Efficiency, Justice and the Standard Approach to Policy Analysis

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The terms of reference of the British Columbia Expert Panel on Basic Income stated that it was to “look at whether a basic income is an effective way to improve income security, reduce poverty and address the impact of technological change” (British Columbia 2018, 1). While at first glance these may seem like clear objectives, as the work evolved, it became evident to us that they reflected a broader goal — to create a more just society. It is against that standard that we believe policies like a basic income should be judged. This also led us to re-examine the standard criteria that are often used to evaluate policy proposals. Efficiency, equity, effectiveness, simplicity, effects on employment, competitiveness and economic growth, and fiscal implications are common considerations in policy analysis. However, what struck us about these criteria was their narrow basis in economic theory and insufficient consideration of our underlying humanity. What was missing was the type of deeper community perspective evident in the quote from the great Nisga’a Chief Joseph Gosnell found in Chapter 1. In the pursuit of a more just society, better criteria are needed. We also saw a need to tackle the usual assumption in policy analysis that efficiency and justice (often described using the term “equity”) can be evaluated and pursued separately, forcing trade-offs between the two. We argue that justice and efficiency are much more intricately connected than is typically assumed, and that recognizing this has concrete implications for policy analysis and implementation.

In this chapter, we critique the concepts implicit in the traditional approach to policy analysis and explore alternative criteria that are more inclusive and compassionate. In doing so, we consider the perspectives of the three main stakeholders in public policy: the individual, society and government.
Over the next three chapters, drawing from existing conceptual frameworks from mainstream economic theory, liberal theories of justice and intersectional analysis, we put forward a more comprehensive, balanced and practical analytical framework that is based on justice, but not tied to specific notions or theories of justice. Our approach is founded on the idea that justice, efficiency and intersectionality are interrelated — in contrast to the standard policy analysis approach, which views these features of society and the economy as separable and necessarily in conflict with each other. For example, the standard approach often implicitly assumes that achieving an equitable outcome that is compatible with intersectional justice necessarily leads to less efficient economic outcomes and vice versa. Assuming separability also means assuming that questions of policy implementation can be discussed solely in terms of efficiency, leaving matters of inclusive justice to the political system. In contrast, our claim that justice and efficiency are inextricably intertwined implies that the focus of policy analysis must be extended to prioritize questions of justice for a diverse population.

The inseparability of justice and efficiency can be demonstrated in at least three ways.

First, the standard economics framework used to evaluate policy options, called welfare economics, shows that when the underlying model assumptions are not met, efficiency and justice cannot be separated. For example, in situations where employers have monopoly-like power over their workers, a minimum wage (which is often seen as a justice-enhancing policy) can have efficiency-improving effects.

Second, the claim that equity and efficiency are separable is based on a combination of economic theory and liberal theories of justice that reflect an overly individualistic notion of human nature. The essence of the argument is that efficiency can be obtained through voluntary exchange in markets. There is no requirement in these interactions for any judgment — or even statement — of individual or societal values relating to justice or anything else. This implies that we can just focus on getting markets to operate smoothly and on shoring up their failures without having to consider values or notions of justice. But people are not just self-interested and individualistic. Recent findings in behavioural
Economics confirm this. Separating the individualistic self from the social self, as we often do in standard policy analysis focused on efficiency, overlooks the social aspect of our human nature. It also overlooks the locus of our social connections, including communities and care work, thus ignoring a crucial component of justice. As a key example, it fails to acknowledge the idea that people gain their self- and social respect from work — the role they play in the productive process. Consequently, decisions that are apparently about the efficient allocation of work are necessarily also decisions about justice.

This leads to the third, deeper critique that is embodied in feminist theory and the notion of intersectionality in particular. People’s identities — so central to their feelings of belonging and self-respect — are not immutable, and both market interactions and government policies play an important role in shaping and reinforcing those identities. Just as important, those interactions and policies naturally favour some identities and oppress others. The standard welfare economics framework has yet to recognize and address how identity, power and social pathologies such as racism interact with its underlying assumptions. The reality is that these pathologies are often reaffirmed through the market process and result in greater potential for inequality and oppression.

