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WORKING PAPER

EQUITY BEGINS WITH CHILDREN

Jan Vandemoortele

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Equity Begins With Children

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The editors of the series are Isabel Ortiz, Jingqing Chai and David Anthony of UNICEF Policy and Practice Division. For more information on the series, or to submit a working paper, please contact iortiz@unicef.org, jchai@unicef.org or danthony@unicef.org.

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Comments may be addressed to the author and sent to socialpolicy@unicef.org

About the Author

Jan Vandemoortele served in various capacities with the United Nations for 30 years, both at headquarters and in the field. He was Chief of Social Policy at UNICEF from 1995-2001. He was then seconded to UNDP, where as Director of the Poverty Group he was closely involved with the creation of the MDGs. He was UN Resident and Humanitarian Coordinator to Pakistan from 2005-08. Prior to that, he worked for UNDP and the ILO, mostly in Africa. He holds a Ph.D. in Development Economics. He publishes regularly in journals and books, speaks often at international conferences and at universities. He is a Belgian citizen, married and has two grown daughters. He now works as an independent researcher, writer and lecturer. He is member of various advisory groups, including advising the UN Secretary-General and the Dutch State Secretary for development co-operation.

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Executive Summary

While considerable progress is being made across the world in terms of human well-being, global statistics hide the fact that scores of people do not benefit from it much, if at all. Global progress has, by and large, by-passed those who are excluded, ignored, vulnerable, marginalised or dispossessed. As a result, the majority of countries are witnessing widening disparities; so much so that inequality has become the ugly underbelly of global prosperity. The evidence is quite compelling that more equal societies do better in terms of progress in health, education and nutrition than less equal ones. The best predictor of country rankings is not the difference in wealth between them but rather the differences in wealth within them. What matters in determining the level of human development is not only the overall wealth of the country but also how wealth is distributed within that country.

Yet, the conventional narrative maintains that economic growth is the prime force for reducing poverty. According to that outlook, all aspects of human well-being are seen as 'growth-mediated'. Widening disparities are mostly dismissed as irrelevant; at best as unavoidable even though deplorable. If acknowledged, growing inequalities are handled superficially so as to maintain the same old growth narrative. Symptomatic of this attitude is the expression of a concern about equity by referring to the bottom quintile – which is simplistic and reductionist.

This paper stresses the need for an 'equity-mediated' approach to human development. Equity is not only important for its intrinsic value but also for its instrumental worth. As long as the global discourse overlooks growing inequalities, human poverty is set to pervade and deepen. The equity-inducing effects of putting children first will be more effective and efficient in improving human well-being than to continue with the simple 'growth-mediated' strategy.

Although they hold the key to breaking the poverty cycle, children are hardest hit by human poverty. Since poor families tend to be larger than non-poor ones, children are disproportionately represented among the poor. They also form the main link for transmitting poverty to the next generation. The vicious circle can be transformed into a virtuous one by ensuring that poverty reduction begins with children. Investing in children is not a matter of charity or of adding a soft side to economic development. It is about creating a cohesive society and a strong economy. No country has ever sustained economic growth on the basis of high levels of illiteracy, widespread malnutrition and rampant morbidity.

Behind each preventable child death, behind each out-of-school child, behind each malnourished child, behind each untreated HIV+ pregnancy lays a story of inequity and discrimination. It is unacceptable that differences in life chances stem from factors that are beyond a person's control. Since most inequities are rooted in initial conditions, ensuring a good start in life for all will generate positive ripple effects throughout society and across the economy.

Equity-mediated development is not more ideological or politically divisive than fixing the national rate of interest or the inflation target, for instance. But it is frequently seen as

tantamount to social engineering, if not to conducting 'class warfare'. In such an increasingly polarised debate, children must be seen as the 'Trojan horse' to bring equity in from the cold. The human rights discourse can also be used to give more weight to the equity-argument.

The paper concludes by relating to the story of the Mughal and the Queen to caution against an overly technocratic approach to equity-mediated development. It is not possible to precisely determine the single-best avenues for achieving it because all policymaking is rooted in the local context – political, cultural, and historical. There are no techno-fixes for what are essentially political issues.

Resumen Ejecutivo

Si bien en todo el mundo se están logrando progresos considerables en términos de bienestar humano, las estadísticas mundiales ocultan el hecho de que millones de personas no se benefician mucho, o incluso nada, de estos progresos. El progreso mundial ha pasado por alto a los excluidos, los vulnerables, los marginados o los desposeídos. Como resultado, en la mayoría de los países existen crecientes disparidades; tanto es así que la desigualdad se ha convertido en el aspecto negativo de la prosperidad mundial. Hay evidencia y pruebas bastante convincentes que indican que las sociedades donde hay más equidad, se desempeñan mejor en términos de progreso en materia de salud, educación y nutrición que las sociedades donde hay menos equidad. El mejor predictor de la clasificación de los países no es la diferencia de riqueza entre ellos, sino más bien las diferencias de riqueza dentro de ellos. Lo que importa para determinar el nivel de desarrollo humano no es sólo la riqueza general del país, sino también la manera cómo se distribuye la riqueza dentro del país.

