

INEQUALITY TRAP AND THE FOUNDATIONAL MECHANISMS OF DURABLE POVERTY

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Abstract:

Inequality has been for long a neglected dimension in theories of development. Yet, in contemporary social and political research, evidence has increasingly emerged in support of the causal interconnections between inequality of opportunities and durable poverty. Such evidence can be observed through an analysis of phenomena such as *inequality trap*. Yet, the sociopolitical phenomenon of inequality trap, which is essentially defined and conceptualized on the basis of mechanisms which link inequality of opportunities to durable deprivation among groups of people, has remained largely underexplored. In this paper, I explore the basic features of the phenomenon of inequality trap and the conditions which sustain mechanisms which link inequality of opportunities to durable poverty, and argue that inequality trap does not only explain how poverty may persist among some socioeconomic groups of people (even in wealthy societies), it also allows to contextualize the conditions which generate and sustain mechanisms which stabilize poverty; hence allowing to uncover the psychological and the distributional dimensions of durable poverty. This combination of factors sustaining durable deprivation has been largely overlooked in contemporary social and political theorizing. The analysis of durable poverty on basis of its sustaining mechanisms open up innovative grounds for contextualizing and conceptualizing strategies for advancing distributive justice in real life scenarios, facing poverty and promoting inclusive development.

Key words: Inequality trap, durable poverty, poverty traps, social justice, social mechanisms.

Résumé:

L'inégalité a été pour longtemps une dimension négligée en théories du développement. Néanmoins, parmi les recherches actuelles en sciences sociales et politiques, il y a de plus en plus d'évidence scientifique sur les interconnexions causales entre l'inégalité des opportunités et la pauvreté durable. Cette évidence peut s'observer via l'analyse de certains phénomènes comme *l'inégalité piège*. Le phénomène sociopolitique d'*inégalité piège*, qui est essentiellement défini et conceptualisé sur base des mécanismes qui associent l'inégalité d'opportunités à la pauvreté durable, reste un phénomène largement inexploré. Dans ce travail de recherche, j'explore les caractéristiques fondamentaux du phénomène d'inégalité piège et les conditions qui maintiennent les mécanismes qui associent l'inégalité d'opportunités à la pauvreté durable. Je défends alors la thèse que l'inégalité piège explique pas seulement la persistance de la pauvreté parmi certains groupes socioéconomiques (inclus dans les sociétés économiquement avancées), mais aussi le phénomène permet de contextualiser les conditions qui génèrent et maintiennent les mécanismes qui stabilisent la

pauvreté. Cette combinaison des facteurs qui maintiennent la pauvreté durable n'a pas reçu une attention suffisante dans les théories sociales et politiques contemporaines. L'analyse de pauvreté durable sur base de ses mécanismes fondamentaux ouvre des espaces d'innovation pour conceptualiser et contextualiser des stratégies de promouvoir la justice distributive dans les contextes vitaux réels mais aussi pour faire face à la pauvreté et promouvoir le développement inclusif.

Mots clés: Inégalité piège, pauvreté durable, Pièges de pauvreté, justice sociale, mécanismes sociaux.

0. Introduction:

Persistent inequality of opportunities is one of the key causes of socioeconomic ills that people can suffer in the sociopolitical context in which they live. Not only do persistent inequalities of opportunities enhance disparities in people's access to resources, but some forms of inequality such as extreme socioeconomic inequalities can negatively affect individuals' well-being particularly for those who live under persistent conditions of deprivation and in the lowest social statuses in the sociopolitical contexts in which they live. Lasting forms of inequality of opportunities among socioeconomic groups of people whenever they are transmitted from generation to generation produce the phenomenon of *inequality trap*. *Inequality trap* in the general understanding of the term describes a situation of permanent inequality of opportunities between socioeconomic groups of people¹. Persistent inequalities between groups of people become inequality trap when individuals who live under persistent inequality of opportunities become unable to break out of the conditions which sustain mechanisms maintaining them into their socioeconomic conditions of deprivation and durable poverty. Hence, the phenomenon of inequality trap and its grounding sociopolitical mechanisms can explain how some groups of people (even in a wealthy society) may remain relatively poor or, at a larger extent, how entire nations may persistently remain relatively poor due persisting conditions which maintain mechanisms stabilizing and perpetuating distributional inequalities and group deprivation.

Nonetheless, the causal interconnections between the phenomena of inequality trap and durable poverty and the nature of mechanisms which link these two phenomena have not received due attention in contemporary social and political theorizing. An elaboration of the causal interconnections between inequality trap and durable poverty can provide a relevant contextual ground for conceptualizing or designing strategies for promoting social and political justice in real life scenarios, particularly, whenever seeking to face the sociopolitical issue of durable poverty. This research paper is devoted to a conceptual analysis of the phenomenon of inequality trap, its basic features and an elaboration of explanatory mechanisms which link the phenomena of inequality trap and durable poverty. The analysis proceeds as follows. The first section defines the concept of inequality trap and explores the essential features of the phenomenon. The second section evaluates and

¹ See Cruces Guillermo, et al. 'Are there ethnic inequality traps in education? Empirical evidence from Brazil and Chile'. *Poverty and Economic Policy Research Network* (2012).

discusses interconnections between the phenomena of inequality trap and poverty traps, and the relevance of both phenomena in interpreting deprivation and poverty among socioeconomic groups of people and in contextualizing concerns for social and political justice. The third section explains the conditions under which mechanism(s) which sustain inequality trap and its accompanying forms of deprivation become systemic and stable, and then evaluates whether those mechanisms are relevant for contextualizing the causes of durable poverty.

