

Comments on “Reducing inequalities and strengthening social cohesion through inclusive growth: a roadmap for action” by Romina Boarini, Orsetta Causa, Marc Fleurbaey, Gianluca Grimalda, and Ingrid Woolard.

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Introduction.

This paper articulates a comprehensive collection of inclusive growth promoting policy imperatives to be pursued at National and Global levels that would reduce inequality and strengthen social cohesion. Founded upon 4 objectives of enhanced wellbeing for all, increased participation and empowerment, improved solidarity and trust and finally diminished economic inequalities, the authors proffer a roadmap toward the achievement of these goals at national and international levels. At the nation level these policies include equalizing opportunities through universal access to health care and education, reducing inequities through more effective tax and transfer policies and policies for enhancing democratic governance and engagement in the political process and reducing racial and gender discrimination. At the global level the development of trans-nation dialogue, exchange of good practice and cooperation on issues of global common interest is encouraged along with the enhancement of institutional tools for global rulemaking. They conclude with an acknowledgement of the considerable gap between prevailing institutions and what they propose as desirable and thus implementation will require “A complex coalition of political forces and civil society movements”.

My initial reaction to the paper was “Wow, good luck with all of that!”, nonetheless the authors are to be commended for their thoroughness and optimism in outlining such a comprehensive, appropriate and well founded wish list of economic, political and social action plans, in what can only be likened to writing an instruction manual for the herding of cats by a collection of cats (but the fact is, sometimes cats need and have to be herded!). Implementation of such policies in global and national economic, political and social arenas is a formidable task, especially with regard to what are essentially social and economic justice goals. Atkinson (2012) following Sen (2009) in discussing public policy reform, argued that the objective is to seek progressive reform rather than transcendental optimality, unfortunately the tools for assessing the extent of progress are not very sharp, typically in the case of equality of opportunity for example, they only measure whether the goal has been achieved or not, rather than measuring the degree of progress. Thus I’m in full agreement with the authors concerning the need for improvement in the depth, breadth, timeliness and international comparability of datasets, and the development of statistical instruments and indicators that robustly and unambiguously identify trends in economic political and social outcomes, especially with respect to social cohesion, inclusiveness and other social justice goals.

I have a few other comments/reactions to the paper.

With regard to the herding of cats, the enhancement of global institutional tools for rule making, governance and implementation will be crucial, which raises questions about the democratic nature and power of such global institutions as they relate to the sovereignty of individual nations. It’s not at all clear which political forces and civil society movements could be called upon to address such issues and more discussion and insight on this point would have been welcomed. For example, I suspect that it would be easier for a nation to yield sovereignty on an issue to a global agency if the power of its voice within said global agency reflected the importance of its reformatory needs. In this regard, given the individualistic nature of notions of inclusivity, cohesiveness and participation being advanced here, perhaps a nation’s representation in various global governance institutions should be on the basis of its population size rather than its wealth, income status or one nation one vote type structures as is so often seen in trans national agencies.

With respect to analysis, I think the discussion would have been aided by a little more clarity as to what types of cohesion, inclusiveness, poorness, inequality and deprivation were being contemplated for remediation. For example, is the equality objective a relative one or an absolute one? Is the objective to be achieved on a global, national basis or both? The distinction has implications for the types of policy that are to be pursued, for the types of analytical instruments that need to be developed and for how we develop our understanding of the instruments currently used in all contexts.

For example, the emphasis on Lorenz curves and the Gini coefficient in the introduction suggests that relative gains are sought both globally and nationally. In this regard, it is not surprising that “World Ginis” are generally higher than the highest national Ginis. A simple subgroup decomposition of the Gini coefficient reveals the overall Gini to be a weighted sum of subgroup Ginis plus a measure of between group inequality plus a term which reflects the extent to which lower income groups overlap with higher income groups (Mookherjee and Shorrocks 1982, Anderson, Pittau, Zelli and Thomas 2018). The extent to which one nation’s income distribution differs from any other nations income distribution is not a part of an individual nation’s Gini calculation so they can always be expected to be smaller than the overall Gini for a collection of nations. In very simple and extreme terms, if every nation had complete equality (zero Gini) the global Gini would simply be a function of the extent to which national average incomes differed and inequality would be a global problem. On the other hand, if all nations had common average incomes, global inequality would simply be a function of internal nation inequalities and the extent to which national income distributions overlapped and hence a national rather than a global problem.

What matters for cohesiveness between subgroups is that prosperity (and poorness) are more equally shared amongst those groups, in essence that the respective nation distributions of any attribute become more similar¹. Thus it is possible to have a more cohesive collection of subgroups within the context of increasing overall inequality, for that matter subgroup distributions can become increasingly dissimilar in the context of diminishing overall inequality. Indeed, in an income health and education, three dimensional study related to the Human Development Index of 164 countries from 1990 to 2014, Anderson et al (2017) revealed substantive multi-dimensional absolute growth in a slowly evolving, relatively immobile three group world exhibiting simultaneous increases in equality and polarization with a growing Lower and shrinking Middle and Higher Human Development classes. In other words, all nations were improving in a Pareto sense and becoming more equal overall, yet sub groups of nations were becoming more polarized and less cohesive.

On a completely different matter some policies will have an endogenous quality which seems to have been overlooked by the authors. For example, in some situations, growth promotion policies require that very same growth for their implementation. Indeed, in a truly fully participatory, democratic society, growth is an important catalyst in elevating outcomes of those poorly endowed in circumstance. In a no growth scenario, elevation of the outcomes of those poor in circumstance can only be achieved at the expense of diminution of the outcomes of those rich in circumstance. Median voter theorems tell us that such policies have limited electoral viability as compared to a growth scenario wherein Pareto improvements can be contemplated (Anderson and Leo 2014). Thus it is that growth promoting equality of opportunity policies are enabled by the very growth that they hopefully promote (see also Anderson and Leo 2017).

¹ This is really the mantra of the equal opportunity paradigm, that outcome distributions of different circumstance classes become more similar is its singular concern, it matters less that those outcome distributions may each be increasing in their variance, indeed increasing individual variation in outcome distributions may bring about the desired greater similarity amongst them. Thus paradoxically concurrent increases/decreases in overall inequality and subgroup similarities are frequently observed.

In a very interesting paper the authors have indeed given us much to think about and it is to be hoped that these ideas see the light of day in the appropriate Economic, Social and Political fora.

References.

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