Ibero-Amerika Institut für Wirtschaftsforschung
Instituto Ibero-Americano de Investigaciones Económicas
Ibero-America Institute for Economic Research
(IAI)

Georg-August-Universität Göttingen
(founded in 1737)

Diskussionsbeiträge · Documentos de Trabajo · Discussion Papers

Nr.137

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A critique of the 2006 World Development Report,
Equity and Development

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December 2005

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DEVELOPMENT, A QUESTION OF OPPORTUNITY
A critique of the 2006 World Development Report, *Equity and Development*

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Document de travail DIAL
Décembre 2005

ABSTRACT

The World Bank's World Development Report 2006 addresses *Equity and Development*. It defines equity as respect for equal opportunities combined with the avoidance of absolute deprivation. Even though justice theories have long been interested in equity (given that equality of opportunity is one of the recognised values of Western society), it has hitherto remained a marginal issue in development economics. Our critique presents a detailed analysis of this report in the light of recent economic studies on this subject and endeavours to place it in the context of the evolution of World Bank thinking and policies. The first part illustrates the wealth of this concept, with its downside being that it is hard to accurately define. The second part demonstrates the gap between the prospects opened up by the enlargement of the development goals beyond poverty reduction and the report's policy recommendations, which are generally an extension of the World Bank's traditional analyses. The future of the equity concept for development policy-making could be closely dependent on the development community's ability to take on board both all its complexity and wealth.

RESUME

Le Rapport sur le Développement dans le monde de la Banque mondiale pour 2006 porte sur le thème « Equité et Développement ». L'équité y est définie comme le respect de l'égalité des chances combiné à l'absence de privations absolues. Même si les théories de la justice se sont intéressées depuis longtemps au thème de l'équité (sachant que l'égalité des chances fait partie des valeurs reconnues des sociétés occidentales) celui-ci était resté marginal au sein de l'économie du développement jusqu'à présent. Notre commentaire analyse en profondeur ce Rapport à la lumière des travaux économiques récents sur ce sujet et tente de l'inscrire dans de cadre de l'évolution de la pensée et des politiques de la Banque mondiale. La première partie montre la richesse de ce concept, dont la contrepartie réside dans la difficulté d'en définir précisément les contours. La seconde partie met en évidence le décalage entre les perspectives ouvertes par l'élargissement des objectifs de développement au-delà de la réduction de la pauvreté et les recommandations de politiques proposées par le Rapport, qui s'inscrivent globalement dans le prolongement des analyses traditionnelles de la Banque mondiale. Au total, l'importance que prendra le concept d'équité au sein des politiques de développement dépendra sans doute largement de la capacité des acteurs du développement à prendre en compte à la fois toute la complexité et la richesse de ce concept.

Contents

List of tables

List of boxes

List of figures

"There are two types of poor people, those who are poor together and those who are poor alone. The first are the true poor, the others are rich people out of luck."

J.-P. Sartre, The Devil and the Good Lord.

INTRODUCTION

The World Bank's World Development Report 2006 published in September 2005 addresses *Equity and Development*. The report defines equity as respect for equal opportunities combined with the avoidance of absolute deprivation.

The report points out that equity has been central to philosophical thinking since Plato. More recently, many philosophers (Rawls, Dworkin, etc.), economists (Sen, Roemer, etc.) and sociologists (Bourdieu and Boudon in the French case) have studied equity and more particularly equal opportunities as a key element of equity. Equal opportunities form part of the recognised values of Western society. France, for example, has a minister in charge of promoting equal opportunities[1].

Yet this issue has remained marginal in terms of the economy and especially development. It is moreover paradoxical that the international community should have focused on poverty reduction in its Millennium Development Goals (MDG) since the beginning of the century and yet overlooked this ostensibly complementary aspect. Not surprisingly, the interconnection between equity and poverty reduction is now established and it is significant that this year's annual reports from both the World Bank and the UNDP concern this subject. The impetus for this move by the World Bank came from F. Bourguignon, the Bank's Chief Economist, who, right from his appointment in 2003, stated his intention to "show the importance of equity in the development process in general and how it interacts with growth in particular"[2].

Hence the 2006 Report states that, "an equity lens enhances the poverty reduction agenda". The main merit of this report is its focus on the equity issue as a means to improve the poverty reduction policies. It shows that, although there is sometimes a short-run trade-off between equity and efficiency, equity is necessary for economic growth and long-run development. This long-run complementarity stems from the fact that, "With imperfect markets, inequalities in power and wealth translate into unequal opportunities, leading to wasted productive potential and to an inefficient allocation of resources." The report argues that the way the institutions function plays a fundamental role in the generation of these market imperfections and the replication of inequalities in political and economic resources. These inequalities moreover tend to foster a vicious circle of institutions that undermine growth. In short, "unequal power leads to the formation of institutions that perpetuate inequalities in power, status and wealth – and that typically are also bad for the investment, innovation, and risk-taking that underpin long-term growth".

The report's reasoning here is in keeping with a school of thought in theoretical and applied economics in the 1980s and 1990s (market imperfections theory and the institutionalist economy). In this regard, it is commendable that, although the report refers to numerous academic studies, it quite rightly remains circumspect about analyses that find overly general correlations between inequalities and growth and between the quality of institutions and growth. When it comes to measuring institutional influence, it gravitates towards local and sector-based microeconomic analyses and comparisons of countries that started with similar initial conditions. In any case, we feel that equity is by definition an intrinsic condition for development broadly speaking, where development is seen as extending beyond the merely economic (level of per capita GDP) to encompass respect for human rights, of which equal opportunities and the absence of absolute poverty are an integral part.

1 A. Begag is the French Minister for Equal Opportunities.
2 *Marchés Tropicaux*, 23 September 2005.

This critique does not go into the link between equity and growth, which is convincingly argued by the report. We concentrate instead on the core concern of the development thinking reform that the equity issue is likely to prompt. This question is addressed in two ways. Firstly, the concept of equity enhances the debate on the general aims of development. The first part of our critique therefore illustrates the wealth of this concept, with its downside in that it is hard to accurately define. Secondly, this new concept could extend and guide the range of development policies currently envisaged. From this point of view, the second part of this critique observes the many deviations between the prospects opened up by the proposed enlargement of the development goals and the report's policy recommendations, which totally line up with past World Bank analyses.

This critique hence addresses the two traditional aims of world development reports: to present a thorough analysis of a given subject based on a full review of the research conducted, and to propose a set of recommendations to guide the development community in its actions in this area.

What echo will this new concept of equity have in the coming years? The conclusion endeavours to shed light on this question by observing that equity somewhat complicates the development issue, which has been considered solely from the point of view of poverty reduction in recent years.

As is the purpose of this type of exercise, the appraisal is often critical. It reflects the subtle impression of an important conceptual advance that is not always fully accepted and whose operational applications remain largely to be developed. However, there is no doubt that this report represents a further step forward in the World Bank's move, starting with the 2000/01 report on poverty, to enhance its interpretation of development mechanisms, take a broader view than just the traditional economic factors, and progress beyond the controversial framework of the structural adjustment policies that prevailed in the 1980s and 1990s.

1. EQUITY AT THE HEART OF DEVELOPMENT … BUT THERE IS A DEVIL IN THE WINGS

"Consider two South African children born on the same day in 2000. Nthabiseng is black, born to a poor family in a rural area in the Eastern Cape province, about 700 kilometers from Cape Town. Her mother had no formal schooling. Pieter is white, born to a wealthy family in Cape Town. His mother completed a college education at the nearby prestigious Stellenbosch University.

On the day of their birth, Nthabiseng and Pieter could hardly be held responsible for their family circumstances: their race, their parents' income and education, their urban or rural location, or indeed their sex. Yet statistics suggest that those predetermined background variables will make a major difference for the lives they lead. Nthabiseng has a 7.2 percent chance of dying in the first year of her life, more than twice Pieter's 3 percent. Pieter can look forward to 68 years of life, Nthabiseng to 50. Pieter can expect to complete 12 years of formal schooling, Nthabiseng less than 1 year. Nthabiseng is likely to be considerably poorer than Pieter throughout her life. Growing up, she is less likely to have access to clean water and sanitation, or to good schools. So the opportunities these two children face to reach their full human potential are vastly different from the outset, through no fault of their own."

These first lines of the 2006 report entitled *Equity and Development* vividly sum up the issue of equal opportunities within a nation. The report defines equity in terms of two basic principles:

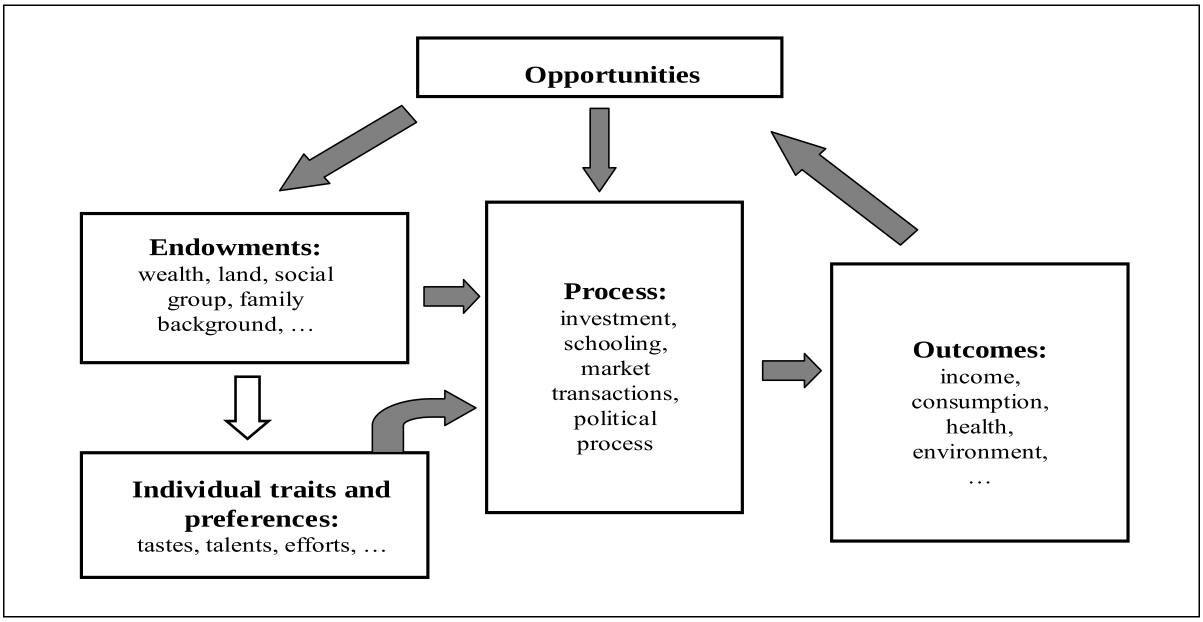
1. **Equal opportunity**: this principle states that the outcome of a person's life, in its many dimensions (economic, social and political), should be independent of his or her background (gender, race, place of birth, family origins, social group, etc.);

2. **Avoidance of absolute deprivation**: this complementary principle to the first can be justified by the fact that even a society that upholds the equal opportunity principle should ensure that all its members have a decent livelihood by placing them above a defined absolute poverty line, regardless of their respective "merit".

The report's definition of equity is balanced since it rounds out the emphasis on the equality of individual opportunities with the guarantee of a certain number of basic outcomes[3]. The report also proposes a broad definition of equal opportunity, including: the building of individual resources, both economic and symbolic (especially political), particularly in childhood and adolescence; lifelong access to these resources; and merit-based markets and other societal co-ordination/reward bodies.

The figure below, which does not appear in the report, but was presented by its authors at public presentations of the report, shows the sequence of phenomena for each individual from "opportunities" at birth to "outcomes". The circumstances at birth determine each person's "individual endowments", which combine with his or her efforts ("merit") and other factors (such as "luck") to produce, via various processes and institutions such as markets, the multidimensional outcomes (income-consumption, health, education and social recognition).

Figure 1: Mechanisms of transmission between inequality of opportunities and outcomes



Source: Based on the oral presentations made by the report's authors. We added in the white arrow.

Firstly, the very definition of equity encompasses and extends the previous poverty reduction approach. The second criterion corresponds exactly to the absolute poverty concept used by the different international initiatives (MDGs, PRSPs, etc.), which is largely accepted by the development community. It adds the objective of equal opportunities, which in turn raises the question of inequalities, which we had criticized the 2000/01 report for not tackling head on (Cling, 2003)[4]. This definition does not bring to the fore the question of inequality in outcomes, such as income and assets, aside from those that explain the prevalence of absolute poverty. The decision to focus on inequalities of resources upstream of inequalities of outcome takes note of developments in thinking on social justice and in the political debate.