A pesar de la dicha evidencia, la narrativa convencional sostiene que el crecimiento económico es la fuerza principal para la reducción de la pobreza. De acuerdo a esta perspectiva, todos los aspectos del bienestar y desarrollo humano se consideran como “un resultado de este crecimiento económico”. El aumento de las disparidades se descarta en la mayoría de las veces como un asunto irrelevante; a lo sumo, se le considera como algo inevitable, aunque lamentable. Cuando se le reconoce, las crecientes desigualdades se manejan de manera superficial a fin de mantener la misma narrativa anticuada. Un síntoma de esta actitud se reconoce cuando se expresa una preocupación por la equidad haciendo referencia al quintil inferior, algo que resulta simplista y reduccionista.

Este documento hace hincapié en la necesidad de un enfoque “a través de la equidad” para avanzar el desarrollo humano. La equidad no sólo es importante por su valor intrínseco, sino también por su valor instrumental. Mientras el discurso global pase por alto las crecientes desigualdades, la pobreza humana se mantendrá y se profundizará. Los efectos inducidos por la equidad derivados del darle a los niños la prioridad serán más eficaces y eficientes en la mejora del bienestar humano que continuar con la simple estrategia “a través del crecimiento”.

A pesar de que los niños son la clave para romper el ciclo de la pobreza, son estos mismos niños quienes más sufren los efectos de la pobreza humana. Dado que las familias pobres tienden a tener más niños que las que no son pobres, los niños están desproporcionadamente representados entre los pobres. También constituyen el principal vínculo para la transmisión de la pobreza a la siguiente generación. El círculo vicioso se puede transformar en un círculo virtuoso asegurando que la reducción de la pobreza comience con los niños. Invertir en los niños no es una cuestión de caridad o de incluir una parte amable en el desarrollo económico. Se trata de crear una sociedad cohesionada y una economía fuerte. Ningún país ha sostenido el crecimiento económico sobre la base de altos niveles de analfabetismo, de desnutrición generalizada y de morbilidad endémica.

Detrás de cada muerte infantil prevenible, detrás de cada niño fuera de la escuela, detrás de cada niño desnutrido, detrás de cada mujer embarazada con VIH sin tratamiento, se encuentra una historia de desigualdad y discriminación. Es inaceptable que las diferencias en las posibilidades que ofrece la vida provengan de factores que escapan al control de una persona. Como la mayoría de las desigualdades tienen su origen en las condiciones iniciales, garantizar un buen comienzo en la vida para todos generará efectos positivos en cadena en la sociedad y en toda la economía.

El desarrollo mediado por la equidad no es más ideológica o políticamente divisivo que fijar la tasa nacional de interés o la meta de inflación, por ejemplo. Pero con frecuencia la equidad se considera como un equivalente a la ingeniería social, o algo que conduce a “una guerra de clases”. En un debate cada vez más polarizado, los niños deben ser considerados como el “caballo de Troya” para destacar el concepto de la equidad. El discurso de los derechos humanos también se puede utilizar para dar más peso al argumento de la equidad.

El documento concluye narrando la historia de los mogoles y la Reina para advertir en contra de que se dé un enfoque excesivamente tecnocrático del desarrollo mediado por la equidad. No es posible determinar con precisión cuáles son las mejores y únicas vías para lograrlo, porque toda política tiene sus raíces en el contexto local: político, cultural e histórico. No hay soluciones tecnológicas para lo que son esencialmente cuestiones políticas.

Résumé Analytique

Malgré les progrès considérables réalisés dans le monde entier en faveur du bien-être de l'humanité, les statistiques mondiales masquent le fait qu'énormément de personnes n'en bénéficient pas ou peu. Les exclus, les laissés pour compte, ainsi que les personnes vulnérables, marginalisées ou défavorisées ont dans l'ensemble été tenus à l'écart de ces progrès accomplis à l'échelle mondiale. Les disparités se creusent donc dans la plupart des pays ; à tel point que la prospérité mondiale se double aujourd'hui d'un sombre versant : l'inégalité. De nombreuses études montrent que plus une société est égalitaire, plus elle réalise d'importants progrès en matière de santé, d'éducation et de nutrition. Le meilleur facteur prédictif du classement d'un pays n'est pas son degré de richesse par rapport aux autres pays mais bien plutôt les écarts qui existent en matière de richesses à l'intérieur de ses frontières. Le degré de développement humain n'est pas seulement lié à la richesse d'un pays mais également au mode de répartition de ces richesses entre ses habitants.