Taken together, these critiques imply that criteria-setting must take seriously notions of intersectional justice. It must include specific means of considering who is being favoured and why, as well as ways to reduce pathologies and oppression. In other words, issues of justice are present everywhere in the systems we create, and we need to not only set policy criteria that recognize this but also develop ongoing policy processes that incorporate an effective voice for those affected and the communities that help define them. In this chapter, we present our arguments as to why a new analytical framework is needed. In the next chapter, we propose such a new framework.

EFFICIENCY AND JUSTICE IN STANDARD POLICY ANALYSIS

We begin with a description of the existing economic policy analysis framework, focusing on economists’ notions of welfare and efficiency.
Policy-makers typically rely on analysis and reasoning derived from welfare economics when discussing policy options and questions of economic growth, efficiency and equity. Starting with the definition of efficiency allows us to situate our framework within a familiar context and to then examine how this concept relates to the philosophical principles underpinning policy objectives. Our goal in this section is to highlight and challenge the key assumptions underlying standard policy analysis.

**The mainstream economics viewpoint**

The word efficiency is often invoked in policy discussions, but its precise meaning can vary depending on context. Most people likely think of efficiency in terms of making the most out of a given amount of resources — or, its flip side, minimizing the cost of producing a given amount of output. This is what economists call “productive efficiency.” While important, productive efficiency represents only part of the notion of efficiency for economists. A second, and more complete, notion of efficiency is called “allocative efficiency” or sometimes “distributive efficiency.” Allocative efficiency includes both productive efficiency and efficiency in allocating what is produced among the members of society. It includes gains from voluntary trade, reflecting the fact that people can exchange goods and services in ways that make all parties better off. If, for example, a person with a preference for apples and a person with a preference for oranges are given equal amounts of apples and oranges, they can exchange the apples and oranges in a way that makes them both better off. Here, it is simple to see that a failure to make those exchanges is a form of inefficiency — or waste. Full allocative efficiency occurs when there is no wastage either in production or in allocation — no remaining exchanges that would make both people involved in the exchange better off. These concepts are embodied in the notion of Pareto optima or Pareto efficient outcomes, which is the building block of welfare economics.

How are efficiency and justice related? The answer to this in mainstream economics lies in the power of markets. According to the first fundamental theorem of welfare economics, allocative efficiency can be attained through the interaction of consumers and producers in markets, with each freely pursuing their own self-interest — maximizing their
utility in the case of consumers and maximizing their profit in the case of producers. This theorem relies on some strong assumptions — that people have perfect information about what is being traded, that they don’t ever change their preferences, etc. — to which we will return. But the power of this conclusion is striking. In any society, there is an overwhelming amount of background information about what each consumer wants and about the costs for each producer. We somehow need to use all that information to match the resources in the economy with people’s preferences. In a market economy, that is done through prices, which reflect a combination of what people want and what it costs to produce it, encouraging consumers to shift to cheaper alternatives and firms to shift to producing goods with rising prices. In this way, we end up with a remarkable matching of resources and individual preferences not through some conscious effort to coordinate the two sides of the market but through each side acting separately, in their own self-interest and in response to the prices in the market.

This last statement is important. The price mechanism only works to achieve this coordination if all exchanges are purely voluntary and people can act in their own self-interest. By doing so, they reveal information about those interests — their preferences as consumers or their costs as producers — and the prices adjust accordingly. The fact that they do this through voluntary exchanges means that there is no outside force pushing them to take actions they do not want to take, distorting their information signals.

So far, though, nothing has been said about justice. How does welfare economics go from “markets are efficient” to “it is possible to use market mechanisms to achieve efficiency and leave justice deliberations for another time”? That comes from the second fundamental theorem of welfare economics that focuses on how we divide up the goods that our society produces. Recall that the first theorem says that people and firms start with an initial share of resources and then production and trade in markets lead to a Pareto, or allocatively, efficient outcome. The second theorem flips this on its head and says, suppose there is a particular efficient outcome that society prefers — say, one where people get shares of the final output that are as close to equal as possible and still are Pareto
efficient. We can get to that outcome by redistributing initial resources and then letting the market run its course.

The order of the argument is purposeful: the preferred allocation is chosen first and the mechanism to achieve it implemented second. That is, the determination of the preferred final distribution of outputs (which is synonymous with justice) can be separated from efficiency, which can be achieved through an appropriate use of markets. Administratively, political mechanisms can be used to determine which allocatively efficient outcome is viewed as the most just, while policy analysis of implementation details can determine how to get there as efficiently as possible. This separation of equity and efficiency is possible because markets are efficient and anonymous. That is, the cooperation that occurs between and among consumers and producers happens solely through their interactions with prices, without them ever meeting or knowing anything about each other. Since they do not really know each other, values, including ones about justice, play no direct role in the journey to the efficient outcome.

