

[This is the accepted manuscript of **Bank, Julian (2016): Mr. Winterkorn's Pay: A Typology of Justification Patterns of Income Inequality. Social Justice Research, 29(2), 228–252.** The final publication is available at Springer via <http://dx.doi.org/10.1007/s11211-016-0264-z>]

Mr Winterkorn's Pay – A Typology of Justification Patterns of Income Inequality

Abstract

This article develops a typology of justification patterns of income inequality by means of analysing the discourse surrounding executive pay in Germany. The case of a public debate about the record salary of the car manufacturer VW's CEO, Martin Winterkorn, in 2012 and 2013, is identified as a rich source for a reconstruction of specific argumentative patterns and their underlying premises. The typology presents five justification patterns, (i) equality of opportunity, (ii) desert, (iii) procedure of salary determination, (iv) harmful consequences of income inequality, and (v) need. Further cross-patterns are identified. A key finding is the crucial – but often not explicit – role of factual, definitional or behavioural premises. It is argued that unveiling the structure of justification patterns of income inequality can provide a key tool in scrutinizing as well as in further analysing public debates about income inequality.

Keywords: income inequality, justification patterns, typology, justice theory, justifying inequality, executive pay

Often, when a substantial premiss in an argument is unexposed, the argument convinces more than it would if that premiss were laid bare for inspection.

(G.A. Cohen, *Self-Ownership, Freedom, and Equality*, p. 66)

1. Introduction

Since the 1980s, most of the industrialized world has experienced an increase in income inequality (OECD 2014). In some countries this development has been especially driven by a marked rise in top incomes (Alvaredo et al. 2013). There is currently a lively debate about how to explain the rise in inequality and in top incomes (e.g. OECD 2011; Piketty 2014; Jaumotte and Buitron 2015). At the same time there is much discussion about whether and how to mitigate or reverse this development (e.g. Atkinson 2015; Piketty 2014). A key element of these debates – often only implicitly – consists in the discourse on the legitimacy of income

inequalities: what makes a specific instance of income inequality just or unjust? Which arguments can, conversely, be found to justify policies which prevent large discrepancies in remuneration?

In this paper¹, I focus on this discourse about the legitimacy of income inequality. I seek to unveil the argumentative structure of the respective justifications. To this end, I try to identify important premises and dimensions according to which common justification patterns can be classified. By developing a typology of justification patterns, I aim to contribute to our understanding of the contemporary public debate about income inequality. The typology will enable us to shed light on often somewhat confused or even incoherent justificatory statements. I aim to enrich empirical research on justifications of (income) inequality by providing a more detailed ‘map’ of arguments. Similarly, this work may serve as a building block in future analysis of the ‘cultural processes’ that presumably contribute to the rise in income inequality (Lamont et al. 2014).

Attitudes towards income inequality have been subject to both quantitative and qualitative research, mostly with a focus on rich countries. Quantitative research has identified various ‘stylized facts’ about views on inequality in general and on income inequality specifically (Evans et al. 2010; Sachweh 2010, pp. 62–63). Income inequality is widely perceived as existent and regarded as a social cleavage. Its extent however is typically underestimated and there is a bias of self-allocation towards the centre of the distribution, i.e. earners of high incomes tend to underestimate their relative income position whereas earners of low incomes tend to overestimate their position (Aalberg 2003; Kelley and Evans 1995; Osberg and Smeeding 2006; Engelhardt and Wagener 2014). Most people reject absolute income equality and they typically associate higher qualification with legitimate income advantages (Gijssberts 2002, p. 276). Empirical justice research has suggested that there are three main principles which are typically used to normatively evaluate income differentials, namely desert, need and equality. Desert tends to be the most dominant principle, especially - but not exclusively - amongst the better off (Aalberg 2003, p. 139; Miller 1992, p. 559).

Qualitative research has helped to explain the seemingly contradictory coexistence of these different principles. Sachweh (2010; 2011) has, for example, shown that in Germany the desert principle is widely shared across income levels. However the specific definition of ‘desert’ tends to be more friendly to inequalities in the view of earners of higher incomes. The principle

¹ Based on my master thesis (Bank 2013), available at <http://verteilungsfrage.org/?p=1415>.

of need, on the other hand, is seen as an important limit to the would-be extremes of a society governed purely on the basis of desert. One example of such a limit can be seen in progressive taxation. 'Need' may thus well be understood as complementary to the desert principle. Equality is typically either rejected as too extreme (equality of outcome) or regarded as a precondition (equality of opportunity). Dubet (2009) similarly distinguishes three principles to govern considerations of justice specifically at workplaces in France, namely equality, desert and autonomy. Burak (2013) identifies a number of principles that are referred to among Americans when asked about their attitude towards a cap on high incomes. Besides equality, need and desert, respondents referred to the values of 'individual freedom' and 'market processes', as well as to the 'scarcity of resources' when explaining, why they were for or against a cap.

Despite an increasingly rich understanding of attitudes towards distributional issues, we still lack a more specific and systematic examination of the different *argumentative patterns* employed in the discourse surrounding these attitudes: Which kind of normative statements are made to justify or to question an income inequality? What, specifically, is meant by a concept such as 'desert' or 'equality'? Which different notions can be subsumed under these overarching principles? Are there important implicit or explicit premises? How broad is the range of different justifications? Does the above mentioned threefold distinction capture all possible justifications?

Analytic political theory often discusses specific strands of arguments for and against equality in much detail, unfolding an abundance of 'immanent arguments' (Vrousalis 2015, p. 4). But there has been relatively little interest in a global overview or typology of different strands of justification patterns. For example, the 'equality of what' debate (Sen 1980; Cohen 1989; Dworkin 2002) vividly illustrates the complexity of one strand of egalitarian thought, that itself is only a subgroup of normative theory on income inequalities. Moreover, normative theory almost by definition rarely seeks an empirical grounding for its subject matter, although for example Miller (1992) has made some efforts to go in that direction.

This article thus also tries to narrow the gap between empirical justice research and normative theory. It empirically reconstructs the discourse on justifications of income inequality and it attempts on that basis to develop a typology that structures such justifications with reference to examples in normative theory. Its aim is to provide an overview, but still to account for the argumentative complexity that often gets lost when one focuses on few generic concepts like 'desert'.

I proceed in two steps. First, a body of data is analysed qualitatively in order to reconstruct the justification patterns empirically. The empirical case I have chosen for this purpose is the German public debate surrounding the record salary of Volkswagen CEO Martin Winterkorn in 2011. An inductive codification of German newspaper articles and a national public TV talk show yields a set of justification patterns that are pre-structured roughly according to different ‘families of justifications’, which emerge from the analysis. In a second step, I reconstruct a typology from this empirical raw material by identifying core justification patterns and various dimensions, according to which these patterns can be structured. Moreover, the typology seeks to link the empirical case to normative theory concerning income inequality by way of references to examples of pertinent theorists.

The next section briefly discusses the methodological framework. Particular attention is paid to the concept of discourse underlying the analysis and to the data sources used. Section 3 presents the empirical findings of the discourse analysis. Section 4 goes on to develop the typology of justification patterns. I conclude by reflecting on where this project leaves us and what further research remains to be done.

2. Data and methods

The empirical analysis is based on a discourse analysis of 132 German newspaper articles and the transcription of a German public TV talk show. They all discuss Volkswagen (VW) CEO Martin Winterkorn’s record salary in 2011 and his earnings in the subsequent year.

Following Keller (2008), a *discourse* is here understood as the abstract context of meaning of a certain topic, disconnected from specific events and circumstances. In contrast, a *discursive event* is one specific update of the underlying discourse (see Figure 1 below). Discourses understood in that sense materialize in specific discursive events, in real acts of communication, for example a public debate. The underlying discourse to such events may thus be seen as the set of ‘structuring principles’ (Keller 2008, p. 205, my translation) of those debates. The two concepts are hence intrinsically linked: a discourse cannot exist without discursive events and vice versa (Keller 2008, p. 205).