1. Inequality trap: the concept and its essential characteristics

Persistent inequalities of opportunities among groups of people can generate the phenomenon of *inequality trap*. The question which arises is what the terminology 'inequality trap' connotes? The basic definition of the phenomenon of *inequality trap* is provided by Rao Vijayendra who initially coined the term. According to Rao, the terminology *inequality trap* describes "a situation where the entire distribution is stable because the various dimensions of inequality (in wealth, power and social statuses) interact to protect the rich from downward mobility and to prevent the poor from being upwardly mobile"². In elaborating his conceptualization of inequality trap, Rao argues that inequality trap is generated as an outcome of unequal social and economic structures and is perpetuated by persistent inequality of opportunities. He exemplifies the context under which inequality traps prevail by referring to patriarchal societies. In patriarchal societies, he argues, women are subjugated and usually denied property and inheritance rights. Under such circumstances, women are usually forced to spheres of activities which are different from those of men. They are usually prevented from accessing opportunities which would contribute to the improvement of their lives. The socio-cultural and economic structures in patriarchal societies undermine women's opportunities and force them to opt for some particular types of activities. This nexus of unequal social and economic structures between men and women in patriarchal societies produces socio-economic conditions which sustain mechanisms preventing women from realizing their full potentials as a group and as individuals³. Under such circumstances, many women are likely to remain under conditions of deprivation in comparison to men whose opportunities are not constrained by existing socio-cultural and economic structures. In other words, the socio-economic conditions underlying unequal distribution of opportunities among men and women in patriarchal society generate mechanisms which maintain low distributive optimum for women and produce an inequality trap for them.

The mechanism which sustains inequality trap in the example above involves two dimensions, namely, the psychological or attitudinal dimension and the distributive dimension. The psychological dimension connotes for women in patriarchal societies the

² Rao, Vijayendra. On 'inequality traps' and Development policy. World Bank: *Development Outreach*. February 2006. pp. 10-13.

³ See Rao, *ibid*. P.12. It is important to note that the mechanisms which sustains and stabilizes inequality traps involve the psychological and the economic (distributive) dimensions of inequality. These two dimensions which are the foundational to the mechanism which link inequality trap to durable poverty or durable deprivation will be developed and elaborated later in this chapter.

internalization of the social conditions and the development of beliefs which support their resilience to their social conditions⁴. The internalization process contributes to stabilize the existing gender unbalance of power characterized by male domination. For instance, subjugated women in patriarchal societies may develop some beliefs that their social conditions are 'normal' and then submit to their social conditions, even though the conditions of subjugation are unjust and unfair. The resilience of women to their social conditions connotes the effect of the phenomenon of internalization which is essentially a psychological factor stabilizing inequality trap. The central effect of attitudinal dimension of inequality trap is to undermine the motivation for people affected to overcome their non-desired socioeconomic conditions marked by persistent inequality of opportunities and deprivation. The distributive dimension of inequality trap in the example above denotes the gender based unbalance in the distribution of opportunities which is associated with the social conditions of subjugation of women in a patriarchal society. The psychological or attitudinal dimensions and the distributive factor are fundamental for creating conditions sustaining mechanisms perpetuating low distributive optimum among groups of people affected and maintain them under inequality trap. The example mentioned of conditions of women in patriarchal societies, however, relies on the sole socio-cultural dimension of inequality trap.

The conceptualization of inequality trap on basis of the socio-cultural dimension of inequality leads to a minimalist interpretation of this phenomenon. Inequality trap in its broad sense is conceptualized as a multidimensional phenomenon which involves the political, the social, and the economic factors. All these factors, however, are constitutive parts of the two central dimensions of inequality trap, namely, the attitudinal and the distributive dimensions of inequality trap. According to Francois Bourguignon, inequality trap is rooted in and maintained by persistent differences in power, wealth and statuses among socioeconomic groups of people. Existing differences in those dimensions of inequality are sustained and maintained over time by economic, political and socio-cultural mechanisms and even the nature of existing institutions⁵. The broad conceptualization and interpretation of the phenomenon of inequality trap as defined in the work of Bourguignon will be the basis for our analysis of the phenomenon of inequality trap and its causal interconnections to durable poverty. Inequality trap under this analysis is regarded as an explanatory phenomenon for the stabilization of poverty and the key contributing factor making poverty stable and systemic.

⁴ The resilience of women in patriarchal societies to their socio-economic conditions and the development of belief in 'legitimacy' of the social conditions of subjugation are manifestations of the psychological effects of the internalization process. Such belief, however, does not make the conditions of subjugation of women in patriarchal societies legitimate. The example emphasizes the psychological effect of subjugation of women and the underlying mechanisms which sustain and stabilize inequality and deprivation among women and prevent their socio-economic mobility in a patriarchal society.

⁵ See Francois Bourguignon et al. "Equity, efficiency and Inequality traps: A Research agenda". *Journal of Economic Inequality*. August 2007. Vol. 5. Issue 2. p. 236. The socio-cultural dimension involves the psychological component of inequality. The psychological component of inequality trap is also relevant for understanding how poverty becomes stable among people. This point will be developed later in this chapter.

The central feature of inequality trap is the lack of socioeconomic mobility among some groups of people. Differences in power, wealth and social statuses between groups of people produce conditions which create mechanisms which maintain some people under the trap of inequality of opportunities and low optimum in the distribution of socioeconomic advantages. As a consequence of inequality trap, people who are born into the bottom of the socioeconomic pyramid are almost surely condemned to remain there; and the probability of the replication of the same mechanism of deprivation to subsequent generations within the same socioeconomic group is always very high⁶. In this regard, inequality trap and its underlying inequality of opportunities can be interpreted as a cause of durable poverty and reduced socioeconomic mobility for disadvantaged socioeconomic groups of people because persistent inequality of opportunities prevent a category of people from accessing necessary resources to sustain their well-being or prevent some people from living up their potential in the sociopolitical and economic conditions in which they live⁷. In other words, inequality trap reinforces and sustains conditions of systemic deprivation for individuals or groups of people, hence perpetuates poverty.

Besides the above essentialist interpretation of the phenomenon, inequality trap is generically perceived as a relational form of inequality. According to Bourguignon, inequality traps are generated under a situation in which a socio-economic group of people is disadvantaged vis-à-vis an opportunity set (defined by the group's outcome in the distribution) that is worse than the set of another advantaged group as a result of persisting forms of inequalities which are involved in the relations between the groups concerned⁸. The relation between the groups concerned must be based on differences in power, wealth and social statuses. An inequality trap is, in other words, conceptualized and interpreted as a type of horizontal inequality⁹ between groups of people upon which differences in power, wealth and statuses create conditions which reproduce mechanisms which sustain persistent inequality of opportunities among groups of people concerned.

