

Contents

Foreword	xi
Acknowledgments	xiii
Abbreviations and Data Notes	xiv

Overview 1

Inequity within and across nations	4
Why does equity matter for development?	7
Leveling the economic and political playing fields	9

1 Introduction 18

Equity and inequality of opportunity: the basic concepts	18
Inequality traps	20
A brief preview of the Report	23

Part I

Inequity within and across countries 25

focus 1 on Palanpur 26

2 Inequity within countries: individuals and groups 28

Inequalities in health	29
Inequalities in education	34
Economic inequalities	36
The relationship between group differences and inequality	43
Agency and equity: inequalities of power	48
The inequality trap for women	51

3 Equity from a global perspective 55

Examples and concepts	55
Global inequalities in health	56
Global inequalities in education	60
Global inequalities in income and expenditure	62

Global inequalities in power 66

A glimpse of the future 68

focus 2 on empowerment 70

Part II

Why does equity matter? 73

4 Equity and well-being 76

Ethical and philosophical approaches to equity 76

Equity and legal institutions 78

People prefer fairness 80

Income inequality and poverty reduction 84

5 Inequality and investment 89

Markets, wealth, status, and investment behavior 89

The evidence on underinvestment 96

Inequalities and investment 101

focus 3 on Spain 106

6 Equity, institutions, and the development process 107

The distribution of power and institutional quality:
circles vicious and virtuous 107

Institutions and political inequality matter for development:
historical evidence 109

Institutions and political inequality matter for development:
contemporary evidence 113

Transitions to more equitable institutions 118

Conclusion 124

focus 4 on Indonesia 126

Part III

**Leveling the economic and political
playing fields 129**

7 Human capacities 132

Early childhood development: a better start in life 132

Basic education: expanding opportunities to learn 135

Toward better health for all 141

Social protection: managing risk and providing social assistance 148

Summary 155

8	Justice, land, and infrastructure	156
	Building equitable justice systems	156
	Toward greater equity in access to land	162
	Providing infrastructure equitably	168
	Summary	175
	<i>focus 5 on taxation</i>	<i>176</i>
9	Markets and the macroeconomy	178
	How markets relate to equity	178
	Achieving equity and efficiency in financial markets	179
	Achieving equity and efficiency in labor markets	185
	Product markets and trade reform	193
	Macroeconomic management and equity	198
	<i>focus 6 on regional inequality</i>	<i>204</i>
10	Achieving greater global equity	206
	Making global markets work more equitably	207
	Providing development assistance to help build endowments	218
	Transitions to greater equity	221
	Summary	223
	<i>focus 7 on drug access</i>	<i>224</i>
	Epilogue	226
	Bibliographic note	231
	Endnotes	233
	References	247
	Selected Indicators	275
	Measuring Equity	277
	Selected world development indicators	289
	Index	309