

Julian Le Grand, *Equity and Choice: An Essay in Economics and Applied Philosophy*, 1991. Pages: xiii + 186, Pb. \$32.95 (London and New York, Harper Collins Academic, Distributed by the Law Book Company Limited).

Before Marshall, half a dozen very prominent British economists were declared Utilitarians. Their successors have never been quite as candid about their ethical premises, probably for three reasons: (i) an awareness that parts, at least, of 19th century Utilitarianism are quite indefensible, (ii) a more dubious belief that ethics is a subject best left to specialists, and (iii) a more defensible view that since it is a highly controversial subject, one should not needlessly antagonise readers who may not share one's own moral standpoint.

Subscribers to the *History of Economics Review* may have these considerations in mind as they read Professor Le Grand's short, clear and impressive book. He has chosen to write about the concept of equity, and to apply his understanding of it to the urgent practical problems of health care, grants from one level of government to another, and income taxation. He argues convincingly that it may often be "sounder, both in theoretical and practical terms, to base policy analysis on individuals' choice sets rather than on their utilities." (p. 171) He concludes that equity depends on the extent of individual choice, in the sense that it is inequitable for a person to be "disadvantaged relative to another due to factors beyond either's control", whereas "situations where the disadvantage arises because of differences in individual choices freely made are not." (p. 176)

How is his concept of equity derived? He believes that "of the possible methodological approaches to obtaining and evaluating conceptions of equity, it is difficult to escape the conclusion that there is only one that is really suitable: the test of intuition." Like other critics of Rawls, he notes that "the reliance upon readers' intuitions is not avoided - - indeed it is compounded - - by the social contract approach, perhaps its chief philosophical competitor." (p. 56) As for Utilitarianism, he argues, again correctly, that it "does not necessarily generate outcomes that are either equitable or equal." Endorsing another writer's view that it is an aggregative not a distributive principle, he suggests that Utilitarianism "is therefore unlikely to provide us with the interpretation that we seek." (p. 77) As he would be the first to agree, this does not dispose of the case for what has come to be called "preference-utilitarianism" as stated, e.g., by the Oxford philosopher Richard Hare.

Le Grand acknowledges that other ethical criteria besides equity may be relevant. However, he does not tell us much about these criteria and does not show how his formulae concerning, e.g., intergovernmental transfers can be modified to take criteria other than equity into account also. His criticism of the well known equity-efficiency trade-off is only one of the criticisms possible. If equity has moral value, he argues, it can only be balanced against efficiency if this too has moral value. "Efficiency is not an objective in the sense that equity is an objective; rather, it is a secondary objective that only acquires meaning with reference to primary objectives

such as equity." (p. 29) He points out that it would be better to speak of trading off equity against economic growth, though this too "is far from unproblematic as an objective." These things need saying, but there is an alternative approach which is to regard equity and economic growth as deriving their value from the extent to which they contribute to a single objective (consequences, in some definable sense). Incidentally, if one believes this, one can impute a value-free significance to Pareto-optimality (forgetting the Latin derivation) and go on to say that such optimality does not necessarily promote one's ultimate end. If we discard some claims made for it, we are not forced, as Le Grand believes, to hold that "Pareto-optimality is more correctly interpreted as a form of value or social welfare function". (p. 32)

Le Grand wisely concentrates on the kind of internal problem concerning which he has made so real a contribution in earlier works. But he might at least have mentioned international inequality and the problem of applying his criterion in that most difficult of all areas. In that respect one is a little worried by the boost he is giving moral intuitionism which, in the case of a problem that has only been acknowledged recently, can lead some believers to compromise too much and too quickly. Some philosophers whose thinking has a strong intuitionist component believe we should give preferential treatment to our countries and our families, over and above the smaller privileges needed anyway for our countries or families to be able to do all they should for countries and families that are much worse off. The case for such compromises being morally acceptable has been brilliantly attacked in Shelly Kagan's *The Limits of Morality* (Oxford, Clarendon Press, 1989). True, Le Grand may accept Kagan's arguments - or need no converting to them - in which case his formula for equitable intergovernmental transfers could be applied to foreign aid. The compromises he might acquiesce in might be no different from those accepted, under protest, by Utilitarians, but he and they would have reached the same practical conclusion by different routes.

"... on the whole", writes Le Grand, "economists have not based the conceptions of equity that they use on moral intuitions; a lacuna which means that, almost inevitably, they have tended at times to use principles that may have little intuitive resonance, while ignoring ones that may be prominent among those intuitions." (p. 63).

This is fair comment except for the word "lacuna" (= omission). Some of us respect our moral intuitions as reflecting the wisdom of the race, or a part of that wisdom anyway, but we are prepared to disregard them for sufficient reason. We do so whenever equity clashes sharply with considerations we think to be more important. We would want to reduce the amount of suffering in the world even if the distribution of the suffering that was left became, in consequence, even less equitable than the way suffering is distributed now. This seems unlikely to be Le Grand's position; if not, the difference could have implications for policy. One can recognise this and still find that on the matters he deals with and from the premises he has chosen, his reasoning is almost wholly persuasive.