L'orthodoxie ambiante stipule cependant que la croissance économique est le principal moteur de la réduction de la pauvreté. Selon cette approche, on considère que tous les aspects du bien-être humain s'obtiennent à la suite de la croissance. On accorde alors peu d'attention aux disparités croissantes, jugées peu importantes ; tout au plus estime-t-on qu'elles sont déplorables mais inévitables. Si elles sont prises en compte, ces inégalités font l'objet de mesures superficielles, de façon à pouvoir continuer à ressasser le même discours sur la croissance. Déclarer que l'on se soucie de l'équité en faisant référence au « quintile le plus bas », ce qui est à la fois simpliste et réducteur, est symptomatique de cette approche.

Ce document souligne la nécessité d'adopter une approche du développement humain « passant par » l'équité. L'équité est importante non seulement en elle-même, mais également pour ses effets. Tant que l'on passera sous silence les inégalités croissantes, la pauvreté persistera et ira en s'aggravant. Accorder la priorité aux enfants favorisera l'équité et contribuera ainsi à améliorer le bien-être humain plus efficacement qu'une simple stratégie passant par la croissance.

Ce sont les enfants, ceux-là mêmes grâce auxquels on brisera l'engrenage de la pauvreté, qui sont le plus durement touchés par la pauvreté. Les familles pauvres étant souvent plus nombreuses que les autres, les enfants sont représentés de façon disproportionnée parmi les pauvres. Ils constituent également le principal moyen de transmission de la pauvreté à la génération suivante. En veillant à ce que la réduction de la pauvreté s'effectue d'abord parmi les enfants, il sera possible de transformer ce cercle vicieux en cercle vertueux. Ce n'est pas par charité ni pour humaniser le développement économique que l'on doit investir dans les enfants. C'est pour créer une société unie et une économie saine. Aucun pays n'a jamais obtenu de croissance économique durable avec un niveau élevé d'analphabétisme, une malnutrition généralisée et une morbidité importante.

Chaque décès d'enfant qui aurait pu être évité, chaque enfant non scolarisé, chaque enfant atteint de malnutrition, chaque grossesse d'une mère séropositive sans traitement est le fruit

de l'inégalité et de la discrimination. Il est inacceptable que l'avenir d'une personne soit restreint en raison de facteurs ne dépendant pas de sa volonté. Parce que la plupart des iniquités proviennent de conditions initiales, assurer un bon départ dans la vie pour tous aura des répercussions positives sur l'ensemble de la société et de l'économie.

Prôner le développement passant par l'équité n'est pas plus polémique sur le plan idéologique ou politique que modifier le taux d'intérêt ou le taux d'inflation national. C'est pourtant souvent considéré comme une forme d'ingénierie sociale, voire de « lutte de classe ». Dans ces débats où les opinions sont de plus en plus tranchées, les enfants doivent être considérés comme des « chevaux de Troie » permettant d'introduire l'équité. On peut également, pour donner plus de poids aux arguments en faveur de l'équité, invoquer les droits de l'homme.

Le document se termine par l'histoire du Moghol et de la reine, pour rappeler la nécessité d'éviter les dangers d'une approche excessivement technocrate du développement passant par l'équité. Il n'est pas possible de déterminer précisément le meilleur moyen d'y parvenir car l'adoption de politiques est ancrée dans le contexte local – politique, culturel et historique. Il n'existe pas de remède technologique à des questions qui sont de nature fondamentalement politique.

Equity Begins with Children

Jan Vandemoortele^o

1. Introduction

More than a 100 years ago, Henry George – a colourful economist who ran for mayor of New York and whose brainchild is the famous board-game Monopoly – noted that ‘the association of poverty with progress is the great enigma of our times’ (George, 1882). And so it remains today.

The recent stretch of globalization has produced unprecedented prosperity and spectacular technological progress – not unlike that in the days of Henry George in the late 19th century. Yet, too much of the progress is by-passing the people who are most in need of it; so much so that an unacceptable high number of children continue to live in abject poverty.

2. Growth-mediated development

The global discourse on human development considers economic growth as the prime force for reducing poverty. The lack of growth is invariably seen as the main cause of poverty. Progress in human well-being is seen as the result of increased wealth and income. According to that outlook, almost everything is ‘growth-mediated’.

But after a decade of rapid economic growth in India, for instance, an excessive proportion of children continue to suffer from malnutrition. The Economist (2010) notes, ‘Since 1991 [India’s] GDP has more than doubled, while malnutrition has decreased by only a few percentage points’. The usual response to such observations is that rapid growth has lifted hundreds of millions of people out of poverty in China and elsewhere. Yet that argument is not based on direct observation but on tautological reasoning. By defining poverty in terms of income alone and by using \$1.25/day as the international metric for poverty, it is only normal to find a near-perfect correlation between growth and poverty. Unfortunately, that correlation is by and large a fiction of the mind.

