

On Equity, Inequality and Global Institutions

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On Equity, Inequality and Global Institutions

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UNITED NATIONS DEVELOPMENT PROGRAMME, *Human Development Report: International Cooperation at a Crossroads: Aid, Trade and Security in an Unequal World*. New York: UNDP, 2005. xvi + 372 pp. ISBN: 0-19-530511-6. [Available online at <http://hdr.undp.org/reports/global/2005/>]

UNITED NATIONS DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS, *Report on the World Social Situation 2005: The Inequality Predicament*. New York: United Nations, 2005. ix + 158 pp. ISBN: 9-21-130243-9. [Available online at <http://www.un.org/esa/>]

WORLD BANK, *World Development Report 2006: Equity and Development*. Washington, DC: World Bank. xiv + 320 pp. ISBN: 0-8213-6249-6, eISBN: 0-8213-6250-X. [Available online at <http://www.worldbank.org>]

Social inequality has been slowly creeping back on to the global agenda. The World Institute for Development Economics Research (WIDER), as part of the UN, has for some time hosted debate, research and analysis in the area; the work of the International Labour Organization (ILO World) Commission on Social Dimensions of Globalization and the *Report on Socioeconomic Security* also touched on the topic. In the background of the global discourse on equity there is an older World Bank-initiated debate on whether globalization is good for the poor. The *World Development Report 2006 (WDR)* and the *UN Report on the World Social Situation (UN/RWSS)* specifically focus on equity and inequality, while the recent *UNDP Human Development Report (HDR)* contains a section on inequality that makes it a useful comparison to the other two reports. The focus on inequalities does not, however, seem to indicate a consensus on the causes or remedies between the three reports. While there is clearly similarity in the articulation and

tracking of the problems, there are also differing views, particularly in terms of definitions, framing of the problem and potential solutions. It is also clear that sometimes what is left out of the discussion is as important as what is discussed. However, in spite of this it is clear that the concern over inequality is now at the global stage.

The definition of equity separates the *WDR* document from the other two reports. The *WDR* has chosen to define equity in terms of two basic principles. The first is equal opportunities: that a person's life achievements should be determined primarily by his or her talents and efforts, rather than by predetermined characteristics such as race, gender, social or family background. The second principle is to avoid deprivation in outcomes, particularly in health, education and consumption levels. The trick to this approach is that this definition makes it easy to marry equity with neoliberal policies and a liberalization agenda, which can now be seen as a way of ensuring access to markets and equity in this access.

This perspective is also expressed in the 'Foreword' of the *WDR* in the context of public action towards diminishing inequalities, which is to be advocated in a manner that respects and enhances individual freedom, as well as the role of markets in allocating resources. The danger of this is that the whole meaning of equity becomes problematic if it remains solely in the context of equal rights and opportunities. A new emphasis on equity is also referred to in a passage of the *UN/RWSS* report commenting on the fact that little has been done to instigate progressive taxation and other redistributive measures in order to reduce inequality. In this context, reference is made to civil society organizations' advocacy, stating that:

. . . the focus of advocacy appears to be shifting away from the equitable distribution of income and assets towards more general political and civil rights. This state of affairs represents a political and institutional framework in which issues of inequality are considered today. (p. 127)

The challenge to the global equity debate is to overcome the changing nature of equity speak. There is now a danger that equity becomes what was previously considered as poverty alleviation with a residual approach to social policy that addresses only the poorest of the poor. No attention would be paid to the ways in which polarization and relative inequalities influence the social cohesion and developmental structures of societies. On the other hand, it is also clear that a door towards more focus on equity is also opened and is reflected in the World Bank background work for the *WDR*, recognizing that inequality is bad for the poor.