Secondly, and over and above the concept of equity, the report makes inequalities of power central to the debate on development. It states that disadvantaged social groups' empowerment strategies can generate better economic and social performances by enabling a greater number of hitherto excluded agents to realize their potential and hence tap into unexploited possibilities for growth. The argument here is instrumental (equity is good for growth) and there could be a risk of stopping there[5]. However, the principle of equity is clearly stated elsewhere as an intrinsic goal to be pursued. Lastly, as the report states, the World Bank's comparative advantage lies in making use of its expertise concerning

3 Such a balance is strongly defended by Marc Fleurbaey (1998).

4 Note that some authors had even proposed making the reduction of inequalities an additional MDG to make up for this shortcoming (Maxwell, 2001).

5 If, for example, AIDS (or democracy) did not have a negative (positive) impact on growth, would that mean that we should stop combating the disease (or stop promoting democracy)?

the links between equity and the improvement of well-being. The moral commitment to equity by an influential player such as the World Bank adds to other voices already expressed. Yet the instrumental view of the impact of equity on efficiency forms an additional and original argument for the pursuit of equity.

However, as powerful as the equity "angel" may seem, there is a "devil" in the wings just waiting to complicate its practical effectiveness. From the point of view of the concepts and among the different subjects for debate raised by the line developed by the report, we will centre on four specific questions: the universalism of the definition, the dividing line between legitimate and illegitimate inequalities, the intergenerational aspect, and the transposition from national to international level. The discussion will look beyond the aspect of justice theories to concentrate essentially on the implications of the equity principle in terms of public policies.

1.1. Universalism versus cultural relativism

Although this definition could be said to date back to the values of the French Age of Enlightenment and the French and American revolutions, it also draws directly on recent works by philosophers and economists (Rawls, 1971; Dworkin, 1981; Sen, 1985; and Roemer, 1998) who have developed theories of distributive justice based on individual freedom. From the point of view of these theorists, the definition can be considered to be consensual in that it forms a kind of common denominator underlying each of the approaches without favouring one over the other from the point of view of their differences. However, although such a definition is consistent with the values of individualistic Western societies obsessed by meritocratic issues, it is not necessarily universal. Chapter 4 (*Equity and well-being*) of the Report underscores the three-dimensional universality of the equity concept: theoretical, institutional and shared by different cultures and religions. Its originality is found not so much in the defence of the universality of this great idea as in the fact of placing it at the source of development.

However, this does not mean that a question mark does not still hang over the universality of this concept of equity. We are well aware that certain systems of moral values do not subscribe to it, especially in the non-Western world. For example, the principles of gender equality and caste equality at the heart of equity are far from accepted everywhere. Citizenship in the West has not always been as broad based as it is today, as shown by the exclusion of Barbarians and slaves from the citizenship of the Greek and Roman civilisations. Even in historical democracies, and well after the Age of Enlightenment, many disqualification provisos were placed on citizenship (poor, indigenous and colonised peoples, and women) and some of these still exist. In the West today, the principle of equity seems to have come to the fore at the same time as competition between all has become widespread; the quest for individual autonomy is an ultimate value, which can undermine social cohesion and forms of collective protection.

Admittedly, little information is as yet available on the cultural relativism of justice values. Maybe its magnitude should not be exaggerated. Bear in mind Amartya Sen's vehement opposition to the idea of "Asian values" championed by the former leader of Singapore and then by a former Prime Minister of Malaysia. The same could be said about certain "African values" that are often put forward to justify manifest situations of oppression. Recent studies on this subject support the idea that equality of opportunity is already part and parcel of the values of African city dwellers (see Box 1).

Box 1: Recognition of merit in Africa

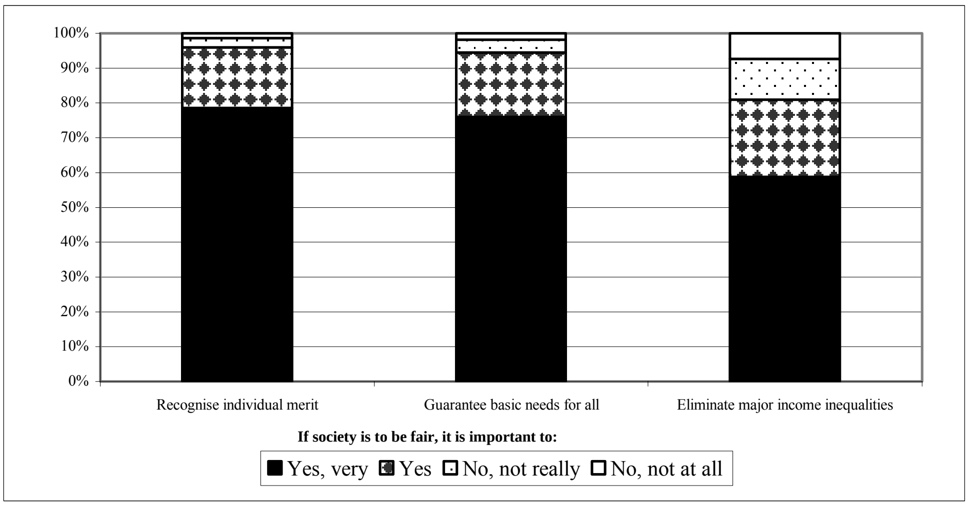
The *1-2-3 Survey*'s qualitative modules on poverty, governance and democracy in French-speaking Africa shed new light on this subject. The findings presented below concern a multiple choice question with the following three nonexclusive options (***If society is to be fair, it is important to***: A. *Eliminate major income inequalities*; B. *Guarantee basic needs for all;* C. *Recognise individual merit*) put to a representative sample of adults from eight major cities in West Africa and Madagascar, totalling over 35,000 people.

This question seems to be the closest to the issue discussed by the report, since two of the three choices (C and B) can be seen as an approximation of its definition of the concept of equity and can be compared with the matter of income inequalities (A), also a core issue of the report.

As regards the reduction of absolute poverty, the answer is clear-cut. On average and throughout the entire region, 95% of the inhabitants consider that it is important to "*guarantee basic needs for all*" for a society to be fair. Over three-quarters (76%) even said that it was very important. This provides an (ex-post) "democratic" justification for a policy guideline chosen essentially bureaucratically. The formulation of the question, expressed in terms of distributive justice, lends a certain legitimacy to the approach to absolute poverty adopted in the developing countries and designed, to coin Rawls, to provide a minimum level of satisfaction of primary goods (to be defined) for all. Yet still from the point of view of distributive justice, it is interesting to compare this objective with alternative criteria. The reduction of inequalities appears to be an especially interesting candidate in that it can be interpreted as fostering a relative approach to poverty and that poverty reduction policies have often been criticised for not directly tackling the question of inequalities.

Although a large majority of the population (81%) believes that what is needed is to "*eliminate major income inequalities*" (considering that this is "very important" or "important") to guarantee more social justice, the consensus is much less sweeping than in the case of guaranteeing basic needs. A not-inconsiderable minority (7%) of the population is even frankly opposed to this idea. In fact, of the three options proposed, it is the meritocratic principle ("*recognise individual merit*") that wins the most support: 79% feel it is "very important" and 17% that it is "important", making support for this concept slightly greater than for the satisfaction of basic needs. In countries where many forms of economic and social rewards (jobs, access to public services, etc.) are based on family, ethnic and clan reasoning, the pointing up of merit by the citizens is a salutary reaction to an inefficient and unfair method of resource allocation. This dual support for the principle of equal opportunities and absolute poverty reduction is all the more interesting in that it lends popular legitimacy to public policies designed to promote equity, which is the subject of the 2006 Report. Moreover, our findings confirm a finding also underscored in the report based on examples on other continents, i.e. that combating income equalities is potentially a bearer of more conflict in sub-Saharan Africa.

Attitude to justice, equity and poverty reduction in French-speaking Africa



Source: *1-2-3 Surveys*, Democracy modules, 2001/2003, National Statistics Institutes, AFRISTAT, DIAL, authors' calculations.

This universalism of values touches on numerous other areas, as shown, for example, by the *Afrobarometer* surveys and the *Governance and Democracy* modules conducted by the Parstat project on support for democratic principles in Africa (Bratton, Mattes and Gyimah-Boadi, 2003; Razafindrakoto and Roubaud, 2005). Until such time as the findings of new, more comprehensive research on the subject are available, we can refer to the field of international law to defend the position adopted in the report. Equal opportunities is part of the body of universal values as defined in the Universal Declaration of Human Rights and the United Nations covenants to which virtually all the world's countries in both the North and the South have subscribed.

1.2. Circumstances and responsibility: the moving line of Dworkin's cut

The principle of equal opportunities in a meritocratic society is based on the idea that an individual's final outcomes, the constituent elements of his or her well-being (level of education, state of health, income, etc.) should depend solely on his or her "efforts" and not on inherited endowments for which the individual cannot be held responsible. The direct upshot of this principle is that morally relevant inequalities exist, whether due to the individuals' assumed responsibility (effort) or to elements in the private sphere for which the individuals are held accountable (talent) even if they are not responsible for them. However, inequalities in outcomes due to initial differences in access to resources and capacities to transform them are deemed morally illegitimate. A principle that grants individuals' efforts their natural reward brings together two goals traditionally seen as antagonistic: that of distributive justice and that of growth while explicitly preserving the product of individuals' efforts ("one would always expect to observe some differences in outcomes owing to differences in preferences, talents, effort and luck." p. 3).

This raises two basic, interrelated questions:

3. What socio-political process should be used to compose the list of morally irrelevant circumstances whose effects should be levelled out: where should Dworkin's cut be located, i.e. the dividing line between the legitimate and illegitimate factors of outcomes?

4. What policies should be used to equalise the effects of "circumstances" without simultaneously undermining overall effectiveness (via overly demotivating mechanisms).

As regards the first question, many factors will affect the extension of the list of morally irrelevant circumstances (see Box 2). For example, the report refers most to the circumstances of gender and ethnicity[6]. Parental education and wealth are also top-ranking candidates, but there is less agreement about them since rightwing views defend the transmission of inheritances generated by the efforts of previous generations in the name of economic efficiency. The passing on of preferences and values by parents who are, for example, "educationally inclined" and "hard working" may meet with even less of a consensus since they are often situated in the private sphere. Intervention at the level of individual preferences or capabilities to transform resources into outcomes (Sen's capabilities) may therefore not be well accepted, prove difficult in practice or be disputed from the point of view of efficiency. However, as the report shows on a number of occasions, these preferences and capabilities are at least partially determined by initial positions and initial endowments (white arrow in Figure 1): for example, parents with formal schooling are more capable of passing on the value of school to their children.

[6] There is no international consensus about the place of birth being an illegitimate circumstance (see 1.4 below).

Box 2: The perception of inequality of opportunity in Peru: effort or circumstances?

A study conducted on the perception of inequality of opportunity in Peru (Pasquier-Doumer, 2005) shows how hard it is to separate out the factors relating to circumstances from those to do with effort when the criterion of responsibility is applied. This study put an open question to some one hundred inhabitants of Lima to find out what they felt were the most important factors to "*succeed in life*". The factors given were classed *a posteriori*, considering that they referred to effort if the individuals implied that everyone has the ability to influence and control these factors. However, this classification proved far from easy for a number of reasons.

The first problem lies in the question of the individuals' freedom of action to attain the factors put forward. In other words, do the individuals consider that they are free to choose a level of effort or that this choice is predetermined by their circumstances? For example, the answer most often given is that to succeed, you have to get an education/training. Empirical studies often consider the level of education to be a factor of effort. And this is indeed the case here if the individuals suggest that getting an education is a choice not constrained by family background. However, it should be deemed a factor of circumstances if the individual raises family background characteristics to explain the choice to study/train. The same problem is posed when individuals ascribe social mobility to the will to succeed or self-confidence. Some people believe that such a will or self-confidence is a merit that everyone is capable of having. Others feel that an individual cannot take action to be motivated or not motivated since this is conditioned by the education received from the family.

A number of answers are inconsistent in terms of time, which poses a second problem. Some believe that the parents' efforts condition their children's circumstances. This time inconsistency is illustrated by Carlos, who says that his lack of success is due to his social background, but criticises his parents for not doing enough to attain a better social standing. Hence Carlos considers that his parents could have succeeded if they had made more of an effort, but that he himself cannot succeed because of his circumstances.