Two general features are therefore relevant for identifying inequality traps. The first feature is that, in the distribution of advantages or opportunities among given groups of people, one or several groups do persistently worse than other groups and that the low level outcome of the worse off group is associated with the nature of existing interactions between the socioeconomic groups of people under consideration. The second feature is that there are some possible alternatives under improved distributive and social conditions where the worse off socioeconomic groups would do better provided that there are some adjustments

⁶ See Miles Corak, 'Income mobility, Equality of opportunities, and Intergenerational Mobility'. *Journal of Economic Perspectives*. Vol. 27. No.3 2013. Pp. 79-102.

⁷ See William Easterly. 'Inequality Does Cause Under development: Insight from a New Instrument'. *Journal of Development Economics*. Vol. 84. No. 2, 2007.

⁸ The terminology 'socioeconomic group' connotes a person's position in the society's structural and functional systems.

⁹ Horizontal inequality connotes inequality between culturally or economically formed groups. The definition inequality trap as phenomenon which is essentially linked with horizontal inequality is borrowed from Frances Stewart in his article, 'Horizontal Inequality: Two types of Trap'. *Journal of Human Development and Capabilities*. Vol. 10. No.3. November 2009. Pp. 315-340.

in the existing distributive patterns and in the interaction between advantaged and disadvantaged socio-economic groups¹⁰.

In other words, inequality trap is essentially understood as relational inequality and it is analyzed on basis of people's access to opportunities, by particularly focusing on the conditions which sustain social mechanisms maintaining some socioeconomic groups into durable poverty. The key effect of inequality trap is usually the limitation of the socioeconomic mobility of groups of people concerned. Inequality trap therefore produces a distributive equilibrium which is inferior to possible improved alternatives. Relative poverty becomes sustained among groups of people who are trapped into persistent inequality of opportunities because people under inequality trap lack the very means they need to break out of the conditions which sustain the mechanisms holding them into their socioeconomic conditions of deprivation. Hence, possible identification of inequality trap must look at both the mechanisms which maintain existing inequality of opportunities and the nature of trap.

2. Distinguishing inequality trap from poverty traps.

One may wonder why it is so important to clarify the distinction between inequality trap and poverty traps, and to elaborate the mechanisms which link the two phenomena. The elaboration of conditions which sustain each of the two phenomena allows contextualizing the causal interconnections between them. Distinguishing inequality trap from poverty traps allows the clarification of the conditions under which inequality generates conditions which sustain mechanisms which perpetuate poverty. As it has been emphasized, poverty is not solely an issue of individuals' deprivation understood as the lack of material goods, but it is also a problem of socio-economic conditions in which people live. Severe inequalities affect not only people's access of opportunities or resources, but they also affect individuals psychologically by undermining their capacity to value the aptitude they have to promote their own well-being and to improve their socio-economic conditions. In order to better grasp how conditions which make poverty dynamic and durable are not only limited to the distributional aspects of relevant social goods, it is important to analyze poverty from various angles including dynamics of inequality. In this perspective, it is important to clarify how inequality trap and poverty traps are causally linked and how they may differ in some of their central features as phenomena portraying conditions of individuals' deprivation. A clear distinction of the causal interconnections between these phenomena and the conditions which underlie each of them allow to make better judgment on what addressing inequality trap would require and why it may be inadequate to conceptualize and interpret poverty on the sole basis of levels of disposable goods such as income.

Inequality trap and poverty trap are usually interpreted as two phenomena which are closely related in their conceptual underpinnings. While the two concepts are sometimes interchangeably used in analyzing individuals' deprivation, they differ in some of their

¹⁰ These characteristics for identifying inequality traps are also defended by Francois Bourguignon, at al. in his article "Equity, efficiency and Inequality traps: A Research agenda". *Journal of Economic Inequality*. August 2007. Vol. 5. Issue 2. p. 243.

central aspects and mechanisms. On the one hand, inequality trap as a concept essentially connotes a situation when persistent inequality of opportunities between groups of people produce mechanisms which perpetuate deprivation among some groups. A poverty trap, on the other hand, essentially connotes 'a self-reinforcing mechanism which causes poverty to persist among individuals or groups of people'¹¹. The analysis of the similarities and differences between the two phenomena reveals that the interconnections between them lie in the conditions which generate the mechanisms which sustain each of the phenomena and the nature of the trap which keeps people or groups of people into relative or absolute deprivation.

In order to better grasp the interconnections between the phenomena of inequality trap and poverty trap, it is important to first understand what it means for an individual to be on an unequal standing in the social conditions in which one lives and what it means to be poor. In the domain of distributive justice, to be on an unequal standing in one's social context can be interpreted as being under persistent inequality of opportunities in the social conditions in which one lives. And the constraints which perpetuate inequality of opportunities must be beyond the control of the person or group of people whose opportunities are limited. For instance, a child born in Sweden has a life expectancy of more than 80 years, while a child born in Sierra Leone has a life expectancy which is approximately 40 years. Opportunities enhancing or opportunities undermining conditions associated with being born in Sweden or Sierra Leone do not depend on the choices that people make, but on arbitrary luck or bad luck of being born in a certain place in the world. Hence, one can argue that inequality trap is essentially a phenomenon which is grounded on and driven by persistent inequality of opportunities among groups of people. Inequality of opportunities is therefore the fundamental phenomenon on which inequality trap is based and sustained. As it will be developed later, addressing inequality trap requires opportunity equalizing policies whose content is determined on basis of the real life context and conditions of people concerned.

To be on unequal standing for an individual in the social context in which one lives may better be interpreted on basis of Amartya Sen's capability approach. According to Sen, social inequality can be analyzed on basis of capabilities which are the amount of real freedom that people have to be and to do what they have a reason to value¹². What is important for Sen, however, is not simply for individuals to have opportunities at their disposal, but the amount of real freedom that people have to access and enjoy those opportunities. Hence, when one lives under persistent constraints which limit one's freedom to pursue his/her full potential and when such constraints are beyond the responsibility of the individual whose freedom is limited, the person is on an unequal standing in comparison to other people whose freedom to access available opportunities is not constrained by their actual sociopolitical or economic circumstances. Therefore, to be on unequal standing in the

¹¹ See Costas Azariadis and John Stachurski, 'Poverty Trap', *Handbook of Economic Growth*, 2005, p. 326.