The three reports tend to both contest and complement each other's views, but more often than not also share a common discourse. In terms of the content of debates there seems to be support for more universal, sustainable and equitably financed social services by both the *WDR* and the *UN/RWSS* texts, while the *HDR* does not discuss the matter at length. In some ways this is because the issue is more comprehensively argued and brought up in the

WDR even though it makes no conclusion. On the other hand, the *UN/RWSS* makes this point and does take it forward to its conclusion. In terms of social services, a major problem in the *WDR* text is that while it recognizes the many problems and faults, such as those of user charges, it is remarkably silent about the ways in which the World Bank has itself influenced the introduction of user charges and promoted some less equitable changes to health systems in the first place.

This is not a minor problem of the report, but a kind of elephant sitting right on top of parts of the analysis. The same problem – or elephant – is evident in the sections on privatization of public services, utilities and the importance of taxation and in the context of macroeconomic policies, globalization and trade. It is in these sections that one needs to turn to the other reports to find analysis and discussion of the impact of sectoral reforms and structural adjustment on inequality. It was also expected that the reports would differ in their assessment of globalization and equity. Indeed, this is the case and unsurprisingly the *WDR* presents a rather blurred account of the diverse impacts and different results in analyses; expectedly, the other two reports adopt a more critical stance. The *UN/RWSS* also draws attention directly to the equity implications of economic policies such as structural adjustment and in the context of globalization, to the more UNCTAD-driven articulation of maintaining national policy space.

The *HDR* is the product of a new editorial crew, as Kevin Watkins has taken the lead. While the report is in many ways fresh and sharp, there is in the trade section also some feeling of reliving Oxfam policy work. It is also worth pointing out that while the *HDR* has a specific chapter on inequality it is primarily about international cooperation: aid, trade and security. In relation to inequality, the *HDR* makes a valid point on the distributional aspects of the Millennium Development Goals (MDGs).

In terms of other substantive issues, migration is strongly present in all three reports, as well as the mobility of labour. The *UN/RWSS* text and the *WDR* both cover more employment and labour-related issues, whereas all of the reports take up future financing and new mechanisms such as the International Finance Facility.

The *WDR 2006* on inequalities contains many interesting details, many of which are unexpected. The fact that the report addresses inequalities in household consumption, gender, taxation and even in the governance and inequality of power in structures of the international financial institutions needs to be welcomed. There is even a discussion of case studies of Sweden and Finland as examples of how economic growth and equity can be combined. In trade policies, the *WDR* stance on TRIPS is interesting, as it states that as ‘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 favourable deals in bilateral agreements’ (p. 215).

The *WDR* also throws in a new suggestion with respect to access to pharmaceuticals in the context of legally binding commitments not to enforce

patent rights. This is, however problematic from the perspective of health needs and health policy priorities. The conclusions and actions lean towards markets and are articulated mostly in the context of the liberalization of trade and financial markets and aid, although they also take up the issue of rectifying the use of natural resources with a direct reference to the Kyoto Protocol. However, while the *WDR* discusses many of the issues more broadly, it remains largely within the old neoliberal framework, limiting the actual choice of options and possibilities that can be promoted.

The reports are all institutional products and written from different backgrounds, selectively drawing on different data and dominated by different information resources. The *UN/RWSS* text is primarily a UN report in terms of the sources of analysis, as a large number of UN agencies and their work are acknowledged. In comparison with the other reports, the *UN/RWSS* gives more room to the work of UNCTAD and an emphasis on policy space. However, rather than starting from the current emphasis of MDGs, it is based on the framework set in the Copenhagen Social Summit and the broader UN development agenda. In terms of the MDGs, it takes a stance that these should not be seen as a substitute for a broader development agenda. This is an approach that does shift the debate more towards the broader sphere of social policies and especially global social policies.

Finally, what emerges strongly from the three reports is a common sense that further support for the articulation of (global) social policies could be generated. Further, a 'policy space' for the articulation of equity concerns and mechanisms to address them could be opening at the global level. On the other hand, the danger of the current equity emphasis and equity speak is that the understanding of equity becomes dominated by definitions that can be best sustained in the context of liberalized markets.