

The Principle of Difference and Automatic Stabilizers in Social Justice

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Abstract

The paper presents some theoretical arguments regarding the issue of inequalities between individuals, inequalities which inevitably appear in the structure of any society and which can be analyzed on the base of a principle known and widely debated in the literature, the principle of difference and attenuated / solved by implementing automatic stabilizers in the area of control of the application of social justice.

Thus, from the perspective of the author and the theme of the paper, the concepts of social justice with its two categories of commutative justice and distributive justice, elements of the theory of justice as equity, the Rawlsian concept of the principle of difference, the concept of automatic stabilizer in social justice.

We consider that the design of an automatic stabilizer in the field of social justice and especially in the sphere of social distribution justice brings with it the desirability of avoiding the influence of the political factor in the decision to adjust the mechanism of distribution of the economic product of society.

Key words: social justice, distributive justice, principle of difference, automatic stabilizer, equality
J.E.L. classification: B41, O35, Z13

1. Introduction

Inequalities between individuals that exist in the structure of any society are permitted in accordance with the theory of justice as fairness (Rawls, 2011) when they improve the situation of everyone and maximize the expectations of the less favored group in society. A right society, according to the same author, is a society in which the primary social assets and resources are distributed according to two principles of distribution: 1) each person has a right equal to the widest range of equal fundamental liberties corresponding to a similar range of freedom for others; 2) social and economic inequalities are accepted if: a) they are to the benefit of all (the principle of fair equality of opportunity); b) offers benefits to disadvantaged members of society (the principle of difference). We believe that inequality management mechanisms belong to the field of social justice, a concept that we will continue to outline.

2. Theoretical background

The concept of *social justice* refers to the procedure (the algorithm) underlying the distribution of the economic product of the society and the basis of the social reward of individuals. The distribution of the society's economic product involves allocating the gross domestic product to individuals (not to groups of individuals), using the key to allocating the contribution to obtaining it. Social rewarding of individuals refers to the redistribution of part of the economic product of the society from the primary recipients of the distribution to individuals (not groups of individuals) who deserve from the perspective of the public good that they could not concretize for reasons beyond their control. Social justice is thus either the outcome, or the process (mechanism, procedure, institution, etc.) that results in the result that is expressed through the property of social justice. The property of social justice is that property of a social system for which three attributes of sufficiency have been identified. The first attribute of sufficiency refers to combining the principle

of contributory (or merit) with the principle of solidarity (or non-imputable non-participation). The second attribute of sufficiency refers to the preservation of the Paretian principle of improving social justice and the third attribute of sufficiency refers to the extension of the adjustment automatism by minimizing the discretionary public decision to achieve the objective of social justice, more specifically, it is intended the complete elimination of discretionary public decision on the functioning of the contributory principle and avoiding this type of decision as regards the functioning of the principle of solidarity. The concept of social justice comprises two categories: 1) commutative justice based on the principle of contributory; 2) distributive justice based on the principle of solidarity.

The paper aims at presenting the conceptual framework in the field of distributive social justice and formulating and supporting some theoretical arguments regarding the design of automatic stabilizers in this field.

3. The principle of difference

As part of the second principle of Rawls' theory of justice (Rawls, 2011), the principle of difference states that the higher expectations of individuals with a better situation are right if and only if they belong to a scheme that improves the expectations of the most disadvantaged individuals within a society. In the sense of the phrases used in the statement of the second principle, namely: "accessible to all" and "for the benefit of all", the principle of difference refers, for the first phrase, to equality in the sense of professions accessible to talented people and to equality of fairness, (the advantages of the most talented people must be accepted only if it contributes to the well-being of the disadvantaged) and democratic equality (in the opinion of the author the democratic equality it is achieved by combining the principle of equal equality of opportunities with the principle of difference).

The principle of difference refers to an egalitarian conceptions, equality is preferable if there is no other option that benefits all individuals in a society. The definition of this principle can be formulated as follows: economic and social inequalities must be dimensioned in such a way as to maximize of the most disadvantaged individuals and be associated with the roles and functions accessible to all, under fair conditions of opportunity. We consider that in the field of economics the principle of difference could equate to the maximin principle with the following differences: 1) the maximin principle is associated with the decision taken under conditions of uncertainty while the principle of difference is associated with the problems of justice; 2) the maximin principle refers to risks while the principle of difference refers to a particular case of inequality. Thus, accepting inequalities should be done only if the following three conditions are checked: 1) improve the situation of all individuals; 2) are compatible with equal freedom; 3) are consistent with fairness.