Economists tend to see themselves as working on the second part of this problem. In this view, as Charles Blackorby expressed it in his 1990 Innis Lecture, economists are like bus mechanics whose job it is to make the bus run well while others decide where the bus is going, how fast it goes and who sits where on the bus (Blackorby 1990). It is not that economists are soulless beings with no concern for justice — though some economists have interpreted the theorems in this way — it is simply that it is not their job to figure out what constitutes justice, but only to figure out how to achieve it efficiently. They are as interested in where the bus is going as anyone. But their job is not to consider that: it is to fix the bus. In this narrow view, it is easy to believe that efficiency and justice are separate — one deals with how to get to the efficient frontier, the other with what point to choose on that frontier.

In the real world, however, trying to achieve a particular justice goal can have implications for whether we can get to the most efficient point of production. That is because the redistribution needed to reach equity goals is not costless. For example, if, to reallocate initial resources, we gather revenues through taxes on some prices, this interferes with the
information-conveyance property of prices and results in a less efficient end point. Further, some resources have to be used to set up agencies to gather taxes and give out transfers — the holes in Arthur Okun’s leaky bucket analogy for redistributing water (i.e., money) from one place to another (Okun 1975). Thus, there is a potential trade-off in which more justice (or equity) means less efficiency. In this sense, justice and efficiency cannot in practice be treated as entirely separable, but they can remain conceptually distinct — separate realms that interact in a tug of war, where pushing one forward means shoving the other back.

Now the economist’s role shifts from showing how to reach a particular efficient allocation to describing the efficiency costs of each justice-based choice. But the spirit of the second theorem we described above remains intact: society chooses among preferred outcomes (based, perhaps, on a particular notion of justice) and economists provide technical information on the costs of the different outcomes and the most efficient ways to get there.

Economists are not alone in this outlook on efficiency and justice, even if their understanding of the efficiency problem is more nuanced. Discussions of public policy are typically framed in terms of a trade-off between efficiency and equity, even though those involved may not know that this derives from classical welfare economic theory. However, by bringing in elements from liberal theories of justice, we can show that this trade-off image is not helpful because, in fact, efficiency and justice are very much interrelated rather than separate forces.

**Economics and liberal theories of justice**

The view of efficiency and justice embodied in mainstream economics and most policy discussions has strong echoes in the leading liberal theories of justice. This is important because understanding those theories and how they are similar to or different from economic theories provides insight into the positions that are implied in the standard approach to policy analysis.

One point of commonality between economics and liberal theories of justice is the emphasis on neutrality: the idea that society’s institutions and policies should, as much as possible, be neutral with respect
to different notions of justice. In economics, this neutrality is reflected in the minimalist assumptions regarding personal preferences used in models where individuals interact through voluntary exchange, and where a person’s identity or preferences do not affect the prices they pay in the market. In liberal theories of justice, neutrality is premised on the state and laws remaining neutral with respect to varying conceptions of justice, “the good life” or well-being.

This neutrality is evident in three of the most influential contributions to liberal conceptions of justice in the last 50 years. In Robert Nozick’s libertarian view, justice centres on “just holdings.” Just holdings come from just processes — if you acquired what you have in a just way or it was transferred to you in a just way, as a gift or through a voluntary exchange — then you are entitled to what you have. There is no judgment of what people do with their just holdings, as long as they do not impinge on the freedoms of others (Nozick 1974). John Rawls, in his famous book *A Theory of Justice*, also sets out to find solutions to society’s problems while allowing people the freedom to pursue their own notion of the good life (Rawls 1999). Rawls’s approach is based on a thought experiment in which a group of individuals deliberate on the most just institutions for their society behind a “veil of ignorance.” Because they do not know what position they will hold in society or what their abilities and beliefs will be, it is assumed the group will produce solutions that are neutral with respect to what is good. The “capabilities approach” developed by Amartya Sen and Martha Nussbaum is similarly grounded in a core desire not to judge individual preferences or notions of the good (Sen 1985; Nussbaum 2000, 2011). In this theory, capabilities are the set of opportunities or substantial freedoms that a person may (or may not) exercise. In Nussbaum’s version, a just society ensures that all its members have capabilities that are above minimum thresholds for human dignity. Beyond those, people are allowed, without judgment, to differ in their opinions on which capabilities to value and which specific options to pursue.

