Rawls on Just Savings and Economic Growth

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Abstract: In this article, I address a controversial aspect of Rawls’s treatment of the question of justice between generations: how the parties in the original position could be motivated to select Rawls’s preferred principle of intergenerational savings, which he dubs the just savings principle. I focus on the explanation found in his later work, where he proposes that the correct savings principle is the principle that any generation would have wanted preceding generations to have followed. By expanding upon this explanation, I respond to the objection that this explanation disregards the perspective of the first generation. I demonstrate that this objection ceases to be a concern when a proper account of the parties’ reasoning is developed. What is notable about the explanation I defend is that it relies on the parties adopting maximax – not maximin – as a rule for rational decision making. Having established this intermediary conclusion, I depart with Rawls and consider what savings principle the parties would choose if given more options. Ultimately, I argue that the parties would select a principle that Rawls would have undoubtedly rejected if presented to him at face value. This is because the principle of savings I argue would be selected requires continual economic growth over generations to increase upwards indefinitely – a conclusion Rawls is explicitly trying to avoid in his theory of justice.

John Rawls’s discussions of justice between generations have all been brief and in passing. This is perhaps due to the difficulty of the issue, which he claims, “subjects ethical theory to severe if not impossible tests” (TJ, 284/251).1 What attention Rawls does devote to justice between generations is limited to his discussion of a just savings principle, which he considers to be part of justice as fairness, i.e., his conception of domestic justice. Additionally, the scope of Rawls’s discussion of justice between generations is restricted to economic matters; he is primarily concerned with addressing the question of what the rate of savings for capital investment in a just society should be. This question is fundamentally tied to issues concerning economic growth and how high the material standard of life in a just society needs to be.2 This is a restriction I adopt in

1Rawls, A Theory of Justice: Original Edition, 284; Rawls, A Theory of Justice: Revised Edition, 251. References to A Theory of Justice will be made parenthetically with the abbreviation TJ. Unless otherwise noted, all quotes are from the original edition of A Theory of Justice, though I have included references to the revised edition where applicable as well.
2 Like Rawls, I am following standard macroeconomic theory in presuming that a society’s material standard of living depends on its ability to produce goods and services. Productivity depends on both physical and human capital in addition to natural resources and technological know-how. With saving and investment, society increases its capital
the present discussion of justice between generations, which is not to suggest that the scope of intergenerational justice is restricted to only these concerns.\(^3\)

After an overview of the motivation for the just savings principle and its relation to the difference principle, the first task of this article is to address a controversial aspect of Rawls’s brief treatment of the question of justice between generations: how the parties in the original position could be motivated to save for future generations. My focus is on the explanation found in Rawls’s later work. Rawls suggests here that the correct savings principle is the principle that any generation would have wanted preceding generations to have followed (\textit{PF}, 159-160; \textit{JF}, 273-275).\(^4\) By expanding upon this explanation, I respond to the objection that this approach disregards the perspective of the first generation. My intention is to show that this objection ceases to be a concern when a proper account of the parties’ reasoning is developed. This explanation stays true to modeling the parties as economically rational agents. However, what is notable about the explanation I defend is that it relies on the parties adopting \textit{maximax}—not \textit{maximin}—as a decision rule for rational choice. Though this may come as a surprise, I maintain that this conclusion is consistent with Rawls’s justificatory framework.\(^5\) My ultimate aim, however, is not a vindication of the just savings principle. What I wish to do is defend Rawls’s justificatory approach to the problem of justice between generations, and in the process, expand upon one of its biggest deficiencies: the lack of other intergenerational savings principles for the parties in the original position to consider. Once other principles are introduced, and the reasoning of the parties is elaborated upon, I argue that a different savings principle would be selected. Rawls would undoubtedly reject my proposed savings principle because it requires continual economic growth over generations—a conclusion he is explicitly trying to avoid in his theory of justice.

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\(^3\) There is perhaps the more pressing question of natural resource conservation. D.C. Hubin is the first to point out this deficiency in Rawls’s treatment of justice between generations (Hubin, “Justice and Future Generations”). For recent discussion of the topic from a liberal framework, see Mazor, “Liberal Justice, Future People, and Natural Resource Conversation.” I also set aside the theoretical obstacle that the non-identity problem poses for discussions of intergenerational justice. See Parfit, \textit{Reasons and Persons,} ch. 16.

\(^4\) Rawls, \textit{Political Liberalism: Expanded Edition}, 159-160; Rawls, \textit{Justice as Fairness: A Restatement}, 273-275. References to \textit{Political Liberalism} and \textit{Justice as Fairness} will be made parenthetically with the abbreviations \textit{PL} and \textit{JF}, respectively. Though the contents of both texts are similar, especially regarding the discussion of the problem of savings, they do not contain identical language. I rely more on \textit{Justice as Fairness} than on \textit{Political Liberalism} since it contains the definitive presentation of Rawls’s views.

\(^5\) For an overview of Rawls’s three main justificatory frameworks, see Scanlon, “Rawls on Justification.”
1. Intergenerational Savings and the Difference Principle

Rawls’s earliest and most comprehensive work on justice between generations occurs in §44 of A Theory of Justice. This is where Rawls first introduces the concept of a just savings principle. Unlike the two principles of domestic justice, Rawls never gives a determinate formulation of the just savings principle. Rawls clarifies in Justice as Fairness: A Restatement that a savings principle can be seen as a savings schedule, i.e., “a rule stating a fraction of social product to be saved at any given level of wealth” (JF, 160, fn. 38). Defining precisely what these rates should be is no task for philosophy, and like Rawls I will leave this consideration underspecified. For this reason, it is better to understand the various savings principles I will discuss below as families of savings schedules that share a common structure.

An important point to bear in mind is that Rawls does not consider intergenerational justice to be its own subject separate from that of domestic justice. Further, the just savings principle is not to be understood as an additional principle of domestic justice, but rather, part of the complete formulation of the difference principle (which itself is part of Rawls’s second principle of justice). It is also worth mentioning that in its final formulation in Theory, the difference principle requires that “social and economic inequalities be arranged so that they are to the greatest benefit of the least advantaged, consistent with the just savings principle” [emphasis mine] (TJ, 302/266). Curiously, the reformulation of the two principles of justice in Justice as Fairness does not mention the just savings principle (JF, 42-43).

1.1 Clarifications to the Difference Principle

Before turning to the contents of the just savings principle, it is important to first focus on an important clarification (or revision) made to the difference principle that is relevant for the topic at hand. In Justice as Fairness, Rawls stresses that a “feature of the difference principle is that it does not require continual economic growth over generations to maximize upward indefinitely the expectations of the least advantaged” (JF, 63). This clarification reflects a concern with the possibility that the difference principle could be interpreted as requiring a high level of societal production; this would be done to make the least-advantaged group as well-off as feasibly possible. The problem with requiring such a high level is that it would be inconsistent with the basic

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6 In Justice as Fairness, Rawls writes: “Altogether then we have three levels of justice, moving from in-side outward: first, local justice (principles applying directly to institutions and associations); second, domestic justice (principles applying to the basic structure of society); and finally, global justice (principles applying to international law)” (JF, 11).
liberties—such as the right of occupational choice—ensured by the lexical priority of the first principle of justice. For Rawls, the “general level of wealth in society, including the well-being of the least advantaged, depends on people’s decisions as to how to lead their lives. The priority of liberty means that we cannot be forced to engage in work that is highly productive in terms of material goods” (JF, 64). Furthermore, a society may collectively prefer to not be highly productive by scaling back on industrialization or simply opting to not work so hard; this would make the material standard of living for all members of society lower than it could have otherwise been.