In the discourse analysis at hand, the discursive event consists in the public debate surrounding Martin Winterkorn’s record salary, whereas the discourse consists in the abstract realm of justification patterns of income inequalities. The debate about Mr Winterkorn’s salary is a specific update of the underlying general discourse on income inequalities. Figure 1 illustrates these distinct but interdependent levels of analysis:

[Fig. 1 Levels of analysis]

Two caveats should be noted. First, due to the data used – newspaper articles and a TV talk show – the analysis is restricted to the realm of an ‘elite discussion’, from which the discourse has to be reconstructed. This raises the question of representativeness. Also, in a strict sense, the object of analysis is, first of all, a discourse on *executive pay*, from which I generalize to justifications about income differences of any kind. Note however that many justifications in the data already appeared in generalized fashion, i.e. statements discussed the legitimacy of income inequality in general rather than specifically executive pay or Mr Winterkorn’s salary. I will come back to these questions of generalizability at the end of the article.

The Winterkorn case provides rich material for this undertaking. Firstly, by virtue of being reported as a record salary, Martin Winterkorn’s remuneration already resonated with an implicit call for justification. On the other hand, Mr Winterkorn, at that time, enjoyed an image of a down-to-earth CEO.² He was often contrasted with the much maligned figure of the ‘greedy banker’. One could say that Mr Winterkorn was taken to represent ‘real value’ being created in the automobile industry in contrast to the supposedly ‘virtual’ and ‘speculative’ activities of the finance sector. In addition, VW was more profitable at that time than had been expected, experiencing a sustained growth in turnover. In fact, this was the technical reason for Mr Winterkorn’s high salary in 2011. This discrepancy between public resentment about the amount of his remuneration and a relatively positive public image served to provide a broad range of argumentative patterns.

Martin Winterkorn’s record 2011 salary of 17.4 million Euros was published in March 2012.³ It arose in a context of increasing inequality and a decoupling of managerial pay from average wages in Germany since the 1980s (Schmidt and Schwalbach 2007, p. 119). The subsequent public debate led to the announcement by trade union representatives on the board of the co-determined car manufacturer that the reward system of the VW executive board would be amended so as to reduce the future salary of their CEO and the other directors.⁴ The public debate then resurfaced in early 2013 when Mr Winterkorn’s 2012 salary was publicized. While Volkswagen’s turnovers and profits had increased, Mr. Winterkorn’s salary had actually declined to around 14 million Euros due to the changes in the board’s remuneration system.

² He even won an ‘image award’ in 2011 for his alleged character traits like being down-to-earth and upright (Frankfurter Allgemeine Zeitung, FAZ, October, 8, 2011, p. 18).

³ FAZ, March 13, 2012, p. 9.

⁴ FAZ, May 8, 2012, p. 16.

The sample period of the discourse analysis accordingly extends over twelve weeks after the publication of the salary in 2012 and 2013 respectively. 538 newspaper articles from three major national quality newspapers (FAZ, Süddeutsche Zeitung and Handelsblatt), from the largest tabloid newspaper (Bild) and from the weekly magazine Spiegel mentioning Mr Winterkorn were included in the data set. The body of data was subsequently reduced to 132 relevant articles, dropping texts that repeated quotes or did not contain any justification patterns. A transcript of the Sunday night German public TV talk show, Günter Jauch, of March 10, 2013, which dealt with the issue of executive pay and made specific reference to Mr Winterkorn's case, was included as an additional data source.

The remaining body of data was then coded with a software package for qualitative data analysis. Codes were developed inductively, i.e. coding started without any pre-defined codes. A code was given to any sentence or paragraph containing a justification pattern, while allowing for double coding if more than one pattern was identified. A justification pattern was identified when the body of text gave an answer to the questions 'Why is Martin Winterkorn's salary / a high executive pay / an income differential (il)legitimate?'. Accordingly, any coded piece of text could yield a sentence 'Martin Winterkorn's salary / a high executive pay / an income differential is or are (il)legitimate because X', where X denoted the justification pattern. Note that the term 'justification pattern' is used both for positive and negative judgements about a certain income inequality, i.e. both legitimizing as well as *delegitimizing* statements.

During the coding process, the continuously growing body of codes was regularly restructured so that a host of 'families of justification patterns' became apparent. In the end, 105 codes were identified coding about 500 text segments. They were sorted broadly into seven families of justification patterns. Note, however, that this was only a first tentative structure. The attribution of individual codes to larger groups was in many cases ambiguous. The second step of developing a typology (section 4) was therefore necessary to disambiguate or to make it clear that overlaps were conceivable.

3. Empirical findings: Justification patterns of income inequality in the Winterkorn debate

The Winterkorn debate provided rich material for an empirical analysis of justification patterns of income inequalities. 105 codes for justification patterns were attributed to seven 'families' of justification patterns. Figure 2 presents a list of the families to which individual codes for justification patterns were tentatively attributed:

[Fig. 2 Families of justification patterns]

The next subsections introduce the individual families of justification patterns in more detail. Before I turn to these expositions, let me draw attention to one important overarching finding. It turned out that in many cases one can distinguish the justificatory *motif* from factual, definitional or behavioural *premises* employed by the respective justificatory statements. A justification pattern is typically composed of both, motif and premise(s). For example, if we consider a justification pattern (JP) of ‘desert’, the typical statement can be decomposed into the motif (M) of ‘desert’, its normative core, and into one or more premises (P) which further explicate the motif. Consider:

- (P) Performance consists, amongst other things, in inventing something useful. Inventions are made by researches in the R&D department and not by the CEO.
 - (M) The desert principle holds that pay should reward performance.
- ∴ (JP) Pay should reward the researchers and not the CEOs for inventions made in a company.

It is important to see that without changing the motif of ‘desert’, one could reach the opposite justificatory statement by simply modifying the ‘factual’ premise concerning performance attribution.⁵

3.1 Equality of opportunity

The first important family of justification patterns employs the motif of *equality of opportunity*. This motif appeared in the analysis in two guises, as formal and as substantive equality of opportunity.

An example for the justification pattern of *formal* equality of opportunity can be found in an FAZ newspaper comment on the legitimacy of Martin Winterkorn’s record salary:

⁵ Note that by the rules of formal logic, both elements (P) and (M) are *premises* of an argument with the conclusion (JP). Furthermore, both tend to be *normative*. It is obvious that the motif (M) is a normative premise. But the ‘factual’ premise can equally be normative. In fact, (P) may well rather than (M) turn out to be the *implicit* normative core of a justificatory pattern, whereas (M) then ‘only’ denotes the *explicit* normative label that by itself does not yet mean very much. However I take it that the above made preliminary conceptual distinction is the most straightforward framework to empirically capture justification patterns for a start, as well as to further structure them in a typology that marks out the relevant normative space of arguments for and against income inequalities. A further analysis of the structure and normative content of the premises themselves and their relationship to the motif may then allow further insights, but it should not anticipate the initial step of reconstruction attempted in this article.

[1] Nowhere market forces operate with as little bias as in the sports and show business. Anyone can stand on a stage and start lirting. If he finds people to pay for that, he will become rich. If not, he won't. Anyone can try to earn millions by playing football – he just needs to find a club that remits them.⁶

In contrast, the notion of *substantive* equality of opportunity focuses on social or even genetic preconditions, as well as structural considerations (for example that not everyone could do the same job in a society based on division of labour). The Left Party politician Sahra Wagenknecht used such 'structural' considerations to argue that equality of opportunity could not justify large wage differentials in a society based on a division of labour:

[2] Not everyone could set up a business. The country also needed nurses. "And it is a scandal how these people are paid".

'Bild'-tabloid commentator Michael Backhaus invoked the same motif of substantive equality of opportunity. But he denied Ms Wagenknecht's premise that such equality of opportunity did not exist. He thus defended Mr Winterkorn's pay using effectively the opposite justificatory pattern, but based on the same motif:

[3] Germany needs more Mr Winterkorns. People who out of their own effort rise towards being an industrial captain. Martin Winterkorn comes from a displaced family from Hungary, his father was a working man, his mother a housewife.

3.2 *Desert*

Another family of justification patterns can be subsumed under the headline of *desert*. This is by far the largest group of justification patterns found in the given empirical case. The list of subgroups in figure 3 illustrates various notions that were identified in this category. They can be broadly sorted into input- and output-based variants. The former focuses on how much *effort* (in its various forms) people put into the production process, whereas the latter focuses on the proportion of the income difference relative to the *outcome*. In some cases however, the distinction was not as clear-cut. In some instances both variants were even explicitly connected with each other.