¹² See Amartya Sen, *Rights and Capabilities*. *Resources, Values and Development*, Cambridge Ma: Cambridge University Press; 1984. P : 307.

social conditions in which one lives is to be under persistent inequality of opportunities to pursue one's full potential in the social conditions in which one lives.

Defenders of equal-opportunity as the foundation for social justice differentiate two main sources of inequality among individuals. On the one hand, there are factors which are beyond the realm of individual choice. These are specified as circumstances for which individuals concerned cannot be held responsible. On the other hand, there are factors that which are generically under individual responsibilities, or factors which are dependent on individuals' efforts¹³. One fundamental principle emphasized in equal-opportunity theories of justice is that differences in non-chosen circumstances of deprivation are not morally acceptable source of inequality¹⁴. For instance, being born as a woman in male dominated society is not a morally relevant justification for limiting women's access to socio-economic opportunities in society. Similar examples can be found for any other type of social circumstances which do not emanate from individuals' choices or efforts. Nevertheless, inequality arising from differences in individuals' efforts can be regarded as morally acceptable.

Focusing on people's opportunities to analyze conditions of individuals' deprivation offers a more reliable approach than focusing on distributional outcome or disposable goods. Individuals' access to socio-economic opportunities is prior to access to resources. In other words, access to socio-economic opportunities opens up access to resources. Hence, difference in individuals' access to opportunities can better explain existing disparities in the distributive outcome. Any reliance on inequality in the outcome to contextualize deprivation among people may not allow the clarification of the causes of distributional disparities which may be observable in differentiated levels of individuals' material holdings. Differences in individuals' distributional outcome can either be generated from circumstances which are beyond the responsibility of the persons or groups of people concerned; or they can also be associated with differences in individuals' efforts. While differences due to circumstances beyond individuals' responsibility are morally relevant for justifying concerns for distributive justice, differences associated with individuals' efforts are not necessarily morally relevant as concerns for distributive justice. Consequently, focusing on opportunities people have to pursue their full potential in the sociopolitical circumstances in which they live is more relevant approach for understanding and contextualizing concerns of social justice rather than relying on the outcome expressed by individuals' levels of material holdings.

By focusing on socio-economic opportunities as the measure of distributional justice, being on an unequal standing in the socio-political context in which one lives can be interpreted as being under persistent pre-determinable disadvantage vis-à-vis access to socio-economic opportunities. The pre-determinable disadvantage is conceptualized as any non-chosen constraint which limits one's freedom to access opportunities and to pursue the

¹³ Arnaud L. and Nicolas P. 'Inequality of opportunity Vs. Inequality of outcomes: Are western societies all alike?' *Review of Income and Wealth*. Series 54, No 4. December 2008. p. 514.

¹⁴ Ibid. 514.

full potential of one's life in the context in which one lives. Individuals or groups of people who are on an unequal standing in the society where they live have limited freedom to access the opportunities that are available. Under this perspective, access to opportunities is the most important approach for evaluating and interpreting socioeconomic inequalities among individuals or among socioeconomic groups of people.

Having explored how access to socio-economic opportunities is fundamental for understanding and evaluating inequalities and conditions of individual deprivation, we may now analyze how durable inequality is conceptually linked with poverty. Debates among development theorists have remained polarized over the conceptualization of poverty, particularly with regard to the question whether poverty should be defined or conceptualized in absolute or relative terms. Indeed, in most empirical studies, poverty has been defined in absolute way as the level of income necessary for people to purchase goods which are necessary to their survival. For instance, in development economics, the 1 dollar a day line has been adopted since 1990 World Development Report as the 'extreme' poverty threshold¹⁵. Yet, many analysts prefer defining poverty in relative terms by considering both the physical and social dimensions of individuals' deprivation as the evaluative components of poverty.

Nonetheless, the absolute and the relative conceptualization of poverty are not equivalent ways of looking at individuals' deprivation even though the two approaches may coincide at some evaluative aspects. While debates among analysts of poverty such as Akisnon (1998) and Ravallion (1992) have been going on for long, the divergences between these two dimensions or outlooks to poverty have never been settled. According to some viewers, there seems to be no justification to why the debate should be settled to one of the two conceptual approaches to poverty. According to Bourguignon, absolute and relative poverty concepts can simply be regarded as aiming to describe or analyze different issues. Physical poverty is about mere survival that is the capacity to afford basic necessities for sustaining life, or basic physical needs, while relative deprivation or social deprivation is about not being like others or being worst off in social conditions in which one lives¹⁶. In Sen's terms, relative poverty arises whenever an individual cannot afford doing or functioning as most people do in the society where one is living¹⁷. Relative poverty therefore describes a social phenomenon which is closely linked to social exclusion while absolute poverty or physical poverty may not necessarily be linked with social exclusion particularly when most people in the society share the same predicament of deprivation.

Moral concerns over the phenomenon of poverty are not merely associated with its absolute or relative forms, but mainly on its persistence and perpetuation dynamics. Indeed, poverty would not be regarded an important sociopolitical problem if it were purely

¹⁵ See International Bank. *World Development report 1990*. Oxford University Press: Oxford, 1990.

¹⁶ See Bourguignon, Francois. 'Absolute poverty, relative deprivation and social exclusion'. Vila Borsig Workshop Series, 1999.

¹⁷ This argument is explained in Sen's book 1983 where he borrowed an example from Adam Smith who argues that in the 18th century England, a peasant unable to afford wearing a line shirt would not participate to social even in the his village even if he or she may not necessarily be undernourished.

transitory and limited to a very short time. In many cases, poverty understood as severe lack of disposable goods and socioeconomic opportunities is persistent over time among individuals and groups of people and is sometimes transmitted across generations. This implies that the severely poor people are usually trapped into absolute deprivation with little chance to break out of their conditions of deprivation. The lack of chance to break out of poverty does not simply imply that poor people are structurally unlucky and subject to productivity shocks. But the lack of chance behind durable poverty and absolute deprivation are usually the traps behind the socio-economic conditions which perpetuate inequality of opportunities among people in the context in which they live. More importantly, traps into poverty are mainly associated with the structural lack of opportunities which is maintained through sociopolitical and economic mechanisms. It is on the basis of this notion of structural lack of opportunities that we can contextualize the sociopolitical mechanisms which link the phenomena of inequality trap and poverty traps, and their implications to distributive justice.

