Reducing inequalities: A Sustainable Development Challenge

Rémi Genevey
Executive Director, Head of Strategy, AFD (Agence française de développement), Paris, France

Rajendra K. Pachauri
Director General, TERI (The Energy and Resources Institute), TERI University, New Delhi, India

Laurence Tubiana
Director, IDDRI (Institute for Sustainable Development and International Relations), Paris, France

CONTENTS

It is easier to recognize the problems caused by unequal resource allocation than it is to understand what causes them. Comprehending the causes requires an analysis of the conditions that produce differential access to resources; it also requires an understanding of the criteria that categorize people into differential social groups. A historical view of inequality shows the durability of these social categorizations; it also shows opportunities for altering them and transforming society.

Why inequalities matter

Pedro Ramos Pinto,
University of Manchester, Manchester, United Kingdom

A concern for inequality has long been central to the field of development, whose aim for some time has been to see a narrowing of the gaps between the "developing" and the "developed" world. In recent years, however, changes in the way inequalities express themselves across the world have drawn our attention to differences in income, opportunities and life-chances within nations (Bourguignon, 2012). This transformation of stratification has implications for the sustainability of development in human and environmental terms. Understanding it requires thinking beyond economic structures and taking seriously the role of social factors and historical trajectories.

After a long period of contraction in income inequality in Western European and North American countries, in recent decades these regions have seen the gap between the rich, the poor and the not-so-rich increase. At the same time as rich nations became more unequal, new studies and sources of data have become available which show that inequalities are associated to a variety of other differences in more important quality of life dimensions: in comparison to more equal nations, more unequal countries tend to be less healthy, have lower life-expectancy, experience more crime and a range of other negative social outcomes (Wilkinson and Pickett, 2009).

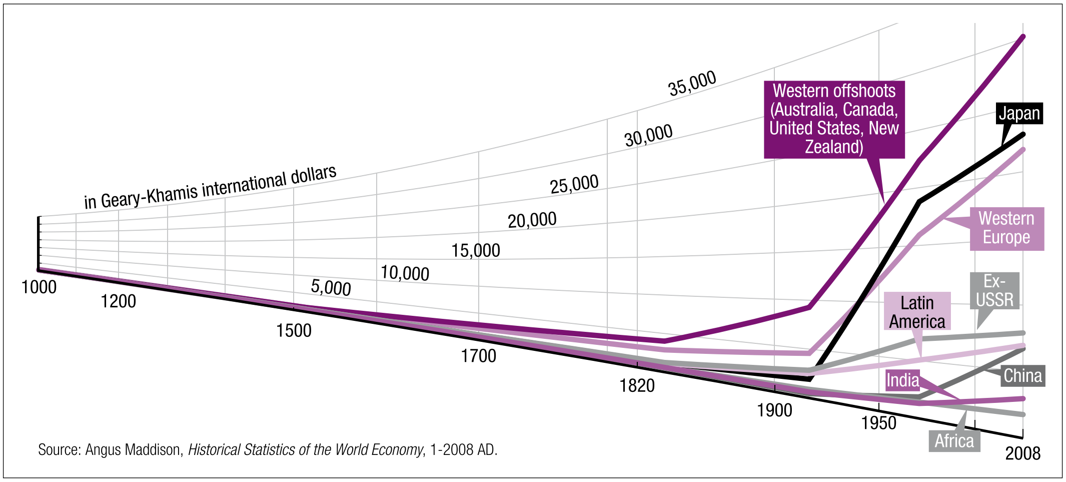
This renewed interest in issues of distribution in rich countries has had the knock-on effect of returning the issue of inequality in global development to the forefront of policy and political debates. Since the start of the era of "development" following the break-up of empires in the second half of the twentieth century, the dominant modes of thought in the fields of economics and development have seen inequality as a lamentable, but ultimately transient side-effect of economic maturation. Drawing on the historical experience of the first industrialized nations, the economist Simon Kuznets proposed that inequality accompanied economic development in a bell-shaped curve: so that it would be expected to grow as leading economic sectors in each country forged ahead of traditional modes of production, widening the gap between the incomes of say, family-based farming, and those of skilled workers and investors in modern industrial production. This pattern, extrapolated from the history of the United States and Great Britain from the eighteenth to the early twentieth century, suggested a happy ending: urbanization, modernization, industrial diffusion, and the political pressure exerted by a widening waged workforce would lead to the creation of welfare systems and redistributive policies that would bring equalization at a greater plateau of wealth for all, completing the second half of Kuznets' bell curve. Kuznets' economic view of modernization as ultimately equalizing had a counterpart in political science and sociology with the equally influential work of T.H. Marshall on the evolution of citizenship, which saw societies evolving systems of civic, political and ultimately social rights which would eventually produce equalizing institutions not dissimilar to the welfare states created in post-war Europe (Kuznets, 1955; Marshall, 1955). Over time, Kuznets' and Marshall's hypotheses on modernization became solid certainties for development experts and rising inequality in industrializing countries was not only a matter that warranted little concern, but could even be taken for a sign that a country was on the "right" path.

Scales of inequality

INEQUALITY OVER TIME. Evidence for the trajectories of inequality in longitudinal and international perspectives is difficult to come by (for an overview and critique see Clarke (2011); Ortiz and Cummins (2011)), but recent efforts in data collection and standardization have allowed more solidly based comparisons to be made; and these have failed to give Kuznets' hypothesis strong support. As Ferreira and Rosanvallon note in their review, economic growth seems as likely to reduce inequality as to increase it (Ferreira and Rosanvallon, 2009; Acemoglu and Robinson, 2002). This is clearly the case in many high-income countries where, despite continued economic growth (at least until the financial crisis of 2008), inequality has increased again since the late 1970s.

Looking more broadly, a global view reveals a varied and complex picture that escapes a single-factor explanation, or even straightforward description – there is not one, but several distinct trends in levels of inequality between, and within, countries. Historically, the clearest and best known shift in inequality is what has been called "the great divergence": at around 1500 AD, differences in wealth and standards of living across the world were not extreme (See Box 1). While within societies there were large differences in status, power and wealth between aristocracies and the mass of the population, these did not vary widely across the more fertile and populous parts of the world: around this time the livelihood of a Chinese peasant under the Ming Dynasty would not be very different to that of a peasant living under Emperor Charles V in Europe.

FIGURE 1 A recent divergence of income levels



Until 1500, it is estimated that incomes were relatively similar in all regions of the world. Since the mid-nineteenth century, the average standard of living is more reliably predicted by the place where one lives, compared to one's social position within a given society.

