Hammond’s Equity Principle and the Measurement of Ordinal Inequalities

Nicolas Gravel\textsuperscript{1}, Brice Magdalou\textsuperscript{2}, and Patrick Moyes\textsuperscript{3}

\textsuperscript{1}Aix-Marseille School of Economics (AMSE) – Ecole Centrale Marseille (ECM), Ecole des Hautes Etudes en Sciences Sociales (EHESS), Centre national de la recherche scientifique (CNRS) – GREQAM, Centre de la Charité, 2 rue de la Charité, 13236 Marseille Cedex 02, France
\textsuperscript{2}Laboratoire Montpelliérain d’Économie Théorique et Appliquée (LAMETA) – Centre international de hautes études agronomiques méditerranéennes [CIHEAM], Institut national de la recherche agronomique (INRA) : UR1135, CNRS : UMR5474, Université Montpellier I – 34090 Montpellier cedex 2, France
\textsuperscript{3}Groupe de Recherche en Economie Théorique et Appliquée (GREThA) – CNRS : UMR5113, Université Montesquieu - Bordeaux IV – Avenue Léon Duguit 33608 PESSAC, France

Abstract

What would be the analogue of the Lorenz quasi-ordering when the variable of interest is of a purely ordinal nature? We argue that it is possible to derive such a criterion by substituting for the Pigou-Dalton transfer used in the standard inequality literature what we refer to as a Hammond progressive transfer. According to this criterion, one distribution of utilities is considered to be less unequal than another if it is judged better by both the lexicographic extensions of the maximin and the minimax, henceforth referred to as the leximin and the antileximax, respectively. If one imposes in addition that an increase in someone’s utility makes the society better off, then one is left with the leximin, while the requirement that society welfare increases as the result of a decrease of one person’s utility gives the antileximax criterion. Incidently, the paper provides an alternative and simple characterisation of the leximin principle widely used in the social choice and welfare literature.

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\textsuperscript{*}Speaker