3. Causal interconnections between inequality trap and poverty traps

Inequality trap and durable poverty can be interpreted as two phenomena which are generically linked. The causal interconnections between the two phenomena can be contextualized by analyzing the conditions which sustain poverty traps. Poverty traps are generated under a situation in which poverty, understood as absolute deprivation, produces effects which act as causes of poverty. To argue that effects of poverty act as means of perpetuating poverty implies that, under poverty traps, poverty produces vicious circles which are regarded as processes of circular and cumulative causation in which effects of poverty reinforce themselves and sustain their own persistence¹⁸. For instance, a person under absolute deprivation is not only deprived of disposable goods defined in terms of disposable income, but conditions of absolute deprivation under poverty traps include the lack capabilities which are fundamental in building human capital. Hence, deprivation understood as lack of resources and capabilities produces the vulnerability of the poor and perpetuate the poor's conditions of deprivation through self-reinforcing mechanisms. People under absolute deprivation do not only lack resources, they also lack fundamental human capital which would allow them to be competitive for socioeconomic opportunities. Their conditions of extreme deprivation make them vulnerable to chronic poverty. In other words, people under poverty trap are stuck into conditions of deprivation which they can hardly overcome on the basis of their own personal efforts. Those conditions generate mechanisms which makes poverty durable and dynamic.

While the conceptualization of poverty is based on the general phenomenon of deprivation, the analysis of poverty traps looks beyond the general outlook on poverty –as a state of being deprived– to focus to the dynamics which perpetuate poverty. Poverty understood as deep level of deprivation is essentially interpreted as a state of being of

¹⁸ This definition of 'poverty trap' is similar to what Swati Dutta argues in her article, *Identifying Simple and Multiple Poverty Trap: An Application to Indian Household Panel Data*. Working paper DOI 10.1007/s11205-014-0586-x 9. Springer. March 2014.

individuals which is characterized by the lack of both disposable goods and other basic capabilities. The analysis of poverty traps, however, looks beyond the general outlook on poverty as a state of being of individuals. The evaluation of poverty traps looks at the dynamics of poverty –the movement of individual into and out of poverty and existing factors which influence or determine people’s move in or out of poverty–. Being under poverty trap implies that an individual or a group of people are stuck into a durable state of deprivation. Nevertheless, conceptual outlook on poverty particularly in the domain of development economics has heavily relied on disposable goods (disposable income). Under such a perspective, poverty is defined and interpreted as ‘a problem of low monetary income’¹⁹. Under the economic perspective, poverty is essentially understood as a state of individual deprivation of disposable income. And extreme poverty is clarified with a threshold which is usually set on 1 dollar a day per person. Any individual whose income is below that threshold is interpreted as belonging to the category of extremely poor. An analysis of poverty trap as a concept, however, looks beyond the state of being poor to focus on the dynamics which maintain people below the threshold of poverty. While the static measurement of poverty exposes the level of deprivation for individuals in a given social context without clarifying the causes and mechanisms which sustain the socioeconomic conditions of the people concerned, the analysis of poverty traps is concerned with the dynamic aspects of poverty and the conditions which influence individuals’ move into or out of poverty. In other words, while the general conception of poverty is concerned with the level of deprivation, the analysis of poverty trap is concerned with the dynamics and mechanisms which hold people into conditions of persistent deprivation.

Consequently, even though inequality trap and poverty trap are two phenomena which are closely related in their conceptual underpinnings, the two concepts do not necessarily connote similar socioeconomic situational positioning for people. Poverty traps are interpreted on the basis of their self-reinforcing mechanisms which maintain individuals or groups of people under conditions of persistent poverty. Poverty traps are also identified on basis of trends and mechanisms of self-perpetuation of deprivation among individuals or groups of people. Inequality trap, however, does not necessarily imply that individuals or groups of people concerned are necessarily into conditions of extreme deprivation. Some individuals or group of people can be trapped under durable inequality in the society where they live but without necessarily being at level of absolute deprivation or below the threshold of poverty.

Under conditions of extreme inequality, however, inequality trap may be regarded as a poverty trap. When individuals or groups of people are trapped into persistent inequality of opportunities, inequality can be a contributing factor to conditions of deprivation which prevail among people. Under this consideration, existing inequality of opportunities is regarded as the contributing factor to the social conditions which maintain individuals into poverty. This is the case when conditions of deprivation maintain people in the lowest level

¹⁹ This definition is from the article by David Hulme and Andrew Shepherd ‘Conceptualizing Chronic Poverty. *World Development*. Vol. 31, No.3. pp. 403-423, 2003.

of distributive optimum or into absolute deprivation. Individuals or groups of people who live under the traps of inequality are at the same time into conditions of absolute poverty, and inequality becomes the sustaining factor of poverty. In other words, when individuals or groups of people are stuck into inequality trap and are persistently maintained at the lowest distributive optimum of relevant social goods in comparison to other groups, inequality trap can also be interpreted as a poverty trap.

There are some fundamental features which help to elaborate how the phenomena of inequality trap and poverty trap are related and how they can be distinguished from one another. The key element for determining whether an inequality trap is at the same time a poverty trap is the level of deprivation under which individuals or groups of people live; and the second element is the nature of the trap. On the one hand, when individuals are maintained under conditions of absolute deprivation, usually specified in empirical studies of poverty as a situation below the threshold of relative poverty as consequence of prevailing conditions of inequality of opportunities among people, inequality trap can be regarded as poverty trap. Inequality trap is therefore interpreted as a poverty trap when individuals or group of people are trapped into the lowest equilibrium or below the threshold of poverty. In other words, distinguishing inequality trap from a poverty trap under conditions of absolute deprivation of people can be regarded as an issue of threshold setting because, under absolute and durable deprivation, inequality trap is regarded as a poverty trap. In view of this analysis, one may conclusively argue that inequality trap is not necessarily a poverty trap even though the socio-economic conditions which characterize the two phenomena are closely linked in their essential elements. A poverty trap, however, can be generally interpreted as an inequality trap because poverty traps have consequential effects of keeping individuals into positions of inequality vis-à-vis disposable goods and access to socioeconomic opportunities.