Between then and the end of the twentieth century, Western Europe as a region multiplied its economic capacity at a much faster rate than the rest of the world. Over time other regions, including colonial territories in North America and Oceania, but also pockets of industrial productivity such as Japan, joined what became a powerful club of rich nations. The disparity in wealth and standards of living between the "West and the rest" became particularly marked from the middle of the nineteenth century onwards, creating a club of very rich nations which are home to a small fraction of the world's population (Maddison, 2001). The result of this decoupling of the fortunes of different parts of the world was that, when considered in a global perspective (taking each individual in the world as a unit) inequality went from being largely accounted for by each individual's position in the income ladder in their own country, to being largely the result of where in the world each individual was born, or managed to move to, in the case of migrants (Milanovic, 2012). Milanovic has calculated that the great divergence in national incomes between industrializing nations and the Global South stretched inequality between individual incomes, expressed in a near doubling of the global Gini coefficient between 1820 and 2002 (Milanovic, 2009)[1].

HISTORY AND THE GREAT DIVERGENCE. What were the historical causes of the so-called "great divergence"? This has been a foundational problem of Western social science and economics. While the constraints of this chapter do not allow for a detailed survey of the most vibrant areas of research in economic history, it is possible to draw an

1. See Milanovic (2009), Table 2, which gives a global Gini coefficient in 1820 of 43, rising to 70.7 in 2002. Using the Theil index, the change is between 58 in 1820 and 104.8 in 2002.

outline of these debates. Early accounts of the transformations that led to Western global dominance focused on specificities of European societies that were said to promote economic growth, contrasting them to supposed impediments in Eastern and Southern economies. While some followed Marx in arguing for the importance of the bourgeois revolutions in ushering in a productive capitalist mode of production, over the supposed resilience of feudal systems elsewhere, followers of Max Weber suggested that again supposedly European legal, cultural and ideological institutions (such as the "Protestant work ethic") were endogenous factors that promoted an economic take-off. Whilst they all looked to different factors as causes, these classic accounts of European economic growth shared an outlook that contrasted an assumed European political and social "appropriateness" to economic growth, with an often badly informed orientalist view of non-European societies as closed, backward and economically stagnant, views which pervaded (and often pervade still) the attitudes of Western policy-makers to non-Western societies (Escobar, 2012 [1995]).

Over time the debate has come to include other factors, from the role of Western imperialism and colonialism both bolstering economic dominance and constraining opportunities for development elsewhere (Wallerstein, 1974) – a proposition that continues to feed intense argument – to current research that relativizes Western "take-off", pointing to the fact that until at least the late eighteenth century, if not later, many non-European regions possessed a commercial and institutional environment no less conducive to investment than Europe (Bin Wong, 1997; Pommeranz, 2000). Just as Kuznet's theory has been challenged by recent research, so new perspectives on the "Great Divergence" are beginning to show that the Western path to economic growth, and the conditions and technological breakthroughs that potentiated it, are more contingent and less generalizable than previously thought. Similarly, the recent economic growth of nations which, as recently as the mid-twentieth century, seemed locked in a situation of arrested development, has emphasized the fact that historically, the institutional underpinnings of development are more varied than Eurocentric accounts have credited (Chang, 2011; Pommeranz, 2002)[2]. The problem, as the Indian economic historian Tirthankar Roy points out, is that theories focused on explaining why the "Third World" was poor, become useless once substantial parts of it begin to get richer (Roy, 2012).

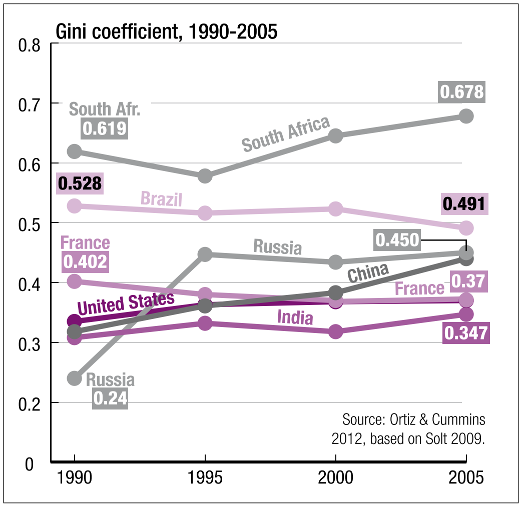
THE LIMITS OF CONVERGENCE. During the course of the last two decades, economic growth in what have been called the "rising powers" of the global economy, led by China, India and Brazil, has been indeed spectacular. Remarkably, there seems to be a reversal in the secular trend of the "Great Divergence" between rich, mostly Western, nations and the other countries in the world, and a shift towards a new era of convergence in levels of national wealth, and therefore a reduction in inequalities between countries in that dimension. Significantly, this has also brought with it important reductions in absolute poverty and improvements in standards of living, as

2. For a review of the "Great Divergence" debate over the last few decades see O'Brien (2010).

measured by the Human Development Index.

However, while much is made of the progress and challenge to Western economic dominance on the basis of continued double-digit growth in some middle-income countries, a measure of caution is necessary. The gaps in income and power between the richest countries are still large and are likely to remain so for some time: the scale of the economies of the rich world means that just to keep up with modest rates of growth in the rich countries and to maintain the distance, emerging economies need to achieve rates of growth that are very hard to sustain (Milanovic, 2011). In addition, there are no guarantees that this trend will continue – particularly as the consequences of the current financial crisis spread from the developed to the developing world, and questions remain about who will be the ultimate losers of the global economic shakedown. The sustainability of the growth experienced by many emerging economies in these new economic conditions, particularly as a result of the retraction in consumption in rich nations, is a critical question.

FIGURE 2 Rising national inequalities



Although emerging countries are presently catching up to the incomes of the West, this has not resulted in a uniform enrichment of their populations. In South Africa, Russia and China, amongst others, inequalities are persisting or even getting worse, alongside the general increase in living conditions.

The issue of sustainability is also relevant if we focus on a second, and increasingly noticeable trend in inequality. Inequality between individuals (considered both globally and within countries), as opposed to inequality between nations, is increasing. Just as this is happening in rich nations, so is inequality growing (and rapidly), amongst the strongest performing economies that are driving the convergence between the West and the rest. It is becoming increasingly clear that convergence in national incomes has not been translated into a significant levelling of incomes of the world's population, taken as a whole (Milanovic, 2009a; Clark, 2011; Hung and Kucinskas, 2011). In short, the proceeds of growth are not evenly distributed and two of the key emerging economies – India but especially China – have witnessed significant rises in inequality, even if Brazil has seen a slight reduction in its traditionally extreme levels of inequality.