[Fig. 3 Different notions of 'desert']

⁶ References to each quote are provided in the Appendix.

A classic version found in the data was the – output-oriented – reference to the *corporate success* of Volkswagen, from which employees benefited massively and for which Mr Winterkorn was held implicitly or at times explicitly responsible:

[4] Most of his salary is merit-based and the performance of VW is simply outstanding:
The corporation is in a superb position, employees are getting record bonuses.

Likewise, justifications referred to the *productivity* of the respective sector, as put forward by trade unionist Berthold Huber:

[5] Let us be clear: The metal and electrical industry is a high performance industry.
That must be reflected in the wages paid.

But there were other variants, for example justification patterns referring to *incentives*:

[6] A certain measure of inequality is vital to a market economy. The opportunity to earn more, to accumulate wealth, drives people to greater performance.

In a similar vein, it was argued higher than average incomes could serve to prevent corruption and other malpractice in businesses.

Another popular form of desert-related justification patterns was the reference to *responsibility*:

[7] What is often overlooked in this debate is that business leaders bear a much larger responsibility. If VW is successful, ten million people directly or indirectly feel the results as much as if does not go well. One of them is the minister of finance, Wolfgang Schäuble.

Note that responsibility could either refer to the output dimension of an individual's contribution, or to the input dimension, insofar as bearing more responsibility may imply a larger psychological strain for that person.

Furthermore, desert-related justification patterns addressed the issue of *recognition*. Mr Winterkorn himself seemed to employ such a motif when discussing his record salary and the question asking what he would use it for.

[8] Mr Winterkorn: “Well, I neither own a yacht nor a Picasso. If I indulge in something, it will be a nice watch; but my bonus also stands for the success of the company.”

His answer seems to rely on the implicit premise that the success is, to a significant extent, to be attributed to his own efforts. Otherwise it would not make much sense to consider *his bonus* as symbolic for the success of the company.

Another example for the importance of premises can be found in the following dispute about rewarding innovation, which inspired the earlier exposition of the difference between motif and premise. Businessman Carsten Maschmeyer and left-wing politician Sahra Wagenknecht invoked the same desert-related motif of rewarding innovation, but employed diametrically opposed premises with respect to what is to be understood by ‘innovation’:

[9] Mr Maschmeyer: “I own many companies, I like setting up businesses. Yesterday, we won the German Innovation award with a product that allows that people in future will need only one surgery instead of two, and if these CEOs, in that company of which I own a share, develop this product from which millions of people benefit, then they shall also have a good share in the profits.”

Ms Wagenknecht interrupts: “But it is not the CEO who develops that product. That is done by the people who work there, in the R&D department. The CEOs organize that, which is certainly an important job. But they are not the ones who invent, who do the research.”

Ms Wagenknecht here also touched on the theme of *exploitation*. This becomes even clearer in her reply to Mr Maschmeyer’s claim that many people employed double standards when accepting high incomes for someone working in the entertainment business while rejecting them for CEOs:

[10] Ms Wagenknecht: “But that is a fundamental difference. A CEO profits from the output produced by his employees. Musicians and sportsmen at least only earn from their own labour.”

In the same talk show, VW worker Gerhard Wulff made a similar point, stressing the importance of *collaboration*:

[11] If employees do not deliver quality, do their work well and bring forward the product, Mr Winterkorn can manage as much as he wants – it won’t help.

3.3 Procedure of income determination

Another important family of justification patterns focuses on the *process of income determination*. One variant referred specifically to the procedure according to which salaries of CEOs are determined in large German corporations, such as VW. In these cases the supervisory board decides on the reward system. Following the German tradition of co-determination, the supervisory board itself is controlled both by owners' and workers' representatives.

Defenders of the system did not want to question this procedure as the only legitimate way to determine the salary of a CEO. The chair of the Federation of German Industries (BDI), Ulrich Grillo, said:

[12] It is the job of the supervisory board to determine the salaries of CEOs. It is up to them to make sure they are appropriate.

Critics mentioned the susceptibility to manipulation and to a behaviour based on the principle of 'mutual back-scratching'. Former Daimler CEO Edzard Reuter complained:

[13] Among DAX companies there is a network of supervisors and managers. People know each other and they meet at a great many functions. One hand washes the other.

Another important, more general procedural justification pattern portrayed income differentials as legitimate outcomes of a free *market process*. A classic variant of this pattern, the *libertarian* version, was illustrated exemplarily in a newspaper column. First the author dismissed alternative desert-related motifs:

[14] The salary is neither determined by the amount of sweat (otherwise road construction would be a high wage sector), nor by the degree of responsibility (otherwise the Chancellor would be a rich woman), but only by its market value.

He then identified the pattern's deeper normative core, by reference to 'voluntariness', in the value of *freedom*:

[15] It is a fact that Messi's football magic is decisive for championships and revenue. (...) Demand is huge, the supply consists in one person. Its price hence goes towards infinity. Is that problematic, or even immoral? Certainly not. All who pay for Messi do so voluntarily (...).

Note that freedom is here understood as a (property-) rights-based concept, according to which voluntariness consists in an agent's participation in market transactions based on her property

rights. The market process is here presented as capable of legitimizing any outcome, including large income inequalities. In that vein, similar patterns referred to the ‘procedure’ of *binding contracts* and the primacy of *property rights*.

Alternative market-oriented justification patterns referred to valuable outcomes rather than intrinsic values (such as freedom). The market process, it was argued, raised *social welfare* and the resulting income disparities were legitimized by this utility gain. Note that all these patterns implied the premise that market processes would function successfully. In a parallel fashion, unjust income inequalities were associated with market failures.

3.4 Harmful consequences

One family of justification patterns criticized the record salary because of its *harmful consequences* to society. The theme here is that social cohesion is being endangered and acceptance of the ‘Social Market Economy’ is being undermined by salaries like Mr Winterkorn’s. In some cases the argument was strategic rather than intrinsically normative:

[16] The critique of executive pay should be taken seriously precisely because - ultimately - it is an expression of the erosion of trust in the existing economic and social order.

3.5 Need

Other justification patterns questioned Mr Winterkorn’s pay by claiming he would not *need* such high pay. As VW employee Mr Wulff put it bluntly:

[17] What does Mr Winterkorn want to do with all that money? He will not be able to spend it all! That guy has a 60 to 70 hours week, he simply won’t have the time to spend his money.

A more subtle reference to ‘need’ by former Nestlé manager Helmut Maucher introduced an effective distinction into structural principles of justice, according to which even large income differences might be legitimate, and an individual ethics that might nonetheless demand a voluntary renunciation of parts of the salary:

[18] No doubt the double-digit million salary of VW manager Mr Winterkorn was legitimate (...). But he still did not have to insist on receiving it. “We top managers all have enough money”. He, Maucher, would have reimbursed part of the salary.

3.6 Frame of reference

Some justification patterns tied the question of legitimacy to the *frame of reference* within which a given income inequality occurs. One and the same salary could be legitimate in one context (firm, sector, etc.), yet illegitimate in another one:

[19] (...) supervisory boards should not so much leer at their competitors but they should also look at the internal pay structure of their company. The pay discrepancy between average employees and the management should not be too large.

Similarly, some patterns distinguished between the sector in which income was earned, between industry in contrast to finance, or between politics, public services and civil society on one hand and the business sector on the other hand.

3.7. Strategic and pragmatic

Two other forms, strategic and pragmatic patterns, were in a strict sense not *normative* justifications, but rather ‘brackets’ for other justification patterns, which effectively reversed the ‘signs’ of the initial pattern. Consider the *strategic* variant. In its normative core, the justification could, for example, consist in a procedural motif. However, a *strategic* bracket restricted the extent to which the procedural view was to be applied, in order to protect companies from regulation. As a supervisor in a number of German DAX-companies, Manfred Schneider, openly admitted:

[20] “My aim is to prevent further political regulation. We should solve the issue by ourselves. This could simply be done by defining limits.”

