Gorman-Lancaster-Sen's Approach to the No-Envy Equity*

Kimitoshi Sato
Department of Human Sciences, Shokei Gakuin University

Abstract

This paper has revisited the theory of equity and fairness. In the traditional no-envy equity theory an initial equal division of private goods leads to an equitable and efficient, i.e., fair allocation among them. In our new approach based on the theories of Gorman and Lancaster, and Sen, however, an initial equality does not necessarily bring us fair allocations, since each individual's functionings à la Sen as well as the value of goods are different among consumers. Our new approach proposes a concept of envy by using functionings and happiness function of individuals. It is proved in our new approach that at any efficient allocation there exists someone whom no one envies and someone who envies no one.

JEL Classification: D11, H

Key Words: envy measure, fairness, functionings, Gorman and Lancasterian new consumer theory, happiness function, imaginary comparison of happiness, no-envy equity, Sen's capability theory