Carlos, 27 years old, temporary statistical clerk at the Labour Ministry, Callao (Interview No. 27)

"I've noticed that the "profesionales"[7] with the best careers are not the most capable, but those with the most money. In this country anyway. I'm a bit disappointed with my parents for that. If they had made an effort before me, I wouldn't have found it so hard to take my maestria since they would probably have been able to pay for me because they would have had a better economic status and I wouldn't have had so many problems."

Other responses, such as that from Juan, put forward contradictory arguments that encompass both a belief in effort and a belief in the importance of circumstances. This makes them hard to rank.

Juan, 30 years old, sanitary engineer in an NGO, Surco (Interview No. 26)

"I think that professional success represents a change of mindset from the start. Wanting to succeed in life from very young. There could be a number of reasons for this change of mindset. In my case, it was my mother leaving the family, and this hostile climate meant that I strove like someone who really wants to succeed and wants his mother and family back. I don't know how it works in other cases, but I believe it's mainly a question of the education your parents can give you. In my case, my parents had no education and if I'd followed my father, I'd be a plumber. My father never encouraged me to study. He was always happy with what I did. My mother is a bit bolder in that she has aspirations, which is why when she was thirty, already old, she finished secondary school and then studied for a technical career. That's why I think I've inherited my mother's genes."

This response is hard to class since Juan seems to believe that his path is dominated by circumstances, but at the same time refers to factors of effort to explain his success. He ascribes his will to succeed, the driving force behind his social rise, to his parents' separation and hence to a circumstance. Likewise, when he talks about social success in general, he highlights circumstances to explain it: "It's mainly a question of the education your parents can give you." Yet at the same time, he puts his own success down to his efforts to turn the shock of his parents' divorce into a positive experience and to transcend what his social background destined him for: "If I'd followed my father, I'd be a plumber." This response becomes all the harder to class when he explains his capacity for effort based on his mother's genes.

7 The term "profesional" refers to the intellectual professions and management positions that require higher education qualifications.

As regards the second point, a central question raised in terms of public policies is that of the quantity and sequence of corrective actions required to implement the equal opportunities principle. To what extent should action be taken upstream of the processes that transform opportunities into outcomes to ensure a level starting point for all (whether this point is at birth, on entering school, on leaving school or on entering the labour market, etc.)? Or would it be better for action to be taken downstream, leaving it up to the markets to act, but correcting ex-post the unfair part of the inequalities in outcomes (redistributive policies)? The concern for efficiency could tend to favour the first option, but there is nothing to say that it is the most pragmatic given the feasibility criteria: the State's institutional capacity to implement one or the other option and the extent of acceptance of the reforms involved in both cases.

The report seems to be in two minds about these questions. In particular, the largely developed idea of the profound influence of birth and trajectory inequalities on self-confidence or, conversely, fatalism is one of its major innovations and sets it apart from the model of pure economic constraint. The view of educational and professional choices sticks fairly closely to the concept of "habitus" coined by Pierre Bourdieu (mentioned in Chapter 1) and its consequences in terms of "causality of the probable". A great deal of time is spent on discrimination issues, mainly referring to experimental studies that confirm the existence of statistical discriminatory behaviour based on deep-rooted stereotypes assimilated by the very members of the groups discriminated against. The examples used – all about African Americans with the exception of one example of untouchables in India – concern solely differences in colour and caste, but could be extended to other social background differences. This question concerns, in particular, the meritocracy of the markets and other institutions that reward individual capacities. Politically speaking, this enters the domain of self-fulfilling models: educators or employers select agents based on a correlation between effort and discriminating traits, which discourages agents discriminated against from making more of an effort, which confirms the educators and employers' rule of selection, and so on. The only way to break the vicious circle appears to be to change the way people think. Political action then becomes a cross between symbolic revolution and economic reformism: feminism, scheduled castes in Gandhi's India, etc. Yet it can also take the form of different types of affirmative action from targeted assistance for discriminated groups to quota policies, not to mention compensation. Yet despite the importance the report places on these problems in its explanation of inequality of opportunity, it remains terse on these subjects when it comes to policies. If everything hinges on identifying what should be legitimately put down to effort and merit, then Figure 1's white arrow from endowments to individual preferences becomes vital. These are doubtless thorny and not yet well-defined questions, calling for a certain amount of modesty and axiological reserve.

As we have already mentioned, this haziness is not specific to the report since the dividing line between illegitimate factors of inequalities (circumstances) and the others (responsibility and opportunity) is always going to be somewhat arbitrary, based on choices that can only be made by a political and ethical debate within each society (Roemer, 1998). In Europe, for example, the right and left wing clearly ascribe different weights to circumstances and responsibility in the production of outcomes. Cultures can also differ widely in their weighting of such things as the extent of children's "responsibility" for their school outcomes.

1.3. Inequalities upstream versus inequalities downstream: from opportunities to outcomes (and vice versa)

The equalisation of opportunities among children implies, to a certain extent, the equalisation of outcomes among the parents. This means there is no strict intergenerational dividing line between the questions of equality in outcomes and the questions of equity. The way in which inequalities in outcomes persist from one generation to the next by influencing inequalities of opportunity (right-hand sloping arrow in the figure) is an example of what the report describes as an "inequality trap". The report describes this new concept as a vicious circle using several examples: the discrimination suffered by women in patriarchal societies restricts their education, their professional and social integration, and their decision-making power; agricultural labourers also suffer from the domination of their landlords, and this relationship of domination associated with illiteracy, a lack of political power and so on is reproduced from one generation to the next. Moreover and correlatively, the abovementioned bivariate definition of equity introduces a choice as regards the respective weight to be given the equalisation of opportunities, on the one hand, and the equalisation of outcomes in the form of welfare benefits (poverty reduction) on the other.

In the strictly meritocratic sense of equity, most of the inequalities in outcomes are acceptable since they are due solely to each individual's merits and work, and overly high welfare benefits are liable to undermine economic efficiency. In a more egalitarian definition, an individual's outcomes may be mediocre due to a lack of opportunity or negative sequences of events in a lifetime for which the individual cannot be held responsible. If real freedoms are to be equalised, second chances need to be given by equalising certain basic outcomes: minimum income, education, health, inclusion, etc.

The intergenerational link between inequalities in outcomes and inequalities of opportunity seriously complicates policy implementation. Given that the parents' inequalities in outcomes (let's simplify matters by assuming here that they are due solely to their efforts) are circumstances for their children, the principle of equal opportunities could prompt the equalisation of certain parental outcomes that constitute opportunities, or obstacles, for the children. Not only does the dividing line between opportunities and outcomes become hazy, but the aim of equal opportunities can prompt the alteration of inheritance rules. Obviously, the report does not take things so far as to suggest a Rousseau or Proudhonian view of equal opportunities. It does not set out to promote perfect equality of opportunity among individuals, but to tend towards less inequality of opportunity than found today. However, it is a shame that it is not more forthcoming about its position as regards material inheritance (land and assets) and immaterial inheritance (education and social capital).

1.4. Global equal opportunities or how to transpose the principles of equity internationally

After presenting the example of inequalities of opportunity between two South African children, the report places these inequalities in an international context.

As striking as the differences in life chances are between Pieter and Nthabiseng in South Africa, they are dwarfed by the disparities between average South Africans and citizens of more developed countries. Consider the cards dealt to Sven—born on that same day to an average Swedish household. His chances of dying in the first year of life are very small (0.3 percent) and he can expect to live to the age of 80, 12 years longer than Pieter, and 30 years more than Nthabiseng. He is likely to complete 11.4 years of schooling—5 years more than the average South African. These differences in the quantity of schooling are compounded by differences in quality: in the eighth grade, Sven can expect to obtain a score of 500 on an internationally comparable math test, while the average South African student will get a score of only 264—more than two standard deviations below the Organisation for Economic Cooperation and Development (OECD) median. Nthabiseng most likely will never reach that grade and so will not take the test. These differences in life chances across nationality, race, gender, and social groups will strike many readers as fundamentally unfair.

The idea raised in the report that global equal opportunities could be a goal aspired to by the international community is radically new and daring. It is an egalitarian concept that endorses the principle of worldwide distributive justice. This idea is suggested on several occasions, especially in the introduction, which compares the opportunities available to Nthabiseng, a black child from a South African province, with those of Pieter, a white child living in Cape Town, and Sven born in Sweden on the same day. The principle of international redistributive justice is also stated as such[8]. Given that the report's general purpose is to address morally irrelevant inequalities, such as those due to being a member of a given group or class, it probably seemed logical to place inequalities due to country of birth firmly in this category. Yet there is a question mark over this aspect of global equality of opportunity and the report's arguments fall far short of stating a convincing case.

8 "Equity in international law encompasses notions of corrective justice and distributive justice – that the strict application of the law should be tempered by considerations of equity or fairness to achieve a just result, and that international law should promote a more even distribution of resources among states."

Basically, opinions are divided when it comes to egalitarianism at global level. Many authors have considered that equality of opportunity is a valid principle nationally, but not acceptable at international level, starting with Rawls (1993) who made a clear distinction between the relevant principles of justice for a well-ordered society and those for the international community. A "two-speed" consensus appears to have developed within rich countries following Rawls: redistributive principles targeting equal opportunities are applied solely at national level, while international North-South co-operation defines specific non-egalitarian goals such as the elimination of absolute poverty and the Millennium Development Goals. This consensus comes down arbitrarily between two opposite stances: the first, which places the emphasis on the sovereignty of self-determined peoples and nations and on the collective responsibility associated with this sovereignty ("national particularism"); and the second, which conversely emphasises the inequality of individual opportunities due to the place of birth, which should be offset by a well-ordered society of nations ("cosmopolitanism"). The first view holds that nation states' policies with regard to others are guided first and foremost by informed self-interest, even though they may include a universalistic concern for human rights. In this case, the issues of governance and failed States are central. The second view holds that States' international policies should be guided by global redistribution principles designed to offset geographic and historical handicaps.

Globalisation, with its development of interactions and sharing of responsibilities, could be thought to change the nature of the link between peoples and tend to shift the international distributive justice marker towards more cosmopolitanism. Yet, at the same time, the emphasis placed in recent decades, especially by World Bank economists, on the quality of national policies and then national institutions as a predominant reason for the results obtained at international level is typical of a national particularism analysis. This type of reasoning has not been developed, such that global equality of opportunity and the principle of global redistribution are suggested, but not argued[9].

So the upside of equity both nationally and internationally is its tremendous conceptual flexibility, which allows for a structured political debate on distributive justice. Yet its downside is that its definition leaves most of the practical questions wide open, top of the list of which is the equity of the political debate itself. For example, who should make the decision about Dworkin's cut: the professor or the politician, science or democracy? If the content of equity were to be defined politically, equal opportunity policies would reflect the existing balance of power. Yet the report states that the "powerful" mould the markets and institutions to their advantage. These markets and institutions would omit from the field of circumstances the factors with which they were best endowed. The inequalities in outcomes resulting from the social and economic processes would then be deemed to stem from effort, and therefore fair, which would reinforce the dominant groups' position, and so on and so forth. This last point explains why the report places the emphasis globally on a level playing field and a greater representation of poor countries in the international institutions.

1.5. The difficult measurement of equal opportunities

The ability to implement a concept depends in part on its ability to be measured. From this point of view, equity becomes complicated in that the difficulty with measuring poverty is compounded by the fact that it is much harder to measure equal opportunities. This measurement problem is another bee in equity's bonnet as shown by the first part of the report (*Inequality within and across nations*), which presents an overview packed with statistics on inequalities in the world, combining inequalities of opportunity with inequalities in outcomes in their different forms at national level (Chapter 2) and international level (Chapter 3). Leaving to one side the uncertainties raised by the poor quality of the

[9] However, the report defends a historical view as if the same principles that were valid yesterday are valid today. The discussion on the long-run development of global inequality is therefore interesting from a statistical point of view, but not necessarily relevant as regards justice. Although the level of inequality is the same as in the 1950s, the feeling of injustice and the legitimacy of the associated demands are definitely different now between societies that interact with one another than between societies that either largely ignored one another or had a relationship of direct domination.

statistics available in this field, as covered in detail by the report[10], a few strong conclusions can be drawn.