Conversely, a *pragmatic* pattern would accept the large income difference *despite*, at its normative core, condemning it. A cost-benefit analysis could reveal that regulation was too much of an effort:

[21] Everywhere, you have got top employees who earn exorbitant sums of money. (...) But as it is such a small number of people, it is not worthwhile to consider regulations.

Similarly, talk-show host Günter Jauch suggested that reducing Mr Winterkorn’s salary and redistributing the amount to the hundreds of thousands of employees would make virtually no difference to individual salaries. Note that this cost-benefit analysis rests on the premise that the income difference is purely monetary, rather than impacting, for example, status, recognition, freedom, or access to power. Also note that the argument implies a factual premise

that the volume of top incomes in fact was irrelevant – a premise recent empirical studies on the macroeconomic relevance of top incomes put in question (Alvaredo et al. 2013, p. 4).

4. Justification patterns of income differences – a typology

Having looked at the empirical case of the public debate surrounding Mr Winterkorn's pay, we can now turn to an attempt of generalizing and structuring the various justification patterns in a typology. The concept of *typology* is rooted in the Greek term 'typos' (impression, figure, pattern). At the end of the 19th century Carl Menger established it as a term of the social sciences. According to him it denotes a 'repeated manifestation' (Kluge 1999, p. 26, my translation). Max Weber also gave centre stage to the concept by developing key ideal types in his 'Basic Sociological Terms' (Weber 1976, p. 3). Barton and Lazarsfeld proposed a more narrow definition of 'typology'. They define a 'type' as a specific 'compound of attributes' (Lazarsfeld and Barton 1951, p. 169). A typology, thus understood, denotes a classificatory system, the so-called 'attribute space', in which types can be unambiguously allocated across the various dimensions of attributes. The purpose of a typology is to identify *similarities* and *differences* within an object of investigation. Ideally a type is characterized by 'internal homogeneity' (within one type) and 'external heterogeneity' (across types). The typology serves as the 'bracket, that unites different types to one common typology' (Kluge 1999, p. 29, my translation). A typology gives a structured overview and is thus a 'conceptual tool' in the quest for knowledge (Kluge 1999, p. 63).

The typology developed here is understood in this sense: it is designed to provide a structured overview of the various types of justification patterns for and against income inequality. It maps the argumentative space, in which such justificatory statements can be located. It is however not a typology in the strict sense which Lazarsfeld and Barton had in mind. This is because it does not identify all logically possible attributes (a procedure called 'substruction'), from which one could then pragmatically reduce the attribute space. The typology developed here rather provides, so to speak, a structured kit of building blocks of justification patterns. As will become clear in subsection 4.2, there is not one unambiguous, transitive order among elements of the proposed typology. Overlaps occur in various directions.

In developing this typology, I also seek to show links to the treatment of income inequalities in normative political theory, but without attempting to develop a systematic account of this treatment. Rather, by way of cursory references, various strands of political thought will be located in the argumentative space that has been reconstructed on an empirical basis in the

preceding section. Recalling the definition of discourse underlying the analysis (see section 2), the step to develop a typology from the empirical raw material in fact completes the attempt to reconstruct the discourse as the deeper context of meaning that underlies any specific discursive event such as the Winterkorn debate.

I have identified seven families of justification patterns in the empirical analysis. To my mind, the most important themes are the following five motifs, which I accordingly place at the centre of my typology: desert, procedure of income determination, equality of opportunity, harmful consequences and need. The other motifs are defined as ‘cross patterns’. They typically encapsulate other motifs or merge various of the five key motifs into one mixed pattern. In the following subsections, I briefly discuss each key motif and the various dimensions, according to which they are structured in the typology. I then briefly introduce several cross patterns before finally discussing the more general question of overlaps between single elements of the typology. *Table 1* below displays the typology.

[Table 1 Justification patterns of income inequality – a typology]

4.1 Key motifs and structuring dimensions

The five key motifs that constitute the core of the typology of justification patterns can be broadly distinguished into two groups of different scope. The motifs of desert and process typically constitute *sufficient conditions* for a justification pattern. They can (but do not need to) by themselves provide a comprehensive ‘measure’ according to which income differences may be judged (compare for example quotations [4], [12] or [15]). In contrast, the other three motifs – equality of opportunity, harmful consequences and need – typically form *necessary conditions* as ‘restrictions’ concerning the legitimacy of income inequalities, in that they either define a starting condition or a boundary. But they do not typically, by themselves, explicate what determines a just income difference within these boundaries (e.g. [16] or [17]).

Each core motif can furthermore be differentiated into a number of key *variants*. These variants can differ widely both in quality (why) and in terms of the quantity (how much) of legitimate income differences. Moreover, justification patterns may either refer to *intrinsic* values of justice (e.g. [8]) or they may place inequalities into a *functional* relation to other values, such as welfare, social cohesion or democracy (e.g. [6]). In the case of equality of opportunity and

harmful consequences, only one such dimension fits the motif, whereas in the other cases, both dimensions constitute different nuances of one single motif or of its variants.⁷

Finally, as elaborated in the empirical section above, each motif is typically accompanied by certain *premises* that may contain important information specifying the application of the motif. These may be factual, behavioural or definitional assumptions. In the typology, examples for premises are given, but these by no means give an exhaustive account.

Motif: desert

As pointed out in the empirical section, the motif of desert can be distinguished into *input-* and *output-*related justifications of income differences.⁸ A third variant combines both by considering just remuneration differences in terms of input-output-*relations*. It is important to see that the different variants allow for a wide range of distributional outcomes: a high degree of equality may (but need not) be favoured by the purely input-oriented, luck egalitarian approaches of *G. A. Cohen* and *Ronald Dworkin*. According to Cohen, inequalities may be legitimate only inasmuch as the disadvantaged person may be held responsible for the disadvantage (Cohen 1989, p. 916). Family background or genetic ‘luck’ are not considered to be sources of just income differences. In a similar vein, *Karl Marx* employs an input-related motif of desert in his ‘Critique of the Gotha Programme’ when he demands that workers should have a right to the full value of their produce (Marx 1970 [1891]).⁹

In contrast, especially the other two forms, output variants or input-output-relations, tend to allow for larger inequalities. They can be closely related to the market variant of procedural motifs (see below). For example, output-oriented variants may consider the outcome of ‘corporate success’ as the key magnitude to determine just income differences.

Desert-related justification patterns may refer to intrinsic principles of justice or regard inequalities as functional to other values. An intrinsic form can be found in *Axel Honneth’s* social theory of recognition, in which legitimate material inequalities represent differences in

⁷ Note that the distinction between intrinsic values of justice and functional relation to other values collapses in the case in which realizing another value is set as the principle of justice, as with utilitarian approaches. However, even in this case, the dimension may help distinguish principles that are either valuable in themselves (deontological) and principles that only indirectly serve another value (teleological).

⁸ This distinction can for example be found in Offe (1977, p. 107), who identifies an ‘unresolved dualism’ (‘*unausgetragener Dualismus*’) of criteria contained in the desert principle.

⁹ Although Marx only seems to see this as an intermediate goal which shall be progressively superseded by the principle of need (White 1996, p. 95).

recognition (Honneth 2003).¹⁰ In contrast, functional accounts, as for example *John Rawls*' 'Theory of Justice', hold that inequalities are necessary to incentivize higher performance which may in turn be beneficial to social welfare or to the welfare of the worst off (Rawls 1999 [1974]). Note that in Rawls' case, a legitimacy pressure against the inequality based on the value of equality, is withstood on the grounds of another value, namely social welfare.

Motif: procedure of income determination

Amongst procedural motifs, the *market process* presumably marks the most prevalent variant, with two main sources of legitimacy, freedom and welfare maximization. According to the intrinsic, libertarian notion, the market process is a just procedure with just distributional results if these outcomes are the results of voluntary transactions on the basis of legitimate property rights – a position most prominently spelled out by *Robert Nozick*. It is a theory of justice whose locus of justice consists in a rights-based conception of freedom. Quote [15] represents a perfect analogy to Nozick's 'Wilt Chamberlain example', where a basketball player legitimately receives a quarter million simply because all his spectators voluntarily pay for their tickets (Nozick 1974, pp. 160–164). Alternatively (or complementarily), *Welfare Economics* sees the market process as the means to maximize welfare, and the income differences resulting from the market process as an inevitable outcome (e.g. Marshall 1907, p. 265).