All indicators are imperfect but some are more imperfect than others. The poverty indicator based on the \$1.25/day poverty line is particularly problematic. Fundamental criticism has been formulated by Saith (2005), Reddy (2008), Kanbur (2009) and Fischer (2010) – amongst others. Its main weakness stems from the fact that the indicator is not based on direct observation but on complex calculations that entail arbitrary assumptions. All indicators are based on two basic ingredients: observation and transformation. It can be observed quite directly, for example,

^o To be published in: Minujin, A. and Shailen, N. (Forthcoming February 2012), *Global Child Poverty and Well-being: Measurement, concepts, policy and action*, Bristol: Policy Press.

whether a child is attending school or whether he/she is malnourished. But direct observation cannot determine whether a child is struggling to survive on less than \$1.25/day. The latter needs a large amount of information, elaborate calculations and complex modelling, all of which are based on several assumptions, often haphazard. As the amount of transformations and the number of assumptions increase, the reliability and accuracy of the indicator decrease.

The choice of the indicator and the level of aggregation invariably shape the claims and conclusions of economic analyses. Combined, they can lead to 'misplaced concreteness' – a term coined by a mathematician turned philosopher (Whitehead, 1925). Aggregates and averages are useful and helpful to understand complex realities, yet they always represent an abstraction of reality – if not a distortion of it. It is misplaced to think that one deals with a concrete reality when, in actuality, one observes the world with a high degree of abstraction.

When the poverty line is set at an exceedingly low level and when it is fixed in ways so that it moves with aggregate growth, then it is no surprise to find that growth is good for the poor. But this abstraction does not correspond with reality as measured by non-modelled indicators. It explains why non-monetary indicators of poverty – e.g. health, nutrition, education – correlate poorly with the indicator based on the metric of \$1.25/day. The argument that 'growth is good for the poor' (Dollar and Kraay, 2000) is based on such abstract meta-analysis. At the time, the World Bank boasted about this research, featuring it prominently on its website for an extensive period of time. However, the analysis was not based on direct observations but on a theoretical framework that focused exclusively on the quantum of economic growth. Since then, the argument keeps propping up at regular intervals at the World Bank. Ghani (2011), for example, concludes, 'the conventional wisdom that growth is important for poverty reduction is consistent with the empirical facts in South Asia'. In order to address such cognitive dissonance, one must distinguish between the abstract measure of income-poverty and the more directly observable – and more reliable – indicators of human well-being. The former frequently yields a distorted view of reality.

After examining the role of social services in human development, Anand and Ravallion (1993) conclude 'that certain components of public spending can matter greatly in enhancing human development in poor countries, and that they matter quite independently of what they do or don't deliver in terms of reduced income poverty'. Therefore, many consider the growth-perspective as too narrow because it ignores the non-economic aspects, the historical background, the socio-political context, and the international dimension of human poverty.

3. Aggregate growth versus disaggregated reality

Different groups in society typically display different levels of social and economic well-being. Data confirm that social indicators vary as much within countries as they do between countries. Evidence confirms that not all citizens benefit from *average* growth. Thus, national statistics do

not only reveal, they also conceal. Some call it the *fallacy of the mean*; others consider it as a *tyranny of averages*.

The moment one ceases to realise that averages and aggregates do not exist in reality but that they are abstract concepts that originate from the human mind, one risk drawing unwarranted conclusions based on deductions from abstractions. Such conclusions suffer from 'misplaced concreteness' because they are not based on concrete observations. The poverty indicator of \$1.25/day is a prime example of misplaced concreteness. Its widespread use is mainly due to the convenience for dolarizing the poverty debate and of donorizing the MDG discourse (Vandemoortele, 2011). Yet, it does not yield a better assessment or understanding of human poverty.

Economic growth is important, we agree; but as long as aggregates and averages are misused to keep growth on its pedestal, and as long as the majority of economists remain prisoners of their own assumptions and theories, the discourse on global poverty will continue to be an exercise in futility. After analysing the US economy during the boom period from 2000 to 2007, the authors of *The State of Working America* conclude, 'the economy did well, except for the people in it' (Mishel *et al.* 2009; quoted in Wuyts, 2011). The same report by the Economic Policy Institute shows that the share of national income accruing to the top 0.1 per cent of earners in the USA soared from 3.5 per cent in 1979 to 11.6 per cent in 2006. Ragan (2010), a former IMF chief economist, calculates that nearly 60 per cent of the income growth that was generated in the USA between 1976 and 2007 went to the top 1 per cent of households. But these trends are not limited to the USA. According to the International Labour Organization, income inequality rose in 16 out of 20 developed countries between 1990 and 2000 (ILO, 2008) The same report shows that income inequality rose in 41 out of 65 developing countries with data. A recent report on trends in income inequality shows that the situation got worse over the past 30 years in 15 out of 22 OECD countries. Two saw no change; with only 5 countries witnessing mostly a modest improvement in their level of income inequality (OECD, 2011). In sum, the late Kenneth Boulding could be paraphrased as follows: Anyone who believes rapid growth will eradicate human poverty is either a madman or a macroeconomist.