1.5.1. Equal opportunities at national level

The report first reviews inequalities of opportunities in health and education. Its analysis makes a certain number of comparisons between outcome variables (infant mortality, school exam results, etc.) and circumstance variables (gender, ethnic group, social group, place of residence, parental level of education and income decile, etc.). As we have seen, attaining equal opportunities entails eliminating inequalities in outcomes due mainly to gender and ethnicity. The measurement of equity can then be based on the comparison of average outcomes per group. This calls for an extensive use of distributive data collected from households.

Gaping inequalities are found in education and health in the countries studied: for example, the percentage of children lagging behind on the growth charts is higher in rural areas in Turkey, a country on the doorstep of the European Union, than in urban areas of Burkina Faso, one of the poorest countries in the world. At the same time, the report highlights the considerable human development progress made in recent decades. This is seen from the sharp rise in life expectancy, a significant drop in infant mortality[11] and an improvement in the general level of education. The report states that this progress has gone hand in hand with a general downward trend in domestic inequalities in this area, at least in the countries that have introduced policies to correct these inequalities (the converse example of the United States is cited, where total infant mortality has fallen sharply, but infant mortality among blacks has risen).

The report also addresses earnings inequality. In general, these inequalities are reported to have increased in the countries considered in recent years. A number of studies that decompose earnings inequalities into two components (inequalities of opportunity and residual component) are also commented on. A certain number of examples concern Latin America and Asia where statistical experience is well established in these areas. It is, for example, remarkable that inequalities of opportunity in Brazil – defined based on family background, race and place of birth – account for nearly one-third of overall inequality in earnings. The analysis of inequality in Africa is more recent and the measurement of equal opportunities for this continent is in its early stages (see Box 3).

The report is much more cautious than its draft version when it comes to ranking countries by their level of inequalities. However, the Gini income and consumption indices presented suggest that Africa has the highest earnings inequality indices (ahead of Latin America) and the developing countries clearly emerge as much more inegalitarian than the industrialised countries. The report may well point out that the distribution of wealth appears to be more concentrated in the first group of countries than in the second. Yet it is regrettable that no overall message is given, unlike the draft version, which stated right from its introduction that the notion that poor countries are equal in their poverty is a myth and which clearly established an overall (albeit not detailed) hierarchy of countries by income inequalities.

It is also suggested that there is less equality of opportunity, in terms of intergenerational income elasticity, in the poor countries than in the industrialised countries for which estimates are available (among these latter countries, the United States stands out from the Scandinavian countries and Canada for its low mobility). The report does not state a very convincing case for this finding. It bases its remarks for the developing countries on the examples of South Africa and Brazil, two dual societies that are notoriously inegalitarian regardless of the indicator used (with among the highest Gini income inequalities coefficients in the world).

[10] The report underscores the lack of reliability of the national and international statistics in this area, but unfortunately overlooks the criticisms made by S. Bhalla (2002) of the World Bank's own statistics and methods of calculation, which lead this author to come to quite different conclusions from the World Bank as regards the level of and growth in poverty and inequalities worldwide.

[11] The AIDS epidemic has nevertheless cancelled out the life expectancy progress made in recent decades in the hardest hit countries of sub-Saharan Africa.

Box 3: Inequalities and equity in Africa – Overall inequalities, inequalities of position and inequalities of opportunity due to the social backgrounds of the heads of household

The statistical household surveys show that income and consumption inequalities are high in Sub-Saharan Africa, reaching levels close to those found in Latin American countries. Little has hitherto been done to study and define these inequalities. This prevailingly high level of inequalities in Africa is due in part to gaping inequalities in education and a dualism of earnings between urban and rural areas. However, with the exception of a few countries such as South Africa and Zimbabwe, land inequalities are fairly moderate, contrary to the situation in Latin America. A study of the structures of inequalities in five African countries confirms these diagnoses and looks at these phenomena in more depth (Cogneau, 2005; Bossuroy *et al.*, 2005). For example, it is interesting to try to relate overall earnings inequalities firstly to inequalities due to observable variables, i.e. detailed social groups, and secondly, within these social groups, to background variables determined at the individual's birth. The table below conducts this exercise and decomposes overall income inequalities based on earnings deviations between the positions attained by the heads of household (age, education, occupation, background and region of residence), taking into account these same heads of household's initial positions (gender, father's education and occupation, and region of birth).

Decomposition of earnings inequalities into inequalities of position and origin for five African countries

	A	B	C1	C2	C/A	C/B
Côte d'Ivoire	0,36	0,15	0,05	0,11	13	30
Ghana	0,29	0,05	0,01	0,02	5	8
Guinea	0,43	0,23	0,08	0,12	18	27
Madagascar	0,44	0,20	0,09	0,14	19	32
Uganda	0,47	0,19	0,05	0,09	10	20

Men over 22 years.
Reading: Columns A, B and C: the Theil index is a decomposable index of inequality
Method: To obtain the position-based inequalities in column B, the household's per capita consumption log was forecast by a multiple linear regression including the head of household's position variables: age (cubic polynomial), household size (log), level of education (9 categories), occupation (9), status (8), background (2) and region of residence (5, 10, 5, 6, 5), and head of household origin variables: gender (2), father's level of education (9) and farmer father (2). A second series of regressions was estimated with only the origin variables in the list of regressors in order to obtain the inequalities of opportunity associated with the head of household's origins in column C.

The first finding is the particularity of Ghana. This country is found to be one of the least inegalitarian countries in Africa and also stands out for low position-based inequalities and low origin-based inequalities, including education. This ranking remains the same when region of birth is included in the list of origin variables. In other countries, overall and position-based inequalities are extremely high, and inequality due to origins is much more pronounced. In Côte d'Ivoire and Uganda, initial education and intergenerational mobility weigh heavily on inequalities, whereas in Guinea, dualism between urban and rural areas plays a determining role. Lastly, Madagascar has the lowest intergenerational mobility, whether it be on the educational, professional or geographic levels.

Nevertheless, this finding is somewhat of a self-fulfilling prophecy for the report: firstly, because it presents equity as a key factor for economic development (even though there is currently not enough known to be able to establish an international ranking on this point), and secondly, because it suggests a strong causal link between inequality of opportunities and outcomes. Brazil, whose name comes up a great deal, is the best example of this, even though counter-examples can also be found: paradoxically, India where the caste system is still prevalent (with some 200 million untouchables accounting for nearly 20% of the population), has a relatively modest level of earnings inequalities (Gini 0.37) compared with most of the developing countries. Earnings inequalities are even lower in Bangladesh and Pakistan, despite the fact that castes also play a very important role in these countries. This "Indian paradox" (which is not mentioned by the report) most definitely needs explaining, as does the possible correlation between equality of opportunities and equality in outcomes in connection with the level of development. Yet this calls for a vast programme of research, which is in its infancy.

The report is careful to point out that the developing countries are not the only ones concerned by these problems of equity. The only example given of an industrialised country is the United States, which appears to be an extreme case in this regard: not only does it have the highest Gini coefficient of this group of countries[12], but there is also a glaring gap between the depth of the "inequality traps" (affecting African Americans in particular) and the founding "American Dream" of equal opportunities (bear in mind that a recent poll found that 80% of Americans believe that it is possible to be born poor, work hard and become rich[13]).

Equality of opportunity is a complicated concept, including when it comes to its measurement. As the report points out, an equity lens entails doing more than just measuring outcomes. Looking at equal opportunities entails measuring distributions and especially comparing these distributions with other variables. Economists have only just started doing this in a few countries as an extension of the pioneering work done by Bourguignon.

1.5.2. Equity internationally

After addressing national equity, the report extends its analysis to the international level. It paints an overall picture of global inequalities using the same criteria (education, health and earnings) and clearly distinguishes between inequalities between countries, international inequalities and global inequalities. Yet at no stage does this chapter mention international or global equity[14], except in the titles. The link between global inequalities and global inequities[15] is not defined. The share of inequalities due to the morally irrelevant factor of "place of birth" is not analysed as such.

On the international level, the report finds convergence as regards health and education, but divergence (or at least an absence of convergence) when it comes to earnings. Whereas the developing countries' social indicators display a trend similar to the rich countries, giving rise to a clear process of convergence (regardless of the concept used), such a phenomenon was not observed for earnings inequalities (which at best remained stable in terms of global inequalities and clearly diverged for inequalities between countries). Although there is a relative consensus about the convergence diagnosis from the point of view of the non-monetary indicators, the same cannot be said (as the report points out) of income inequalities. Different global inequality measurements are presented showing divergent growth paths and none of them is specifically identified as a measurement of inequity. Inequality between countries (when each country is given an equivalent weight) displays steady long-run growth. This reflects the divergence in average standards of living per country. However, international inequality (each country is weighted by its population) decreases, due mainly to China and India, and its share in global inequality (considering the world as a single country) falls sharply. The countries' mobility from one income bracket to the next can also be measured using a similar method to that used for the national level. Based on this criterion, most of the countries at the bottom end of the distribution, with the notable exception of China, stagnate if not descend into a lower bracket.

Nevertheless we, like the UNDP (2005), feel that the main issue is not so much the direction of the variations in international or cross-country inequalities, which are modest at the end of the day. What is important is their magnitude, which the report calls "staggering" (see the abovementioned example of Nthabiseng, Pieter and Sven). In this regard, the report says empirical studies show that approximately two-thirds of international inequalities are due to inequalities between countries and that only one-third are due to inequalities within countries. This disproportion should prompt close attention to the question of equity and inequalities internationally (possibly more than nationally?). However, this is not the case.

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12 Source: World Development Indicators (the report's calculations find that Portugal, and not the United States, has the highest Gini coefficient).

13 *The Economist*, 16 July 2005.

14 Equity in the global sense of the term is therefore absent from the chapter, which deals merely with inequalities. It only appears in the titles and subtitles and once in the text to describe inequity within countries.

15 The same holds true for the link between growth in inequalities and growth in inequities, since greater integration can make these two notions divergent (see below).

In an area as debated as the measurement of global inequalities, an equity lens in terms of equality of opportunity could nevertheless shed new light. It is significant that the report has not really looked into this area. This shows once more that it does not really defend the perspective of equal opportunities at global level.

Moreover, the “stylised fact” put forward by the report regarding the divergent dynamic of income inequalities on one side and health and education inequalities on the other (this phenomenon being observed both within and across countries) raises a number of questions. The report posits that the international dynamic has to do with, “the globalization of knowledge, facilitated by local political, economic, and education conditions.” This is said to explain the good health performances and the disconnect between the level of education, the acquisition of human capital and the productivity of education.

We feel that this explanation falls a bit short. In the first place, education and health inequalities have intrinsic limits (since there are limits to the number of years of schooling and life expectancy, to cite the two main variables in this regard), unlike income and consumption inequalities. This moreover explains why there is a more direct relationship between growth and monetary poverty reduction and between growth and income inequalities between countries, but why the relationship is less clear cut when it comes to equality of opportunities. Secondly, it might have been a good idea to say the least to mention another factor that differentiates the two areas: the role of the State, which also helps explain the internal dynamic (the report states that the countries where health and education inequalities have decreased are those that have implemented equity policies in this area). This has remained central to the health and education progress made, despite a certain disengagement. On the other hand, market mechanisms play a decisive role in the growth in international income inequalities. The State does not always fail in its missions and it is worth mentioning its few successes (partly thanks to international aid, which is also mainly government-managed).

2. NEW CONCEPTS BUT THE SAME RECOMMENDATIONS

The third part of the report (*Leveling the economic and political playing fields*) concentrates on policy recommendations and guidelines to foster equity and development. Three of the four chapters in this section concern national policies whereas the last chapter looks at furthering greater global equity. The World Bank’s World Development Reports do not often give so much space over to policy recommendations and this effort to give the report operational content is to be commended. It is all the more admirable since, probably more than other goals, the quest for equity has to be based on each society’s will and ownership and it is therefore hard to recommend strategies applicable to all countries.

However, there is a definite discrepancy between the report’s innovative nature in terms of its approach centred on the concept of equity and the weakness of the policy recommendations proposed to implement this principle. The link between the report’s conceptual part, especially the presentation of the equality of opportunities, and its last operational section is not always easy to make. The analyses presented often seem more like a review of operational knowledge of the main development policies than an attempt to define and discuss development policies aimed at equity. This could be due to a certain diffidence with regard to a field not yet sufficiently explored and about which there is little consensus. Or it could be due to a desire to avoid appearing to break with the policy lines recommended in the past. Or it could be out of a concern for pragmatism, to leave it up to each country to define a strategy suited to its specific case. Yet the fact remains that the report’s strength of conviction is affected.

