Another peculiarity of equality of fortune is the fact that the many insurance programs can only be justified by a paternalistic vision centered on pity towards these unfortunate subjects. Anderson underlines that in a society based on *luck egalitarianism*, who is responsible for one owns fortune and is free to choose, has not the right to benefit of welfare state in the case the fortune turns out to be bad. On the other side, taking into consideration who is the victim of *bad brute luck*, egalitarian moral changes its face, revealing a sort of 'humanitarian' guise only to those who, having 'bad genes', decides to take a risk, with the possibility of jeopardizing his/her life. But

¹³ Eric Rakowski, *Equal Justice* (1991), New York: Oxford University Press, p. 79

marginalization and penalization can also be found in many categories of people affected by *bad brute luck*. Think about the one who is considered being born ugly and is surpassed by the one considered beautiful: is it right to compensate for the first person? This is the problem of ‘using private (dis)satisfaction to justify public oppression’¹⁴. The response of luck egalitarians to that situation would be, in the words of Anderson: ‘to the ugly and socially awkward: How sad that you are so repulsive to people around you that no one wants to be your friend or lifetime companion. We won’t make it up to you by being your friend or your marriage partner – we have our own freedom of association to exercise- but you can console yourself in your miserable loneliness by consuming these material goods that we, the beautiful and charming ones, will provide. And who knows? Maybe you won’t be such a loser in love once potential dates see how rich you are’¹⁵. It is needed to recognize one’s inferiority in order to get some aid. Those kinds of discourses are valid also for the disabled, the stupid and so forth. Besides, the sense aroused in luck egalitarians towards the ones who are blamelessly worse off is pity, that is a feeling experienced by those who consider themselves superior to the victim of *bad brute luck*. For Anderson, pity clashes with the respect for this category of individuals, and therefore we should feel compassion, which is founded on empathy. ‘Compassion and pity can both move a person to act benevolently, but only pity is condescending’¹⁶.

The ideal would be to guarantee to everyone a basic set of freedoms, ‘sufficient for functioning as an equal in society’, and in this way we could accept income inequalities which exceed that limit. When inequality can be considered acceptable? It ‘would depend in part on how easy it was to convert income into status inequality- differences in the social bases of self-respect, influence over elections, and the

¹⁴ Ivi, p. 304

¹⁵ Ivi, p. 305

¹⁶ Ivi, p. 307

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As underlined by the same Anderson, *luck egalitarianism* can be unsound and contradictory, therefore we should not concentrate on modifying the natural order, which is not possible, but instead, rearrange our social norms. It could be a start aimed at distemperring that substantial gaps existing today among people. The intrinsic diversity of human beings is turned into oppression by us, and nature cannot be blamed for that. The focalization needs to be on the change of the norms and not on the change of people¹⁸.

Conclusions

In conclusion, global inequality matters in so far it means that there exist people around the world who die starving and other ones that live in opulence. In other words, global inequality is relevant because our society's structure gives birth to super-wealthy individuals and super-poor ones, with a gargantuan gap that cannot be considered just even remotely. On the other hand, the *place premium* and its counterpart, the *place penalty*, derive from the lottery connected to the place of birth, which cannot be foreseen nor modified. What we actually can alter is the arrangement of our society, in order to guarantee to each person the opportunities of living a good life, without being discriminated or oppressed by the rules our very selves have established. It is mandatory that the man born in the poor country or the one born from a poor family receives the possibility to change his condition and earn some wealth. It is mandatory for the disabled to get access to medical care and for the woman not to deal with the glass ceiling. Or for the gay man not to suffer as a consequence of bullying and to expose his identity without shame. Every person, regardless of the fact he/she is

¹⁷ Ivi, p. 326

¹⁸ Ivi, p. 336

victim of *bad option luck* or *bad brute luck*, must live inside a fair environment which does not leave anyone behind.

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