A second commonality between mainstream economics and liberal theories of justice is their framing of society as a group of self-interested, autonomous individuals who need to trade resources and cooperate in production and, therefore, must find some mechanism for cooperation.
Both disciplines find a source of robust cooperation in the actions of individuals freely pursuing their rational self-interest. Recall that Rawls’s defining thought experiment is one in which the deliberants behind the veil of ignorance are devoid of any notions of their own preferences or abilities — or, as Michael Sandel points out, of any social connections (Sandel 1982) — ensuring that the solution is not influenced by any one notion of the good and depends only on their rational self-interest that is freely exercised. Rawls argues for a solution that focuses on the well-being of the least well-off person in society (where well-being is defined in terms of a set of primary goods that anyone would want regardless of their personal goals), because rational individuals not knowing if they will end up being the least well-off person would want to organize society in this way. The institutions that are ultimately created are not necessarily ones that rely purely on self-interest, but their rationale ultimately stems from that. In this sense, Rawls seems to share the view found in economics that the strongest of human instincts is self-interest and solutions based in it are, therefore, more robust.

The third shared perspective between economics and liberal theories of justice is the primacy given to justice. This may sound like a surprising statement since the economics approach is often described variously as overemphasizing efficiency, showing a myopic concern for markets or, at the very least, implying an equal battle between equity and efficiency. But, in truth, embodied in the theorems of welfare economics described earlier is an optimization exercise, where what is being optimized is some notion of justice — an often-forgotten part of the exercise. That does not mean that only justice should be considered in each decision: choices that undermine efficiency will have negative, indirect effects on our ability to achieve justice. It means rather that the ultimate goal is about justice. Comparatively, Rawls frames his work as an investigation of the claim that “justice is the first virtue of social institutions” (Rawls 1999, 3). He pursues this investigation, using the veil of ignorance as a device, with rational, self-interested, anonymized individuals deliberating on the principles that should underlie society’s main institutions. The set of principles they select makes no mention of efficiency. The deliberators focus on basic liberties and on a fair distribution of social primary goods,
with institutions such as the establishment of a market economy judged, first, in terms of those goals.

To this point, we have constructed a striking — if not unblemished — edifice. To paraphrase Aristotle, in this framework justice is the sovereign virtue and efficiency her handmaid. The two concepts are largely separate, though they interact in a trade-off where an excessive focus on justice or equity can generate inefficiencies that undermine the ultimate goal, which is to create the most just society. Economics and liberal theories of justice, as we have seen, largely share this view. Both promote the primacy of justice and recognize the central importance of allowing each person to pursue their own notion of the good (and assume there are no barriers to doing so). Both focus on the interaction of self-interested individuals who need each other, and both view rational self-interest as an important source of coordination and as a way to discern the most just approaches to that coordination. The fact that liberal theories of justice and economics have so much in common means that pursuing efficiency goals need not be antithetical to justice goals (at least as defined in liberal theories of justice).1

REASSESSING THE SEPARATION OF EFFICIENCY AND JUSTICE

The argument that efficiency and justice can be treated largely as separate entities that interact as a trade-off is not just the language of economics. It is the language of almost all debates about public policy. In this section, we challenge this depiction of efficiency and justice, which we see as potentially damaging to policy discourse.

**Questioning assumptions in the economics and liberal justice framework**

As we described earlier, the theorems of welfare economics about markets and justice hold given a set of underlying assumptions. Those assumptions are strong: people’s preferences are immutable and selfish; there is perfect information about prices and the qualities of goods; there is no market

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1 This, in fact, is the basis of Joseph Heath’s raising of efficiency to a positive normative principle, with the welfare state its embodiment and the actions of civil servants using cost-benefit analysis, as a result, a justice-enhancing arrangement (Heath 2020).
power for individual firms; there are no externalities; markets exist for all goods; and so forth. When these hold, we are in a “first-best world.” What happens if these assumptions are relaxed? As is well known in economics, we find ourselves in a “second-best world” where policy prescriptions imported from the first-best world may not work — different solutions may be required. For example, a minimum wage is clearly an inefficient policy in a first-best world, but may be useful in situations where firms have power in the labour market (a second-best world) because it constrains the ability of those firms to use their power to reduce employment and lower wages.