Kenny and Williams (2001) show that our understanding of what causes economic growth remains rudimentary. Yet, the orthodox school continues to prescribe deregulation, liberalisation and tax cuts as magic bullets for reducing poverty. Developing countries are told, for instance, to practice free trade and to enforce patent laws in order to accelerate growth so as to alleviate poverty. The director-general of the World Trade Organization, for instance, writes 'Dear visitor, welcome to my website, I believe that trade opening and reducing trade barriers, has been, is and will remain, essential to promote growth and development, to improve standards of living and to tackle poverty reduction' (Lamy, 2011).

But economists cannot really explain why free trade is the best avenue to economic prosperity; simply because free trade was seldom practiced by today's industrialised countries during their economic ascent. They all subsidised their economy behind protected tariffs. Instead of

respecting intellectual property rights, they freely copied from one another without restrictions or costs imposed by patent laws. The fact that they now practice a high degree of free trade and enforce patent laws does not mean that free trade and copyrights are essential for fostering development and for accelerating growth. By overlooking their extensive use of protectionism, rich countries conveniently suffer from historical amnesia so that they can 'kick away the ladder' (Chang, 2007) they once climbed to reach the world's top economic position. The free-trade discourse has led to the paradoxical situation whereby barriers to innovations have gone up whilst trade barriers have come down.

Thus, poverty reduction requires more than economic growth. Actually, it needs much more. The tragedy is that a single-minded pursuit of economic growth can harm human well-being – i.e. impoverishing growth. A growth process that is based on the orthodox policy framework leads to entrenched inequality (UNRISD, 2010). Bhaduri (2008) calls it 'predatory growth' when growth and inequality feed on each other. The logic of 'growth-mediated' development inevitably leads to speculative bubbles and painful burst. It cannot be denied that economic instability has increased markedly in recent decades. The world is witnessing the recurrence of financial crises with greater frequency. Within a decade, we have seen financial meltdowns originate in Thailand (1997/98), in Argentina (2002), and in the USA (2008) – each with more devastating effects on human well-being than the preceding one.

4. Poverty reduction must begin with children

Since growth is far from being a panacea for reducing poverty, alternative strategies are called for. We argue that children hold the key to breaking the poverty cycle. No strategy will be more effective and efficient than to give each and every child a good start in life.

Although they hold the key, children are hardest hit by poverty. Deprivation causes life-long damage to the mind and body of infants and small children. Child development, especially in the first years in life, is a succession of biological developments for which there is seldom a second chance. Infant malnutrition, for instance, leads to irreversible damage to health. It impedes the learning capacity of the child, which cannot be repaired later in life. In the few cases where second chances exist, they are invariably less effective and more costly than preventive action. Since poor families tend to be larger than non-poor ones, children are also disproportionately represented among the poor. No age group suffers more from human poverty than children.

Not only are they likely to live in poverty and suffer most from poverty than adults, children are also the main link for transmitting poverty to the next generation (Mehrotra and Jolly, 1997). Poverty begets poverty because child poverty perpetuates it. In this vicious circle, malnourished girls grow up to become malnourished mothers who give birth to underweight babies. Poor parents lack access to information and resources to optimally care for their children. Illiterate

parents cannot adequately support children with their learning process. Hence, impoverished children become — as parents — transmitters of poverty to the next generation.

This vicious circle can be transformed, however, into a virtuous one by ensuring that poverty reduction begins with children (UNICEF, 2000). Investing in children is equivalent to laying the foundations for a stable and strong house. Retrofitting the foundation is always costly and seldom effective. Investing in children is a prerequisite for breaking the poverty cycle. It is not a matter of charity or of adding a soft side to economic development. It is about creating a cohesive society and a strong economy. No country has ever sustained economic growth on the basis of high levels of illiteracy, widespread malnutrition and rampant morbidity. The leaders of the now industrialised countries realised this when they established a market economy: they gave it a human face by ensuring a good start in life for each and every child through universal social services and other welfare programmes. The so-called Asian Tigers followed the same recipe in more recent times.