A key premise of the market variant of procedural justification patterns consists in the assumption of functioning 'free markets'. Markets are said to realize more freedom of market participants or more welfare than their implicit or explicit counterfactuals against which this justificatory motif is directed, namely less 'free' markets with greater degrees of redistribution. If markets fail to do so, the reason is assumed to consist in an impediment to their functioning (typically state regulations), rather than a potential malfunctioning. A further definitional premise of the libertarian subvariant consists in the definition of freedom in terms of private property rights.¹¹

An alternative procedural variant can be modelled on the *democratic process*. For example, following *Jürgen Habermas*' discourse ethics perspective on democracy – the so called deliberative democracy – an income difference might be legitimate if it was the result of a fair

¹⁰ Note that Honneth does not endorse but rather describe the justification pattern in his theory of recognition (Honneth 2003, p. 166).

¹¹ A position that has been challenged as conceptually fragile by G. A. Cohen (1995). Directed at the above mentioned 'Wilt Chamberlain example', Cohen also points out that it need not be so that people who voluntarily pay for a ticket agree with the distributive results, which could likewise be legitimately 'upset' by redistributive policies (Cohen 1995, p. 26).

deliberation. A deliberation is fair if each one affected had equal opportunities of speech (Habermas 1971, pp. 136–141, 1999). Alternative, potentially less demanding democratic procedures are of course conceivable in this variant.

A third variant of procedural patterns may consist in the equality of bargaining power of the *Social Partnership* of ‘corporatist’ settings of corporate governance. An income (difference) here would be just if it was the result of a fair bargaining process between capital and labour (Höpner 2003, p. 193).

Motif: equality of opportunity

According to the motif of equality of opportunity, income inequalities may be legitimate if everyone had equal opportunities to the advantages in question. Equality may here be defined more or less narrowly, resulting in different variants of the motif. A weak variant, *formal* equality of opportunity holds that everyone has to have equal rights and formal access to the opportunities for advantage, but it disregards social preconditions or natural talents in evaluating that equality. Accordingly, *substantive* equality of opportunity is more restrictive towards inequalities in that it includes the latter preconditions.¹²

Motif: harmful consequences

The motif of harmful consequences typically delegitimizes income differences by stating that they had detrimental effects in certain respects. The different variants of this motif represent different values whose realization is impaired by the inequalities, such as democracy, social cohesion, or the acceptance of the market economy. A special variant is the inverted motif of the social cohesion variant, which is put forward by *John Maynard Keynes*, when he famously proclaims that it was ‘better that man should tyrannise over his bank balance than over his fellow-citizens’ (Keynes 1973 [1936], p. 374). Although he is generally denouncing too large income inequalities in this chapter of his *General Theory*, Keynes here warns that too *little* income inequality could also have harmful consequences.

¹² A discussion of the historical evolution of different concepts of equality of opportunity from formal status and equal rights at the market, replacing feudal status differences, to social and political rights, emerging with the rise of democracy and the social welfare state, can be found in T.H. Marshall’s essay ‘Citizenship and Social Class’ (Marshall 1965 [1949]). Interestingly, T. H. Marshall also illustrates in how far the two motifs of *equality of opportunity* and the procedural motif of *Social Partnership* may overlap, as well as how *Social Partnership* and *Democracy* may overlap: Marshall calls the instrument of collective bargaining a ‘secondary system of industrial citizenship’, which helps transcend asymmetries of contract between employees and employers characteristic of the ‘individualistic phase of capitalism’ (Marshall 1965 [1949], pp. 103–104; see also Streeck 1988, pp. 17–23).

Motif: need

A final key motif in the typology is the need principle. It may serve both to legitimize and question income differences. Consider a classic *biblical* example, the parable of the Workers in the Vineyard (Matthew 20: 1-16), in which workers at the end of a workday receive the same wage despite having worked different lengths of time. One way of interpreting the parable is that the needs principle here trumps alternative intuitions of justice, as for example a desert motif that might demand equal *hourly* wages, or wages according to *productivity*. So in terms of remuneration per working time or per output, this is a justification of income *inequality*. It here substitutes alternative metrics (such as working time or productivity, as subvariants of the desert motif, or a procedural motif).

The motif may also only limit other metrics, in that income inequalities may not surpass a certain degree. Two variants are conceivable. According to the stronger variant of *sufficiency*, inequalities are only legitimate if no one gets more than he or she needs. Alternatively, the weaker variant would hold that inequalities were legitimate if no one received less than required for need satisfaction – call it *subsistence*. Note the key role for premises in further defining ‘needs’.

As mentioned above, another proponent of the need principle is *Karl Marx* in his famous dictum in the ‘Critique of the Gotha Programme’, that in communist society, society could ‘inscribe on its banners: from each according to his ability, to each according to his needs’ (Marx 1970 [1891], p. 17).

Whereas Marx and Matthew seem to employ intrinsic accounts of justice based on the principle of need, functional accounts may pursue other ideals in which inequalities only play an indirect role. Consider for example *Martha Nussbaum’s* ‘Aristotelian essentialism’ according to which distributional results are not directly relevant. Rather it counts that everyone could live in dignity, to which inequality may turn out to be detrimental (Krebs 2000, pp. 30–31; Nussbaum 1992).

4.2 Cross patterns and overlaps

Another group of five justification patterns did not qualify as motifs in their own right. They can rather be described as ‘cross patterns’ that transform or mix some of the previous core motifs. Take the two patterns, ‘pragmatic’ and ‘strategic’. The *pragmatic* pattern ‘justifies’ income inequalities against its own implicit normative rejection of these income differences,

typically as a result of a cost-benefit analysis. An income inequality may be illegitimate – but this core justification pattern is encapsulated by a ‘pragmatic’ consideration stating it was not worth the effort doing anything about it. Inversely, the *strategic* pattern effectively opposes an income inequality although, at its normative core, it considers the income difference as just. So both patterns in essence reverse the ‘sign’ of the justification.

The *additive* pattern combines a number of other motifs, possibly even in quite technical manner as a mathematical additive function. A just overall distributional result is derived from a somehow qualified mix of various separate justice considerations. Proponents of this pattern can be found amongst political theorists such *Michael Walzer* with his ‘Spheres of Justice’ (Walzer 1983) and *David Miller* with his ‘Principles of Justice’ (Miller 1999). A related pattern, possibly a variant of the previous one, can be seen in the *frame of reference*, according to which income differences are judged depending on their social context, for example the company, geographic space or sector.

Finally, the pattern of *facticity* ‘turns off’ any other justification patterns by simply referring to the allegedly inescapable social reality of certain or all income inequalities. In a sense it appears not to be a normative statement at all. However, by virtue of rejecting its counterfactuals of alternative justification patterns it can be regarded as normative itself.

As pointed out above, there are a number of overlaps between different key patterns. For example, output-related desert patterns often overlap with procedural justifications of inequality referring to the market mechanism. They also typically rely on the precondition of formal equality of opportunity. Other overlaps are conceivable for example between input variants of desert and substantive equality of opportunity. As Figure 4 shows, the overlaps are not transitive, i.e. there is not one natural hierarchy amongst them which would allow further disambiguation. This is why I chose not to further divide the five key patterns. The advantage of this approach is to keep a good overview of justification patterns and see the schools of thought they can be traced back to. This way, one also remains close to certain ‘signal terms’ such as ‘desert’ or ‘equality of opportunity’, which helps clarify why they can end up mean very different things depending on how encompassing premises are spelled out.

[Fig. 4 Schematic illustration of overlaps]

It is important to keep in mind that the above presented typology of justification patterns of income inequality does have its limits. First, it is not a typology in the strict sense that it shows all logical possibilities to justify income inequalities. As pointed out above, it is rather designed

to give an overview and to provide a kit of building blocks of justification patterns including their premises. Secondly, the typology does not consider other forms of economic inequality than income inequality (such as wealth inequality), let alone immaterial forms of social inequality (such as status or power). It remains a task at hand to examine where the typology may be further generalized to other forms of inequality and where not.