The first section below addresses, in the light of the report, this question of the renewal of the scope of development policies potentially generated by addressing the issue of equality of opportunities. The report takes a tentative, but significant step towards placing redistributive policies on the development agenda. Yet the report glances over and sometimes even avoids altogether many areas that should be opened up by an equity lens.

As regards the subjects actually addressed in the last part of the report, the equity approach does not seem to generate any substantially different recommendations to those already made by the World Bank for poverty reduction (which forms, with equal opportunities, one of the two components of equity as defined by the 2006 report), especially those contained in the 2000/01 report. Given the connection between the 2000/01 and 2006 reports, we felt it fitting for this second section to analyse the 2006 report's economic policy recommendations compared with those made five years earlier by the 2000/01 report. This exercise is also useful in that it measures how World Bank thinking has evolved in recent years.

The similarity between these two undertakings does not prevent the 2006 report from being less critical than its predecessor of the Washington consensus policies conducted. In this regard, a third section looks at the macroeconomic issues addressed by the report. Lastly, in a fourth section, we show that the international regulation recommendations are relatively timid and do not fully weigh up the implications of an equity principle at international level.

2.1. The report tentatively opens up the field of development policies

2.1.1. Redistributive policies

Should the development agenda include policies designed specifically to affect the distribution of income (or outcomes) irrespective of the direct effectiveness of these policies in terms of growth and poverty reduction? This question, and variations on it, has been a central theme for the development community since the 1990s. Development goals have hitherto never fully addressed the issues of distribution and inequality. Redistributive policies as such are therefore still absent from the development agenda.

In practice, the dividing line between redistributive policies and other types of policies (e.g. growth and poverty reduction policies) is artificial: each policy has complex effects that alter both the level and distribution of individuals' outcomes. The current poverty reduction consensus has partially introduced redistributive policies, but considers them solely from the point of view of their effect on poverty or, more generally, their effectiveness in terms of growth (Cling *et al.*, 2004).

This has resulted in an approach that oversimplifies matters in some areas. Can tax policies be seriously discussed without paying any attention to equity criteria and without an evaluation of all their redistributive effects? More generally, infrastructure and higher education policies, to name but a couple of examples, have considerable distributive effects, especially on the middle classes. Yet they are hard to evaluate based on the sole criterion of poverty reduction. These policies are also thin on the ground in most of the Poverty Reduction Strategy Papers (PRSPs).

This question of inequalities and redistribution has been a subject of World Bank debate for a number of years now[16]. The "poverty-growth-inequality" triangle developed by F. Bourguignon constituted a first step towards redistributive policies[17]. This triangle posits that low inequality strengthens the impact of growth on poverty reduction. This link justifies the attention paid to redistribution, which generates a double or triple dividend in terms of poverty reduction[18]. This mechanism is illustrated in the 2006 report. Yet it only gives distributive issues an instrumental role and its arithmetical reasoning increases the artificial nature of the dividing line between growth and distribution.

A second attempt to synthesise growth, poverty and inequalities is based on the notion of pro-poor growth. A recent study programme co-ordinated by the World Bank endeavoured to make this concept operational (AfD, BMZ, DFID and World Bank, 2005). Yet the very definition of the concept was a

[16] This question sparked a conflict during the drafting of the 2000/01 report and led to the resignation of its Editor-in-Chief R. Kanbur (see Wade, 2001, for a detailed description of the debates surrounding the writing of this report). The final version of the 2000/01 report therefore contained an extra chapter, not featured in the initial version, on the link between growth, poverty and inequalities.

[17] "The reduction of absolute poverty necessarily calls for highly country-specific combinations of growth and distribution policies." (Bourguignon, 2004).

[18] Redistributive policies have a direct impact on poverty, followed by an impact in terms of increasing the growth elasticity of poverty reduction and lastly a third impact when you consider that low inequalities are conducive to growth.

stumbling block. Work conducted in this field posits that a relative definition of pro-poor growth is a growth process during which the share of income held by the poor increases, i.e. growth accompanied by a reduction in inequalities. Such a goal would place the emphasis squarely on redistributive policies. Yet this was rejected by the study's authors since it would have given rise to a negative assessment, due to increased inequalities, of the trajectory of most countries such as China that actually had the best growth and absolute poverty reduction performances.

The chosen notion of absolute pro-poor growth is defined as a growth process that reduces the number of poor[19]. This definition, which adds nothing to the definition of poverty reduction, makes a secondary issue of redistributive policies. At no time does the *Equity and Development* report take up this notion of pro-poor growth, which does seem to lead to a dead end.

By introducing the equality of opportunity as an objective in itself, the report proposes a decisive step forward in the consideration of redistributive policies. It observes that the reduction of inequalities of opportunity and efficiency could conflict with one another in the short run, and that it might be better to favour equity as a winning strategy in the long run. Redistribution thus receives a stamp of approval, including in certain cases in which it has a cost in terms of immediate growth.

However, this step towards redistribution is taken with extreme caution in the report's recommendations, sometimes even reluctantly it would seem. The recommendations do little to give concrete expression to this new advance, as is largely developed in the following thinking. On a number of occasions, the report appears to be tempted to provide guarantees of orthodoxy in consideration of the prospects it opens up. It therefore somewhat echoes the pro-trickle-down theory of the neutrality of the redistributive effects of growth, even though the report's empirical elements are not very convincing on this point[20]. In this regard, for example, the increase in inequalities induced by Chinese growth is minimised![21]

Similarly, the report makes a clear distinction right from its introduction between the *ex-ante* redistribution of opportunities and the *ex-post* redistribution of outcomes: "A concern with equality of opportunity implies that public action should focus on the distributions of assets, economic opportunities, and political voice, rather than directly on inequality in incomes." The report apparently dismisses income redistribution policies despite going on to talk about them.

A number of different readings can be made of this report, inevitably leading to different interpretations of its on-the-fence position with regard to distributive issues. Yet the fact remains that the report's starting point is an egalitarian perspective. It chooses countries such as Sweden and Finland as examples of equitable growth. Even though concrete recommendations are not very forthcoming, the move towards placing redistributive policies on the development agenda is quite clear.

2.1.2. Equal opportunity policies

The report presents policy recommendations based on three pillars: building and protecting capacities (human capital), equitable access to justice and factors (land and infrastructures), and markets and macroeconomic policies.

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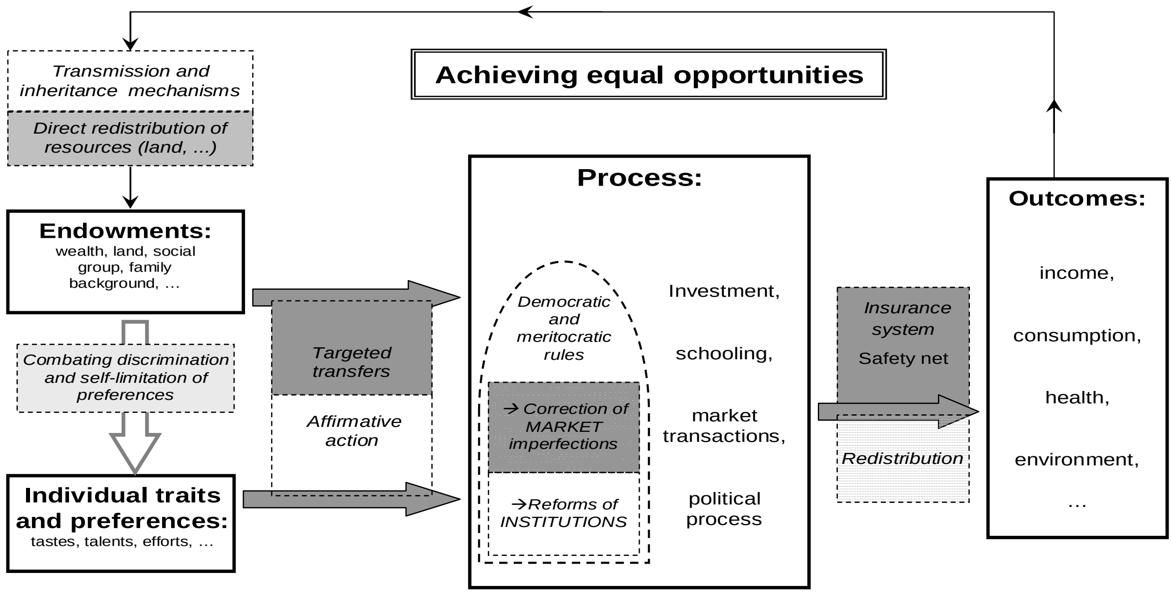
[19] The exact definition is as follows: "The second definition of pro-poor growth focuses on accelerating the rate of income growth of the poor and thus the rate of poverty reduction". This convoluted definition, which identifies pro-poor growth with an increase in growth, provides a good example of the conceptual problems encountered.

[20] After discussing the neutral effect of growth on the distribution of incomes, the report adds that, "Growth still contributes to poverty reduction even in high-inequality countries." However, this assertion is contradicted by the graph that follows it (Figure 4.6), which shows a highly variable effect of growth on poverty and, in particular, many examples of episodes of growth accompanied by an increase in poverty.

[21] The report quotes Ravallion and Chen (2004): "(They) indicate that inequality in China grew fastest during periods when economic growth and poverty reduction were slow. They argue that China provides little support for the view that rising inequality is inevitable with rapid economic growth and poverty reduction."

This presentation is more sector-based and does not bring out the specific nature of equal opportunities policies. We have endeavoured to situate and define equal opportunities policies based on figure 1 in the first section describing the opportunities-outcomes loop (see Figure 2).

Figure 2: Courses of action to achieve equal opportunities



The cycle described is broken down into three main stages corresponding to different types of policies. The first is the building of endowments and aspirations (left-hand side of the figure). The corresponding possible policies are direct redistribution, the struggle against discrimination (and especially the internalisation of inequalities), targeted transfers in the area of human capital in particular, and affirmative action to promote the access of certain groups.

Next comes the process by which each individual develops, allocates and makes use of his or her initial resources (middle section of the figure). The purpose of the corresponding policies here is to make the institutions involved in this process equitable based on democratic and/or meritocratic criteria. Two major types of policy in this category are the correction of market imperfections and the democratisation of institutions.

The third stage is outcomes (right-hand side of the figure). The purpose of equity policies here could be to redistribute *ex post*, in particular by means of insurance mechanisms, to provide a counterbalance for the "unlucky". The figure closes the loop with the renewal of generations, which brings inheritance transmission policies into play.

We have endeavoured to relate the policies presented by the report to our defined categories. The darker the grey shading in the boxes in the figure above, the more attention paid by the report to the types of policies concerned.

As regards the cycle's first stage of building endowments and aspirations, the report looks at targeted health and education transfers as a way of influencing resources at birth. Likewise, it discusses, albeit cautiously, the question of land redistribution. However, the other areas of probably less conventional policy action are merely mentioned. Such is the case with the affirmative action policies, but also more generally with all the antidiscrimination policies. It is a shame that one of the report's strong points of analysis – the consideration of the internalisation of inequalities and balances of power – should not be analysed in operational terms.

The report is more forthcoming about the policies associated with the second stage of the cycle. In particular, as one would expect of development economists, a great deal of attention is paid to the reduction of market imperfections. Yet the reforms for equitable institutions are only addressed in part, with the main focus being on justice.

The same observation can be made for the third stage. Some subjects are covered: protection against risks, safety nets and insurance mechanisms. These points are well worth raising. Yet little is said about the other redistributive policies such as taxation policies. Transmission and inheritance mechanisms are quite simply not addressed.

This brief review explains the following remarks about the report's proposals, which are generally pertinent and well-informed. Yet the overall observation is that the report's analyses are far from making full use of the prospects opened up by the new conceptual approach proposed.

2.2. From poverty reduction to promoting equity

2.2.1. An extension of the 2000/01 report

By centring its analysis on equity, which it defines as the combination of respect for equality of opportunity and the absence of absolute poverty, the 2006 report extends the line of the 2000/01 report entitled *Attacking Poverty*, published five years earlier. The 2000/01 report lays down a conceptual framework for poverty reduction. This goal was made central to development policies following the 1999 launch of the PRSPs by the Bretton Woods Institutions (World Bank and IMF) and the 2000 adoption of the Millennium Development Goals (MDGs) by the international community under the aegis of the United Nations.