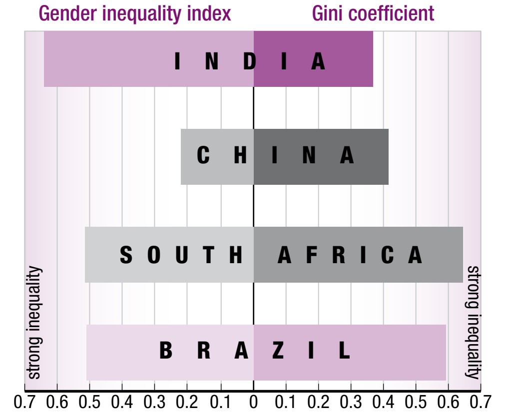
Clark has estimated that over the last 20 years, it is only in Africa that the incomes of the poorest quarter of the population have risen faster than those of the richest quarter. Elsewhere, but particularly in Asia and Eastern Europe, the incomes of the top quartile rose significantly faster than those of the bottom quartile – even where the absolute incomes of the poorest grew most strongly (Clark, 2011). Just as much of the decline in (population-weighted) between-country inequality is the result of China's rates of growth (due to its large share of the world's total population), so is this the cause of the rise in within-country inequality globally considered, due to the growth in incomes of the top quartile of the Chinese population having been a lot faster than that experienced by those of the lowest (Clark, 2011). The result is growing inequality within countries, as the very richest capture the lion's share of aggregate rises in income, particularly at the expense of the very poorest. This issue is coming increasingly to the attention of the development community (Goesling 2001; Cornia, Addison and Kiiski, 2004; Ferreira and Ravallion, 2008; Palma, 2011). There is also mounting evidence that inequality - not only absolute poverty - matters for a number of social outcomes in low- and middle-income countries, just as they do in wealthier nations. A growing distance between rich and poor is likely to have significant negative externalities: firstly an increasing polarization of wealth in society makes it more difficult for the poor to bridge the gap towards a median standard of living, increasing the costs for the poor to achieve a minimum to participate fully in society (Ferreira and Ravallion, 2008). Income inequality is also likely to have important mediating effects on how development affects other important human functionings, not least health: surveying the interaction between GDP, inequality and a range of health outcomes in Latin American countries between 1960 and 2007, Biggs and colleagues found that "Wealthier is indeed healthier, but how much healthier depends on how increases in wealth are distributed" (Biggs et al., 2010). Other reviews have noted how low relative returns to labour are likely to affect productivity; and, perhaps most importantly, a concentration of wealth reinforces the capacity of elites to capture power and engage in rent-seeking behaviour to the detriment of other sectors of society (Voitchovsky, 2009; Echeverri-Gent, 2009).

The causes and contexts of inequality

The realization that inequality per se matters for human development outcomes, points to a renewed challenge for the development community in understanding and addressing within-country inequalities. But recognizing the issue is easier than understanding its causes. Within economic and development circles, causes of inequality have been understood primarily within the parameters of countries' differential positions within the world market (the effect of globalization) or whether technological change has affected labour markets (the role of human capital stocks). These factors are, without a doubt, relevant in providing prima facie hypotheses on the causes of income inequality within and across nations. They are, however, limited in accounting for a more diverse range of experiences of inequality (of gender, ethnicity, age, etc.) and accounting for how individuals and groups find themselves in differentiated positions vis-à-vis markets, politics and society. Looking simply at two dimensions of inequality, gender and income, Figure 3 shows how diverse inequalities can be, even across such a limited range of examples. While the Gini figure on the left represents the degree of income inequality between individuals or households (methods of assessment differ) regardless of gender, the Gender Inequality index on the right measures the differences between men and women across a range of indicators, including access to labour markets, health, education and political representation. Despite having similar levels of income inequality, China and India reveal markedly distinct patterns of gender inequality, with women enjoying greater parity with men in China. Even South Africa and Brazil, which have some of the highest income disparities in the world, evidence lower inequality gaps between men and women than India (UNDP, 2011).

I have chosen these four countries to illustrate this point as they are often grouped together as the "rising powers" of the world economy and treated uniformly, despite their significant political, social and economic differences. What then, makes us so blind to the diversity of experiences and causes of inequality? To a large degree, such limitations stem from the way inequality is most often considered. As the Indian sociologist André Betteille noted, the study of inequality is usually approached from one of two different perspectives: the distributional and the relational (Betteille, 2003). The former focuses on how valued qualities or assets (land, knowledge, capital) are distributed among a population, while the latter looks to social exchange between individuals and groups to explain unequal outcomes. A distributive account is essential, particularly in identifying which resources become the fulcrum of different systems of inequality. Seen in this light, we can for instance show how the critical resources for economic differentiation has changed from the possession of slaves in classical antiquity, to land-ownership, to access to moveable capital and, more recently, to knowledge and information.

FIGURE 3 The unequal inequality against women



Source: UNDP, *Human development reports*, except for South Africa - the Gini coefficient was calculated by Solt, 2009.

Inequalities suffered by women around the world do not only depend on the overall standard of living in the country in which they live. Indeed, the rules of distribution of goods are the result of principles that are much more complex than just scarcity.

Nonetheless, the distributive account cannot tell us (a) how individuals gain differentiated access to these resources; (b) how and why the value of resources changes across time and social contexts; and (c) how groups and societies manage, maintain and transform the systems that allocate such resources. These questions have to be addressed in an essentially relational and historical manner: by looking at the context of how individuals interact, exchange, cooperate and compete. Such contexts are influenced and conditioned by history to the extent that the relationships, ways of seeing the world and concepts that people and groups use in such interactions have been constructed and evolved over time. In what follows I give a brief and schematic overview of how a sociological and contextually grounded approach to inequalities can help address these questions, before turning more specifically to how a historical perspective, or sensitivity to the role of history in shaping inequality, can aid us in promoting sustainable development.

FROM MEASUREMENT TO EXPLANATION. The example of the role of human capital in determining inequalities illustrates the above-noted difference between distributional and relational accounts of inequality. In both rich and developing nations, research has demonstrated how in the latest phase of globalization, individuals with access to particular types of knowledge (for instance, high-level proficiency in IT) have seen their incomes rise quickly, while those of lower-skilled workers have stagnated or even declined in real terms. While this is important in identifying which resources have become critical in differentiating workers, it does little to illuminate the root causes of inequality, to the extent that it leaves two central questions unanswered.

First, what determines which individuals are able to gain access to the education that provides them with such skills? Answering this question requires an exploration of how a much broader set of social processes condition access to skills: are opportunities in education equally available to all members of society, regardless of race, class, gender or religion, or are there explicit and implicit obstacles that mean access is differentiated? All societies have systems that manage the allocation of resources, and the conditions of access to them: institutions, broadly speaking, also influence the shape of inequality. Political systems influence levels of taxation and redistribution, but also of investment in education, healthcare and other goods (Esping-Andersen, 1990; Pierson, 2004). Legal systems influence ownership of assets, such as land or intellectual property, or police the enforcement of rights to opportunities and resources. Social systems, including social attitudes, religion, and beliefs about status, and the way in which societies enforce conformity with them, are particularly important in determining the social value of roles and qualities, and how these are inscribed in political and legal institutions.

