Institutional Pathways to Equity: Addressing Inequality Traps

Anthony Bebbington, Anis Dani, Arjan de Haan, Michael Walton

*International Forum: Equité et développement. Pratiques de mise en œuvre de l’équité*  
*November 6-7, 2007*
Core Objectives

- How inequality affects development

- Examine different manifestations of inequality traps, which undermine growth, poverty reduction, and sociopolitical participation

- Search for pathways through political economy and policy processes, to address inequality traps that lead to these dysfunctions in development

- *Background papers for WDR 2006, sponsored by Social Development and Governance groups in DfID and WB*
Outline

- Overview of chapters
- Cross cutting themes
  - A. Inequality traps
  - B. Institutional inequities undermine development
  - C. Institutional pathways to equity
- Donor agencies and equity
Overview of Chapters

A. Inequality Traps and Institutionalized Inequities

- Sabates-Wheeler: social structures, rural institutions, agricultural growth: Asia/SSA
- Moncrieffe: ethnic labelling, power, inequity/East Africa
- De Haan: institutionalized inequities, regional inequalities/India

All three illustrate that inequitable institutions are very resistant to change
B. Institutional Transitions and Pathways Towards Equity

- Lucero: Indigenous political voice and the struggle for recognition: Andes
- Barrientos: Cash transfers programs and reduction of poverty and inequality: Brazil, S.Africa, Bangladesh
- Ross: Mineral wealth, conflict and equitable development
- Boix: Historical political economy of institutional transitions: Spain

These papers examine: How institutional arrangements emerge in particular contexts? Where does institutional change occur?
“Inequality traps….describe situations where the entire distribution is stable because the various dimensions of inequality (in wealth, power, and social status) interact to protect the rich from downward mobility, and to prevent the poor from being upwardly mobile” (Rao, 2006)
Institutions as historical products reflecting power relations

- Acemoglu et al.: political inequalities can translate into predatory economic institutions
- Haber: political power and bias in credit markets
- Mamdani: African political & legal institutions can interact in ways that perpetuate inequality
- Tilly: durable inequalities, everyday practices as taken for granted distillations of inequitable relationships
B. Institutionalized inequities undermine development

- Intrinsic value of equity is likely to be under-represented in policy
  - Those who value it more highly, have less voice
  - Those groups who control policy management benefit from inequitable institutions
  - Donors are more tentative about intrinsic values

- Instrumental values of equity
  - Equity affects other social goods—growth; poverty reduction
  - Linking voice to accountability and good governance might also affect growth
Perceptions of inequity can trigger protest

- Protest more significant when inequity/group identity/geography converge
  - Mobilizations against extractive industries (Ross)

- Mobilization can have effects on growth and poverty reduction:
  - Public expenditure
  - Investment climate
  - Transaction costs
C. Institutional pathways to equity

- Analytical, instrumental and normative reasons for interest in transitions to equity
- Sources of equity enhancing institutional change
  - Resistance and reflexivity
  - Social protest and mobilization
  - Policy networks (including consolidation [capacity building])
  - Political economies of growth dynamics
1. Everyday resistance and reflexivity

- Institutions work through embodiment: Internalization of inequity as “normal”
  - Appadurai: terms of recognition and the “capacity to aspire”
  - Bourdieu: *habitus*

- Challenges to embodied inequities can change institutions
  - Psychological dimensions of institutionalized inequity (Moncrieffe)
  - Origins of Ecuadorian indigenous movements
2. Social protest and social mobilization

- Violent change - institutional outcomes contingent
  - Collapse and increased inequity

- Partial institutional change to contain inequity
  - Pre-cursors of non-contributory pensions (Brazil, S. Africa)

- Mobilization and transitions towards socio-political equity
  - Movements and indigenous voice, Ecuador, Bolivia
  - Orissa: absence of mobilization and continuing inequity

- Distinguish the sources of initial institutional change and sustained institutional change
3. Policy networks

- Networks within the state, and between state and society
  - Transition in Spain, 1950s, 1970s (Boix)
    - Technocrats and epistemic community around redistribution
    - Democratic transition and technocratic/political networks, bargaining with others
  - Non-contributory pensions (A. Barrientos)
    - Enlightened technocrats in South Africa and Brazil
    - Broaden and deepen reach of programmes

- Policy networks of particular importance in *sustaining and deepening* institutional change
4. Political economies of growth dynamics

- Economic development driving social structural change
- Tensions between social arrangements and growth
- Endogeneity, exogenous shocks and human agency
  - Growth dynamics and new alliances for change (e.g. land reform in LAC) supported by elite agency
  - Role of EU accession in Spain’s transition (Boix)
Donors as political agents in pro-equity institutional reform

- Reflexivity
- Strategy
  - Which institutions and pathways to work on and how
- Knowledge
  - Channels from equity and institutions to [pro-poor] growth
  - Pathways of institutional equity and consolidation
- Persistence
  - Institutions resist change
  - Building capacities, networks, knowledge takes time