A final caveat of the typology concerns the question of a positive definition of just income differences. As inherent in the approach, the typology provides arguments as to how to evaluate the (il)legitimacy of one *given* income inequality – but it often does not tell us from scratch which precise income difference would be legitimate. Some justification patterns could solve this issue by their virtue of retreating to a procedure or a starting condition (namely the procedural pattern and equality of opportunity). Only the desert principle typically seeks to establish a precise metric of just income differences. But the latter unsurprisingly turns out to be the vaguest justification pattern, most dependent on the associated premises spelling out how effort, attribution or outcomes are to be defined.

5. Conclusion

The article has developed a typology of justification patterns of income inequality by way of analysing the German public debate about VW CEO Martin Winterkorn's record salary. The debate has proven a rich source of justification patterns. As many justificatory statements came in generalized fashion, the material turned out to reach beyond the discourse surrounding executive pay.

Five core justification patterns were found: equality of opportunity, desert, procedure of salary determination, harmful consequences, and need. Their scope ranges from starting conditions, metrics and procedures to limits concerning income inequality. Some patterns, most notably the desert pattern, may be compatible with a broad range of different legitimacy outcomes, from a more egalitarian stance to legitimizing large inequalities. It was noted that this crucially depends on the specific variant employed and its associated premises. Besides the key patterns, a number of cross patterns were identified that can be composed of a mix or variation of the key patterns.

The typology that was developed complements quantitative and qualitative research on views of income inequality in that it draws a map of the argumentative space of justification patterns of income inequality. It thus serves to give a more nuanced overview of justification patterns than typical empirical research provides us with. At the same time, it complements normative

theory by way of drawing upon an empirical analysis. In my view, both branches of research dealing with the question of justifications of income inequality may benefit from this overview and may contribute to further elaborate it.

The analysis accordingly leaves a number of open questions and routes for further research. To begin with, it remains a question on its own, whether and in how far the justification patterns may be generalized to other forms of inequality. A related question concerns the completeness of the typology. Does it miss important justification patterns despite the amount of material analysed and the breadth and the generality of the debate? One might argue, that the short period from which data was included in the analysis may bias the result towards the current *Zeitgeist* of German public debates, often described as ‘neoliberal’. I would argue however, that the typology has been termed in abstract enough terms that it reaches beyond current debates. Take the desert pattern or the procedural pattern. Both can be interpreted in ‘neoliberal’ terms, i.e. justifying income inequalities as market outcomes (procedural) or as the representing differences in productivity (desert). However, as pointed out above, the same patterns may be interpreted very differently when alternative variants or premises are employed. A similar case could be made for equality of opportunity. I would thus hold that the presented typology is typology enough to draw out the logical space in which arguments for and against income differences may possibly be brought forward.

I see three especially promising paths for further research based on the results presented here. First, one might use the typology as a map for a final step of what is often understood as discourse analysis: an analysis of the strength of certain argumentative patterns and their attribution to specific material interests and their ideological underpinnings. My research project factored out this interest and power oriented approach. What I have provided is the ‘cartography’ for such an analysis. Now a logical step could be to examine the strategic use of certain justification patterns building upon this map in order to evaluate the relationship between discourse, interests and inequality.

A second route for further research is related to such an interest oriented analysis, but it reaches into the realm of economic sociology (or an economics approach which is open to sociological observations). The question concerns the process of income determination. A wide array of research tries to understand how prices on labour markets are determined. If the typical neoclassical assumption that wages mainly reflect marginal productivity can be shown to be inaccurate or at least incomplete and that justification patterns turn out to be an important factor, we might be able to unveil an all too vicious circularity in here: A dominant justification pattern

consists in the procedural pattern in its market variant. But if justification patterns themselves play a key role in determining income inequalities, this begs the question. Being able to show this would put pressure on both the alleged legitimacy of allegedly market-induced income inequalities and the respective policy choices concerning income inequality.

A final route ahead stretches into the realm of political theory. This project has only sought cursory links to the history of normative theory. It would be an excellent complement to this empirical reconstruction of justification patterns (but also an arduous project), to develop a systematic account of the history of normative thought on justifications of (income) inequality.

What I hope to have shown so far is that the question of justifying income inequalities is a highly interesting one that deserves far more attention, not least given its high relevance for the current affairs of our modern age of inequality.

Acknowledgements:

I would like to thank my family, as well as Julian Becker, Florian Dahl, Hannah Höchner, Frances Marshall, Conor McGloin and Reuben Saxon for their support and helpful comments. I would also like to thank the supervisor of my original master thesis, Wolfgang Streeck, as well as my current supervisor Till van Treeck, for making this project possible. All errors are mine.

Ethical approval:

This article does not contain any studies with human participants or animals performed by any of the authors.

There are no conflicts of interest.

Funding: None

6. References

- Aalberg, T. (2003). *Achieving Justice: Comparative Public Opinion on Income Distribution* : Brill.
- Alvaredo, F., Atkinson, A. B., Piketty, T., & Saez, E. (2013). *The Top 1 Percent in International And Historical Perspective* (NBER Working Paper 19075). Cambridge, MA.
- Atkinson, A. B. (2015). *Inequality: What can be done?*. Cambridge, MA: Harvard University Press.
- Bank, J. (2013). *Wie werden Einkommensunterschiede in Deutschland gerechtfertigt? Eine Typologie der Rechtfertigungsmuster von Einkommensungleichheit in Deutschland anhand einer Diskursanalyse der 'Causa Winterkorn'*. Köln.
- Burak, E. (2013). The social maximum: American attitudes toward extremely high incomes. *Research in Social Stratification and Mobility*, 31, 97–114. doi:10.1016/j.rssm.2012.11.003
- Cohen, G. A. (1989). On the currency of egalitarian justice. *Ethics*, 99(4), 906–944.
- Cohen, G. A. (1995). *Self-Ownership, Freedom, and Equality*. Cambridge University Press.
- Dubet, F. (2009). *Injustice at Work*. Florence: Taylor and Francis.
- Dworkin, R. M. (2002). *Sovereign Virtue: The Theory and Practice of Equality*. Cambridge, Mass, London: Harvard University Press.
- Engelhardt, C., & Wagener, A. (2014). *Biased Perceptions of Income Inequality and Redistribution* (CESifo Working Paper Series 4838).
- Evans, M. D. R., Kelley, J., & Peoples, C. D. (2010). Justifications of Inequality: The Normative Basis of Pay Differentials in 31 Nations. *Social Science Quarterly*, 91(5), 1405–1431. doi:10.1111/j.1540-6237.2010.00738.x
- Gijsberts, M. (2002). The Legitimation of Income Inequality in State-socialist and Market Societies. *Acta Sociologica*, 45(4), 269–285. doi:10.1177/000169930204500402
- Habermas, J. (1971). Vorbereitende Bemerkungen zu einer Theorie der kommunikativen Kompetenz. In J. Habermas & N. Luhmann (Eds.), *Theorie der Gesellschaft oder Sozialtechnologie: Beiträge zur Habermas-Luhmann-Diskussion* (pp. 101–141, Theorie-Diskussion, Vol. 1). Frankfurt am Main: Suhrkamp.
- Habermas, J. (1999). *Die Einbeziehung des Anderen: Studien zur politischen Theorie* (Suhrkamp Taschenbuch Wissenschaft, Vol. 1444). Frankfurt am Main: Suhrkamp.
- Honneth, A. (2003). Umverteilung als Anerkennung: Eine Erwiderung auf Nancy Fraser. In N. Fraser & A. Honneth (Eds.), *Umverteilung oder Anerkennung?: Eine politisch-philosophische Kontroverse* (pp. 129–224, Suhrkamp Taschenbuch Wissenschaft, Vol. 1460). Frankfurt: Suhrkamp.
- Höpner, M. (2003). *Wer beherrscht die Unternehmen?: Shareholder Value, Managerherrschaft und Mitbestimmung in Deutschland* (Schriften aus dem Max-Planck-Institut für Gesellschaftsforschung, Köln, Vol. 46). Frankfurt, New York: Campus Verlag.
- Jaumotte, F., & Buitron, C. O. (2015). Power from the People. *Finance and Development*, 52(1), 29–31.
- Keller, R. (2008). *Wissenssoziologische Diskursanalyse*. Wiesbaden: Springer Fachmedien.
- Kelley, J., & Evans, M. D. R. (1995). Class and class conflict in six Western nations. *American Sociological Review*, 60(2), 157–178.
- Keynes, J. M. (1973 [1936]). *The General Theory of Employment, Interest and Money*. London and Basingstoke: MacMillan.
- Kluge, S. (1999). *Empirisch begründete Typenbildung: Zur Konstruktion von Typen und Typologien in der qualitativen Sozialforschung*. Opladen: Leske und Budrich.
- Krebs, A. (2000). Einleitung: Die Neue Egalitarismuskritik im Überblick. In A. Krebs (Ed.), *Gleichheit oder Gerechtigkeit: Texte der neuen Egalitarismuskritik* (pp. 7–37, Suhrkamp Taschenbuch Wissenschaft, Vol. 1495). Frankfurt am Main: Suhrkamp.

