

**SET C: WHAT IS THE PROCESS FOR DISTRIBUTING THE GOOD?**

- Divide the cake so that persons with preferences for 3 pieces receive a larger piece than those with a preference for 2 pieces, who in turn receive a larger piece than those who prefer 1 piece or none.
- Divide the cake according to a competitive process in which members in the first row of the room have a 100 percent chance of getting a

- Divide the cake according to an electoral process in which a simple majority gets two-thirds of the cake. Choose two candidates and vote for them.
- Divide the cake according to a random process (lottery) in which each person has an equal probability of being selected to receive a piece of the cake. Repeat the process 30 times.<sup>52</sup>
- Divide the cake according to a random process members in the last row have no chance at all. members in the last row have a 20 percent chance. Some further away have a 40 percent chance, and members sitting a 60 percent chance, members in the fourth row have a 80 percent chance, members in the third row have a piece of cake, members in the second row have an

## CASE 7.2 THE ECONOMICS OF MORALITY: EVALUATING LIVING WAGE POLICIES

Groups A, B, and C from the last exercise will apply their rules to the issue of whether or not the "living wage" policies described in Case 7.2 are justifiable. Justify each of your rules by drawing on normative ethical and meta-ethical theories described in this chapter, including Nozick and Rawls. Then construct a 10-minute briefing in which you present a recommendation(s) to the mayor of a city considering a living wage.

The living wage movement is considered by many to be one of the most important grass roots political

mobilizations since the U.S. Civil Rights movement. Issues surrounding the adoption of a living wage are economic as well as moral and ethical. Economists are divided on the effects of the living wage on poverty, inequality, and employment, while the majority of religious and community leaders have supported the living wage for more than 100 years. The following calculations have been extracted from a web page ([www.livingwage.geog.psu.edu](http://www.livingwage.geog.psu.edu)) developed by Dr. Amy K. Glasmeier of the Massachusetts Institute of Technology. The living

TABLE C7.2.1

Hourly Wages	
Hourly Wages	One Adult, One Child
Living Wage	\$11.86
Poverty Wage	\$5.04
Minimum Wage	\$7.25
Hourly Wages	Two Adults, One Child
Living Wage	\$19.66
Poverty Wage	\$6.68
Minimum Wage	\$7.25
Hourly Wages	Two Adults, Two Children
Living Wage	\$24.10
Poverty Wage	\$7.81
Minimum Wage	\$7.25

<sup>52</sup>This is sampling with replacement, where each person selected is returned to the pool and can be selected again in each of the 30 draws.