4. Automatic stabilizer

According to the definition (Dinga, 2009), an automatic stabilizer is an institution of institutional type, structural, macroeconomic sphere, with anticyclic action and automatic (automatic) triggering, aiming at reducing the volatility of the macroeconomic output. The arguments in support of the design of automatic stabilizers in the field of social justice, especially in the sphere of distributive justice, concern the following aspects:

- the desirability of avoiding the political factor in the decision to adjust the mechanism of social justice, because the political factor would distort this adjustment from a purely ideological perspective that may often not be in line with the objective of social equity;
- the intervention of the political factor in the mechanism of social justice generally consists in the fact that the adjustment in question occurs through discretionary interventions. While it is obvious that discretionary is not equivalent with arbitrary, however, the mere possibility of discretionary intervention is at first a vulnerable objective of achieving equity (justice), therefore, on the base of this argument, we consider that the introduction of the automatic stabilizers in the adjustment of social justice measures can eliminate, greatly interferes with the political interference in matters of social justice.

- given that social justice (whether commutative or distributive) directly and immediately, in time, affects the standard of living and the quality of life, it is desirable that the adjustments required for the fulfillment of social justice be done in a speedy manner, as compared to when there was such a need for adjustment (that is, a social inequity emerged). Since discretionary intervention involves deliberation (for example in the legislative institution) or even in special cases, an electoral questionnaire (e.g. by referendum), the time interval between the need for adjustment and the adjustment decision (the latter being presumed to be made by once the decision has been taken) can be so long that the "evil" produced by the social injustice in question is already producing negative effects. Therefore, from this perspective, the necessity and the opportunity to use the automatic stabilizers is also necessary.

- discretionary intervention (DI) in the mechanism of social justice is in principle reversible. For example, the political party in power through the Government representing it can take measures to cancel or drastically reduce the impact of a previous measure. This creates besides social unpredictability and disruptive oscillations in terms of the social perception associated with social equity and thus the fulfillment of the social contract, or the weakening of the trust of the members of society in the determination of its representatives to accomplish social justice, self-catalytically erodes not only the rule of law but and the state responsible for social justice. Instead, the introduction of automatic stabilizers completely avoid this reversibility risk in adjusting social justice. Of course, there may be cases where automatic stabilizers in social justice act to produce adverse effects (for example, when these automatic stabilizers are wrongly designed). In these rare cases, discretionary intervention becomes inevitable, but it is desirable that it is exercised not directly on the mechanism of social justice but on the redesign of the automatic "defect" stabilizer.

In fact, social justice is a social object so important that it is desirable from the institutional point of view to design and implement not only one automatic stabilizer but a system of such automatic stabilizers. Such a solution would have two fundamental consequences: 1) to produce a "reciprocal control" between the automatic stabilizers so that an excessive impulse of one is reduced by the impulse of another, which means that the automatic stabilizers are connected in the system in such a way to operate in predetermined variation bands on generated impulse; 2) an automatic stabilizer capable of correcting the operation of the automatic stabilizers system may be designed, this latter automatic stabilizer may be referred to as an automatic stabilizer.

Table no. 1. State intervention in the implementation and functioning of the automatic stabilizers

Way of intervention	Implementation	Functioning
discretionary	DI	DF (AS)
automatic	DI	AF (AS)

Source: author's research

5. Designing of an automatic stabilizer for the principle of difference

In the process of distribution of primary social goods to representative agents (advantaged / disadvantaged) we will use the following methodological notes:

RA^+ - the most advantaged representative agent

RA^- - the most disadvantaged representative agent

$I_{PSG}^{RA^+}$ - the primary social goods index for the most advantaged representative agent

$I_{PSG}^{RA^-}$ - the primary social goods index for the most disadvantaged representative agent

The variation of the two indicators, at different times, for individuals (advantaged / disadvantaged) who benefited from the advantage of the distribution of primary social goods:

$$\Delta_{I_{PSG}}^0 = I_{PSG}^{RA^+}(0) - I_{PSG}^{RA^-}(0)$$

$$\Delta_{I_{PSG}}^1 = I_{PSG}^{RA^+}(1) - I_{PSG}^{RA^-}(1)$$

$$\Delta_{(\Delta)} = \Delta_{PSG}^1 - \Delta_{PSG}^0$$

For the case of income (we note with A = the income of the advantaged ones, B = the income of the disadvantaged), $\Delta_{(\Delta)}$ increase, we obtain:

- a) $A^1 > A^0 ; B^1 = B^0$
- b) $A^1 = A^0 ; B^1 < B^0$
- c) $A^1 - A^0 > B^1 - B^0$
- d) $A^1 - A^0 < 0 ; B^1 - B^0 < 0 ; A^1 - A^0 < B^1 - B^0$

For the following condition:

$$A^1 - A^0 > B^1 - B^0$$

we will identify an automatic stabilizer using the following notations:

$$A^1 - A^0 = \alpha$$

$$B^1 - B^0 = \beta$$

The automatic stabilizer must respect the condition: $\beta > \alpha$. Centralized we have the situation in the following table:

Table 2. The variation of income inequality in the different moment of time

Type income	Time 0	Time 1	Variation
A	A^0	A^1	$\Delta^A = (A^1 - A^0)$
B	B^0	B^1	$\Delta^B = (B^1 - B^0)$

Source: author's research

$$\frac{\Delta^B}{B_0} > \frac{\Delta^A}{A_0}$$

For the particular case of the income, in terms of relative growth, putting the following condition:

$$\hat{\beta}_a > \hat{\alpha}$$

so

$$\hat{\alpha} = \frac{A^1 - A^0}{A_0} = \frac{\alpha}{A_0} ; \hat{\beta} = \frac{B^1 - B^0}{B_0} = \frac{\beta}{B_0} \quad ; \text{ where: } \bar{\beta} = \frac{\beta}{B_0}$$

The automatic stabilizer designed for the principle of difference will be called: Procedural Regulatory Tax of Justice (**PRTJ**). If, we note **PRTJ** $\stackrel{\text{def}}{=} \gamma$, **PRTJ** can be determined according to the formula:

$$PRTJ = \gamma \cdot \alpha$$

As an absolute value:

$$\bar{\beta} = \beta + PRTJ \quad , \text{ so } \beta = \beta + \gamma \cdot \alpha$$

For the calculation from the rhythm perspective, i.e. a relative increase, the equation becomes:

$$\hat{\beta}_a = \frac{\bar{\beta}}{\beta} = \frac{\beta + \alpha \cdot \gamma}{\beta} = 1 + \frac{\alpha \cdot \gamma}{\beta}$$

To apply the principle of difference in relative form, the algebraic operator of an automatic stabilizer will be calculated according to the following formula:

$$1 + \frac{\alpha \cdot \gamma}{\beta} > \hat{\alpha} \quad ; \quad \beta + \alpha \cdot \gamma > \hat{\alpha} \cdot \beta$$

The author states that at this stage of the research, only the algebraic condition that an automatic stabilizer of distributive justice must to ensure in order to verify the principle of difference is solved. Regarding the nature of the institutional device that will ensure the algebraic condition mentioned, this constitutes a future direction of research. In this context, the following issues will also be examined: if *PRTJ* (γ) is to be applied to the difference in income growth, or to the whole income, so that the most favored individuals' incomes do not fall, an automatic stabilizer must not resort to levies.

6. Conclusions

As regard the need to design automatic stabilizers in the field of social justice, especially in the field of distribution social justice, monitoring and adjusting fairness in the distribution of the economic product is necessary both from an economic perspective from a social perspective.

Regarding the possibility of designing automatic stabilizers in the sphere of distributive social justice, they ensure the possibility of monitoring and measuring the unfair distribution of the economic product and the state's capacity, of public policies to intervene through adjustment measures and instruments.

The opportunity of designing automatic stabilizers refers to the fact that international bodies and institutions strongly recommend replacing state discretionary measures in the economy with automatic stabilizers.

The usefulness of automatic stabilizers design involves three aspects: 1) the accuracy of the adjustment - the automatic stabilizers performs corrections to the extent of the deviations found, while discretionary measures may take the form of disproportionate interventions; 2) the rapidity of the adjustment - the automatic stabilizers act as soon as the gap that it controls through the definitions has taken place, while the discretionary measures may introduce lags in the corrective action; 3) impartiality of automatic stabilizers action - while automatic stabilizers are purely technical institutional devices, discretionary interventions have potential for inappropriateness in situations that can be corrected.

7. References

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