- Lamont, M., Beljean, S., & Clair, M. (2014). What is missing?: Cultural processes and causal pathways to inequality. *Socio-Economic Review*, 12(3), 573–608. doi:10.1093/ser/mwu011
- Lazarsfeld, P. F., & Barton, A. H. (1951). Qualitative Measurement in the Social Sciences: Classification, Typologies, and Indices. In D. Lerner & H. D. Lasswell (Eds.), *The Policy sciences: recent developments in scope and method* (pp. 155–192).
- Marshall, A. (1907). *Principles of economics* (5th ed.). London: MacMillan.
- Marshall, T. H. (1965 [1949]). Citizenship and Social Class. In T. H. Marshall (Ed.), *Class, Citizenship, and Social Development. Essays by T. H. Marshall* (pp. 71–134). New York: Anchor Books.
- Marx, K. (1970 [1891]). Kritik des Gothaer Programms. In K. Marx & F. Engels (Eds.), *Ausgewählte Schriften in zwei Bänden* (18th ed., pp. 7–28, I). Berlin: Dietz Verlag Berlin.
- Miller, D. (1992). Distributive Justice: What the People Think. *Ethics*, 102(3), 555–593. doi:10.2307/2381840
- Miller, D. (1999). *Principles of Social Justice*. Cambridge, Mass: Harvard University Press.
- Nozick, R. (1974). *Anarchy, State and Utopia* : Basic Books.
- Nussbaum, M. C. (1992). Human Functioning and Social Justice: In Defense of Aristotelian Essentialism. *Political Theory*, 20(2), 202–246. doi:10.1177/0090591792020002002
- OECD. (2011). *Divided We Stand: Why Inequality Keeps Rising*. <http://www.oecd.org/els/soc/dividedwestandwhyinequalitykeepsrising.htm>. Accessed 6 January 2016.
- OECD. (2014). *Focus on Inequality and Growth - December 2014*. <http://www.oecd.org/social/Focus-Inequality-and-Growth-2014.pdf>. Accessed 6 January 2016.
- Offe, C. (1977). Leistungsprinzip und industrielle Arbeit. In G. Hartfiel (Ed.), *Das Leistungsprinzip: Merkmale, Bedingungen, Probleme* (1st ed., pp. 102–118, Uni-Taschenbücher, Vol. 573). Opladen: Leske und Budrich.
- Osberg, L., & Smeeding, T. (2006). “Fair” Inequality? Attitudes toward Pay Differentials: The United States in Comparative Perspective. *American Sociological Review*, 71(3), 450–473.
- Piketty, T. (2014). *Capital in the Twenty-First Century*. Cambridge, Mass. [u.a.]: The Belknap Press of Harvard Univ. Press.
- Rawls, J. (1999 [1974]). *A Theory of Justice*. Cambridge, Mass: Belknap Press of Harvard University Press.
- Sachweh, P. (2010). *Deutungsmuster sozialer Ungleichheit: Wahrnehmung und Legitimation gesellschaftlicher Privilegierung und Benachteiligung* : Campus Verlag.
- Sachweh, P. (2011). The moral economy of inequality: popular views on income differentiation, poverty and wealth. *Socio-Economic Review*, 2011, 1–27.
- Schmidt, R., & Schwalbach, J. (2007). Zu Höhe und Dynamik der Vorstandsvergütung in Deutschland. In *Der ehrbare Kaufmann: modernes Leitbild für Unternehmer?* (pp. 111–122). Wiesbaden: Gabler.
- Sen, A. (1980). Equality of What? Delivered at Stanford University, May 22, 1979. *The Tanner Lecture on Human Values*, 195–220.
- Streeck, W. (1988). *Status und Vertrag als Grundkategorien einer soziologischen Theorie der industriellen Beziehungen: Habilitationsvortrag, gehalten am 12. November 1986 vor der Fakultät für Soziologie der Universität Bielefeld*. Überarbeitete und erweiterte Fassung (Discussion Paper FS I 88-3). <http://skylla.wz-berlin.de/pdf/1988/i88-3.pdf>.
- Vrousalis, N. (2015). *The Political Philosophy of G. A. Cohen*. London: Bloomsbury.
- Walzer, M. (1983). *Spheres of Justice: A Defense of Pluralism and Equality*. Basic Books.
- Weber, M. (1976). *Wirtschaft und Gesellschaft: Grundriss der Verstehenden Soziologie* (5th ed.). Tübingen: J. C. B. Mohr (Paul Siebeck).

White, S. (1996). Needs, Labour, and Marx's Conception of Justice. *Political Studies*, 44(1), 88–101.
doi:10.1111/j.1467-9248.1996.tb00758.x

Appendix

References to the quotes in section 3.

- [1] Frankfurter Allgemeine Sonntagszeitung (FAS) (2012, March 25). Dürfen Top-Manager ihre Gehälter an Star-Gagen messen?, p. 37.
- [2] Frankfurter Allgemeine Zeitung (FAZ), FAZ.NET (2012, March 27). Herr Winterkorn ist nicht gekommen.
- [3] Bild am Sonntag (2012, March 25). Wir brauchen mehr Winterkorns.
- [4] FAS (2012, June 3). Die Deutschen sollen gewinnen, p. 33.
- [5] FAS (2012, June 5). ‘Wir in Deutschland sind verdammt gut’, p. 37.
- [6] Der Spiegel (2013, March 11). Deckel drauf!, p. 70.
- [7] *See* [1].
- [8] Der Spiegel (2013, February 9). ‘Ich werde weniger bekommen’, p. 60.
- [9]-[11] Günter Jauch, ‘Den Managern ans Gehalt – Brauchen wir ein Gesetz gegen die Gier?’, talk-show broadcast 2013, March 10, on German TV Channel ARD.
- [12] Der Spiegel (2012, April 30). Die Menschliche Gier, p. 75.
- [13] FAZ (2013, January 28). Ohne schwarze Zahlen keine grünen Gedanken, p. 19.
- [14]-[15] *See* [1].
- [16] FAS (2013, March 17). Manager, haftet mit Eurem Geld, p. 37.
- [17] *See* [9]-[11].
- [18] FAZ (2012, May 5). Wir haben doch alle genug Geld, p. 44.
- [19] FAZ (2012, March 14). Einsame Spitze, p. 16.
- [20] FAZ, FAZ.NET (2012, April 23). Gehälter-Diskussion.
- [21] FAZ (2012, March 23). ‘500000 Euro für die Bundeskanzlerin’, p. 14.