Second, how and why do some qualities and assets become valued differentially from others? On the face of it, the issue of value of different types of human capital (say, technical knowledge and management knowledge) may seem to be determined by the basic economic mechanism of supply and demand. But the closer we look into this, the more complicated the relationship becomes. Take, for instance, current debates about executive remuneration in rich economies, an issue that is closely related to the growing share of national income accruing to the so-called 1%, and therefore the shape of inequality in those countries. To what extent do such immensely unequal rewards reflect the underlying "value" or performance of top executives, as opposed to, say roles such as teaching, housework or low-skill but high risk industrial employment?

Looking at inequality in a relational way highlights that income and educational inequalities are only one facet of difference and hierarchies in society. The emphasis on incomes may seem apt in increasingly commodified contemporary post-industrial societies (Sandel, 2012) but in reality the experience of inequality is not solely, or perhaps even primarily connected to income. Inequalities express themselves in levels and access to education, in health and well-being, in rights and in freedoms. As Amartya Sen notes, inequality is a multi-dimensional concept which depends largely on the field on which distribution is being evaluated: of rights, resources, talents, characteristics or, ultimately, capabilities and social opportunity (Sen, 1992).

BOX 1 HISTORICAL CATEGORIZATION PROCESSES CAN SHAPE REGIONAL WITHIN-COUNTRY INEQUALITIES

■ Regional disparities in income, health and other social indicators are critical to understanding the dynamics of inequality within three of the key emerging giants, India, Brazil and China. Taking a historical perspective on all three reveals how diversity between regions has distinct historical roots in each country. In all three, however, the creation of categorical distinctions over time has produced groups with differential resources and assets with which to engage in a globalizing economy, leading to a reinforcement of existing inequalities.

In Brazil, Barbara Weinstein showed how São Paulo's planter elites in the 1920s used the political, cultural and financial resources that accrued to them during the coffee boom to develop a distinction between the Paulista – hailed as enterprising, risk taking and hard-working people – and the people of rural areas of north-eastern Brazil, who in contrast were portrayed as uniformly backward, lazy and culturally underdeveloped. This categorization was used to justify channelling subsidies and support to industrial development in São Paulo, and for the political prominence of its elites in national government, to the exclusion of the northeast. That region was instead characterized and planned for as if it were a "disaster area": public funds to the northeast were more often than not channelled to emergency relief and resettlement programmes that brought workers to the south, rather than to the kinds of investment that would work towards a convergence between the two regions (Weinstein, 2008).

Indian regional development trajectories evidence different aspects of inequality generation: the integration of India into Britain's imperial economy in the mid-nineteenth century ushered in a period of large-scale de-industrialization in many areas of the country, while focusing industrialization in concentrated pockets which were more closely embedded in an emerging world economy (Roy, 2012). This process was aided not only by legislation restricting competition between Indian manufacture and British industry, but also by the construction of sharper boundaries between Europeans and Indians by emphasizing rurality, tradition and tribalism as the "real India", masking over equally "typical" cosmopolitan, literate and urban aspects of Indian society. Such a process not only reinforced inequalities between colonizer and colonized, but also shaped the state's attitude to economic development and integration in a way that contributed to exacerbating regional inequalities (Ludden, 2002).

Over the last century China has seen its patterns of inequality undergo significant and dramatic changes. The establishment of State Socialism in Communist China brought in a period of equalization of incomes and social outcomes (particularly between genders), although to a very low level and involving tremendous human suffering. Since economic reforms began gathering pace in the 1980s, inequality between regions has increased substantially. Wang and Wang link the divergence between Chinese regions to formal and informal institutions and bounded categories created under socialism. The state's ambition for rapid industrialization was seen to require an unequal allocation of resources to the benefit of key regions and key personnel (skilled labour, technicians and planners), a goal which clashed with its own commitment to equality but which was skirted around through the institution of different categories of workers and different categories of citizenship (Wang and Wang, 2003). One key feature of this has been the hukou system of household registration created in 1958, which divides citizens into "rural" or "urban", with differentiated entitlements to welfare services, benefits, housing, education and employment, in favour of urban citizens. Movement between these categories is difficult and since the 1980s, a third "grey" category has emerged, which consists of millions of migrant workers in China's cities who find themselves with no or limited entitlement to certain goods and opportunities (Solinger, 1999). Over time, differentiated access to housing, welfare, education and employment in high-skilled and administrative jobs has reinforced the advantages accrued by those living in cities, which in turn has made them better able to capitalize on the opening of the economy to competition and to global trade, which again served to underscore patterns of regional and inter-personal inequality. In addition, the categorical distinction between groups has filtered through to attitudes on equality of rights, with fewer urban residents than migrants supporting a removal of the institutional barriers created by the hukou system (Wang, 2007).

CATEGORICAL INEQUALITIES. If inequalities are multidimensional, is it possible to develop an account of how they are created, reproduced and transformed that is usable as a tool in promoting development? Recent interdisciplinary approaches in the human sciences offer a way forward by suggesting ways of integrating the role of institutions, culture, and of social norms in shaping inequality and its reproduction in ways that help us understand its diversity and changing character. Contributions from these disciplines suggest that the common denominator in the production of inequalities does not lie primarily with individuals" stock of resources (physical, cognitive and social forms of capital) or opportunities, but in the social relationships that condition their entitlement to such resources and opportunities. An emerging approach to understanding inequality focuses on the process through which people are categorized into social groups; how such categories carry with them norms regulating entitlement to resources and positions, generating inequalities in status, assets and opportunities; and how the boundaries that circumscribe those categories are maintained and reproduced in ways that lock in differential rewards (Tilly, 1999; Schwalbe et al., 2000; Schwalbe, 2008).

Social categorization is a relational process through which individuals are assigned to a group according to certain criteria – a ubiquitous process in social relationships. Some of these categories are near-universal, such as gender (male-female), age (old, middle-aged, child, teenager) or citizenship (citizen/non-citizen), others are more context-specific, such as grouping individuals according to ethnic, racial or social belonging, or by religious belief. These categories become the central inequality-producing mechanism when they go hand-in-hand with the ascription of differential capacities and entitlements that justify differential access to goods, status and opportunities.