But the question that is of interest for us is what happens to the separation of justice and efficiency if we relax even one of the assumptions while leaving the rest of the edifice intact? Blackorby (1990) argues that in a second-best world one can no longer separate efficiency and justice. A good example is found in the market failures related to Employment Insurance (EI). One can make arguments for publicly provided EI based on efficiency grounds — moral hazard and adverse selection (sources of market failure) mean that this vital form of insurance tends not to be provided by private markets. But even if we can discuss these policies purely in efficiency terms, does that mean that we can truly consider them as having no bearing on issues of justice? There is, for instance, a built-in redistribution from those who manage to avoid job losses and only pay premiums for the insurance coverage to those who suffer unexpected job losses and receive insurance benefits.

Even if we focus attention solely on those who are never unemployed — for whom the value of EI is in the peace of mind it gives — there is a further issue that underlies Blackorby’s arguments. Consider what happens in the absence of publicly provided EI. With private firms also not providing EI, people must self-insure against unemployment. The ability to do this varies widely and depends on characteristics for which a person cannot be held morally responsible, such as whether their parents were wealthy. That means

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2 Moral hazard and adverse selection are problems in insurance markets that can arise when insurance sellers only have partial information. In the case of moral hazard, purchasers of insurance may purposely cause the insured-against state (for example, by setting fire to their house) and the insurance seller pays out the benefit because it doesn’t know that is the case. Adverse selection refers to a situation in which the insurance seller can’t tell how likely a person is to suffer the insured-against event and only those who are likely to have the event happen buy the insurance. This can leave the insurance seller with more risk than was assumed in setting the premiums.
that deciding whether to publicly provide EI is not only about providing insurance when moral hazard and adverse selection mean it is unprofitable for private companies to do so; it also involves decisions about whether it is just for people to face differences in peace of mind based on characteristics for which they cannot be held accountable (their parents’ wealth) and others for which they can (how much they save). At this point one might argue that the justice questions are merely academic — that one can justify a public EI system based on market completeness without the need to engage with questions of justice. But inevitable design questions such as income ceilings both for paying premiums and calculating benefits relate more closely to justice than efficiency considerations. That is, the decision to implement publicly provided EI can be made on efficiency grounds, but how that policy decision is pursued through policy design and implementation is made on justice grounds — efficiency and justice cannot be separated in the real world.

Another example relates to preferences. Green (2014) argues that in considering the relationship of efficiency to justice, a particularly important assumption underlying the welfare theorems is immutable preferences. As we will argue shortly, most theories of justice share a concern with providing the bases of self- and social respect. But that respect can shift depending on the functioning of the economy and a person’s role in it. Our place in the productive structure is a key determinant of both our self-respect and the level of respect we get from others. This means that policies that affect wages, work conditions and access to employment can have profound effects on people’s perceptions of themselves. Rawls makes this same point on a broader scale, arguing that the economic system shapes people’s identities and that, in deciding on how to set up that system, “considerations of efficiency are but one basis of decision and often relatively minor at that” (Rawls 1999, 229).

A similar concern arises in Rawls’s discussion of education, where the benefits of allocating training resources to those who can make best use of them — in order to produce more for the good of all — must be offset by considerations about creating hierarchies that affect notions of self-respect and the true functioning of a democracy.³ In economics, Akerlof and Kranton (2000) argue that a person’s identity has crucial impacts on

³ This is a point also raised more recently by the philosopher Michael Sandel (2020).
their choices and actions in the economy and that identities are equilib-
rium constructs that are affected by economic outcomes and the identity
choices of others. They provide an explicit example in which taxing one
choice that is associated with a particular identity affects well-being
through the identity channel as well as potentially affecting choices of
identity. As we will see, these points tie in closely with recent develop-
ments in the literature on identity and intersectionality.

Thus, on at least two fronts, the weakening of the assumptions under-
lying welfare economics theorems undermines the conclusion that effi-
ciency and justice are separate entities and, with it, the idea that economic
and social policy-making can focus simply on efficiency considerations.
This is true even though we have so far largely left intact the edifice of
autonomous, self-interested individuals interacting through markets.