Figures and Tables

Fig. 1 Levels of analysis

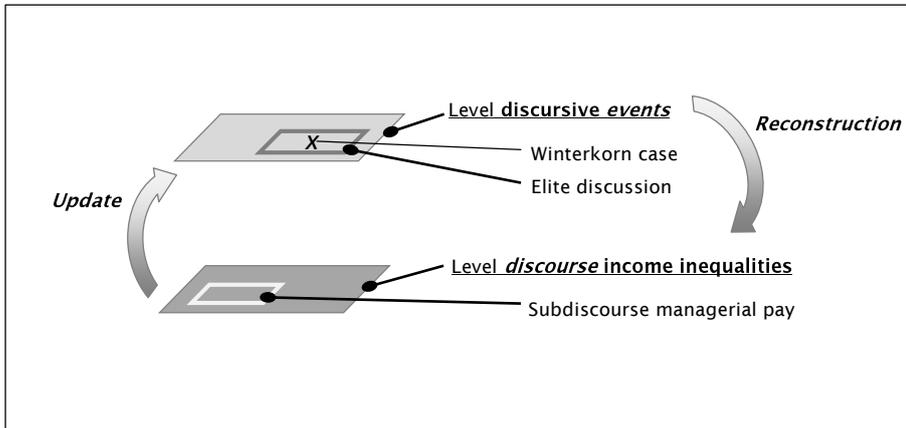


Fig. 2 Families of justification patterns

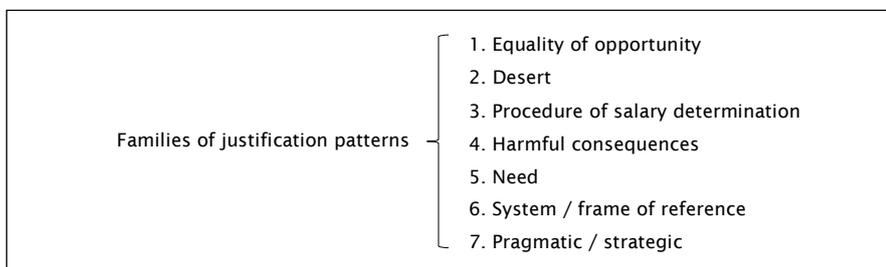


Fig. 3 Different notions of 'desert'

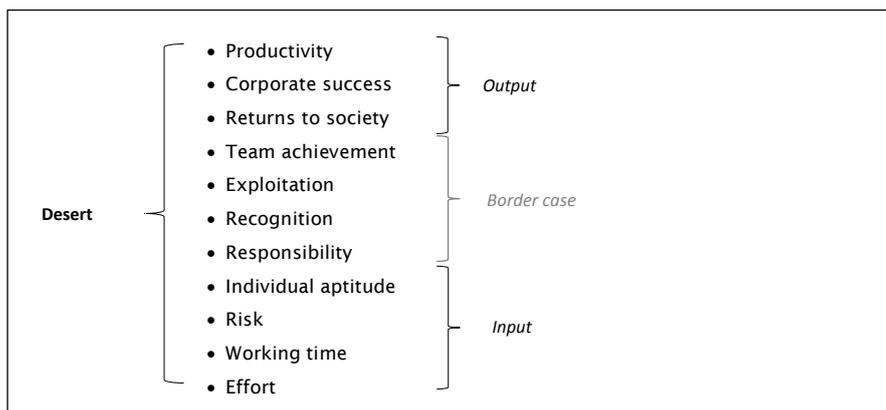


Fig. 4 Schematic illustration of overlaps

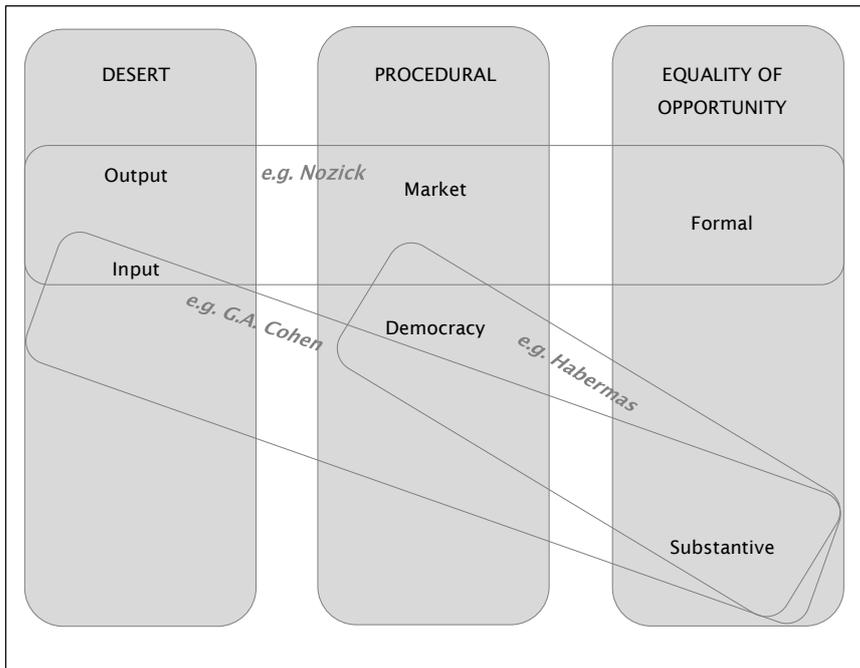


Table 1 Justification patterns of income inequality – a typology

<i>Motif</i>	<i>DESERT</i>	<i>PROCEDURAL</i>	<i>EQUALITY OF OPPORTUNITY</i>	<i>HARMFUL CONSEQUENCES</i>	<i>NEED</i>
	(Typically) sufficient condition		(Typically) necessary condition		
<i>Description</i>	Inequality legitimate if compensation proportional in terms of (1), (2), or (3)	Inequality legitimate if result of good/just/ established process, as according to (1), (2), or (3)	Inequality legitimate if everyone had equal opportunities to advantage, with equality in senses (1) or (2)	Inequality illegitimate if harmful consequences in terms of (1) – (4) or other values	Inequality legitimate if in accordance with need satisfaction in terms of (1), (2), or (3)
<i>Key variants</i>	(1) <i>Input</i> —Effort, Working time, education, risk, loyalty, responsibility (as strain) (2) <i>Output</i> —corporate success, social returns, responsibility (as outreach) (3) <i>Input-output-relation</i>	(1) <i>Market</i> (process realizes freedom or leads to welfare gains) (2) <i>Social Partners</i> (process realizes equality of bargaining power) (3) <i>Democracy</i> (process realizes political equality)	(1) <i>Formal</i> (equal rights or access) (2) <i>Substantive</i> (equality of opportunity compensating for social and/or genetic disadvantages)	(1) <i>Social cohesion</i> (2) <i>Social peace</i> (3) <i>Acceptance of market economy</i> (4) <i>Democracy</i> (5) ...	(1) <i>Sufficiency</i> (strong): if no one gets more than required for need satisfaction (2) <i>Subsistence</i> (weak) form: if no one gets less than required for need satisfaction (3) <i>As metric</i> : need determines precise legitimate income (strength here: <i>sufficient</i> condition)
<i>Intrinsic (a) vs functional (b)</i>	(a) Recognition or (b) incentives	Variant (1): (a) libertarianism or (b) welfare Variants (2), (3): (a) intrinsic justice: equality	(a) Intrinsic justice: equality	(b) Functional relation to values social cohesion, stability, democracy, market economy, etc.	(a) Intrinsic justice of need (b) functional relation to values such as dignity or welfare

Table 1 *continued*

<i>Motif</i>	<i>DESERT</i>	<i>PROCEDURAL</i>	<i>EQUALITY OF OPPORTUNITY</i>	<i>HARMFUL CONSEQUENCES</i>	<i>NEED</i>
<i>Examples for key premises</i>	Whose effort; how is input/output defined; which output is attributed to whom; which value does certain output have?; behaviour due to incentives	Variant (1): assessment of market efficiency and rationality of agents; Libertarianism: freedom defined qua property rights	Assessment of degree of equality, both formal and substantive; definition of specific determinants of substantive variant	Definition of threshold; assessment whether inequality or its counterfactual more harmful; specific dimension of harm	Definition of needs – in what terms, defined by whom
<i>Cross Patterns</i>	<p><i>PRAGMATIC</i> (tolerans): tolerate inequality, despite illegitimacy – as result of cost-benefit analysis</p> <p><i>STRATEGIC</i> (opportune): reduce inequality, despite legitimacy – for strategic reasons</p> <p><i>ADDITIVE FUNCTION</i> to determine legitimate income, e.g. various dimensions of <i>desert</i> plus <i>need</i></p> <p><i>FRAME OF REFERENCE</i> as scale to define limits or even proportions for legitimate income differences, e.g. in combination with <i>desert</i> or <i>equality of opportunity</i></p> <p><i>FACTICITY</i>: one cannot change it</p>				