According to Rawls’s clarified account, the difference principle only requires expansions in inequality be mutually advantageous, viz., the more advantaged can only do better if it also benefits the least advantaged. Hence, what “the difference principle requires, then, is that however great the general level of wealth—whether high or low—the existing inequalities are to fulfill the condition of benefiting others as well as ourselves” (JF, 64). This is different than requiring the maximization of the prospects of the least advantaged as some have previously thought.7 Maximization would imply high productivity, and as we will see below, Rawls insists that a just society does not require a high material standard of living.

To illustrate the point, consider three distributions of income and wealth that would result from varying economic policies (the numbers represent the general levels amongst the least advantaged and most advantaged groups, respectively): D1 (3, 3), D2 (4, 6), and D3 (5, 12). Suppose D3 is a distribution only possible due to very high levels of social productivity. A misreading of the difference principle suggests that the policy that results in D3 is the only acceptable policy since it maximizes the income and wealth levels of the least advantaged. Yet such a policy may be widely regarded as unpopular by members of a just society. Once clarified, the difference principle allows for D2 (and arguably D1 as well). This is because the proper reading of the difference principle permits expansions in economic inequality in so far as they are to the greatest benefit of the least advantaged subject to the constraint imposed by the priority of liberty. What is crucial to

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7 To maintain a maximizing reading of the difference principle while addressing this worry, Samuel Freeman suggests that the difference principle does not require maximization of income and wealth, but still requires the maximization of primary goods for the least advantaged. To illustrate this point, he envisions a scenario in which a society chooses to democratize the workplace by giving workers “more control over their working conditions and the means of production, and ownership interests in real capital” (Freeman, Rawls, 113). This may lead to lower production levels and in turn lower levels of income and wealth, however, the least advantaged members would enjoy a higher index of other primary goods such “opportunities for powers and positions of office and bases of self-respect” (Freeman, Rawls, 113). In turn, the prospects of the least advantaged would be maximized.
note is that the difference principle does not require a just society to make the move from $D_1$ to $D_2$ or from $D_2$ to $D_3$ if its members are reluctant to do so.\footnote{In Theory, Rawls does mention that “while the difference principle is, strictly speaking, a maximizing principle, there is a significant distinction between the cases that fall short of the best arrangement” (TI, 79/68). This statement should not be interpreted as requiring maximization, but only that it is an ideal state of affairs. Rawls’s distinction between a thoroughly just scheme and a perfectly just scheme (TI, 78-79/68) is relevant here. The former obtains when the index of social primary goods for the least advantaged group is maximized; the latter when inequalities are mutually beneficial.}

1.2 Motivations for the Just Savings Principle

There are three issues that motivate Rawls’s discussion of the just savings principle. The first is the appeal to a conception of society as a system of fair cooperation over time from one generation to the next—a central organizing idea in Rawls’s theory of justice. Rawls writes: “since society is a system of cooperation between generations over time, a principle for savings is required” (PL, 274). The second issue is that of weighing the interests of the present generation against those of future generations. Determining how high the social minimum should be set and how well-off the least-advantaged group can become depends on how much of the social product needs to be set aside for investment in society’s capital stock. Lastly, Rawls is concerned with what can be conceived of as an intergenerational distributive problem: How are the burdens and benefits of “capital accumulation and of raising the standard of civilization and culture” (TJ, 286/252) to be shared between generations? This raises a unique challenge for Rawls since saving for future generations seems to violate the spirit of the difference principle.\footnote{Steven Wall argues that prioritarianism, which he takes the difference principle to be based upon, would allow for the intergenerational savings called for by the Rawls’s savings principle, thereby providing a unified philosophical basis for both principles. He writes that “while prioritarianism gives priority to the interests of those who are badly off, it does not rule out the possibility that large benefits to the better off can be justified even if they would impose some sacrifice [to the worse off]” (Wall, “Just Savings and the Difference Principle,” 88). While Derek Parfit’s important discussion of prioritarianism suggests a link between the difference principle and prioritarianism, there is only a surface level similarity (Parfit, “Equality or Priority?”). As we see below, the philosophical basis for the difference principle is reciprocity, not priority.}\footnote{Freeman, Rawls, 136.} It seems clear that any intergenerational savings would be contrary to the interests of earlier generations—specifically, the least-advantaged members of early generations. Yet Rawls does not want to maintain that early generations have no duty of justice to save for future generations. The results of one generation consuming the entire social product—even if it greatly benefits the least-advantaged group—would be disastrous. Consequently, early generation’s
sentiments of unfairness are for Rawls “entirely natural” yet ultimately “misplaced” (TJ, 291/254). In devising the just savings principle then, Rawls is trying to strike a happy medium: require early generations to save while also alleviating their burden in doing so.

1.3 The contents of the just saving principle

Despite the lack of a determinate formulation on Rawls’s behalf, what is clear is that the just savings principle would set the rate of saving based upon the developmental level a society has reached. In other words, the just savings principle would provide a societal savings schedule that would not be overly burdensome on any one generation. Rawls writes: “When people are poor and saving is difficult, a lower rate of saving should be required; whereas in a wealthier society greater savings may reasonably be expected since the real burden of saving is less” (TJ, 287/255). Though Rawls is not explicit on the terminology, I follow Frédéric Gaspart and Axel Gosseries in understanding the just savings principle as applying in two different stages of societal development: an accumulation phase followed by a steady-state phase.11 During the accumulation phase the rate of savings should result in (real) increases in society’s capital stock. The exact savings rate will depend on the developmental stage a society is in. A more advanced, wealthier society in the accumulation phase will have a higher rate of savings than a poorer one. Eventually a society enters the steady-state phase; this occurs “once just institutions are firmly established” (TJ, 289/255). It is at this point that “the net accumulation required falls to zero” and “society meets its duty of justice by maintaining just institutions and preserving their material base” (TJ, 289).12 According to Rawls, once the steady-state stage is reached, considerations of justice between generations will allow for (real) net increases in society’s capital stock to come to halt, thereby making the need for saving minimal at most. This entails that, once the steady-state is reached, later generations are not entitled—as a matter of justice—to a higher material standard of life than preceding generations. Rawls reiterates this position in later work when he writes that we “should not rule out Mill’s idea of a society in a just stationary state where (real) capital accumulation may cease” (JF, 64).13

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11 Gaspart and Gosseries, “Are Generational Savings Unjust?”
12 There is a slight difference to the quotation as found in the revised edition of Theory: “Once just institutions are firmly established and all the basic liberties effectively realized, the net accumulation asked for falls to zero” [emphasis mine] (Rawls, A Theory of Justice: Revised Edition, 255).
13 Rawls similarly writes in The Law of Peoples: “I follow Mill’s view that the purpose of saving is to make possible a just basic structure of society; once that is safely secured, real saving (net increase in real capital) may no longer be necessary” (Rawls, The Law of Peoples, 107, fn. 33).
Going forward, I will refer to Rawls’s savings principle as the *two-stage principle.*\(^{14}\) This is done to avoid the question-begging phrasing Rawls employed. Labelling one’s preferred saving principle “just” suggests there are no rival savings principles worthy of being deemed “just”—a point that will become more salient further on. With that said, one important feature of the two-stage principle is that Rawls devises it as a constraint on the difference principle (*TJ*, 292/258). Giving the two-stage principle lexical priority over the difference principle achieves this result. In Rawls’s theory, the first principle of justice and the principle of fair opportunity have lexical priority over the two-stage principle, but the two-stage principle has lexical priority over the difference principle. What this means is that increasing the material standard of living for the least-advantaged members of a living generation cannot come at the expense of securing or preserving just institutions for future generations. If a society collectively decides to promote production and consumption levels to their highest possible levels while complying with the difference principle, we could assume that this course of policy would be further constrained by the two-stage principle.