Views of human nature
At the heart of the economics and liberal justice approaches we have
described is a particular view of human nature that emphasizes autono-
mous individuals making rational, self-interested decisions. It is this view
that underpins the claim that the market system delivers relevant infor-
mation allowing individuals to reach efficient end points. This raises two
questions. First, is this an accurate description of human nature, at least
when it comes to economic interactions? And second, if it isn't, then how
does that affect conclusions about the interaction of efficiency and justice?

Clearly, we are not simply selfish, autonomous beings who work with
others only when it is mutually advantageous. Aristotle famously said that a
person “is by nature a social being” (Aristotle 2004, 14). Justice for Aristotle is
ultimately rooted in our social nature. This concept of humans as social beings
was also pursued by Adam Smith (2002). He argues that we are endowed with
social instincts evident in reactions such as flinching when another person is
struck. The opening line of Smith's The Theory of Moral Sentiments reads,

How selfish soever man may be supposed, there are evidently some
principles in his nature, which interest him in the fortune of others,
and render their happiness necessary to him, though he derives
nothing from it except the pleasure of seeing it. (Smith 2002, 11)
We were given these instincts, Smith claims, to make possible the social interactions and cooperation that humans need to survive. Smith is not denying the selfish elements of our nature (after all, he argues directly that it is the appeal to those elements that markets use so effectively to achieve coordination in the economy). People are, at once, selfish and social. This same conclusion has been reinforced in the literature using largely experimental methods, which show that people often display regard for others that can be described as reflecting notions of fairness and reciprocity. This literature indicates that models based solely on self-interest can provide accurate predictions in competitive markets with standardized goods, but often perform poorly in other economic exchanges with more personal interactions such as when individuals are securing care for family members (Fehr and Schmidt 2003).

Is the fact that people have a (partly) social nature consistent with the idea of efficiency and justice as separate concerns? The answer to this is found, in part, in experiments that have examined norms of trust and perceptions of fairness. The experiments show that people compare the actions of others against internal notions of fairness and broad-based reciprocity (I don’t just expect you to reply to a fair offer from me with a fair response, but I also expect you to act fairly toward others). Importantly, people are willing to take economically relevant actions based on these judgments (Fehr and Schmidt 2003). In a seminal article, Kahneman, Knetsch and Thaler (1986) surveyed people in Canadian cities about their views on the fairness of stores raising the prices of shovels already on the shelf after a large snowstorm. In general, people view such a price hike as very unfair and stores, recognizing this, tend not to raise prices. Instead, in such circumstances, the allocation of the scarce resource shifts from the allocatively efficient price mechanism to alternatives like first-come, first-served. That is, notions of fairness affect market functioning.

However, market functioning also affects notions of fairness and can be shaped by government interventions. For example, the minimum wage is sometimes seen as a benchmark relative to which other wages are set (Green 2014). In other words, market functioning and ideas of fairness are intertwined in a manner that runs in both directions: notions of fairness affect market allocations, and government interventions that alter market prices affect fairness norms.
There is an even deeper sense in which recognizing the social elements of our nature affects our conclusions about separating efficiency from justice. Both liberal theories of justice and economic models are built on a notion of human nature and social interactions that the Canadian philosopher Charles Taylor labels “atomism.” According to this view, society has a purely instrumental justification: it is “in some sense constituted by individuals for the fulfilment of ends which were primarily individual” (Taylor 1985, 187). This in turn implies that our true individual selves can only be realized in a social context. This vision of society has been challenged in two ways by communitarian theorists of justice (Kymlicka 2002). Michael Sandel, in an extensive critique of Rawls, argues that the notion of the self in relation to both society and notions of what constitutes a good life as embodied in liberal theories is too restrictive in that it treats the self as a separate entity that can then choose its ideals and its social relations (Sandel 1982). This is the Kantian idea that we are truly free when we separate ourselves from social constraints that blind our rational decision-making. This bears repeating in case these references to philosophy have blurred the reader’s eyes. The standard framework we use for policy discussions is rooted in the idea that our true selves can be separated from our social situation and, in fact, we can only reach our full potential when they are. Such a framework reflects a particularly Eurocentric and male-dominant view of humanity and society.