By defining poverty as multifaceted from the outset, the 2000/01 report explicitly falls in line with Sen's approach. Right from the first page of Chapter 1, it states that, "All these forms of deprivation [material, low levels of education and health, vulnerability and exposure to risk, voicelessness and powerlessness] severely restrict what Amartya Sen calls the "capabilities that a person has, that is, the substantive freedoms he or she enjoys to lead the kind of life he or she values." The 2006 report's definition of equity similarly refers to Sen's work (but also to Rawls, Roemer and Dworkin). The 2000/01 report studies the different aspects of poverty. The 2006 report adds a broad definition of economic, sociocultural and political inequalities, which to some extent balances out the definition of poverty. These inequalities are grouped into four categories that are virtually identical to the poverty categories contained in the 2000/01 report: income-consumption; health; education; and voice and participation in society. The only point that might be said to disappear from this overall list is vulnerability and exposure to risk. Nevertheless, as we will see later, this aspect is taken into account in the proposed courses of action. From this point of view, the 2006 report is an extension of the 2000/01 report, even though the connection is not openly made.

Table 1: Comparison of the 2000/01 and 2006 World Development Reports

2000/2001 development report		2006 development report	
Pillars	Policy recommendations	Pillars	Policy recommendations
Opportunity	Microfinance; land reform and other capital redistribution policies; taxation and other measures to reduce inequalities; public expenditure to help the poor	Equity	Policies to develop human capital, improve rights (justice, land, etc.) and market functioning.
Empowerment	Democratisation, decentralisation and social capital building measures	Equity	Democratisation and social capital building measures
Security	Targeted social protection measures; capital diversification assistance measures; insurance; protection against economic crises (financial regulation); conflict prevention	Equity	Three-level insurance mechanism (unemployment, child allowances and maternity benefits, pensions and disability insurance), social protection safety nets (transfers, public works programmes, etc.) and labour market regulations.

The 2006 report's analyses can be linked up with the three policy pillars recommended by the 2000/01 report: opportunity, empowerment and security (see Table 1). The first two pillars remain central elements of the 2006 report. The security concept, at the forefront in the 2000/01 report (in which vulnerability was considered to be a key aspect of poverty), is much less present. This concept of security goes the most against a market economy approach. The main purpose of the security policies is to protect the losers of the economic liberalisation processes. The 2000/01 report recommended a modular approach based on a range of tools: insurance, targeted assistance, redistributive transfers, social funds, etc. The 2006 report extends this approach by stating that although social protection policies were traditionally designed as a form of redistribution, they also play an essential safety net role.

2.2.2. Developing human capacities

The promotion of economic opportunities consists of ensuring that the markets run smoothly, which calls for "greater investment in the human resources of the poorest" (to combat inequality traps). Regarding human capacities, the report underscores the importance of a focus on very young children for the equality of opportunity and recommends programmes to promote it. It also advocates the implementation of insurance and social protection policies. Despite the emphasis it places on basic education and primary health care, the report appears however less forthcoming in these areas.

As regards basic education, for example, the report is guarded about the elimination of the school fees paid by users, arguing that such a measure would have a negative impact on public finances. Yet the experience of Kenya, Tanzania, Uganda and other countries shows that this measure, which is administratively simple to implement, can have an extremely positive effect on the schooling of the poorest groups at a cost that the African governments and donors can finance as part of the commitments made for the programme "Education for All" . In 2001, the elimination of these school fees enabled Tanzania to double the number of children enrolled in school (the net school enrolment rate rose from 59% in 2000 to nearly 90%) and, speaking of equity, there are now as many girls as boys in school in the country (Millennium Project, 2005)! An international consensus appears to have built up around such a policy in recent years. The Millennium Project report, Tony Blair's Commission for Africa report and numerous aid institutions have recommended it – and a number of countries, especially African countries, have successfully implemented it. The resolution adopted by the heads of State and government at the recent UN summit in New York (15 to 16 September 2005) also recommends eliminating school fees in primary education (and primary health service fees where possible). This makes the World Bank report's faint-hearted position on this subject all the more regrettable!

The report's attitude to ending user contributions to primary health care costs is similar. Although it acknowledges certain positive experiences in this area (such as in Uganda), the report points out the negative impact that such a discontinuation of a resource could have on the public health systems. Granted, caution should be encouraged, but it is important to note that this decrease could be offset by an increase in the health budget financed by government and donors. Such was the case in Uganda and, in general, the additional resources needed do not appear to be beyond the financial possibilities of the developing countries and their donors. The report mentions a number of positive experiences on different scales in this area. Here again, the international community has on the whole widely reconsidered the principles of cost recovery from the users, with the Blair Commission recommending that the African governments abolish user fees for primary health care, not to mention the Millennium Project report … while the World Bank stands apart with a somewhat hesitating position!

Basic education and health care are two fundamental issues for equity, poverty reduction and growth. The two measures discussed above could have a positive, wide-ranging and immediate impact. The World Bank's fiscal rigour is especially surprising since the report does not display the same reservations when it comes to other measures whose impact appears to be less broad based and less certain. For example, it recommends programmes to transfer money or food to families in return for sending their children to school and advocates pension programmes for seniors. There can be no doubt about the merits of these programmes. Yet, compared with free access to health care and primary education, their implementation looks more complicated and their impact less assured – and their cost not-inconsiderable. Nevertheless, the report's authors deem that these costs could be financed by savings made elsewhere in the budget!

These money and food transfer programmes raise another problem. The examples of such programmes referred to by the report concern countries (Mexico, Brazil and Bangladesh) whose administrations are relatively developed and efficient. It would not be out of place to question the ability of fragile countries, in sub-Saharan Africa for example, to implement such administratively complicated programmes when their administrative services are not very efficient, are underequipped and are largely nonexistent in the rural areas. The fact that the report sidesteps these problems, experienced by many poor countries, probably reflects somewhat of a penchant for the issues of the emerging and middle-income countries.

2.2.3. The distribution of assets

In addition to the need to improve the distribution of human capacities, the report acknowledges the need for an equitable distribution of certain complementary factors ("assets"), such as infrastructures and land, and hence addresses these two issues from the point of view of equity.

Regarding infrastructures, the report's equity approach does not lead it to recommend policies different from those the World Bank has advocated for poverty reduction. Yet the report concludes that the infrastructure privatisation policies have had a mixed impact in terms of the distribution of their benefits. Nevertheless, its recommendations hardly take things any further than the policies already recommended in the past[22], which consist of creating obligations and incentives for the private firms in question so that they will extend access to the goods and services they provide (water, electricity and telephone) to the poorest populations.

By way of contrast, the section on equity in access to land seems to be more innovative and original in that it addresses the questions surrounding land reform, a subject that the World Bank had all but avoided for decades until the 2000/01 report. This innovation in the analysis is not reflected in the recommendations, which, once again, are not really any different from those made previously. The improvement of land titles and markets is a fairly uncontroversial issue and it is hard to disagree with the report's positions on this point. However, the paragraphs on land reform are somewhat disappointing. The equity and efficiency arguments justifying government intervention against land inequality may well be there, but they are accompanied by a long list of reasons why these efforts have not been successful in the past. The reader gets the impression that land reforms are a good idea in theory, but that they are too complicated to be successful in practice! This is a long way off a straight and to-the-point recommendation.

Yet the importance of the issue – and the rigour of their own arguments – should have led the report's authors to conclude that, without such a reform, the countries suffering from great inequalities in land distribution would not be able to achieve their equity, poverty reduction and growth goals[23]. It is justified to note, as does the report, that the land reforms that have generally been successful have been those that have followed serious and turbulent upheavals. No one would expect the World Bank to advocate revolution. Yet the positive, if partial, results obtained peacefully by countries such as India and South Africa should suggest that, as difficult as these reforms may be, they are as possible as they are necessary. Maintaining the status quo is no solution. Putting off land reform means that countries where substantial land inequality problems are exacerbated by ethnic clashes (which is generally the case in the Latin American and African countries) will eventually lay themselves open to the explosive mix of mounting tensions combined with an authoritarian government – as seen in Zimbabwe!

[22] See, for example, the 1997 (*The State in a Changing World*) and 2004 World Development Report (*Making Services Work for Poor People*).

[23] Note that, in all the studies conducted on the links between distribution and growth, the negative relation between land inequality and growth appears to be one of the most robust.

2.2.4. Integration and political participation

The issues of integration and political participation (empowerment) addressed for the first time and extensively analysed by the 2000/01 report are also discussed in detail in the 2006 report. The 2000/01 report presented the political, institutional and social causes of poverty as being inextricably linked with the economic causes. The way in which the institutions take poor citizens' aspirations into consideration was seen as a key element in poverty reduction. The 2006 report likewise underscores the interaction between political, economic and socio-cultural inequalities and relates this to the running of the institutions. The 2006 report also uses the term 'empowerment', but adds a new 'agency' concept defined as, "the socioeconomically, culturally and politically determined ability to shape the world around oneself" (p. 5). The report adds to this an analysis of the relationship between the distribution of power and institutional quality (Chapter 6). In this, it presents a vicious circle mechanism whereby the concentration of power in the hands of a narrow group or an elite undermines institutional quality, with the dominant group monopolising the institutions, which tends to perpetuate this domination.

A parallel can be drawn with the poverty reduction policies conducted in recent years, which place participatory processes at the heart of their approach. This means involving all the social stakeholders and donors in policy definition, monitoring and implementation. These participatory processes were introduced in all the low-income countries right from the preparation of the PRSPs. In addition to the objective of policy ownership by the countries concerned, they were in keeping with an empowerment approach whereby the population's participation was supposed to enrich the debates and help define a more appropriate strategy that met real social needs. These processes were meant to give the poor the opportunity to influence the policies that affect their living conditions (Cling, Razafindrakoto and Roubaud, 2003). Given this, and in view of the central place accorded the participatory processes, it is really surprising that the 2006 report does not mention this concept once. It does not even review the processes underway in some sixty countries for over five years now and into which considerable effort has been put. Does this reflect a doubt about these processes seen at the time as the operational translation of concepts put forward by the 2000/01 report (World Bank, 2003)? If this were the case, it would explain why the concrete recommendations for the implementation of this approach are a lot more modest than in the past and targeted on a few discriminated communities (see the report's example of the *quechua* in Ecuador) without finding their way into more ambitious global policies.

2.3. The 2006 report on the whole emulates the post-Washington consensus

2.3.1. Equity and the Washington consensus

The 2000/01 report helped shake the foundations of the Washington consensus by studying the effect on poverty of policies conducted in various fields in compliance with this consensus. This analysis led the report to conclude that the results of these policies had not always been positive for the poor. It would have been interesting for the 2006 report to likewise endeavour to show what the search for equity meant to each of the areas covered by the Washington consensus: fiscal and tax policies, trade liberalisation (international trade openness and liberalisation of capital flows) and the transition to a free market (e.g. privatisation). This has unfortunately not been done in this third part of the report, even though the subject is sometimes briefly addressed in other sections. In fact, the 2006 report implicitly takes the post-Washington consensus line.

The final version of the 2000/01 report (the initial version was a lot more forthright on this subject) did not question the actual merits of the liberalisation reforms. Yet by voicing reservations about the right rate, extent of and institutional conditions for a reform process, it in fact criticised the mixed results obtained from two decades of liberalisation. Unlike the 2000/01 report, the 2006 report makes no criticism of past liberalisation policies. In fact the only references made are in favour of these policies. For example, aside from in the case of ill-designed privatisation (e.g. sale at too low a price), it is seen as a success in terms of expanding access to public services (see the example given of electricity and telecommunications in Latin America). The same holds true for the macroeconomic policies, handled extremely allusively, for the trade liberalisation policies and for strengthening the institutions, as we show below.

2.3.2. Equity and macroeconomic policies

Surprisingly, the link between equity and macroeconomic policies is barely touched upon as such in the report's third part on recommendations. Although certain aspects of the macroeconomic policies are addressed at different moments in the document, the analysis in operational terms goes no further than the idea that macroeconomic instability is both the cause and effect of a lack of equity.

On the subject of fiscal and tax policy, the report does address the link between taxation and equity, again albeit briefly (two pages). Yet although we do not question its conclusions, it might have been worth going into more detail on this subject given its importance to both equity and poverty reduction and growth. However, the report does not analyse the question of public expenditures and the institutions in charge of them from the point of view of equity despite the fact that, out of all the tools available to a government, public expenditures are likely to have the greatest – positive or negative – effect on equity. Theory and practice should now be able to provide answers to such questions as: are certain types of public spending better at fostering equity, which institutional systems are best suited to ensure greater equity in actual spending – including, in particular, the question of consistency between budget allocation and actual expenditures? It would be interesting, in this regard, to draw lessons from the actions taken in recent years, often with positive results, in terms of Public Expenditures Reviews, Medium Term Expenditures Framework, recipient participation in expenditure control, PRSP monitoring, etc.