It is important to note at the outset that the goal of the analysis of the central features of the phenomena of inequality trap and poverty trap is to contextualize the causal interconnections between these socioeconomic phenomena, particularly how inequality trap contributes to create conditions which make poverty dynamic and systemic. Inequality trap portrays better the conditions which sustain mechanisms which maintain individuals or groups of people into durable poverty. Severe inequality not only affects distributing patterns of resources and opportunities but it also undermines the motivational foundations for people who are at the bottom of the socioeconomic pyramid to strive for moving out of their socioeconomic conditions. An analysis of the conditions which make people move into and out of poverty must consider both phenomena to elaborate how and in which ways inequality is a contributing factor which sustains durable forms of deprivation.

Nevertheless, even though inequality trap is evaluated by considering the mechanisms which ground enduring low distributive optimum for some individuals or groups of people in the socioeconomic context in which they live, people under inequality trap are not necessarily into absolute deprivation. The level of material holdings of people under inequality trap may rise beyond the threshold of poverty while people concerned

remain stuck into persistent inequality of opportunities in their socioeconomic conditions. Inequality trap does not necessarily prevent some levels of people's upward mobility. People under inequality trap are able to improve the amount of disposable goods according to the overall development trends of the society; but the patterns and mechanisms which keep individuals or groups of people stuck into durable inequality remain unchanged. Therefore, the elaboration of the nature of the mechanisms which keep individuals or groups of people trapped into inequality of opportunities is a crucial element in evaluating how inequality trap and poverty traps are causally connected. In the following section, I will evaluate social mechanisms under which inequality traps are maintained over time and transmitted across generations. The analysis will particularly focus on scrutinizing how mechanism-based explanations of sociopolitical phenomenon of inequality trap are relevant for contextualizing sustaining conditions of durable poverty.

4. Linking inequality trap and durable poverty: Explanatory mechanisms

In order to contextualize whether lasting inequality of opportunities is an inequality trap, one must be able to identify the mechanisms which link persisting low distributional outcome for a group of people under the traps of inequality with the distributional outcome enjoyed by other groups of people. It is via the elaboration of causal mechanisms which link existing interaction between groups of people and unequal distribution of opportunities that one can elaborate how inequality trap is maintained over time and transmitted across generations. The mechanistic explanation of existing inequality trap must consider different dimensions of inequality through which distributional disparities between different socio-economic groups are maintained over time and the sociopolitical dynamics which justify unequal distribution of opportunities. The existence of inequality trap is confirmed by the fact that, in the distribution of opportunities among socioeconomic groups of people, there is a socioeconomic group which faces a worse long-run distribution than other groups. The observed inequality of opportunities among groups of people must be associated with existing differences in power, wealth and social statuses which sustain socio-economic and political mechanisms which perpetuate inequality of opportunities. How then do existing differences in power, wealth and social statuses among socioeconomic groups of people interact to generate and maintain inequality traps? What are the explanatory mechanisms which link inequality trap to durable forms of deprivation? These are the questions the subsequent analysis will focus on.

In the general interpretation of the phenomenon, inequality trap is characterized by some features which together form mechanisms which maintain persistent inequalities of opportunities. In order to qualify lasting inequality of opportunities as an inequality trap, there must be some mechanisms which link low distributional outcome for a given socio-economic group of people to outcome of previous generations within the same group. An inequality trap is transmitted from generation to generation and is characterized by persistent low distributive outcome for a group of people in comparison with other groups which are not under the constraints of inequality trap. Inequality traps are identified by analyzing the mechanisms which link low intergenerational outcome for a socioeconomic group of people

in comparison with other groups which enjoy relative advantages in allocation of opportunities. In other words, the central characteristic of inequality trap is persistent inequality of opportunities which are usually transmitted from generation to generation. The existence of inequality trap is confirmed by the lack of socioeconomic mobility among members of groups who live under inequality trap. The persistence of inequality of opportunities which maintains inequality trap is regarded as generically linked with opportunity undermining mechanisms which link low distributional outcome for the disadvantaged group of people with their actual conditions of deprivation. Those mechanisms are rooted into inequality in power, wealth and social statuses among groups of people and maintained via economic and political practices and structures.

The question which arises is then why to rely on explanatory mechanisms to contextualize the link between inequality trap and durable forms of deprivation? Mechanistic explanations are relevant for contextualizing the links between inequality trap and durable poverty for two main reasons. The first reason is that mechanisms serve to explain the causal processes which produce effects we observe in the distributional outcome. The second reason is that mechanistic explanations allow answering to the 'how' and 'why' questions and help to distinguish the direction of causality and to isolate irrelevant explanatory factors²⁰. It is important to note, however, that the goal of mechanistic explanations of social phenomena is not necessarily to provide an exhaustive account of all the details. A mechanistic explanation does not aim at providing deterministic clarifications, but its goal is to trace the causal process which justifies the observed outcome and the conditions under which the outcome may be improved²¹.

Explanatory mechanisms which link inequality trap to durable forms of poverty can be contextualized by looking at how different dimensions of inequality trap (power, wealth and statuses) interact to sustain inequality of opportunities among socioeconomic groups of people. Consider the following example from Francois Bourguignon. Suppose a case of institutional and market imperfections of a society in which productivity (hence wages) are determined by the quality of school one attends. Suppose again that we have two groups of people. On the one hand, we have poor families which cannot afford to send their children to private schools which provide good education to children while charging high fees. Poor parents who cannot afford private schooling for their children opt for free public education which has a disadvantage of providing lower quality education than offered in private educative institutions. On the other hand, we have wealthy families which can afford to send their children to private schools where they receive good quality education despite its high cost. In the allocation of members of the society to the two groups, equilibrium might arise where people beyond a given threshold of financial means or socioeconomic statuses send their children to private schools and people below that threshold send their children to free public schools.