Both Sandel and Taylor argue that, once we acknowledge our social nature, it is no longer possible for governments to sidestep choices about what constitutes the good life. Public policy should support community formation, and since communities are formed around shared values, this implies a choice to support certain values. Communities are not just agglomerations of individuals who made a choice to join them: they are important in their own right and carry obligations that may override individual preferences and even rights. As such, policy should address them directly, not just focus on individuals and leave the choice of community formation up to the individuals, which Taylor argues can lead to the demise of communities.

Relatedly, many theorists engaging with dominant theories of justice from the standpoint of care ethics emphasize the need for conceptions of justice — and, therefore, institutions and structures — that incorporate and reflect understandings of human dependency and interdependency.
For example, Joan Tronto offers the lens of care as a radically different way to look at moral and political life: one that challenges assumptions at the core of much political and social theory, particularly as regards human nature and human interaction. According to Tronto,

> Rather than seeing people as rational actors pursuing their own goals and maximizing their interests, we must instead see people as constantly enmeshed in relationships of care. When individuals achieve autonomy, that is a valued point in human activity, but it does not happen automatically and therefore cannot serve as an accurate portrayal of human life. (Tronto 1995, 142)

Such relational accounts speak to the importance of both individuals and community. That is, they suggest that individual identities (and autonomy) matter, but that they are constituted and supported through our relationships with others. As summarized by Fiona Robinson,

> Human beings are not wholly and even primarily rational minds that exist autonomously and judge impartially. Rather, our subjectivity and our very existence come into being through relations with others — relations which are thick with responsibility and must be negotiated with due regard for both the dependence and the difference of those others. (Robinson 2015, 309)

If we take this broader view of human nature, the implications for policy-making are complex and difficult. If we assume that communities are separate entities that embody a set of values, then they will need to put restrictions on members’ individual rights in order to survive and continually regenerate themselves as communities (otherwise there is no conflict with an individual-based approach and no need to consider communities separately). Sandel, for example, has argued in favour of the Amish religious community in the US having the right to restrict access to scientific education for their children (Kymlicka 2002). Other communities restrict the rights of certain members, especially women. Trying to find a balance between addressing these challenges to individual rights and supporting
communities is not easy. As an example of a potential approach, in the final report of the BC Expert Panel on Basic Income, we suggest a way of helping youth aging out of foster care (over 60 percent of whom are Indigenous) in which resources and access to income supports would be delivered through community organizations but with youth getting to choose which community organization is relevant for them and a requirement that youth be involved in running these organizations. This is a way of promoting the social connections that these youth surely need while also providing choice that would support their individual rights.

Finding new ways to think about community is particularly important in the Canadian context. This is true in part because we often conceive of ourselves as a nation built of communities — the rural communities that formed the Co-operative Commonwealth Federation and, ultimately, set the foundations for nationalized health care; and the ethnic communities whose importance has been recognized in federal multiculturalism policies. But even more fundamentally, Dale Turner, the Indigenous political scientist, argues that to achieve truly just reconciliation with the Indigenous peoples will require moving beyond solely individual-based liberal philosophical approaches that, in their most amenable forms, are based on equality of citizenship (Turner 2006). These approaches ignore the fact that the initial treaties were made between sovereign nations, that the Indigenous sovereign nations have not disappeared and that justice, therefore, requires a resumption of nation-to-nation interactions.

How to reconcile these realities with individual rights and recognition of communities is of course quite complex. Whether Indigenous philosophies of distributive justice are communitarian or individualistic in nature is obviously not for us to say. But the argument that reconciliation requires a nation-to-nation element for Canada to move toward being a more just society is a strong one — and one that points to a need for policy-making on all fronts to be based on broader principles than those founded on individual liberalism.4

4 As a side point, some commentators point to the recommendation of a basic income by the Truth and Reconciliation Commission as evidence in favour of this as a general policy for Canada and the provinces. But if we are to adopt a nation-to-nation perspective, then this conclusion does not necessarily follow. What Indigenous nations conclude is best for them would only be automatically best for non-Indigenous people and governments if we were working in a system in which we are all equal citizens of one nation – an outlook that Turner rejects.
As with the communitarian critiques of liberal political philosophy, the main point of Turner’s analysis is that the underlying individualism of the latter is not, in fact, neutral. This brings us back to our central argument that efficiency and justice are not separable. If we define efficiency purely in terms of individual utility satisfaction, then the policies that we create to pursue that goal will almost surely not favour the social, community side of human nature. Moreover, we are likely not engaging with Canada’s defining question of how to achieve just reconciliation with Indigenous peoples. As we said earlier, finding the right balance between individual rights and the requirement to support communities will be difficult. But continuing to adhere to the standard policy approaches and discussions that do not even acknowledge these trade-offs is surely not the solution.