What is notable about the two-stage principle is that it provides an account of justice between generations that can be characterized as sufficientarian.\(^{15}\) After all, what Rawls insists on is that justice between generations consists in is reaching a certain basic level in terms of societal development and material well-being and then maintaining it. In *Theory*, Rawls states, quite candidly, that “it is a mistake to believe that a just and good society must wait upon a high material standard of life” (*TJ*, 290/257). This judgment reflects the clarification that the difference principle does not require maximizing income and wealth to the highest permissible levels. According to Rawls then, once the steady-state phase is reached, future generations are not entitled (as a matter of justice) to a higher material standard of life than preceding generations. What matters from the point of view of justice is that a sufficient material base, and in turn material standard of living, is maintained to preserve a just society. As I argue in Section 4, the sufficientarian aspects of Rawls account of justice between generations need to be given up so as to provide a more complete and satisfying account within his justificatory framework.

\(^{14}\) Attas, “A Transgenerational Difference Principle.”

\(^{15}\) The link between the two-stage principle and sufficientarianism is discussed in Meyer, “Intergenerational Justice.”
2. The Two-Stage Principle in the Original Position

In the original edition of *Theory*, the parties in the original position have no reason to select the two-stage principle, much less any savings principle—a point Rawls explicitly acknowledges. This is due to the veil of ignorance and the motivational makeup of the parties:

the parties, who are assumed to be contemporaries, do not know the present state of society. They have no information about the stock of natural resources or productive assets, or the level of technology beyond what can be inferred from the assumption that the circumstances of justice obtain. The relative good or ill fortune of their generation is unknown (*PL*, 273).

Consequently, “assuming generations are mutually disinterested, nothing constrains them from refusing to make any savings at all” (*PL*, 273, fn. 12). This should be evident since a savings principle would require every living person (both from the least advantaged group and most advantaged group) to make sacrifices for people in the future who will presumably be better off due to the cumulative effect of saving.

This counterintuitive result highlights what many see as a serious limitation of the social contract tradition and its reliance on cooperation among mutually disinterested individuals as a basis for social justice.16 The lack of direct interaction among members of different generations suggests that the problem of savings is not within the “circumstances of justice,” i.e., “what may be described as the normal conditions under which human cooperation is both possible and necessary” (*TJ*, 126/109). Rawls is not shy of exposing this weakness:

We should now observe that there is a peculiar feature of the reciprocity principle in the case of just savings. Normally this principle applies when there is an exchange of advantages and each party gives something as a fair return to the other. But in the course of history no generation gives to the preceding generations, the benefits of whose saving it has received. In following the savings principle, each makes a contribution to later generations and receives from its predecessors. The first generations may benefit hardly at all, whereas the last generations, those living when no further saving is enjoined, gain the most and give the least (*TJ*, 290).

This explains why the difference principle alone cannot handle the problem of savings. As we saw above, the difference principle requires expansions in inequality to be mutually advantageous to

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be permissible. Yet it is difficult to imagine how intergenerational inequality could ever be mutually advantageous—the benefits of saving only flow in one direction.\(^\text{17}\)

2.1 Rawls’s resolution to the problem of justice between generations

How are intergenerational savings to be decided upon by the parties then? Unless the set-up of the original position is modified in some way, there appears to be no way to resolve the problem of savings.\(^\text{18}\) The initial solution Rawls proposed was to change his account of the motivational makeup of the parties in the original position. Instead of representing individuals, Rawls proposed that the parties instead represent “family lines” with “ties of sentiment between successive generations” \((TJ, 292)\). If the parties are understood this way, Rawls posits that they would care about their more immediate descendants and would therefore be motivated to save.

Rawls came to find this initial solution “defective” \((PL, 20, \text{fn. 22})\) in light of criticisms that I will not review here.\(^\text{19}\) Among the most serious criticisms are how unacceptably \textit{ad hoc} changing the motivational assumptions of the parties is. As Jane English notes, Rawls’s solution to the problem of savings is “in effect, being built into the premises of the theory in the form of a motivational assumption rather than being justified by the theory.”\(^\text{20}\) The result is that in subsequent work Rawls retains the original motivational assumptions and proposes the following explanation for the parties’ selection of the two-stage principle in the original position:

\begin{quote}
Parties are to agree to a savings principle subject to the condition that they must want all previous generations to have followed it. They are to ask themselves how much (what fraction of the social product) they are prepared to save at each level of wealth as society advances, should all generations have followed the same schedule \((JF, 160)\).
\end{quote}

Rawls further adds that:

\(^{17}\) It is worth noting that for Rawls the concept of reciprocity in not simply mutual advantage. Reciprocity is a “moral idea situated between impartiality, which is altruistic, on the one side and mutual advantage on the other” \((JF, 77)\). Though Rawls’s understanding of reciprocity involves mutual advantage, it goes further in requiring the mutually advantageous arrangement to be fair and qualified with respect to an appropriate benchmark of equality \((PL, 16-17)\).

\(^{18}\) Recent attempts to resolve this problem that differ from the account I will ultimately propose can be found in Wall, “Just Savings and the Difference Principle”; Gaspart and Gosserie, “Are Generational Savings Unjust?”; Attas, “A Transgenerational Difference Principle”; Heyd, “A Value or Obligation? Rawls on Justice to Future Generations.” Attas (“A Transgenerational Difference Principle”) also provides a helpful overview of the literature surrounding Rawls’s treatment of the subject of justice between generations.

\(^{19}\) The earliest and most penetrating criticisms from philosophers can be found in Hubin, “Justice and Future Generations”; Barry, “Justice Between Generations”; English, “Justice Between Generations.” For criticisms from economists, see Arrow, “Some Ordinalist-Utilitarian Notes on Rawls’s Theory of Justice”; Harsanyi, “Can the Maximin Principle Serve as the Basis for Morality?”

The correct principle, then, is one the members of any generation (and so all generations) would adopt as the principle they would want preceding generations to have followed, no matter how far back in time. Since no generation knows its place among the generations, this implies that all generations, including the present one, are to follow it (JF, 160).21

This explanation for the selection of the two-stage principle is a noticeable improvement over the initial one. Yet this explanation faces one notable difficulty. Recall the parties do not know the “relative good or ill fortune” of their generation. By this Rawls presumably means that the parties do not know their historical status: Are they members of a relatively worse-off early generation or a more affluent later generation? This leads to a worry that Rawls does not consider in his brief treatment of justice between generations.