The creation of social groups often entails the ascription of qualities (or the lack thereof) to the members of these groups. It is a well established fact in the social sciences that groups tend to attribute themselves positive qualities such as intelligence, ability, trustworthiness and other traits, and regard non-group members as lacking in these traits (for a foundational perspective, see Tajfel (1981); for a recent survey of the field see Hornsey (2008)). These qualities can then be used to justify excluding access to goods, status or opportunities, or their unequal allocation[3]. Such justifications are transformed into actual inequalities by the exercise of social norms that prescribe entitlements to individuals according to a certain category (e.g. woman, man, indigenous, non-citizen, etc.)[4]. Social norms in various guises, ranging from explicit legal codes to informal traditions and including religious law, often prescribe differential

3. Tilly calls these twin processes "opportunity hoarding" and "exploitation" (Tilly, 1999).

4. Sen defines entitlements as "the set of alternative commodity bundles that a person can command in a society using the totality of rights and opportunities that he or she faces" (Sen 1984, p.497), but circumscribes its interpretation to (mostly) material commodities and legally defined rights. The concept of entitlement can be useful in articulating the relationship between categories and social norms that produce inequality, but to do so I propose extending the concept by (a) including a wider range of "commodity bundles" that encompasses not only material resources, but status, cultural, social and human capital, access to social roles and positions; and (b) going beyond legal rights to include all formal and informal social norms that define the person's ability to command such commodity bundles.

entitlements to goods, opportunities and positions according to group membership: age can, for instance, regulate access to political power by having minimum age limits for voting or holding office, as can, in well-known historical cases, race, sex, education or property. Such norms often prescribe differential entitlements to resources: pay-differentials, rations or access to food or education across categories are regulated by a range of formal and informal arrangements, including the differential inputs and rewards within the household economy, which for instance, demand higher inputs and allocate lower rewards to women (Sen, 1990; Radcliffe, 2004; for a richly textured historical example see Ogilvie (2003)). Ascribed categories can also restrict access to jobs where they attribute qualities that supposedly make members of those categories "unsuitable" for those roles – these can be driven by beliefs about competency, fears of pollution, or even of the effects of the role on the individual (e.g. "no job for a lady"). Alternatively, categories and norms combine to give a particular group exclusive access to a certain position or resource because only the bearers of certain characteristics are said to be entitled to them – with, for instance, birth regulating exclusive access sovereignty monarchies, or to particular professions in caste societies.

Both the distribution of entitlements and of individuals across such social categories is policed by social values and norms that enforce compliance in multiple ways. Many of these may be coercive to the extent that they involve a direct threat to those who seek to transgress boundaries or violate norms, but to a large extent they rely on the (at least) outward consent of those that are subject to their rules, through processes of value-assimilation or "naturalization", or at the very least adaptation to conditions (Tilly, 1999; Schwalbe, 2000; Lukes, 2004).

The link between social category and inequality is not, however, a feature restricted to other times or "developing" societies. Wealthier nations and their welfare regimes also have to deal with this problem: as an emerging body of literature shows, public support for welfare and redistribution is eroded when the sense of community that underpins it is challenged by social categories that emphasize difference, whether they are focused on multiculturalism or a distinction between "deserving" and "undeserving" poor (Kymlicka and Banting, 2007).

EXPLORING INSTITUTIONAL ORIGINS AND CHANGE. Seeing the roots of inequalities through such processes of categorization and the normative entitlements that they regulate both within and across categories is a good way to begin addressing the three questions outlined above. Firstly, this helps us better analyse the full range of causes of inequality by looking upstream from the market allocation mechanisms to questioning both the acquisition of resources with which individuals enter into market relationships; and the extent to which those very market relationships are embedded in broader systems of social and cultural distinction. Categories and entitlements condition access to resources and positions that are translated into aggregated statistics as inequalities of income, health or political participation[5].

5. For an overview of how such social and cultural factors influence health, see Hall and Lamont (2009).

Secondly, the focus on social norms allows us to explore issues of changing social value, and to explain and compare differential rewards both within societies, between societies and across time – for instance exploring the social norms behind why Japanese firms reveal much lower pay inequalities between executives and other workers compared to US ones (Wilkinson and Pickett, 2009)[6]. Finally, it also draws attention to the variety of institutions, both formal and informal, that regulate access and reward and the ways in which they are constructed and maintained, such as: educational systems and beliefs about different types of education, for who and to what purpose; welfare and tax structures, as well as debates about deserving and non-deserving recipients; property and inheritance systems, and who is entitled to it; and political systems, along with discourses on rights, values and citizenship.

Inequality, history and sustainable development

Seen in this way, it is clear that history matters for understanding inequality in general, and the specificities of how and why inequalities are expressed differently across time and across the world. Rao, Szreter and Woolcok (2011) have proposed three key ways in which history and a historical understanding can make a contribution to development practice and policy: it can help development practice learn about itself and question its own role in the construction of categorical boundaries and difference, or how past interventions affected locally rooted systems of inequality; it can serve to uncover trajectories and provide a long-term comparative perspective, addressing the question of "how did we arrive at this point?"; and finally, it can serve development practice by exploring the historicity of the categories and entitlement systems that structure inequalities across different contexts. This last aspect can prove particularly valuable in understanding the diversity of ways of being unequal encountered across different contexts, to the extent that it can highlight ways in which locally-specific histories and cultures intersect with global processes and inequality, which creates mechanisms that produce diverse outcomes.

DEVELOPMENT HAS A HISTORY. In the first instance then, a historical perspective can provide a "critical and reflexive stance on the nature of development, knowledge and practice", showing for instance, how assumptions about the role of inequality in development based on a narrow reading of the historical evidence have served to hide the effects and experience of inequality, not least (until recently) by not developing measures and indicators that made it a quantifiable issue. Along these lines we can also see how different ideas from international organizations on what "development" is, and how it is achieved, have contributed to the reinforcement of inequalities, or to the shaping of new ones that are structured around categories such as colonizer vs. colonized, modern vs. backward, or by framing women's

6. However, there are also signs that while wage inequality for long-term contracted employees has remained low, there is rising inequalities of pay and benefits between long-term employment and irregular or short-term forms of employment, which recruit particularly certain categories, namely women (Jones, 2007).

BOX 2 HISTORIES AND INSTITUTIONS: UNEQUAL WELFARE IN SOUTHERN EUROPE

■ Formal institutions, including constitutions, welfare regimes or other government policy structures are important factors in the constitution of inequality to the extent that they reinforce categorical boundaries and distribute access and resources unequally according to them. Institutions are also the product of historical trajectories and their development can be to a great extent conditioned by their past (Pierson, 2011). One example of how institutional origins continue to influence the shape of inequality in the present is the case of Southern European welfare regimes – welfare regimes are systems of redistribution of income and access to services, but as Esping-Andersen (1999) notes, that distribution need not be from rich to poor, nor particularly equitable, and systems vary extensively on how they do so.