2.3.3. Equity and trade policies

The report's analysis of the results of trade liberalisation experiences in recent years concludes that external trade opening is conducive to growth, but has an uncertain (positive or negative) impact on income distribution and therefore probably on equity. However, the trade policy implications of this observation are not followed through.

The report stands by the World Bank's traditional positions by implicitly advocating integration into world trade and merely notes the governments' responsibility to provide compensation to the losers of these liberalisation processes. This message is quite different to that presented in the 2000/01 report, which challenged the economic openness model behind the strategies advocated by the Bretton Woods Institutions for the previous two decades. The authors acknowledged that, "The initial push for trade liberalization as an instrument for poverty reduction was influenced by a narrow reading of predictions from trade theory." In some countries, trade barriers benefited the poor by raising the price of the goods they produced. This was particularly true of the highly labour-intensive textile and clothing sector[24]. In general, most of the case studies on this subject (especially regarding Latin America) conclude that trade liberalisation has tended to increase wage and income inequalities (Milanovic, 2002). The 2006 report ignores these widely accepted findings and presents an agnostic view, considering that there is no consensus on this issue (p. 44).

Also implicit is the assumption that the development of highly labour-intensive export industries, which did so much for both growth and the improvement of unskilled workers' wages among the Asian tigers, could likewise form a model for integrating the poorest countries into the global market. Yet this hypothesis overlooks the increase in Chinese exports to the European and North American markets in which the infant African and Latin American industries were striving to gain a foothold under the shelter of preferential schemes. Since the end of the Multifiber Agreement quotas at the beginning of 2005, textile imports from China have been surging on all OECD markets, in direct competition with exports from other developing countries – from Honduras through Lesotho and Madagascar to Cambodia –, seriouslyundermining their new exporting industries.

It would probably be somewhat hypocritical for the importing developed countries to now justify introducing new quotas for Chinese exports out of a concern for the textile and clothing industries of

[24] A study quoted by the 2000/01 report considers that approximately a quarter of the decline in the wages of unskilled labour in Mexico from the mid- to late-1980s (-20%), shown in its Figure 4.3, was due to the reduction in tariffs and the elimination of import licence requirements. Moreover, in countries in which the abundant production factor is land rather than labour (Latin America and Africa), trade liberalisation does not necessarily benefit labour.

Tunisia and Morocco. Yet the now-predictable collapse of these industries in Africa and other regions of the world should also be considered from the point of view of equity. Although Tunisia still has a higher national per capita income level than China, China is now richer (in terms of purchasing power parity) than many Central American countries. It is twice as rich as Cambodia and six times richer than Madagascar. China's integration into global trade has definitely driven the astonishing growth that this country has experienced over the last fifteen years ; it has consequently also contributed to the country's sharp drop in poverty. Yet if the surge in Chinese exports is now destined to undermine the poorer countries' hopes for integration into global trade, the question should be asked about what this country's economic growth really means for global equity!

2.3.4. Equity, institutions, political processes and democracy

Last but not least, the report highlights several times the two-way causality links between equity and institutions – an idea consistent with the importance that the World Bank has placed on the role of institutions for a number of years now. The report takes this further, with one of its original features being the recognition of the fundamental role of political processes and institutions in virtuous development circles. It therefore makes a much more substantial incursion into the political sphere from this point of view, an incursion that the 2000/01 report implicitly embarked upon, but did not formally make (Cling, Razafindrakoto and Roubaud, 2003). Yet once again, the World Bank sits on the fence. There is a hiatus between the role of the processes, authorities and political institutions in generating equity and the faintheartedness of the policy recommendations in this area.

In terms of empowerment, the report limits itself to promoting wider access to basic social services (health and education), which should automatically boost the 'voice' of the poorest and their capacity to influence policies in their favour. In terms of institutions (other than the markets), the recommended actions are confined mainly to the judicial system, giving the impression of a focus on economic property rights. Granted, the accent on the judicial system is justified in that it has an important role to play in creating a more equitable society. Yet the other two branches of government – legislative and executive (to use Western political science terminology) – have a no less essential function. Action for reform should therefore be proposed in these areas, even though an institution's efficiency will obviously depend on its suitability to the local context and it could be risky to make recommendations for a group of inherently very different countries.

As regards the legislative authorities, some useful information could doubtless be gleaned from an analysis of the impact on equity of how the existing systems are chosen and run. For example, what lessons can be drawn from legislative assembly selection processes that guarantee a minimum number of seats to certain groups (women) and minorities? What can be done to encourage the setting up of coalitions that pass progressive legislative acts (such as the Civil Rights Act in the United States)? What useful lessons can be drawn from a study of the dynamics of political groups and lobbying by pressure groups and NGOs? There is no easy answer to these questions, but the lessons of experience could be at least as rich as in the case of the judicial systems. The same study could be made of the process by which the executive branch of government is appointed and how it is run at central, regional and local level.

Generally speaking, if political power inequalities are the main reason for the emergence and persistence of inequitable institutions, then the promotion of democracy becomes an obvious lever for escaping 'inequality traps'. Given this, it is worth looking as much at assistance to hold free and transparent elections (drawing up electoral rolls, setting up transparent voting, etc.), for example, as affirmative action policies for access to schools and jobs and the extension of microcredit programmes. There is nothing to say that, in terms of resource allocation, measures affecting political institutions are not more efficient (from the point of view of equity) than the latter policies.

The fundamental importance of improving the political environment is now acknowledged. The report puts forward, in particular in its epilogue, the argument of the World Bank's mandate and comparative advantage as a reason for not venturing more boldly into the area of political institutions – which could have been the logical direction for the report to take. Yet there is good reason to question the pertinence of this decision to limit the report's scope to a narrow view of development policies and to eclipse any actions that could have anything to do with the political fields. Such actions could naturally come within the broader spectrum of a strategy to assist States and strengthen their institutions. In many cases, the promotion of political rights, like economic rights, calls simply for concrete measures designed to improve the efficiency of the administrations. Assistance in terms of management capacity and procedural simplifications could hence be envisaged (see Box 4).

Box 4: Towards an equitable distribution of political power: Assistance to institutions in charge of elections to promote democracy

One of the strengths of the report is its recognition of the importance of an equitable distribution of not just economic resources, but also political power. The close links between the two economic and political spheres are clarified by explaining the need for citizens to have a way of applying political pressure for the principle of equity to be implemented in the different institutions. However, the report does not expand on the implications of this observation. Assuming that the World Bank's decision to steer clear of the field of political institutions is made necessary by its mandate, it is hard to understand why it does not make relatively simple recommendations designed to improve the efficiency of certain key administrations.

To give a concrete example, one course of action would be to improve the efficiency of the institutions in charge of organising elections in countries where the authorities subscribe to the principles of democracy – or at least claim to. The political exclusion of the poorest, so clearly shown by their lower levels of voting, is due in large part to State failings.

The case of Peru is a good example of this. A full 20% of the poorest quartile did not vote in the 2002 municipal elections as opposed to 10% of the richest quartile (Herrera, Razafindrakoto and Roubaud, 2005). This phenomenon was due mainly to the inefficiency of the public institutions in charge of the electoral register and the national identity register, rather than a lack of interest in or disaffection with politics.

The commitment of the massive majority of Peruvian citizens to democracy and the importance they place on (non-compulsory) elections are left in no doubt by the fact that only a tiny minority of both poor and rich consider that "voting is pointless" (less than 2% of those who did not vote, representing approximately 0.2% of the potential voters). Yet nearly 70% of those who did not vote were unable to do so either because they did not have the required identity card or because they were not on the electoral registers. Among the poorest groups, over three-quarters of those who did not vote were not registered, as opposed to "only" 40% for the richest quartile.

It is worth noting here that not having the national ID document (DNI) not only prevents individuals from exercising their fundamental right to vote, but also reduces the citizens' access to economic opportunities. Without a national ID document, it is not possible to obtain a loan, conduct land transactions, travel abroad, etc.

Reasons for not voting by income quartile in Peru

	Quartile I	Quartile II	Quartile III	Quartile IV	Total
% of those who did not vote	20%	15%	10%	8%	13%
Reason for not voting					
	63%	65%	55%	36%	58%
No election card					
Transport problem (cost, distance, etc.)	12%	12%	14%	19%	13%
No ID document	12%	12%	7%	4%	10%
Voting is pointless	2%	1%	1%	3%	2%
Other	11%	10%	22%	38%	17%
Total	100%	100%	100%	100%	100%

Source: ENAHO 2003-2004, authors' calculations.

Note: The table relates to the municipal elections held in November 2002. Quartile I is the poorest and quartile IV is the richest.

These diagnoses confirm the pertinence of specific recommendations designed to improve the efficiency of the institutions and consequently enable more equitable elections to be held. Moreover, following civil society action regarding identity documents in Peru, in particular with the *Mesa de Concertacion de Lucha contra la Pobreza* and action by the *Comisión de Trabajo por los Indocumentados* » (*Cotrain*) – comprising a large number of NGOs and the public body in charge of the ID register (*RENIEC*) – the current government waived the need for a service record form and provided identity documents free of charge to the poorest populations.

In fact, although the report's take is one of some caution so as not to interfere in the field of politics, its weaknesses in terms of operational recommendations concern more generally all the institutions and not just those associated with the political sphere. No doubt one has to be selective when dealing with such a huge field of study, but it would be useful here to mention an area that is particularly important when it comes to equity, that of the public health and education institutions.

In many African countries, for example, the health and education ministries need to be improved, if not rebuilt, if lasting progress is to be made with the populations' health and education. An institutional analysis would highlight unsuitable management methods, shortfalls in the number (and quality) of staff, and the inability of these institutions to attract skilled personnel due to the level of wages offered. In a sector such as health, the emigration of skilled African staff (doctors and nurses) to Europe and the United States (or even other developing countries) hugely complicates the creation of a local institutional capability. From the point of view of equity, at both national and international level, we cannot be indifferent to the fact that 70% of the doctors trained in Ghana in the 1990s have left their country, often to take their services to richer countries (Commission for Africa, 2005)! There is obviously no simple solution to these issues of institutional improvement, but they are as vital to poverty reduction and achieving the MDGs as to the development of human capacities and equity.

2.4. A relatively timid discussion of international regulation

2.4.1. International equity

The report's last chapter on international recommendations (*Achieving greater global equity*) ties in even less with its proposed conceptual innovation than its section on national policies. This is probably due to the fact that it is particularly hard to define global equal opportunities (see the first part above). Yet it also appears to betray a certain apprehensiveness when it comes to promoting the concept of equity in its international sense.

For example, a central argument in defence of national equity throughout the report is its instrumental role. Equity is a good thing in itself, but it is also beneficial (at least in the long run) to national growth and development. A large part of the report is given over to demonstrating this assertion. However, when it comes to the international level, the same instrumental role of equity is covered in just a few lines lacking in conviction[25]. There are actually really no major differences between the international recommendations made by the 2006 report and the 2000/01 report[26], with the exception of the bold and commendable final proposal recommending a more balanced representation in the decision-making bodies of the Bretton Woods Institutions.

In other words, the equity lens leads the report to look at the international issues in an original and potentially ground-breaking light. Yet the analysis is sketchy, probably due to the fact that the concept lacks solidity at international level. The closer we get to the proposals and recommendations, the more prudence prevails over the bold prospects hinted at by the starting point of equity. This is certainly true of the two major issues addressed by the report: international trade and development assistance (which are the only two sources of foreign funding for poor countries with no access to private capital).

2.4.2. International trade

The report addresses international trade talks from the point of view of imbalances of power. Whereas the 2000/01 report pointed to a lack of capacities as the reason for the imbalance in international negotiations, the 2006 report states more clearly that, "opportunities and rules are not the same for all".

There quite naturally follows a critique of market imperfections, which more often work to the advantage of the powerful either because the market barriers are set up to work in their favour or because the poorest have no market access. The global markets are full of examples of this type of imperfection: barriers to migration to rich countries, agricultural protection in these same countries, no access to financial markets for the poor, etc. Yet for all this, the report does not make a case for as free

[25] For example: "Some even argue that there is a powerful moral case for rich countries to take action, because of the huge disparities and (arguably) because they partly created and perpetuate global inequities… Greater equity in access to and control over natural resources and the global commons may lead to more sustainable use. Some argue that greater equity could also lead to greater international stability." (p. 206).