2.2 The Problem of the First Generation

The main issue with Rawls’s later explanation is related to a problem he was explicitly concerned with in Theory: the first generation to save will not benefit from doing so.22 Consider that, due to the veil of ignorance, the parties in the original position do not know what generation they belong to, nor do they know the level of economic development their society has reached. This would entail that they do not know if society is in the accumulation phase or the steady-state phase. The correct principle (or savings schedule) is supposed to be the one that any generation would want preceding generations to have followed, but this excludes the possibility that the parties are members of an early generation. We do not need to assume this would be the first generation in all the history of mankind, but rather, the first generation within the circumstances of justice to start a fair system of social cooperation and begin the accumulation phase by foregoing some of their own consumption for those in the future.23

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21 It is worth noting that Rawls credits Thomas Nagel and Derek Parfit for suggesting this better approach but also acknowledges that Jane English developed the same approach independently (JF, 160, fn. 39). Though unacknowledged, this account is likely influenced by the Golden Rule of Accumulation first introduced by Edmund Phelps. See Phelps, “The Golden Rule of Accumulation: A Fable for Growthmen.”

22 Stephen Gardiner also discusses a different variation of the problem of the first generation. The main difference with Gardiner’s version of the objection, and his discussion of the fallbacks of Rawls’s approach to justice between generations, is that it takes place in the context of the problem resource conservation rather than savings and investment for future generations. See Gardiner, “A Contract on Future Generations?” 110-114.

23 This stipulation is meant to answer Daniel Attas’s complaint that the problem of the initial generation is contrived. His chief objection is that the “problem we are facing is the losses that we will endure in moving from a no-saving unjust situation to a presumably just situation that involves some saving” (Attas, “A Transgenerational Difference Principle,” 205). This would imply that the problem of the first generation is one of transitional justice “covered by non-ideal theory and not by the principles of justice for a well-ordered society” (PL, 18). Yet it is not clear why we should assume that the first generation to begin the accumulation phase is necessarily one that is in a transitional stage. Recall that just institutions are not firmly established until the steady-state phase; this would have the implication that
Now it seems clear that if there were some guarantees that the parties were not the first generation, the reasoning Rawls provides would be straightforward. Knowing that much of the uncompensated burden of the accumulation phase will not fall on their generation, of course the parties would have wanted preceding generations to have followed a savings schedule. But there is no such guarantee if we are to strictly abide by the requirements imposed by the veil of ignorance. We may just assume, as Rawls implicitly seems to, that the parties will not be members of a relatively poorer first generation. But like stipulating other-regarding motivational assumptions (as Rawls did initially), this is also unacceptably ad hoc.²⁴

3. Why Would the Parties Select the Two-Stage Principle?

Rawls’s stipulation that the correct savings principle is the one that the parties would have wanted previous generations to follow sets up an additional choice problem within the original position. When it comes to intergenerational savings, we may ask: If we retain the original motivational assumptions, would the parties really select the two-stage principle (or any societal savings schedule) if there were a possibility of being the first generation? We may further ask: What would mutually disinterested rational agents who lack information about their historical status agree to when it comes to intergenerational savings? Despite the difficulty these questions pose, we do not need to reject Rawls’s second strategy for explaining how the parties in the original position would be motivated to care about intergenerational savings. But if we wish to retain it, we need to explore the reasoning process of the parties in more detail—something that Rawls never does.

If the veil of ignorance were slightly modified so that the parties knew which generation they belong to, and this generation turned out to be the first one, it is clear the parties would not opt for the two-stage principle as it would be contrary to their interests.²⁵ With the veil of ignorance back in place, an obvious place to start is by considering how maximin reasoning would guide the parties in their deliberations on savings. However, though initially it was thought that there was a relation between maximin reasoning and the two principles of justice, Rawls later clarifies that the entire accumulation phase is one of transitional justice in which the difference principle does not apply. The problem of savings is very much a problem for a just society, not a transitionally just society.

²⁴ Note that Rawls's initial explanation does not fall prey to this problem since the first generation would still be motivated by ties of sentiment to the second generation.

²⁵ Note this point is being made within the original position where the parties are construed as rational and mutually disinterested. Members of an early generation may be happy to save for other reasons and may even have natural duties (i.e., pre-contractual and non-justice based) to do so, as Rawls seems to suggest. See Heyd, “A Value or Obligation? Rawls on Justice to Future Generations.”
maximin rule is mainly related to the first principle of justice.²⁶ Rawls does acknowledge that this is “a mistake unhappily encouraged by the faults of exposition in Theory” (JF, 43, fn. 3). However, the difference principle (which includes the two-stage principle) is not supported on maximin reasoning but rather on grounds of publicity, reciprocity, and stability (JF, §34-37). It is also a mistake to think that Rawls models the parties as being highly risk averse, and therefore, psychologically disposed to decide on maximin (JF, §31). Hence, there should be no inconsistency in denying the use of maximin in selecting the two-stage principle.

If only the first principle of justice is tied to maximin reasoning, then why invoke considerations of rational choice in the selection of the two-stage principle? Could the two-stage principle be justified on grounds of publicity, reciprocity, and stability in a similar fashion to the difference principle? Reciprocity quite arguably plays the biggest role in supporting the difference principle, yet as we saw above the reason why the savings problem is a problem in the first place is due to the lack of reciprocity that is characteristic of intergenerational relations. Despite this, I will come back to considerations of reciprocity, as well as publicity and stability, in the penultimate section of this article. For now, it is worth recalling that the two-stage principle does not appeal to considerations of reciprocity as typically understood. As Rawls initially puts it: “we can do something for posterity but it can do nothing for us” (TJ, 291).

3.1 The Maximin Criterion

Considerations of rational choice can still explain why the parties would select the two-stage principle even if there is a possibility of being the first generation. Though there is no inconsistency in denying the use of maximin, invoking considerations of rational choice requires us to consider the possibility of maximin reasoning reentering the original position. However, it should be emphasized that maximin provides a counterintuitive explanation by suggesting that no savings should be undertaken.²⁷ The worst-case scenario for the parties is that they are the first generation, and by refusing to save, they ensure that the worst possible outcome (being an early generation) is maximally improved.

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²⁶ To be more precise, maximin does still play a role in thinking about the second principle of justice since it rules out the principle of utility. But maximin does not play a role in justifying the difference principle over the principle of utility with a social minimum—a criticism first pointed out by R.M. Hare. See Hare, “Rawls’ Theory of Justice—II.”
To determine whether maximin reasoning applies to the selection of the two-stage principle, we can turn to Rawls’s maximin criterion. The maximin criterion can elucidate the choice problem at hand and help us determine what decision rule it would be rational for the parties to adopt. Rawls posits three conditions that jointly ensure the use of maximin is rational in the original position:

1) There is no way to estimate probabilities.
2) There is little to be gained above the level that maximin guarantees.
3) There is the possibility of an outcome that one can hardly accept.

I will not repeat Rawls’s argument for how these three conditions obtain in the main choice problem within the original position and how they are tied to the first principle of justice (*TJ*, 154-156/134-135; *JF*, 98-99). What is important to note is that Rawls suggests that the third condition alone may be sufficient, and what is crucial is that conditions (2) and (3) obtain to a high degree (*JF*, 99). As I show below, in selecting a savings principle, conditions (2) and (3) are not met to any significant degree. However, first I say something in favor of condition (1), which is important for explaining how the parties would reason.