5. Equity-mediated development

Four arguments are commonly used to justify investments in children. First, the legal argument is that the Convention on the Rights of the Child is binding for member states that ratified it. It commits the state to ‘use the maximum of available resources’ to ensure the progressive realisation of the rights of children. Second, the ethical argument is that all children have fundamental economic and social rights, without any discrimination whatsoever. It is morally unacceptable to make children the victims of errors made by adults in politics and in policymaking. Third, the economic argument is that children who get a good start in life will grow up to be productive adults who contribute to economic prosperity, so breaking the poverty cycle. The success of today’s industrialised countries was the outcome of investments in children through economic ups and downs. Finally, the political argument is based on the view that widespread poverty diminishes opportunities for participation and genuine democracy in society. Investments in children are a key instrument for enhancing social cohesion.

While valid, the legal, ethical, economic, and political arguments do not make explicit one fundamental premise, namely that human development must be equitable; that disparities within society must be kept within acceptable bounds; that fairness is an essential part of human well-being.

Inequity and inequality are often used interchangeably, yet they are distinct concepts. *Inequity* highlights the existence of unfair disparities. It allows for differences in outcomes that are based on the principle of fairness and caused by differences in endowments, efforts and circumstances. Equity accepts differences that are earned fairly. *Inequality*, on the other hand, does not allow for differences in outcomes; whether earned fairly or unfairly. Differences in life

chances that stem from factors beyond the control of a person or for which the person cannot be held responsible are deemed unacceptable.

Gender helps in clarifying the difference in meaning of both terms. The correct terminology is *gender equality*. Although frequently used, *gender equity* is an incorrect term because no differences in life chances are deemed acceptable when they originate simply from being male or female.

The main concern about equity is expressed in the human rights discourse. It makes the case that all segments in society need to have a stake in national development for it to be sustainable. When groups feel disenfranchised and systemically excluded or ignored, they will not feel they have a stake in the national progress. When this occurs, it invariably leads to polarisation and internal conflict.

The sad reality is that the majority of countries are witnessing widening disparities. Inequality has become the ugly underbelly of global prosperity. The results of the Demographic and Health Surveys confirm that much of the social and economic progress made in recent years has by-passed the most vulnerable and the disadvantaged groups in countless cases. These surveys go beyond national aggregates and averages and provide disaggregated data. They generate information by wealth quintile (i.e. a fifth of the population). Households are not grouped on the basis of income or consumption, which are exceedingly difficult to measure accurately and tend to yield unreliable results. Instead, their grouping is based on the possession of basic assets that can be directly observed – e.g. radio, bicycle, electricity, tapped water, type of building materials, etc. (Macro International, 2009).

Minujin and Delamonica (2003) examine in detail the results of 24 such surveys. They conclude that progress in terms of child mortality during the 1980s and the 1990s for the bottom quintile was 'modest, and in most developing countries it was not statistically significant'. Moser *et al.* (2005) and Reidpath *et al.* (2009) also document the growing disparities in terms of child mortality. Wilkinson and Pickett (2010) explore a mass of detailed country-level data for developed countries. They show that the most unequal ones do worse according to almost every quality-of-life indicator. Whether the indicator is life expectancy, infant mortality, obesity levels, drug and alcohol abuse, teenage pregnancy, mental illness, homicides or literacy scores, they find that the more equal the society is the better its performance in terms of human well-being. They argue that the best predictor of the rank of a particular country is not the differences in wealth between them but rather the differences in wealth within them.

While it is beyond doubt that the world will miss the Millennium Development Goals (MDGs) in 2015, the explanation for it remains a matter of debate. The conventional narrative says that economic deregulation and liberalisation have been patchy; that foreign aid has been inadequate; that governance remains poor and corruption rampant. Moreover, it is often argued that it is Africa's weak performance that is keeping the world from attaining the MDGs. These arguments are either partial or incorrect. They are also missing the point.

The point is that disparities within countries have become so wide that inequities are now undermining national – and hence global – progress. The lower quintiles in countless countries have seen little or no progress in terms of human well-being in recent years. The implication of such an inequitable pattern of development is that investment in human development yields fewer and fewer results because they mostly benefit the upper quintiles whose social indicators, such as life expectancy, are already near the natural limits. At the same time, the lower quintiles see little benefits and their low level of human development drags down the national and global progress. Rising inequities explain why the majority of countries have witnessed a slow-down in national progress in terms of human development since 1990. As long as the people in the lower quintiles do not partake in national progress there is little hope for meeting the global MDG-targets by 2015.

Inequality is receiving increased attention. Reports by the ILO (2004), UN (2005), World Bank (2006), IMF (2007), WHO (2008), the Institute of Development Studies (Kabeer, 2010); Save the Children's International Alliance (2010), UNICEF (2010 & Ortiz and Cummins, 2011) and Oxfam International (Stuart, 2011) highlight the importance of equity. In the wake of the global financial crisis, Kumhof and Ranci ere (2010) write in an IMF staff working paper, 'The United States experienced two major economic crises over the past century—the Great Depression starting in 1929 and the Great Recession starting in 2007. Both were preceded by a sharp increase in income and wealth inequality'. They argue, 'Because crises are costly, *redistribution policies* that prevent excessive household indebtedness and reduce crisis-risk ex-ante can be more desirable from a macroeconomic stabilization point of view than ex-post policies such as bailouts or debt restructurings' (italics added).