Southern European countries such as Portugal, Spain and Greece share, despite their differences in many other domains, levels of inequality significantly above the average for European Union countries[1]. Their experience of inequality has been explained on the basis of the divisions on the terms of inclusion in the labour market and access to welfare services, including pensions and unemployment insurance. Employees in a minority of sectors, both public and private can access generously subsidized contribution-defined pensions and unemployment benefits, whilst the majority of the population has to rely on very limited general benefits, reinforcing inside-outside divisions. Rather than being universalistic, these regimes are both fragmented and segmented, contributing to the reproduction of inequalities (Garcia and Karakatsanis, 2006). But why are there such distinct rewards, and how did that situation come about? Historians increasingly argue that these differences are to a significant extent derived from these countries' authoritarian past and its legacies. In particular they have pointed to how Southern European welfare regimes reinforce inequality through inequitable redistribution, a legacy of their authoritarian origins (Espuelas, 2012).

Southern European welfare regimes began their developments in the early to mid-twentieth century, when these countries found themselves ruled by conservative authoritarian (or semi-authoritarian) regimes – Franco in Spain between 1939 and 1975, Salazar in Portugal between 1928 and 1974, and to some extent Greece even before military rule between 1967 and 1974[2]. These welfare systems were designed and implemented as tools of social engineering, looking to reinforce certain categorical distinctions between citizens as a way of shaping society along conservative and corporatist lines. The aim of these systems was to enshrine what these regimes considered "natural" inequalities and hierarchies in society through unequal benefits and entitlements, as well as the preservation of tradition, religion, and male authority over the family. This was done by targeting benefits according to class origins and gender – forms of categorical distinction – so that workers would be tied to tiered and sector-specific insurance systems (such as insurance for agricultural workers); by ensuring that such benefits were set distinctly according to ideological pre-defined needs; and that they flowed through the male head of household and were therefore rarely accessible to women (e.g. Ramos Pinto, 2012; Molinero, 2005).

Despite democratization in the 1970s, these regimes left enduring legacies that have hindered the equalizing reforms of welfare systems. As well as inheriting the structural inequalities created and maintained by authoritarian systems, new democratic regimes were faced with the daunting task of addressing entrenched interests in welfare systems. While this was possible in the creation of universal health systems, southern European states have been less successful at enacting reforms that would entail breaking the privileges of entrenched groups who benefit from such inequitable systems (e.g. Ferreira, 2008).

1. Using 2005 data for 24 European countries, the average EU Gini score is 29.7. Spain's stands at 31.6, Greece's at 33.4 and Portugal's at 37.

2. Greece's post-civil war regime up until the military coup of 1967, although subject to regular elections, was a conservative-dominated "guided democracy" that mirrored in many ways the corporatist ideals of other Southern European regimes (Mouzelis and Pagoulatos, 2005).

role in development in ways that reinforced their subaltern status (Copper and Randall, 1998; Kothari, 2005; Easterly, 2006; Peppin-Vaughan, 2010). Other recent work explores how humanitarian practice developed particular political and social contexts, both in wealthy nations (e.g. Davey, 2011; Davis and Taithe, 2011), but also rediscovering the history and tradition of non-Western humanitarianism (e.g. Fuller, 2013; Davey, 2012).

HISTORICAL CONTEXTS AND INEQUALITY. Equally relevant in providing development practice with a sharper focus on the causes and dynamics of inequality is the use of history to understand local contexts that produce and structure inequalities, and how these change over time. Different social and cultural historical legacies shape the types of inequalities that are created. Figure 1 synthesizes some historical perspectives which explore three different contexts through which some within-country inequalities were created in China, India and Brazil, revealing very different elements at play: inter-regional competition in the case of Brazil, colonial administration in the case of India, and the communist state's transforming agenda in China. All three histories create different implications to tackling those inequalities.

While Western European nations are relatively equal societies, especially when compared with extremes of polarisation in some low- and middle-income countries, there are also considerable variations between the more egalitarian Scandinavian nations and other parts of the continent. While these differences are often attributed to recent economic performance, its political and institutional history is also critical in understanding how such societies function. Box 2 looks at the origins of Southern European welfare regimes since the mid-twentieth century, particularly at how their development under authoritarianism created social policies that not only were less redistributive than elsewhere, but they actively reinforced inequalities and power along categorical distinctions. The historical experience of the development of "authoritarian welfare" in conditioning present-day inequalities is an under-explored but urgent consideration, especially as we come to see that globally, non-democratic regimes have been primarily responsible for the creation of social policies that can continue to shape inequalities long into the future (Mares and Carnes, 2009).

But a historical perspective on inequality emphasizes not only its durability, but also how it changes and adapts. Social systems are not stable, but constantly challenged by changing circumstances, and human action consists of adapting and innovating on existing ways of understanding and operating with the world at such critical junctures. In doing so, the nature and structure of inequality may be transformed or extended. Before concluding, I would like to briefly highlight some of the ways in which we can see this happening historically. As Tilly noted, one of the key factors in the production of inequality is the process of inscriptions of categories and systems of entitlement from one context to another: this can happen as much on a local level – with say employers translating racial categories and their ascriptions into lower pay and little advancement for members of a given racial group – to processes on a global scale, such as when Portuguese and Spanish colonizers transferred to their conquests in Latin America and Africa categorical systems that had been developed to manage (and control) the multi-religious populations of Iberia, including Christians, Muslims and Jews (Bethencourt and Pearce, 2012).

CHALLENGING CATEGORIES, CHALLENGING INEQUALITIES. Inequalities are not static because any translation or application of one frame to a new context requires adaptation and transformation, particularly in the context of globalization and technological change. As such, durable forms of social categorization and values can be adapted to new circumstances by merging them with social categories and values from elsewhere, creating "hybrid" forms of categorical inequality. In India, for instance, the structures that underpinned key aspects of gender inequality were profoundly altered by the combination of British rule and law, and Indian legal and social practice. As India gained independence and formed its own body of law, these were combined to create a system which reinforced patriarchal control over the assets and labour of family members, particularly women, transforming, yet reinforcing, structures of inequality (Newbigin, 2010). Looking into the way in which different nations and social contexts have constructed and adapted inequality-producing social structures in different ways is an essential first step.

Yet, the transformation and adaptation of structures of inequality to new conditions can also open up the opportunities for challenges that aim to equalize relations or recast the content of categories. In China, the very categorization used by the state to ensure differences between types of citizen has been used to contest the management of inequality and demand interventions that force equalization, what has been called "rightful resistance" (O'Brien and Li, 2006). Other scholars point to similar forms of action that both use and challenge categories to the benefit of the poor (Chatterjee, 2004; Holston, 2008).