**Intersectionality**

The third critique of the separation of justice and efficiency comes from the critical feminist literature, particularly that which engages with the concept of intersectionality.

Much of this literature is rooted in an understanding of the nature of identity and its links to social and political processes. Scholars argue that, just as individuals are autonomous and self-interested agents but also inherently social beings, identities are not simply immutable categories but are instead shaped, given meaning and reconstituted through social processes, across time and space. These processes include interactions in institutional contexts (such as educational and other government systems) as well as markets, all of which are characterized by power structures that favour certain aspects of identity, while excluding or punishing others. Thus, this literature mirrors arguments that we have already explored: that markets are far from neutral. Indeed, systems of power also shape the contours of markets, for example forming distinctions between the public and the private realms, and even defining what is considered productive activity.

The concept of intersectionality is key to understanding the ways in which individuals’ identities are linked to their experiences of policies, markets, institutions and the world — and, conversely, of how
these experiences come to bear upon individual identity. Coined by the American legal scholar Kimberlé Crenshaw, intersectionality is an analytical framework for understanding how aspects of identity intersect to shape differential experiences of the world (Crenshaw 1989). Identity in intersectional analyses is multifaceted and socially constituted. Further, processes of identity production, reinforcement and contestation take place in the various environments and systems in which we live and interact, which are themselves shaped by underlying systems of oppression and privilege (e.g., heteropatriarchy, colonialism) that place limits on some while elevating others.

The basic premise of intersectionality is that identity is not reducible to any one factor or category (e.g., gender, race, class), and that differential impacts are produced at precisely these intersections of identity. For example, in Crenshaw’s initial work on the topic, she identifies the issues that affect Black women in the US legal system, and how for such women, the intersection of race and gender contributes to forms of oppression and harm, which are distinct from those experienced by women on the basis of their gender and Black men on the basis of their race. Implied in this discussion is both a heterogeneity of experience and the false neutrality of core institutions such as the legal system. Where such dynamics exist — which is to say, everywhere — considerations of justice are unavoidable.

The notion of intersectionality also calls attention to the existence (indeed, the pervasiveness) of sites and structures of power within markets and government. For example, as regards markets, the deeply political nature of what constitutes “productive activity” is revealed through the extent to which certain forms of participation — particularly those that intersect notions of patriarchy, racism and ableism — are excluded from it. This is particularly evident in care work and other reproductive labour, just as it is in sex work. Further, participation in productive processes is, depending on one’s identity and circumstances, fraught with tensions — consider, for example, the constraints imposed on women having to navigate and balance engagement in both productive and reproductive processes. Policy-making must contend with these dynamics, as they impact not only equity-based claims, but efficiency too.
Intersectionality, therefore, challenges some of the more basic assumptions of welfare economics, particularly those premised on the idea that individuals can freely interact in the market and that those interactions are only mediated through prices. The entire history of the world is filled with examples of individuals who express identity in ways not valued (or undervalued) by society, facing discrimination not only in market interactions, but also in the social institutions that guide them. This includes identities based on sex, gender, sexual orientation, ability, class, religion, ethnicity, race, citizenship, geography and indigeneity along with the interaction of these identities. To then base public policy on the assumption that these individual identities and their intersections are only relevant for principles of equity and not efficiency is a notion that could only have been formed by individuals whose identity was never challenged by other individuals, society or its institutions.

CONCLUSION

When discussing any policy (including a basic income) we need to look beyond efficiency considerations and recognize that justice and efficiency are deeply intertwined. Addressing issues of justice, in turn, requires us to consider the systemic processes that favour some identities and oppress others. Furthermore, it requires that we focus not only on individuals but also on communities because communities both provide the bases of support that affect individuals’ well-being and help shape their identity. In the next chapter, we propose an analytical framework for policy-making that incorporates these justice-driven elements and recognizes explicitly the inseparability of equity and efficiency.


References


