

VISUAL 10.1

FAIRNESS AND JUSTICE

In recent years, economics has focused on economic efficiency, yet economic justice is also an important value to individuals and societies.

Because of scarcity, not all wants can be satisfied — and people differ greatly in their abilities and opportunities to satisfy their wants.

Is it easier to define what is “fair” or to label an outcome as “unfair”?

In ethics, *justice* is the fair treatment of everyone. To determine if something is just, people ask two different — and possibly contradictory — questions:

- Is the outcome or result fair?
- Is the process fair?

People who emphasize outcomes tend to see the existing degree of *economic inequality* as morally unjustifiable.

People who emphasize process tend to approve the results of a system, even if these results are highly unequal, provided that individuals have equal opportunity to succeed.

VISUAL 10.2

THE VEIL OF IGNORANCE GAME

Directions: This role-playing game will help you understand an important principle of justice. You will play the game in groups.

Round 1

In this round, each group will receive a Role Card describing the position the group members occupy in society. Each group will determine which economic policies would benefit them personally. Then the members of the group will vote for these policies on an Economic Policy Ballot. This is Vote 1. After voting is complete, each group will identify its role in society and its income and make a brief presentation to the class that explains how it voted on each issue and why.

Round 2

In the second round, each group will receive a new Role Card. The groups will discuss the issues and then vote again. This is Vote 2. After voting is complete, each group will briefly tell the class how it voted on each issue and why.

VISUAL 10.3

ISSUE 1: RAISING GOVERNMENT REVENUE

OPTION A: PROGRESSIVE INCOME TAX

People with higher incomes pay a higher marginal tax rate.

Annual Income	Tax Rate
Up to \$ 10,000	0%
\$ 10,001 to \$ 50,000	10%
\$ 50,001 to \$100,000	20%
\$100,001 to \$300,000	30%
Over \$300,000	50%

Example: Jody earns \$80,000 a year. Under a progressive tax rate:

- Jody pays 0% tax
on the first \$10,000 she earns $\$10,000 \times .0 = \$ 0$
- Jody pays 10% tax
on the next \$40,000 she earns $\$40,000 \times .1 = \$ 4,000$
- Jody pays 20% tax
on the final \$30,000 she earns $\$30,000 \times .2 = \$ 6,000$

Jody's total tax on \$80,000 income is $\$0 + \$4,000 + \$6,000 = \mathbf{\$10,000}$

OPTION B: FLAT INCOME TAX

Everyone who receives an income pays the same tax rate of 15 percent. Under this plan, Jody would pay 15 percent of \$80,000, or \$12,000.

Options A and B are expected to raise identical amounts of tax revenue, even though individual families may pay different amounts of taxes under each option.

VISUAL 10.4 ECONOMIC POLICY BALLOT

Group 1: Role _____ Family Income _____
 Group 2: Role _____ Family Income _____
 Group 3: Role _____ Family Income _____
 Group 4: Role _____ Family Income _____
 Group 5: Role _____ Family Income _____

		Vote 1 Role and Income Known (Choose one policy for each issue)			Vote 2 Behind a Veil of Ignorance (Choose one policy for each issue)			
Issue 1: Raising Government Revenue								
Group 1	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax
Group 2	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax
Group 3	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax
Group 4	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax
Group 5	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax	<input type="checkbox"/>	Progressive tax	<input type="checkbox"/>	Flat tax
Issue 2: Unemployment Assistance								
Group 1	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous
Group 2	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous
Group 3	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous
Group 4	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous
Group 5	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous	<input type="checkbox"/>	Modest	<input type="checkbox"/>	Generous
Issue 3: Immigrant Workers								
Group 1	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law
Group 2	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law
Group 3	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law
Group 4	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law
Group 5	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law	<input type="checkbox"/>	Guest workers	<input type="checkbox"/>	Stronger law
Issue 4: Health Insurance								
Group 1	<input type="checkbox"/>	Private	<input type="checkbox"/>	National	<input type="checkbox"/>	Private	<input type="checkbox"/>	National
Group 2	<input type="checkbox"/>	Private	<input type="checkbox"/>	National	<input type="checkbox"/>	Private	<input type="checkbox"/>	National
Group 3	<input type="checkbox"/>	Private	<input type="checkbox"/>	National	<input type="checkbox"/>	Private	<input type="checkbox"/>	National
Group 4	<input type="checkbox"/>	Private	<input type="checkbox"/>	National	<input type="checkbox"/>	Private	<input type="checkbox"/>	National
Group 5	<input type="checkbox"/>	Private	<input type="checkbox"/>	National	<input type="checkbox"/>	Private	<input type="checkbox"/>	National

VISUAL 10.5

QUESTIONS ABOUT THE VEIL OF IGNORANCE

1. In the second round, you didn't know your role or position in life. How did this affect your views about these economic policy issues?
2. After playing this game, do you think fairness in economic policy should be based on achieving equal outcomes in society or providing a process for equal opportunity? Why is it not always possible to have both?
3. Since it is not actually possible to live behind a veil of ignorance, what lessons did you learn about resolving economic policy issues?