

5. Two False Starts

- In equal talent world, treat people as equals by assigning equal shares of external, alienable assets: inequalities traced to personality not circumstance.
- Results of market exchange in equal talent world meet the “envy test”: no one envies anyone else’s circumstances (could have had those circumstances if they wanted to), though there may be economic inequalities.
- But in an unequal talent world, hard to achieve equality of circumstances, and to meet the envy test.
- First response to problem: treat talents as part of personality not circumstance, and redefine the envy test. This has the deficiencies of starting gate equality.
- Second response to problem: assign each person a $1/n^{\text{th}}$ share in the talents of others, and let people buy the shares if they want leisure and do not want to use their talents. This produces “slavery of the talented”: undue burden on those who are endowed with socially valued talents.

6. Insurance

- Add a hypothetical insurance market, in which people do not know the social distribution of abilities/preferences. As a result, they do not know the value of their abilities, and so assume that they have an equal likelihood of ending up in each economic position.
- Use this device as a guide to real decisions: ensure people (through minimum wage laws, unemployment insurance, etc.) that they will not fall below the level that they would (on average) have purchased insurance to secure in the hypothetical market.
- Don’t insure against falling out of top decile: too expensive if you fall below, and too demanding if you land within.
- Buy *some* insurance because of the value of avoiding bad risks (convergence with Rawls if people judge that the risk of being at less than maximal minimum is bad for self-respect).
- Insurance market provides response to objection that the resulting system of social provision is unfair: it is the system that people would select in conditions that accommodate both equal importance of each life and special responsibility.
- Still, might object to the ambitions themselves. But note that that objection cuts both ways.