Rawls, Piketty and the 'New Inequality'

The forty year period 1970-2010 saw two developments in the USA: first, at the level of theory, intense academic interest in the egalitarianism of John Rawls. Second, at the level of practice, fundamental changes in the institutions, policies and norms of US society that have led Gilens and Page [2014] to conclude that it has become an oligarchy de facto if not de jure. A central component in that practical development is the tolerance of extensive inequality and the emergence of not merely the “1 percent”, but the elevation of an “upper decile” of wealthy individuals into a position of economic and political dominance. In spite of pioneering work by Krouse, MacPherson and Arneson, little academic attention has been paid to whether a political economy with roots in Rawls’s work might be the most effective response to these practical and institutional changes. That situation may be about to change given the popular, as well as academic, response to Thomas Piketty’s Capital in the Twenty-First Century: in this paper I will consider whether a form of economic system described by Cambridge economist James Meade – a common source for both Rawls and Piketty – offers a feasible egalitarian ideal. I will compare and contrast this ideal with three other views: individual capital holding schemes that have played a role in generating the New Inequality and not in averting it; the bundle of “pre-distributive” egalitarian policies recommended by Jacob S. Hacker, and the continuation of the social progressivist tradition in Lane Kenworthy’s proposal for a ‘Social Democratic America’. It will be argued that only a structural change to society’s fundamental wage setting institutions, along the lines recommended by Meade and Rawls and implicit in Piketty, will bring about the necessary structural change to implement a political economy for a just society.