Yet, the historical perspective also shows how, even within nations, the social structures that shape inequality are changeable and contingent. The long view on the development of democracy (which to be sustainable must entail substantial equality across its various dimensions) shows that it can arrive by both exogenous and endogenous change, and there have been multiple paths towards democratization, as well as away from it (Tilly, 2004). In European history, the incorporation of larger swathes of the population into the market as waged workers also brought with it the conditions for challenging long-standing inequalities through the collective mobilization of new political actors (Ziblatt, 2010). Such mobilization, however, was made possible not only by sheer numbers, but also by the way in which beliefs, ideas, and values were shaped by the interaction between popular traditions and radical critiques of liberal capitalism from both right and left, leading to new ways of conceptualizing social justice, the role of markets and the position of individuals within them. These challenged the dominant idea that inequality was a "natural" outcome of market relations, and therefore either fair or unchangeable, providing a frame for political movements and coalitions to mobilize and shape the reform of states and markets in the twentieth century (Bevir, 2000; Biagini and Reid, 1991; Stedman-Jones, 2004).

In key moments of change in Europe, such as after each of the World Wars, tremendous exogenous shocks contributed to a realignment of categories and social relationships that shaped inequality. But those shocks only produced such results because once they destabilized entrenched ways of seeing the world, there were social actors – parties, movements, opinion-makers – that were well positioned to offer alternative ideas and conceptualizations. Crisis meant change because political action can itself provide a way of challenging and transforming categories (Clemens, 1998).

Conclusion

In this short overview I have tried to highlight how inequalities, or ways of thinking and seeing unequally, are embedded in social relations and as a result are pervasive and durable. Taking a historical perspective on the causes of inequality offers up a paradox: whilst it helps to frame and understand the dynamics of contemporary inequalities and finds cross-cutting elements that recur in the creation of multiple forms of injustice, on the other hand it also emphasizes the point that there are many ways of being unequal, because of the variation in contexts and histories that intersect to make inequality in say, the United States, something different to what it is in Brazil.

As a result, inequality and the obstacles it poses for truly sustainable human development pose a tremendous challenge. Redistribution, or even "predistribution" (Hacker, 2012), and legislation on equality of opportunities are only one way to address these issues – the roots of inequality lie deeper and further upstream, and have to be understood in their own historical, cultural and political context. That deep embeddedness of social categories also raises the difficult question of the clash between deeply held values and a quest for equality, which is a problem that must be faced not just in relation to those who profit from inequality, but also to those who suffer from it.

Yet, I have also tried to show how historians account for social and political change, and in the process highlight how inequalities are liable to change. Inequality is the product of human action, not of an abstract and anonymous economic machine. As such they can, and are, challenged and transformed by human action. Which brings us back to the point I made above: because of its roots in the interaction of global processes and local cultures and societies, sustainable development towards a more equal (and sustainable) future will depend as much as on the actions of social actors within countries – parties, civil society and others – as it will on international organizations and transnational actors. How both can combine and interact productively is, therefore, a key question. ■

REFERENCES

Acemoglu D. and Robinson J. A., 2002, “The political economy of the Kuznets curve.” Review of Development Economics 6.2: 183-203

Bevir M., 2000, “Socialism, Civil Society, and the State in Modern Britain” in Frank Trentmann (ed.) Paradoxes of Civil Society: New Perspectives on Modern German and British History, Berghan Books.

Betteille A., 2003, “The Idea of Natural Inequality” in The Idea of Natural Inequality and Other Essays, Oxford University Press.

Bethencourt F. and Pearce A. (eds.), 2012, Racism and ethnic relations in the portuguese-speaking world, Oxford University Press

Biagini E. and Reid A. (eds.), 1991, Currents of Radicalism: Popular Radicalism, Organised Labour and Party Politics in Britain, 1850-1914, Cambridge University Press.

Biggs B. et al., “Is wealthier always healthier? The impact of national income level, inequality, and poverty on public health in Latin America.” Social Science & Medicine 71.2 (2010): 266.

Bin Wong R., 1997, China Transformed: Historical Change and the Limits of European Experience, Ithaca, NY.

Bourguignon F., 2012, La Mondialisation de l’inégalite, Seuil.

Chang H.-J., 2011, 23 things they don’t tell you about capitalism. Bloomsbury Press.

Chatterjee P., 2004, The politics of the governed: reflections on popular politics in most of the world. Columbia University Press.

Clark R., 2011, “World Income Inequality in the Global Era: New Estimates, 1990-2008”, Social Problems, 58, 4: 565-592

Clemens E. S., 1998, “To Move Mountains: Collective Action and the Possibility of Institutional Change.” In From Contention to Democracy, edited by Marco G. Giugni, Doug McAdam and Charles Tilly. Rowman & Littlefield.

Cooper F. and Packard R. (eds.), 1998, International development and the social sciences: Essays on the history and politics of knowledge. University of California Press.

Cornia G. A., Addison T. and Kiiski S., 2004, “Income Distribution Changes and Their Impact in the Post-Second World War Period.” In Cornia, G.A. (ed.) Inequality, Growth, and Poverty in an Era of Liberalisation and Globalization. Oxford University Press.

Davey E., 2012, “New players through old lenses: Why history matters in engaging with Southern actors.” Overseas Development Institute – HPG Policy Brief 48, http://www.odi.org.uk/publications/6692-history-humanitarian-action-aid-ngos

Davey E., 2011, “Famine, Aid, and Ideology: The Political Activism of Médecins sans Frontières in the 1980s.” *French Historical Studies* 34.3: 529-558.

Davis A. J. and Taithe B., 2011, “From the Purse and the Heart: Exploring Charity, Humanitarianism, and Human Rights in France.” French Historical Studies 34.3: 413-432.

Easterly W., 2006, The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good, Penguin.

Escobar A., 2012 [1995], *Encountering Development: the Making and Unmaking of the Third World*. Princeton

Espuelas S., 2012, “Are Dictatorships Less Redistributive? A Comparative Analysis of Social Spending in Europe, 1950-1980” *European Review of Economic History*, 16, 2: 211-232.

Ferreira F. and Ravallion M., 2008, “Global poverty and inequality: a review of the evidence.” World Bank Policy Research Working Paper Series, no. 4623

Ferreira L. V., 2008, “Persistent poverty: Portugal and the Southern European welfare regime.” *European Societies* 10.1 (2008): 49-71.

García M. and Karakatsanis N., 2006, “Social Policy, Democracy, and Citizenship in Southern Europe.” In Gunther, Richard, Diamandouros, P. N., and Sotiropoulos D. A. eds. *Democracy and the State in the New Southern Europe*, Oxford University Press.