### 3.2 Ruling out Expected Utility Maximization and Maximin

In their deliberations, the probability that would be most relevant to the parties’ reasoning would be the probability of being any generation, particularly, the probability of being the first generation. Recall that due to the veil of ignorance, the original position is supposed to be a situation marked up by uncertainty rather than risk. On Rawls’s interpretation of the original position, this means that probabilities cannot reliably be estimated—a major source of disagreement with John Harsanyi. Harsanyi maintains that rationality requires the parties assign equal probability to ending up as any member of society. This allows the parties to use expected-utility maximization, which in turn leads them to select (contra Rawls) the principle of average utility. I will not revisit this controversy here and will treat the choice problem of selecting the two-stage principle as one
in which the parties do not have access to any relevant probabilities. The main consideration in support of this stipulation is that, unlike the main choice problem in the original position, the selection of the two-stage principle is one in which the parties cannot invoke Harsanyi’s equiprobability assumption due to their not knowing how many generations there are before them or after them. The number of generations there have been or will be is indefinite (though certainly not infinite). Further on, I return and expand on this point in addressing an objection to my central argument.

Establishing that the parties do not have any way of estimating probabilities means that expected-utility maximization is off the table as a decision rule. However, maximin is also ruled out because conditions (2) and (3) of Rawls’s maximin criterion are not met. Note first that the parties are modeled not only as rational but also as acquisitive. This means that they prefer higher levels of income and wealth to less. If savings are undertaken, the best-case scenario for the parties is that they end up in the steady-state phase. The worst-case scenario is that the parties are the first generation and saving prevents them from obtaining a higher material standard of living that they could have otherwise obtained. This is especially concerning if one turns out to be a member of the least-advantaged group. The parties would reason that the further in time their generation lives, the better it is for them in terms of income and wealth if savings are undertaken. Further, they will assume that if no savings are undertaken, the material standard of life of each generation will roughly be the same across time. Though there is intergenerational equality, the material standard of life is much lower than it could have otherwise been.

Condition (2) for Rawls’s maximin criterion is met when it is not worthwhile to take a risk for the sake of further advantage above the level maximin guarantees if this advantage is not significant. Yet it seems clear it is worthwhile for the parties to take a chance on the two-stage principle; they presumably have a lot to gain in terms of income and wealth if it turns out they are not an early generation (this is due to the cumulative effects of saving on economic growth). Of course, a potential gain significantly above the level maximin guarantees can be overridden by the possibility of a more significant loss. This is why Rawls stresses condition (3) when potential outcomes are “intolerable” (JF, 99) and involve “grave risk” and “outcomes that one card hardly accept” (TI, 154/134). If the parties are an early generation saving will undoubtedly be to their

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32 For recent commentary on the Rawls-Harsanyi debate, see Moehler, “The Rawls-Harsanyi Dispute: A Moral Point of View.”
disadvantage. Yet the worst outcome of being on the losing end of the gamble hardly seems unacceptable. The worst outcome in the savings choice situation would not be akin to the worst possible outcome that the parties would face if they took their chances when selecting the principle of utility as their principle of social justice. Recall that with the two-stage principle, the savings rate for early generations would presumably be low enough to not be overly burdensome. It is therefore safe to conclude that conditions (2) and (3) of the maximin criterion are not met.

3.2 The maximax criterion

If both maximin and expected-utility maximization are ruled out as decision rules for the choice situation we are considering, an alternative decision rule needs to be identified. My suggestion is an overlooked decision rule for conditions of uncertainty: maximax (maximize the best possible outcome). Like the maximin rule, my suggestion is not that maximax be seen as a decision rule for rational choice in all cases of risk and uncertainty (*JF*, 97, fn. 19). Rather, my suggestion is that the maximax rule is reasonable to apply when certain conditions are met. The above discussion of the maximin criterion and its relation to the choice situation at hand can be used to provide us with three conditions that are jointly sufficient for when it would be reasonable to apply such a rule:

1) There is no way to estimate probabilities.
2) There is a significant amount to be gained above a guaranteeable level.
3) There is no possibility of an outcome that one can hardly accept.\(^{33}\)

The selection of the two-stage principle in the original position meets these three conditions: (1) the number of generations is indefinite, so there is no way to assign probabilities; (2) the cumulative effects of even one generation saving for the next are significant; and (3) the two-stage principle is designed to be as undemanding as possible. Therefore, it is rational for the parties to be guided by maximax reasoning in their deliberation.

When assessed next to the possibility of no savings being undertaken, maximax reasoning moves the parties to select the two-stage principle. The choice situation can be represented with the following payoff table:

\[^{33}\] These three conditions could perhaps also justify the use of D.C. Hubin’s *quasi-dominance* decision rule for uncertainty, but I do not explore this possibility here. See Hubin, “Minimizing Maximin.”
Table 1

<table>
<thead>
<tr>
<th></th>
<th>$G_1$</th>
<th>$G_2$</th>
<th>$G_3$</th>
<th>$G_N$</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Savings</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Two-Stage Savings</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

The numbers above represent the general levels of income and wealth a generation can expect based on the selected savings schedule.\(^{34}\) Recall that the parties are acquisitive, so they prefer more social primary goods to less. Hence, outcomes with a higher level of income and wealth will be preferred to those with less. For simplicity, we can stipulate that it takes three generations to reach the steady-state phase. Any generation after the third ($G_N$) will be at the same level as the third generation ($G_3$). We can also stipulate that the outcome assigned a payoff of 5 represents the sufficiency level Rawls envisioned. The table also shows why maximin reasoning leads to no savings, but more importantly shows why maximax reasoning leads to the selection of the two-stage principle.

Since Rawls did not go into very much depth when discussing the reasoning of the parties when selecting the two-stage principle, my goal has been to expand upon this neglected aspect of his theory. Now that this has been done, we can move onto the main conclusion of this article: why the parties in the original position would select a different savings principle if given the choice.

4. Expanding the Available Savings Principles

To recap: If the parties’ decision is between the two-stage principle and no savings at all, the parties would opt for the two-stage principle. This should be clear since the parties would adopt maximax reasoning. If they are a later generation, the parties will enjoy a significantly higher material standard of living than if there had been no savings. Further, they will live in a society where just institutions are firmly established. If no savings principle is selected, the parties will undoubtedly have a much lower material standard of living if they turn out to be part of any generation that is not the first one. Hence, the parties would still select the two-stage principle over no savings at all since they would want to improve upon the best possible outcome of being a later generation ($G_N$).

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\(^{34}\) I focus on “general levels of income and wealth” instead of “levels of income and wealth for the representative least advantaged person”. “General levels” is Rawls’s terminology when discussing just savings and economic growth. It is unclear whether Rawls takes “general levels” to refer to a measure such as GDP per capita. But there would be no inconsistency in focusing on GDP per capita (or related measures) here since the parties are not adopting the perspective of the least advantaged in selecting a savings principle.
But what if other options besides no savings and two-stage savings are on the menu? Rawls never discusses this possibility, and this is a commonly overlooked deficiency in his discussion of justice between generations. To be fair, Rawls does mention how the principle of utility would lead to an excessive rate of accumulation that would sacrifice early generations (TJ, 286-287/253).\textsuperscript{35} Though the principle of utility is ruled out in the original position, further on (section 4.3), I identify two savings principles that require high levels of savings, and which pose a challenge to the maximax argument I am advancing. Before turning to those two principles, I identify and set forth the savings principle that I argue parties in the original position would select.