But equity continues to be seen as politically divisive and socially corrosive. It is frequently dismissed as a misplaced effort in social engineering. Economic growth, by contrast, is considered as non-political and grounded in sound analyses. The term *evidence-based* policymaking finds its roots in this logic. Its key message is that politics should be replaced by rational decision-making, based on objective analyses. However, it is utopian to pretend that politics can be taken out of the process of policymaking. Policymaking is always rooted in politics. Moreover, it is inconsistent to separate policymaking from politics when the argument is made in favour of multi-party democracy. Evidence-based policymaking is frequently used as a euphemism for imposing a certain world-view on others. As the Commission on the Social Determinants of Health states, 'Evidence is only one part of what swings policy decisions' (WHO, 2008). Instead of practicing evidence-based policymaking, some analysts and political leaders do not shy away from what can best be described as 'policy-based evidence making'.

6. Ripple effects

Child-focused policies can be a Trojan horse for introducing equity-enhancing measures in social and economic policymaking. Apart from being legally binding, ethically imperative,

economically smart and politically desirable; investments in children are also a powerful and practical way of promoting equity – in the sense of equality of opportunity. Since most inequities find their roots in unequal initial conditions, giving a good start in life to all children will considerably diminish the extent of polarisation and inequality within society.

Behind each preventable maternal and child death, behind each out-of-school child, behind each malnourished child, behind each Aids patient who is not treated with antiretroviral medicine and behind each instance of environmental degradation lies a personal story of high inequality and deep-seated discrimination. In other words, poverty will be eradicated, not by accelerating growth or by increasing foreign aid but by enhancing equity.

What, then, is the right sequence between poverty, growth and children? It is to start with children, thereby creating equitable ripple effects across society and the entire economy. It will engender equity, which in turn will yield a rapid reduction in poverty and sustained – green – economic growth. Any other sequence will prove less effective and less efficient, and ultimately unsustainable. Addressing equity by investing in children is doable and affordable in all countries, even in the least developed ones.

As long as the global discourse overlooks equity; as long as growing inequalities are dismissed as either anecdotal or as a passing phase, then human poverty will pervade and deepen. The equity-inducing effects of putting children first will make for a more effective and efficient approach than the strategy of ‘growth-mediated’ development. Drèze and Sen (1989) distinguish between ‘growth-mediated’ and ‘supply-led’ development strategies. We stress the need for an ‘equity-mediated’ approach. We do not consider equity only for its intrinsic value but also for its instrumental worth.

When the former US President Carter received the Nobel Peace Prize in 2002, he stated, ‘I was asked to discuss the greatest challenge that the world faces. Among all the possible choices, I decided that the most serious and universal problem is the growing chasm between the richest and poorest people on earth. The results of this disparity are root causes of most of the world's unresolved problems, including starvation, illiteracy, environmental degradation, violent conflict, and unnecessary illnesses that range from Guinea worm to HIV/AIDS’ (Carter, 2002).

A sharper focus on equity is essential for shifting the discourse from private to shared well-being; from individual battles with disease to public health; from individual gains to collective dignity; from itemised freedoms to human rights; from prosperous people to a *great* society.

In short, the right sequence is to begin with children. Seeing poverty reduction as primarily ‘growth-mediated’ is erroneous. Human development must be child-led for it to become ‘equity-mediated’. That sequence will automatically reduce poverty and sustain economic growth while protecting the environment. Realising such a virtuous cycle is not *mission impossible*. The key ingredient is political leadership – a rare commodity in most countries and woefully inadequate at the international level. Fortunately, the tide is gradually changing.

Mainstream organisations such as the IMF are beginning to pay attention to inequality. UNICEF has shifted its organisational focus on equity.

7. Can equity be promoted?

Once the argument about ‘equity-mediated’ development is accepted, the logical question is: How to promote it? Several answers are usually given, including universal coverage of basic social services, conditional cash transfers, progressive taxation, land reform, micro-credit, decentralisation, quotas, minimum wage, social protection, public works programmes, etc. Such recommendations, however, are of a general nature. Any specific policy recommendation risks falling victim to ‘misplaced concreteness’. This is not to say that no valid lessons can be learnt from specific experiences, but that their replicability in other contexts is much smaller than what is commonly assumed. Therefore, the adage ‘we know what works’ is frequently incorrect.