[26] The weight placed on each question is different. The 2006 report talks about migration, unlike the 2000/01 report. Conversely, the 2000/01 report's focus on reducing the risks of international crises and developing global public goods has disappeared. Yet what is really striking when reading both reports is the continuity: more balanced rules of access to global markets, more empowerment for the poor in international forums, and more and better quality aid.

and wide access as possible to the global markets. The approach is pragmatic: the rules of each market are addressed separately (trade, labour, property rights, financial, etc.) and the analysis generally finds complex effects with both winners and losers.

Neither does the report make a case for special treatment in international trade for developing countries (tasked to the WTO under the technical term of *Special and Differential Treatment*). Yet the question of whether special rules or longer lead times to apply liberalisation rules should be granted to developing countries in view of their weak position is one of the hottest subjects of debate in the current round of multilateral talks (called somewhat misleadingly the *Development Round* since 1999). This question concerns not just market access conditions (asymmetry of preferences), but also the entire set of standards defined by the WTO (intellectual property, subsidies, etc.). Yet this is merely a transposition of the principle of affirmative action to international level!

The analysis in terms of power does not lead the report to take new views. It seems to resign itself to reasonable multilateralism[27] as being a preferable solution to bilateral negotiations where balances of power are even more in effect. Civil society movements (fair trade and citizen mobilisation) and international institutions are cited as useful counterweights to these imbalances of power.

It is regrettable that the report does not seek to apply its own “inequality trap” concept to international relations. The circular relationship that it describes between political inequalities, economic inequalities and sociocultural inequalities could constitute a useful analytic grid. The mechanism by which the weakest internalise the balance of power, adopt the value systems of the dominant groups and self-limit their aspirations would doubtless be a powerful and innovative tool for explaining international relations in the multilateral field. It would then be hard to consider that equity could spring from the free rein of multilateral relations.

2.4.3. Development assistance

The second major global imperative is to provide international aid to develop the poor’s endowments. Here again, the equity lens looks promising, for example as regards the recent proposals on financial instruments to mobilise aid and the lively debate on aid allocation in recent years.

On this last point, the report does sketch out a bold approach acknowledging that equity suggests that, “Aid should be targeted where the probability is greatest that it effectively reaches those with the most limited opportunities – the poorest of the poor in opportunity terms”. Equal opportunities naturally demand that resources should be directed there where the external conditions are the most adverse. This gives rise to an obvious conflict with the aim of aid effectiveness. The report talks about this conflict in terms of aid allocation, comparing selective allocation with allocation based on the equality of opportunities (see Box 5). Yet it does not expand any more on this archetypal example of the equity-efficiency dilemma.

Here again, the report errs on the side of pragmatism with a review of the debates on aid-related issues: effectiveness, allocation, funding and debt. This discussion somewhat loses sight of the originality of the reasoning. For example, it is rather disappointing to find that the innovative aid funding mechanisms discussed in the *Achieving greater global equity* section merely garner the following comment: “These proposals would need to be assessed on the basis of the revenue they could generate, their efficiency, collectability, feasibility, and not least their impact on equity”.

27 For example, “Although even an ambitious Doha Round would bring limited benefits, it remains an important goal to pursue because failure would further undermine confidence in multilateral negotiations”, (p.212) and, “Inequitable as TRIPS may be, it still provides an internationally agreed standard subject to intense scrutiny and study, which does make it harder for rich countries to get more favorable deals in bilateral agreements.” (p.215).

Box 5: aid allocation: selectivity versus equal opportunities

The recent growth equations on which the aid allocation discussion is based can be summed up as follows:

$$\Delta h/h = -\alpha\ G = -\alpha\ (\ f(C) + g(Pol, A) + \varepsilon)$$

where h: poverty rate
g: growth
α: growth elasticity of the poverty rate
C: “circumstances” variables vector (history, geography, etc.)
Pol: indicator of the quality of the policies and/or the institutions
A: development assistance.

In its consideration of policy quality as a level of collective effort, this starting point closely resembles that of equal opportunities, which explains individuals’ outcomes based on circumstance variables and effort variables.

The selectivity policy consists of allocating aid so as to maximise its overall impact on poverty reduction. Given the interaction between aid level and growth policy quality, this amounts to allocating aid in accordance with the dual criteria of initial poverty level and policy quality (Collier and Dollar, 2001).

‘Selective’ aid allocation does not respect equal opportunities. Aid is allocated independently of external circumstances C. The poor with adverse circumstances have less chance of exiting poverty and ‘selective’ aid does nothing to alter this injustice.

There are other justice problems with selective allocation since the variables considered are not actually independent: policy quality depends empirically on “circumstances”, as does the growth elasticity of poverty. In reality, selective aid allocation helps rather the poor with the least unfavourable prospects.

Cogneau and Naudet (2005) use this diagnosis and Collier and Dollar’s starting point to construct an alternative allocation of aid that minimises the inequality of poverty risks among the poor (likelihood of exiting poverty in the coming period). This allocation distributes the poverty risks more equitably among the world’s population, while reducing global poverty virtually as effectively as Collier and Dollar’s approach (see table below).

Projection of poverty and inequalities of poverty risks from 1996 to 2015

	1996	2015 Projections		
		Eq. Op	C&D	No aid
Poverty level* (%):				
Recipient countries in 1996	61.5	21.3	20.6	27.4
Sub-Saharan Africa	71.6	41.8	46.8	76.9
North Africa and Middle East	34.7	15.7	15.7	15.7
South Asia	84.9	22.5	16.1	22.5
East Asia and the Pacific	57.1	11.8	11.4	11.8
Latin America	42.6	26.5	30.7	33.9
Eastern Europe and Central Asia	27.7	17.4	19.7	20.9
Gini coefficient of poverty risks:				
Between countries	0.25	0.29	0.38	0.35
Between inhabitants*	0.20	0.28	0.35	0.34

Source: Calculations by Cogneau and Naudet, 2004, based on data taken from Collier and Dollar (2001).
Interpretation: Given the 1996 initial poverty levels, with the growth prospects indicated by Collier and Dollar’s continental dummy variables and a growth elasticity of poverty of 2, the poverty rate of $2 per capita per day would come to 41.8% in Sub-Saharan Africa if aid were allocated based on Eq Op (equality of opportunity), 46.8% using C&D (Collier & Dollar) and 76.9% if no aid were allocated. The Gini coefficient of inequality between the poverty risks to which the inhabitants of the different aid recipient countries would be exposed in 2015 would come to 0.28, 0.35 and 0.34 respectively with these three allocations.
*: Weighted by the population; for 2015: *World Development Indicators 2004* projections, World Bank.

CONCLUSION: future concept or passing fad?

We have analysed the content of the *2006 Development Report* and commented on its policy recommendations while endeavouring to explore as extensively as possible all the implications of the emphasis on the quest for equity nationally and internationally. As we have pointed out, the report sits for the most part on the fence as regards these implications. This could be due to both the conceptual and operational problems associated with the equity goal and the World Bank's own political and institutional set-up. This concern for a balanced view means, among other things, that it comes down in favour of neither the regimes that neglect equity nor those that have conducted extreme policies in this area, leaving us without a clear idea of its leanings[28]. The argument that policies should be defined differently for each country's particularities is obviously commendable, but strengthens the impression of a concept hard to implement.

Given their caution and concern for balance, we find it all the more remarkable (or is it a joke?) that the authors should have placed a mural by Diego Rivera (the same Communist artist who sparked a scandal by painting the face of Lenin on the walls of the Rockefeller Centre in New York) describing the history of Mexico and the Mexican revolution, the first of the 20th century before the Russian Revolution, on the cover of their report. We are not used to such audacity on the part of the World Bank, especially since the mural shows revolutionaries firing pistols and throwing grenades, Indians defying both the police and the upper classes in their top hats, and so on!

In keeping with this symbol, the 2006 report's main contribution is found more in the very choice of its subject than in its actual content. By taking up this subject and giving it the political and scientific treatment of all World Development Reports, it places equality of opportunity issues on the development "agenda" for years to come (as much in terms of academic research in development economics as public policies and development strategies).

The World Bank's standing traditionally gives it a central role of legitimisation. This report will therefore bring the rare and hitherto marginal studies of these issues back into the mainstream and will most importantly allow new generations to spend time and 'talent' on them. This impetus should also prompt the allocation of additional resources to implement 'equitable' policies.

Yet for all this, is equity a concept of the future or will it remain a passing fad? Bear in mind first of all that equity already appears in part as one of the main goals pursued by the development community. The third MDG is to "promote gender equality and empower women", as monitored by various school enrolment, literacy and political representation indicators. This is a partial vision of the equality of opportunity, but one that represents the archetypal combat against morally irrelevant inequalities.

Generally speaking, although the equity concept looks set to become more established, it could take two directions.

The first direction would incorporate equality of outcome goals for different population groups, in a similar way to the gender equality goals. This naturally points to ethnic groups and even castes. The report clearly sets foot on this path even though it does not really develop it in terms of proposals. Unlike gender issues, ethnic and caste discrimination can only be addressed locally and does not lend itself well to the adoption of global development goals. Placing these issues on the development policy agendas (and the rich countries' policy agendas) represents an ambitious albeit innovative project, but one that is also tricky from the point of view of both local political environments and dialogue within the international community (as it is for the gender issue). The 2006 report provides the conceptual instruments to embark on this project.

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28 "The history of the twentieth century is littered with examples of ill-designed policies pursued in the name of equity that seriously harmed – rather than spurred – growth processes by ignoring individual incentives." (p. 3)

A *second*, more ambitious *direction* would be for the equity goal to embody the three growth, poverty and inequality issues. The report presents a certain number of arguments in this vein. Its definition of equity comprises poverty reduction. Equality of opportunities introduces distributive issues into the development goals, without actually aiming to eliminate inequalities or generate disincentives. Last but not least, the report extensively states the case for growth and equity accounting, and even the mutual improvement of these two areas in the long run. One hypothesis would therefore be that "equitable growth" will become the new development watchword. The adoption of such a concept would bear numerous advantages by enlarging the sometimes overly narrow field of "all poverty" while settling a certain number of redistribution controversies. This concept:

- Is compatible with a certain extent of national and local particularities;
- Is as applicable to very poor countries as middle-income countries;
- Fully incorporates distributive issues into the development agenda;
- Entails an egalitarian, but not anti-inequality perspective by distinguishing between legitimate and illegitimate inequalities;
- Is a pertinent evaluation criterion for certain policies – taxation, infrastructures, higher education, empowerment, etc. – which are imperfectly assessed by the poverty reduction criterion alone;
- Places a particular emphasis on the impact of policies on the middle classes, unlike poverty reduction alone;
- Breaks with the view of the poor as a mere statistical category and gives them identities (gender, ethnicity, social group, etc.);
- Enables intergenerational and social mobility issues to be handled more satisfactorily than static poverty reduction;
- Introduces the key question of the internalisation of inequalities into the debate.

Unfortunately, these advantages have a drawback in the form of complexity.

For over a decade, the international community has been working towards simplifying, harmonising and quantifying the development goals. The results of these efforts can be seen from the central aim of reducing extreme poverty – defined consistently by the consumption (or income) threshold of one 1993 US dollar per day in purchasing power parity – and the barely broader MDGs. A simple, quantified framework of common goals therefore underlies the mobilisation of resources, monitoring of progress, institutional management and the North-South dialogue. The development institutions are all engaged in reforms to adjust their management system to obtaining results, such as measured by these standard quantitative objectives.

Equity, and more especially equal opportunities, does not lend itself well to this set-up. It is multidimensional, complex and specific. It is not well suited to rankings and comparisons. One country can be said to have reduced the number of its poor more than another, but comparing their progress in terms of equity is quite another matter. Similarly, one health policy may be said to be more effective than another based on the infant mortality rate, but it is much harder to evaluate their respective impacts on the equality of opportunities.

The future of the equity concept could be closely dependent on the development community's ability to take on board this complexity. Although a consensus is firming up in favour of simple, standardised and quantified indicators, the equality of opportunity concept might not be able to aspire to becoming a new development goal despite all its merits. Yet it is also possible that the development community will heed the experience of how hard it is to reduce development to just poverty reduction and will turn to analyses that place more of an emphasis on complex phenomena and local particularities. In this event, equitable growth as it appears in the report's analyses could become the new way forward.

The report states that the equity-efficiency dilemma is a false dilemma in the long run and that the two are mutually enhancing. It remains to be seen whether there is no efficiency-complexity dilemma or, by the same token, whether ways can be found to make them complementary.

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