4.1 The Positive Savings Principle

The savings principle that I argue the parties would select if given the choice is what I will call the \textit{positive savings principle}. As the name suggests, it requires the savings rate to be positive no matter what stage of societal development a generation is in. Like the two-stage principle in the accumulation phase, the positive savings principle relies upon positive savings rates from one generation to the next. It could also serve as a constraint on the difference principle. But unlike the two-stage principle in the steady-state phase, the savings rate needs to be high enough to increase (real) net capital accumulation from one generation to the next. Further, unlike the two-stage principle, the positive savings principle would not distinguish between an accumulation phase and a steady-state phase. However, we can still use the distinction to understand how the two-stage principle and the positive savings principle are similar and where they diverge.

We can stipulate that the positive savings principle would essentially require the same rates of savings for early generations as the two-stage principle. In this regard, they do not conflict. Early generations are still required to save for future generations at the expense of their material interests, but the rate will be low enough that it does not require significant sacrifices on their behalf. To save words, we can say that throughout the accumulation phase, the two-stage principle and the positive savings principle will result in the same savings schedule.

It is only when society reaches the “steady-state phase” where the two principles diverge. Bear in mind that the positive savings principle does not imply this distinction. It may turn out that the accumulation phase is, technically speaking, never-ending. Still, for purposes of this discussion we can use the term “steady-state phase” to denote the level of societal development Rawls envisions as sufficient for a just society. When the steady-state phase is reached, the positive

\textsuperscript{35} Whether utilitarianism requires such a policy is, of course, debatable.
savings principle will still require additional savings, so that that (real) net accumulation increases from one generation to the next. The question that naturally arises is: How high should the rate of savings be at this stage? It will, of course, be high enough to preserve the material base of a just society. On this point, the two principles coincide again. But as we already know, maintaining a just society could allow for a net accumulation of zero. So, in addition, the positive savings principle should be understood as requiring that additional savings be undertaken so that the general level of income and wealth rises from one generation to the next (just as the two-stage principle does in the accumulation phase). In other words, what distinguishes the positive savings principle is that it requires continuous economic growth across generations.36

At this stage it is worth noting the saving and investment is not the only source of economic growth. On the Solow growth model, economic growth is explained by two additional factors: technological change and population growth.37 The former is also arguably the most important determinant of economic growth.38 Presumably, a just society’s economy would grow from these two sources as well. Past a certain point of development then, the need to grow an economy through savings and investment in capital may be diminished. In fact, because capital is subject to diminishing returns (the extra output from an additional unit of capital falls as the capital stock increases) we are faced with the worry that savings could become very burdensome for very later generations if the goal is to do more than preserve the material base. This is a worry that cannot be entirely dealt with in a satisfactory way due to the inexactness of the subject at hand. Since it would be extremely difficult to specify the savings rates at any stage of development, it is extremely difficult to specify how much the general level is to be raised from one generation to the next. This is especially complicated when considering the other determinants of economic growth. The positive savings principle does not rule out the possibility that a highly advanced society would adopt a savings rate so minimal that the next generation only enjoys a marginal increase in their material standard of living.

36 Wall (“Just Savings and the Difference Principle”) argues that a similar principle would be selected in the original position on prioritarian grounds. My position and Wall’s stands in stark contrast to the one developed by Gaspart and Gosseries (“Are Generational Savings Unjust?”), who defend the two-stage principle. Their reading of Rawls leads them to the conclusion that once the steady-state phase is reached both saving and dissaving for future generations is (with some caveats) unjust. Attas (“A Transgenerational Difference Principle”) defends the two-stage principle but on different grounds; he concludes that savings is permissible beyond the state-state phase subject to the condition that it benefits the least-advantaged group.
38 Romer, “Endogenous Technical Change.”
If the answer above is unsatisfactory, one consideration that is worth mentioning has to do with the circumstances of justice, specifically, the condition of moderate scarcity (JF, §24). Due to continuous economic growth, a society may, after all, reach such a high stage of development that no further growth is needed. The society in question overcomes the condition of scarcity, thereby putting an end to the problem of distributive justice which the difference principle is designed to address in the first place.\textsuperscript{39} However, such a possibility obtaining only adds independent support for the positive savings principle, and it is unclear whether it can be invoked in the original position. Technicalities aside, the important feature of the positive savings principle to bear in mind (and my goal in proposing such a principle) is that it offers a much-needed alternative to the sufficientarian aspects of the two-stage principle. Including a positive savings principle into the choice set casts doubt on whether Rawls is justified in embracing Mill’s ideal of a just society in a stationary state.

4.2 Positive Savings in the Original Position

Having explained some of the details of the positive savings principle, we now return to the original position. When given the choice between the two-stage principle and the positive savings principle, it is evident that the latter would be chosen. The table below represents the updated choice situation:

<table>
<thead>
<tr>
<th></th>
<th>$G_1$</th>
<th>$G_2$</th>
<th>$G_3$</th>
<th>$G_N$</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Savings</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Two-Stage Savings</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Positive Savings</td>
<td>1</td>
<td>3</td>
<td>4 $\Rightarrow y &gt; 5$</td>
<td></td>
</tr>
</tbody>
</table>

Both principles have similar implications if the parties turn out to be members of the first generation to start the accumulation phase ($G_1$). On this consideration neither principle has the upper hand. The same goes if the parties are members of a generation in the late accumulation phase ($G_2$). It is when the parties consider they are a generation in the “steady state” phase ($G_3$) that the principles diverge. Under the positive savings principle, $G_3$ still needs to save for the next generation. This means that the general level for $G_3$ under the positive savings principle must be

\textsuperscript{39} Wall, “Just Savings and the Difference Principle,” 94.
less than the general level under the two-stage principle. If the parties knew there would only be three generations, then maximax would lead to the two-stage principle. But assuming there are only three generations would once again be an ad hoc modification on Rawls’s behalf. It is only when the parties consider they are a generation after the steady state phase is reached \((G_N)\) that the balance of reason tips in favor of the positive savings principle. This is because they are using maximax reasoning: the best scenario is that they are members of a later generation \((G_N)\). By selecting the positive savings principle, they make the best possible outcome even better.\(^{40}\)

Additionally, since in selecting a principle of intergenerational savings we need to allow the parties to take an unquantifiable risk if we are to avoid the conclusion that a no savings principle is selected, the positive savings principle provides a higher possible reward (income and wealth) for the unquantifiable risk at stake (being the first generation). The later a generation is, the higher the parties can expect the general level of income and wealth to be. Since the parties can turn out to be members of any generation, this makes it even more plausible to suggest that they are willing to take their chances on intergenerational savings. In other words, when contrasted with the two-stage principle, the positive savings principle provides a bigger reward for the small unquantifiable risk at hand. This is consistent with the reasoning Rawls provides for the selection of the two-stage principle. It just happens that Rawls never provides alternatives to the two-stage principle so no comparisons with other savings principles could be made.

An objection with the maximax solution I am proposing is that it would lead to counterintuitive savings principles if they were included in the menu of options. First, consider an extreme savings principle. The extreme savings principle would require significant sacrifices on behalf of early generations for the sake of later generations.\(^{41}\) Could such a principle be compatible with Rawls’s reasoning that the correct principle of intergenerational savings is the one that parties would have wanted previous generations to follow? Unless we were to substantially modify Rawls’s theory of justice by giving the extreme savings principle lexical priority over the first principle of justice, the answer is clearly no. Even setting aside this worry and imagining an excessive saving rate compatible with occupational liberty, the maximax criterion would no longer be satisfied if this choice were to be offered. Though there is a lot to be gained, extreme savings

\(^{40}\) Notice also that neither weak nor strong dominance reasoning is applicable here.