Since there is no single-best interpretation of equity, it is not possible to precisely determine the single-best avenues for achieving it. Overall principles can be set (e.g. Sen, 2009) but the concept of equity cannot be reduced to a set of instructions or best practices because all policymaking is rooted in the local context – political, cultural, and historical. There are no techno-fixes for what are essentially political issues. Any set of standard policy recommendations is at risk of ignoring or overruling this basic tenet.

As noted earlier, equity is about giving a good start in life for everyone, based on fairness and on a level playing field. However, ‘tackling inequities often requires working against the interests of national elites, challenging vested interests or dominant ideologies, or speaking for people who are excluded and ignored systematically by those making policy’ (Jones, 2009). The story of the Queen and the Mughal – drawn from the 17th century – illustrates this point.

The Mughal Shah Jahan (1592-66) ruled a vast and powerful empire. His wife, Empress Mumtaz Mahal, bore him fourteen children, half of whom died in infancy. She died in 1631 while giving birth. In her remembrance, the Mughal built a magnificent mausoleum. The shrine still exists; it is known as the Taj Mahal. Later that century, in another part of the world, Ulrika-Eleonora of Denmark, Queen of Sweden and Finland (1656-93) was the mother of seven children, of who only three survived to adulthood. She did not die while giving birth but she observed the prevalence of maternal mortality around her and decided to establish the first-known professional midwifery school in the world. In 1685, she ordered all physicians to send one or two women from each town to Stockholm for midwifery training.

These two leaders faced the same problem – maternal mortality – yet they adopted radically different responses. In those days, they did not benefit from the advice of external partners. It is not totally inconceivable that the majority of the advisers would have supported the Mughal; not the Queen. They would have argued that his approach promoted investment, foreign exchange earnings and economic growth – which would eventually bring down maternal

mortality. The Queen's response would have been dismissed as bloating the public sector, adding to the budget deficit and creating opportunities for corruption.

Most importantly is not the precise action that each undertook but the mind-set with which they did it. From the splendour of the mausoleum, it seems that the Mughal was a distraught man when he lost his beloved wife. But his mind-set accepted high maternal mortality as a given – an act of God or an act of nature. The Queen's world view was very different. For her, maternal mortality was not a given; she did no longer see mothers as innocent victims of acts of nature or of deities. She valued the status of women enough to warrant special protection – which was then quite revolutionary. She did not longer consider their situation as deplorable yet tolerable, as the Mughal did.

Similarly, most economists and political leaders today continue to perceive inequity as a given. Growth and efficiency are what matters, they argue – whilst showing a high degree of tolerance vis-à-vis growing inequality. Even if they acknowledge equity as a valid concern, they frequently do so superficially while maintaining the same old discourse about the growth narrative. Symptomatic of this is the translation of equity into a reference to the bottom quintile – which is a dreadfully simplistic and reductionist view of equity.

8. Conclusion

The equity argument considers it unacceptable that differences in life chances originate from factors that are beyond a person's control – such as aggregate growth or strict fiscal or inflation targets. We argue that the best avenue to address human poverty is by giving each and every child a good start in life. The right sequence, thus, is to place children first; not growth. This will create a virtuous ripple effect across society and the entire economy.

The tale of the Queen and the Mughal show how different mind-sets yield different policy frameworks. Thomas Kida observes, 'We seek to confirm, not to question, our ideas' (2007). The term 'evidence-based policymaking', therefore, is a misnomer. It is the frame of mind that determines the policy framework, rather than the evidence. Ultimately, there are no facts, there are only interpretations of facts – said Nietzsche. That is why the growth narrative fails to accord priority to the social and economic rights of those who are excluded, ignored, marginalised or dispossessed. In spite of the compelling evidence of what caused the severe global financial crisis in 2008, it remains equity-blind. Just as the Mughal accepted high maternal mortality, the orthodox growth narrative takes growing inequality as a given, as a kind of unavoidable by-product of rising prosperity.

Of critical importance is the transformation of the mind-set of political leaders and the thinking pattern of policymakers so as to make a quantum leap in imagination. The dual aspect of equity – its inherent and instrumental value – must be placed at the core of the discourse about human well-being and human rights. The growth narrative has yet to liberate itself from old theories, out-dated world-views and 'misplaced concreteness' so as to make possible a direct,

un-mediated and undistorted contact with reality. Mainstream thinking ignores the 'equity-mediated' approach not because it is faulty but because it is inconvenient. It prefers to indulge in over-abstraction, over-generalisation and over-simplification. If there is any validity in the statement that 'growth is good for the poor', the evidence shows quite compellingly that equity is far better for the poor – and for everyone.

The Lugano Report on preserving capitalism in the 21st century argues that leaders who are concerned about equity 'will learn that few votes are garnered by [focusing on] the dregs of humanity' (George, 1999). And so it remains today.

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