Goesling B., 2001, “Changing Income Inequalities Within and Between Nations: New Evidence.” American Sociological Review 66:745–61.

Holston J., 2008, Insurgent citizenship: disjunctions of democracy and modernity in Brazil. Princeton University Press.

Escobar A., 2012 [1995], Encountering Development: the Making and Unmaking of the Third World. Princeton

Esping-Andersen G., 1990, The Three Worlds of Welfare Capitalism. Cambridge: Polity Press.

Fuller P., 2013, “North China Famine Revisited: Unsung Native Relief in the Warlord Era, 1920–1921”. *Modern Asian Studies*, forthcoming.

Hacker J. S., 2012, “The Institutional Foundations of Middle-Class Democracy”, Policy Network.

Hung H.-F. and Kucinskas J., 2011, “Globalization and Global Inequality: Assessing the Impact of the Rise of China and India, 1980–20051.” American Journal of Sociology 116.5: 1478-1513.

JONES R. S., 2007, "Income Inequality, Poverty and Social Spending in Japan", OECD Economics Department Working Papers, No. 556, OECD publishing

KYMLICKA W. and BANTING K. (eds.), 2007, Multiculturalism and the welfare state: recognition and redistribution in contemporary democracies. Oxford University Press.

KOTHARI U. (ed.), 2005, A radical history of development studies: Individuals, institutions and ideologies. Zed Books.

KUZNETS S., 1955, "Economic Growth and Income Inequality." American Economic Review 45(1):1–28.

LUDDEN D., 2002, "Modern Inequality and Early Modernity: A Comment for the AHR on Articles by R. Bin Wong and Kenneth Pomeranz." The American Historical Review 107.2 (2002): 470-480.

LUKES S., 2005, Power: A Radical View (2nd Edition), Palgrave Macmillan.

MADDISON A., 2006, The World Economy – A Millenial Perspective and Historical Statistics (2 Volume Edition), Development Centre Studies, OECD

MARES I. and MATTHEW C. E., 2009, "Social policy in developing countries." *Annual Review of Political Science,* 12: 93-113.

MARSHALL T. H., 1964, Class, Citizenship and Social Development. Garden City: Doubleday & Co.

MILANOVIC B., 2009, "Global inequality and the global inequality extraction ratio: the story of the past two centuries." *World Bank Policy Research Working Paper Series,* no. 5044.

MILANOVIC B., 2009a, "Global inequality recalculated: The effect of new 2005 PPP estimates on global inequality." *World Bank Policy Research Working Paper Series*, no. 5061.

MILANOVIC B., 2011, *The Haves and the Have-Nots: a brief and idiosyncratic history of global inequality*. Basic Books.

MILANOVIC B., 2012, "Global Inequality: From Class to Location, from Proletarians to Migrants." *Global Policy* 3.2: 125-134.

MOLINERO C., 2005, *La Captación De Las Masas: Política Social y Propaganda En El Régimen Franquista*. Cátedra.

MOUZELIS N. and PAGOULATOS G., 2005, "Civil society and citizenship in post-war Greece" in Birtek, Farouk and Dragonas, Thalia, eds. *Citizenship and the Nation-State in Greece and Turkey*, Routledge.

NEWBIGIN E., 2010, "A post-colonial patriarchy? Representing family in the Indian nation-state." Modern Asian Studies 44, 1: 121-144.

O'BRIEN P., 2010, "Ten Years of Debate on the Origins of the Great Divergence", Reviews in History (review no. 1008) http://www.history.ac.uk/reviews/review/1008

OGILVIE S., 2003, A bitter living: women, markets, and social capital in early modern Germany. Oxford University Press.

ORTIZ I. and CUMMINS M., 2011, "Global Inequality: Beyond the bottom billion–A rapid review of income distribution in 141 countries." UNICEF Working Paper.

PALMA J. G., 2011. "Homogeneous Middles vs. Heterogeneous Tails, and the End of the "Inverted-U': It's All About the Share of the Rich." Development and Change 42.1 (2011): 87-153.

PEPPIN VAUGHAN R., 2010, "Girls' and women's education within Unesco and the World Bank, 1945–2000." Compare 40.4: 405-423.

PIERSON P., 2011, Politics in time: History, institutions, and social analysis. Princeton University Press

POMERANZ K., 2000, The Great Divergence. China, Europe and the Making of the Modern World Economy, Princeton.

RADCLIFFE S. A., 2004, "Geography of Development: development, civil society and inequality - social capital is (almost) dead?" Progress in Human Geography 28 (4):517-27

RAMOS PINTO P., 2012, "Everyday Citizenship under Authoritarianism: the cases of Spain and Portugal", in Cavatorta, Francesco, ed. *Civil Society Activism under Authoritarian Rule: A Comparative Perspective*. Routledge.

ROY T., 2012, "Beyond Divergence: Rethinking the Economic History of India." Economic History of Developing Regions 27.sup1 (2012): 57-65.

SANDEL M. J., 2012, What money can't buy: the moral limits of markets. Farrar, Straus and Giroux.

SEN A. K., 1990, "Gender and Cooperative Conflicts". In Persistent Inequalities: Women and World Development, edited by Irene Tinker. Oxford University Press.

SEN A. K., 1992, Inequality reexamined. Clarendon Press

SOLINGER D. J., 1999, Contesting Citizenship in Urban China: Peasant Migrants, the State and the Logic of the Market. Berkley: University of California Press.

STEDMAN-JONES G., 2004 An End to Poverty? A Historical Debate, Profile Books.

TAJFEL H., 1981, Human Groups and Social Categories - Studies in Social Psychology. Cambridge University Press.

TILLY C., 1999, Durable inequality. University of California Press.

TILLY C., 2004, *Contention & Democracy in Europe, 1945-2000*. Cambridge University Press.

UNDP, 2011, Human Development Report 2011 – Sustainability and Equity: A Better Future for All.

Wallerstein I., 1974, The modern world system. Capitalist agriculture and the European world economy in the sixteenth century. Academic Press.

Wang F. and Wang T., 2003, "Bringing Categories Back In: Institutional Factors of Income Inequality in Urban China." Centre for the Study of Democracy Working Papers, UC Irvine.

Wang F., 2007, "Boundaries of Inequality: Perceptions of Distributive Justice Among Urbanites, Migrants, and Peasants", Centre for the Study of Democracy Working Papers, UC Irvine, http://escholarship.org/uc/item/1v62q8pw

Wilkinson R. and Pickett K., 2009, The spirit level: Why greater equality makes societies stronger. Bloomsbury Press.

Woolcock M., Szreter S. and Vijayendra R., 2011, "How and why does history matter for development policy?" The Journal of Development Studies, 47 (1), 70-96.