\(^{41}\) We can imagine how someone like Joseph Stalin would endorse such a rate of capital accumulation. Recall Stalin’s infamous five-year plans to industrialize Russia at an unprecedented rate. This required major sacrifices from an entire generation.
would be overly burdensome and would involve an unacceptable outcome due to the high rate of savings it imposes. Though an extreme savings principle should be included in the menu of options, it would be rejected by the parties in the original position.

A more serious challenge to my central argument comes in the possibility of an *aggressive savings principle*. With the exception of one “privileged” last generation, the aggressive savings principle leaves all generations at the level of the first generation that undertakes savings. As stipulated before, this level of saving is not overly burdensome, so one cannot reject aggressive savings on the same grounds as one rejects extreme savings. The table below represents the (once again) updated choice situation.

### Table 3

<table>
<thead>
<tr>
<th></th>
<th>$G_1$</th>
<th>$G_2$</th>
<th>$G_3$</th>
<th>$G_N$</th>
<th>$G_{LAST}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Savings</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Two-Stage Savings</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Positive Savings</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>$Y &gt; 5$</td>
<td>$Y$</td>
</tr>
<tr>
<td>Aggressive Savings</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>$Y^* &gt; Y$</td>
</tr>
</tbody>
</table>

Imagine $Y^*$ is an incredibly high level of income and wealth only made possible by aggressive saving. Further, let $Y^*$ denote a general level of income and wealth higher than any level made possible by the positive savings principle. On the aggressive savings principle, all generations throughout the history of a just society save for the last “privileged” generation—yet no generation is overly burdened in doing so. If the parties are guided by maximax reasoning, it would seem like they would choose the aggressive savings principle. The best-case scenario is that they are $G_{LAST}$ and aggressive savings makes this best possible outcome even better.

The counterintuitive result sketched above suggests that maximax is not a reasonable decision rule in the unique context of selecting a savings principle in the original position. But is it possible for the parties to consider the perspective of the last generation as the last column of Table 3 implies? I argue this kind of scenario cannot be represented in the payoff table given the set-up of the choice situation. The most right-hand column in Table 3 should be eliminated as it

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42 I am thankful to an anonymous referee for suggesting the aggressive savings principle as an important challenge to my central argument.
does not represent a possible state of the world that the parties can envision. Recall that the choice situation is one of uncertainty—there is no way to assign probabilities to being any generation. As discussed earlier, this is because the parties do not know how many generations there will be. Yet, one may object that the set-up of the choice situation is smuggling in probabilities by allowing the parties to consider being the first generation but not the last. There appears to be an asymmetry: despite the number of generations being indefinite, the parties can consider being $G_1$ ($G_2$ or $G_3$) but cannot consider being $G_{LAST}$. Is this asymmetry justified? I maintain that this asymmetry is justified, and below I explain why.

The most straightforward way to justify to the asymmetry in question is to appeal to a central organizing idea in Rawls’s theory of justice. Recall that Rawls conceives of society as a system of fair cooperation over time from one generation to the next. Being a participant in a scheme of social cooperation across time is incompatible with adopting the perspective of a last generation. After all, Rawls’s set-up of the original position would (presumably) prohibit the parties from even entertaining the possibility of ending their society after one generation (this could be done to maximize one generation’s consumption). Adopting the perspective of a last generation is incompatible with Rawls’s general framework.\(^43\)

To build on this response, consider that “one generation to the next” also implies the kind indefiniteness that prohibits the parties from adopting the perspective of a last generation. Outside the original position, the parties could come to learn they are the first generation to begin the accumulation phase—this information is available. However, in all but the most exotic scenarios, the same is not true if the parties are the last generation. Consider: we currently do not know how many generations of humans (or finite creatures that meet conditions for personhood) there will be in the future. Consequently, we have no way of knowing how many successive generations there will be once the accumulation stage of a just society begins. But we can know when the sequence of generations beginning the accumulation begins, i.e., we can identify the first generation to begin a fair system of social cooperation across time. Matters would be different if it was common knowledge that massive asteroid was approaching earth, or that humans will be infertile with a fixed number of generations. In such situations, it would be possible to envision oneself as a member of the last generation. But such situations are beyond the parameters of

\(^{43}\) I am grateful to a second anonymous referee for calling my attention to this point.
Rawls’s theory of justice. The possibility of a known last generation calls for radical revision to Rawls’s theory of justice—or perhaps an entirely new theory altogether.

In brief, my response to the challenge of aggressive savings is that as follows: though we can envision the start of just system of social cooperation, we cannot envision its end. The same should be true of the parties in the original position: the parties can envision themselves being the first generation but not the last. Allowing the parties to adopt the perspective of the last generation would “stretch fantasy too far” (TJ, 139)—a consideration Rawls originally uses to reject an interpretation of the original principle in which everyone who ever lives is represented. The challenge posed by the aggressive savings principle is neutralized once the parties realize they cannot envision being the last generation. But if this response is unsatisfactory, I offer additional considerations for the positive savings principle over the aggressive savings principle in section 5.

4.4 Is the positive savings principle compatible with the difference principle?

It may be objected that the positive savings principle is incompatible with the difference principle. Recall that Rawls states that a “feature of the difference principle is that it does not require continual economic growth over generations to maximize upward indefinitely the expectations of the least advantaged” (JF, 63). Though the positive savings principle does require continual and gradual economic growth, it does not require maximal economic growth since the savings rates are presumably set low enough to not be burdensome on any generation.

A more serious complication arises because economic growth does not necessarily improve the position of the least advantaged group. Because the positive savings principle would be part of the difference principle, in raising the material standard of living from one generation to the next, the expectation is that it would benefit the least advantaged. Yet an increase in the material standard of living may be entirely due to the benefits economic growth has on the most advantaged group. If the material standard of living is understood as an average, then a shift from distribution $D_3 (5, 12)$ to $D_4 (5, 13)$ is an increase in the material standard of living. Note however, that the two-stage principle faces the same problem during the accumulation phase. This issue is presumably dealt by the background institutions for distributive justice (TJ, §43). The difference principle may be roughly satisfied by adjusting the social minimum and the constant marginal rate of taxation, as Rawls suggests in Justice as Fairness (JF, 161). Ensuring economic growth beyond the steady-state phase benefits the least advantaged group can presumably be achieved by similar
policy mechanisms. If no policy mechanism is available, we once again arrive at the conclusion that the difference principle implies no savings should be undertaken for future generations.

5. Further considerations in favor of the positive savings principle

The main goal of this article has been to demonstrate that the positive savings principle (or a family of savings schedules that leads to gradual and continual economic growth) is the savings principle that the parties in the original position would select on grounds of rational choice. As rational and mutually disinterested agents, the parties would want previous generations to follow the positive savings principle over the two-stage principle. This conclusion holds even if there is a possibility of being a member of the first generation. In section 2, I sidelined the possibility of appealing to considerations of publicity, reciprocity, and stability (on which the difference principle rests) to support the conclusion that Rawls’s theory of justice requires continual economic growth. I turn to these considerations below and sketch how they may be used in relation to the problem of just savings.