²⁰ See Hedstrom, Peter and Petri Ylikoski. 'Causal Mechanisms in the Social Sciences'. *Annual Review of Sociology*. Vol. 36. 2010. pp. 55 and 57.

²¹ Ibid. p. 52.

Suppose again that in the society under consideration the budgets of public schools are determined via an agreed upon level of taxation which is voted by all citizens. If then political power is in some ways related to wealth, it would be possible that the pivotal voter be rich enough to afford private school for his children; hence might not attach much interest to public schooling. Owing to the initially mentioned conditions in which productivities (or wages) in the society under consideration are determined by the quality of school one attends, an equilibrium would arise upon which children from poor families remain poor because they attended low quality schools, and the children of the rich stay rich because they attended good quality schools²². This hypothetical case exemplifies an inequality trap which would be grounded on permanent inequality of opportunities between the two groups of people. The lasting inequality of opportunities between the two socioeconomic groups would be associated with unequal distribution of both the political and the economic powers, and the nature of existing political institutions. The outcome of the distribution of opportunities between the two groups would change under an alternative distributive option in which wealth and political power would be differently allocated in the society to promote greater equality of opportunities among members of the society.

Nevertheless, though inequality trap is interpreted as a phenomenon which is maintained through sociopolitical mechanisms which are sustained by differences in power, wealth and statuses among socioeconomic groups of people, a close analysis of the nature of mechanisms which perpetuate inequality traps reveals that difference in power among groups of people is the sustaining factor of persistent inequality as an undermining factor for opportunity equalization. Hence, power relation can be regarded as a key factor in the explanatory mechanism which maintains inequality traps via the perpetuation of inequality of opportunities. Indeed, depending on how power is conceptualized and interpreted, the three dimension of inequality trap (power, wealth and statuses) can converge into the power dimension. In fact, wealth and social statuses are not necessarily dissociated components from power, but they are constitutive elements of power. Under this interpretation, the more wealth and status a socioeconomic group of people disposes, the more imbedded power potential they would acquire. In this regard, inequality trap can be regarded as a phenomenon which is maintained through mechanisms which are sustained by existing differences in power between socioeconomic groups of people. The question then becomes what would be the nature of power as a distinctive sustaining factor of inequality trap?

The power in evidence in the phenomenon of inequality trap can be interpreted as decision-making capacity or *explicit decision-making power*, arising from overt interests and preferences of people or groups of people²³. This conception of power is what Steven Lukes calls *agenda-setting power* which defines how some issues are organized into politics while others are organized out²⁴. Such power is usually exercised outside the range of observable political behavior by of people or groups of people with shared interests and socioeconomic

²² This example is borrowed from Francois Bourguignon at al. "Equity, efficiency and Inequality traps: A Research agenda". Journal of Economic Inequality. August 2007. Vol. 5. Issue 2. p. 244.

²³ See Lukes, C. *Power: a Radical View*. Basingstoke: Palgrave Macmillan, 2005. Pp. 44

²⁴ Ibid. 20 and 45.

preferences. It accounts for how interests of some groups of people (such as the poor) may be excluded from political agenda, or from mandates of policy making institutions. Differences in agenda-setting power among groups of people make interests of powerless groups invisible and their needs un-politicized²⁵. Hence, differences in power among groups of people which is regarded as the driving force for phenomenon of inequality trap connotes difference in agenda-setting capacities among groups of people by which interests and preferences of some groups of people who enjoy more power overrule some interests or needs of groups under conditions of competing socioeconomic advantages or opportunities.

It is therefore important to note that power as agenda-setting capacity that a socioeconomic group of people enjoy does not necessarily work in accordance with democratic representation. In a society which is democratically governed, interests or needs of people or groups of people can be part of political agenda of political parties, which can be implemented when the parties concerned come into positions of leadership. Agenda-setting power, however, works as a force which determines how some issues become organized into politics or outside politics. It is a force which is driven by fundamental interests and preferences of some groups of people, and not collective interests or advantages. Agenda-setting power as the explicit decision-making capacity to set fundamental political agenda is never distributed on democratic basis because it is a force which works behind observable political behavior of people or groups of people. Differences in upholding agenda-setting power among groups of people explain how interests or preferences of some groups of people may often fail to be politicized or to be part of fundamental political priorities.

The conceptualization of power as agenda-setting capacity through which interests and preferences of groups of people are defended allow us to better contextualize mechanisms which **link** inequality traps and the persistence inequality of opportunities among some groups of people. Differences in power, wealth and status among groups of people are regarded as the basic elements for inequality traps. The lack of the agenda-setting power for a group of people makes their socioeconomic interests and preferences less visible at the political scene. The channel for advancing interests and preferences of socioeconomic groups who have less agenda-setting capacities is representation. Representation, however, does not fully resolve problems of injustice arising from power unbalance between socioeconomic groups of people because the level of fulfillment of interests or preferences of the powerless (or the poor) are still determined by those who hold more agenda-setting power.

A concrete example may help clarify the argument above. Suppose that Twa people in Burundi is a socioeconomic group of people who enjoy limited agenda-setting power to set a political agenda which would advance their socioeconomic interests and preferences than a group of wealthy Hutu who enjoy more agenda-setting capacities to advance their interests and sociopolitical preferences. The interests of Twa socioeconomic groups can only be defended or advanced via representative structures which are decided and established under the influence of the socioeconomic groups which hold more agenda-setting power.

²⁵ Ibid. P.44.

Hence, interests and preferences of the Twa powerless group can be advanced or achieved through the channels of justice rather than the political agency of Twa people. The unbalance in agenda-setting capacities between the two groups of people produces a systemic form of inequality by which interests of the powerless are only defended or advanced under the promotion of justice rather than agency based efforts from those who enjoy less agenda setting power. This is an example of how inequality in agenda-setting power may work to sustain inequality of opportunities in a local context of distributive justice.