5.1 Indirect reciprocity

The lack of reciprocity in intergenerational relations is the reason that Rawls initially thought the social contract tradition could not adequately deal with the problem of savings. On this point, Rawls may have been too hasty and not considered the possibility of appealing to indirect reciprocity. In contrast to direct reciprocity, the idea is that “cooperation can also be sustained by systems of indirect reciprocity, where there is no requirement that the person to whom one supplies a benefit be the person from whom one receives a benefit.”

David Gauthier appeals to such a consideration in addressing a similar problem to his contractarian theory of morality:

The generations of humankind do not march on and off the stage of life in a body, with but one generation on stage at any time. Each person interacts with others both older and younger than himself, and enters thereby into a continuous thread of interaction extending from the most remote human past to the farthest future of our kind. Mutually beneficial cooperation directly involves persons of different but overlapping generations, but this creates indirect co-operative links extending throughout history.

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45 Gauthier, Morals by Agreement, 299. For an extended critique of Gauthier’s approach, see Sauvé, “Gauthier, Property Rights, and Future Generations.”
At this stage, I will stay neutral regarding the viability of accounts of intergenerational justice that rely on indirect reciprocity.\textsuperscript{46} Assuming that indirect reciprocity counts as reciprocity in the sense relevant to the parties’ deliberation, we could appeal to the notion in determining which savings principle would more adequately reflect considerations of reciprocity. The question that arises is: Which savings principle best appeals to the notion of indirect reciprocity—the two-stage principle, the positive savings principle, or the aggressive savings principle?

There should be little doubt that, on grounds of reciprocity, the positive savings principle also triumphs over both the two-stage and aggressive savings principles. Since the positive savings principle requires every generation to save and invest for the future, no matter the stage of societal development, every generation (apart from the first to start saving) receives a benefit from the antecedent generation and provides a benefit to a subsequent generation. Hence, every generation except for the first contributes towards and benefits from gradually raising the material standard of living. Contrast this with the two-stage and aggressive savings principles. Both principles, in essence, allow for intergenerational free riding.\textsuperscript{47} Under two-stage saving, those lucky enough to find themselves in the steady-state phase have received considerable benefits at the expense of antecedent generations. Yet they are not expected to contribute to the same extent since their saving burden is minimal. Similar considerations apply to aggressive savings and its emphasis on a privileged generation reaping all the benefits of capital accumulation.\textsuperscript{48} If the notion of a fair system of indirect reciprocity is appealing, then it seems that the positive savings principle better embodies this ideal when contrasted with the two-stage and aggressive savings principles.

5.2 Publicity and Stability

Rawls writes that considerations of publicity “require the parties to evaluate principles of justice in the light of consequences—political, social, and psychological—of the public recognition by

\textsuperscript{46} As expected, there are difficulties with appealing to generational overlap and indirect reciprocity. Most notably, there is the problem of policies whose negative costs will affect temporally distant generations instead of adjacent ones (“time bombs” for short). See Gardiner, “A Contract on Future Generations?” 103-106.

\textsuperscript{47} For a discussion of intergenerational free-riding and its relevance towards models of intergenerational reciprocity, see Gossieres, “Three Models of Intergenerational Justice.”

\textsuperscript{48} One may object: the fact that a scheme of cooperation does not require equal sacrifice does not mean those who do not make any sacrifice are free riders. If hypothetical rational agents would agree to such an arrangement under fair conditions, it is a just arrangement of benefits and burdens, and there is no legitimate complaint of free riding. Yet, as suggested earlier, Rawls ultimately abandons the idea that his theory of justice is simply an extension of the theory of rational choice (\textit{JF}, 82, fn. 2). My comments about reciprocity and free riding appeal to the notion of \textit{reasonableness}, which is distinct from rationality, and which plays a more explicit role in Rawls’s later work. Per Rawls, reasonableness is an “intuitive moral idea” that is “applied to persons, their decisions and actions, as well as to principles and standards, to comprehensive doctrines and to much else” (\textit{JF}, 82).
citizens generally that these principles are affirmed by them and effectively regulate the basic structure” (JF, 121). Relatedly, considerations of stability require that “a political conception of justice must generate its own support and the institutions to which it leads must be self-enforcing” (JF, 125). These considerations, especially stability, do appear to justify concern for future generations by the parties in the original position. Yet at first glance they do not come on the side of any of the previously discussed saving principles.

Something can be said in favor of the positive savings principle over the two-stage and aggressive savings principle on grounds of publicity and stability if we consider additional empirical factors. Economists have long touted the positive consequences continuous economic growth has on human welfare.49 Benjamin Friedman advances a related position that is relevant here. Friedman has made an extensive case for the link between economic growth and the flourishing of liberal values and democratic institutions throughout the last two centuries.50 Friedman further argues that economic stagnation is linked to periods of declining civility, openness, and trust in democratic institutions. Friedman’s conjecture is arguably controversial, and so it is questionable whether it is one of the “general facts about human society” (TJ, 136) the parties have access to behind the veil of ignorance. Regardless, the plausibility of the link is highly relevant to considerations of publicity and stability. If Friedman is right, considerations of stability and publicity would come in favor of the positive savings principle, and in turn, continual economic growth.

6. Conclusion

It seems clear that Rawls would not endorse the positive savings principle since he is quite hostile to the view that social justice requires continual economic growth—a view that Rawls’s aversion to can likely be explained by his belief that it bears a close relation to utilitarianism. There is no hiding this hostility: “To achieve a [just society] great wealth is not necessary. In fact, beyond some point it is more likely to be a positive hindrance, a meaningless distraction at best if not a temptation to indulgence and emptiness” (TJ, 290/258-259). Despite this hostility, the aim of this article has not been to vindicate every aspect of Rawls’s thinking. Rather, the aim has been to provide a more complete account of justice between generations from within Rawls’s broader

49 Tyler Cowen offers the most recent defense along these lines. It should be noted that Cowen deviates from the standard defense by also appealing to the effects of economic growth on welfare viewed from a significantly longer time horizon than is typical for economists. See Cowen, Stubborn Attachments.
50 Friedman, The Moral Consequences of Economic Growth.
theory of justice. My main conclusion should not be of interest solely to those committed to Rawls’s theory of justice, but to anyone interested in answering the challenge of how the social contract tradition can provide a satisfactory account of questions pertaining to the intergenerational domain.

I conclude with some remarks about the viability and moral desirability of the positive savings principle and the notion that social justice requires continuous economic growth. Regarding viability, we must consider whether continuous economic growth is in fact possible on a finite planet. This is not a question I can adequately take up here—the argument I have advanced only matters if certain empirical assumptions hold. Regarding moral desirability, one can argue that the positive savings principle captures a salient judgment regarding the future of humanity, i.e., that our children and our children’s children live more prosperous lives than we do. There are also the various consequentialist considerations in favor of continual economic growth very briefly touched upon in the last section.51 Aside from being justified by the justificatory framework of the original position then, it may also be said of the positive savings principle that it better matches our judgments in reflective equilibrium.52

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REFERENCES

51 Consequentialist considerations cut both ways, of course. If pursuing continuous economic growth is a hindrance to securing other social primary goods (as Rawls’s comments suggest), then continuous economic growth would not be a requirement of social justice.
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