Under the above analysis, being trap under persistent inequality of opportunities connotes being stuck into condition of powerlessness upon which groups of people under inequality traps are in disadvantaged positions *vis-à-vis* access to socioeconomic opportunities and promoting their socioeconomic interests and preferences in comparison with socioeconomic groups with agenda-setting power. Hence, reduced agenda-setting power becomes an influencing factor for the persistence of inequality of opportunities and deprivation among some socioeconomic groups of people. Being trapped under persistent inequality of opportunities for a group of people therefore connotes being in persistent position of powerlessness and deprivation with little capacity to move out of the current socioeconomic conditions. The mechanism which links inequality trap and durable forms of deprivation is one which links inequality in power (agenda-setting power) to systemic lack of opportunities among some socioeconomic groups of people. Persisting deprivation and poverty becomes the consequence of exclusionary mechanisms which sideline interests and needs of some socioeconomic groups of people from fundamental political agenda. This makes the concerns of those groups and their needs to remain un-politicized. As consequence, inequality in agenda-setting power contributes to sustain conditions which maintain mechanisms which perpetuate inequality of opportunities and poverty among some socioeconomic groups of people.

5. Inequality trap and its relational mechanisms: a contextual analysis

Inequality traps are generically interpreted as relational forms of inequality. The relational aspect of inequality under which inequality traps are maintained implies that the mechanisms which contribute to the perpetuations of inequality traps and its effects of low distributive optimum in the distribution of opportunities among groups of people is analyzed on basis of the relational aspects of inequality. In other words, inequality in wealth, power and social statuses among socioeconomic groups of people which is regarded as the basis of social and political mechanisms under which inequalities of opportunities are maintained must also consider the relational nature of inequality among the socioeconomic groups considered. Owing to the analysis above on the nature of power on which the phenomenon of inequality trap is based, the relational aspect of inequality trap can be better understood in terms of power relations between different socioeconomic groups of people upon which unequal terms of social recognition become the foundational aspect of relational inequality through which the phenomenon of inequality trap is maintained.

The relational nature of the mechanisms which link inequality traps and durable poverty can be contextualized by analyzing how differences in power, wealth and statuses between socio-economic groups of people influence the creation of networks which isolate the poor from profitable political and economic networks. Indeed, socio-economic groups of people with comparable levels of power and wealth are prone to remain into networks and relations based on relational equality and equal recognition with groups of people with similar socio-economic and political statuses. Socio-economic groups of people which remain in lower positions in power, wealth and statuses are likely to be related on equal basis with groups with the same socioeconomic and political statuses²⁶. Differences in power, wealth and statuses therefore create distance in the networks between socioeconomic groups of people upon which equality and interests based relations are only maintained between socioeconomic groups with comparable socioeconomic statuses.

While networks or connections between socio-economic groups of people with different levels of power, wealth and statuses are also possible, they cannot be maintained on basis of equal recognition. Rather such relations are maintained under unequal terms of social recognition upon which domination of the groups enjoying more power, wealth and statuses become the foundation for political distance between groups. The relation between the two socioeconomic groups of people becomes one of subordination or domination of the group with more power and wealth rather than equal mutual recognition and equal opportunities²⁷. Therefore, inequality in power, wealth and statuses generate conditions which sustain mechanisms which perpetuate inequality of opportunities among groups of people.

6. Conclusion

One may therefore conclude that the key sustaining factor for the mechanism through which inequality trap is maintained over time and linked to durable forms of deprivation among some socioeconomic groups of people is through power relation between groups of people by which some interests and needs of socioeconomic groups of people who live under traps of inequality fail to be politicized and to get due recognition. The conditions which sustain inequality trap can be regarded as explanatory causes for the persistence of durable inequality of opportunities and poverty among some socioeconomic groups of people. The analysis of sociopolitical mechanisms which sustain inequality traps and durable forms of deprivation reveals that the phenomenon is grounded on relational forms of social injustice which are sustained through unbalanced power relations between socioeconomic groups of people. The analysis of sociopolitical phenomenon of inequality

²⁶ This type of networks interconnections between individuals and socioeconomic groups of people has been tested and evaluated in the research by Matthew, O. Jackson and Asher Wolinsky. 'A Strategic Model of Social and Economic Network'. *Journal of Economic Theory*. Vol. 71. 1996. Pp.44-74; and, Matthew, O. Jackson and Alison Watts. 'Evolution of Social and Economic Networks'. *Journal of Economic Theory*. Vol. 106. 2002. Pp. 265-295.

²⁷ This mechanism of subordination and domination based on power unbalance between sociopolitical groups of people was and is still observable from historical evidence at cross-country level particularly in the post-colonial relationships between former colonies and their colonizing powers.

trap and its sustaining mechanisms have revealed that inequality trap is not only an issue of distributional justice, but also an issue of relational justice. This relational aspect of social injustice has been largely ignored in contemporary normative theories of distributive justice.

A possible political strategy for addressing inequality trap and its generated forms of individuals' and groups' deprivation would not only aim at adjusting conditions which sustain mechanisms maintaining persistent inequality of opportunities and durable poverty, but should consider the promotion of distributive justice in real life scenarios as a foundational strategy for improving the socioeconomic conditions of the least advantaged or those who are the most vulnerable to effects of inequality trap. Due to the fact that people under inequality traps are hardly able to break out of the mechanisms maintaining them into persistent inequality of opportunities, it is mainly on the basis of the promotion of distributive justice that durable forms of deprivation associated with the phenomenon of inequality trap should be addressed. As the phenomenon of inequality trap is based and sustained by persistent inequality of opportunities among groups of people, potential strategy for addressing this phenomenon in society should appeal to opportunity equalizing strategies. Inequality of opportunities is the real causal factor of inequality trap. Any strategy for addressing inequality trap should resort to opportunity equalizing approach to justice at the same time taking into consideration the attitudinal and the distributive dimensions of inequality.

In other words, it is on basis of opportunities equalizing policies that the phenomenon of inequality trap should be addressed. Nevertheless, owing to the attitudinal and the distributive dimensions of the mechanisms sustaining inequality trap, potentials strategies for addressing the phenomenon would not only rely on the distributive dimension of justice. Any relevant strategy for addressing inequality trap should also promote the empowerment of the poor and seek to expand the agency of the poor or those who live under inequality trap. The ultimate goal of strategy of justice which would aim to address inequality trap should also consider full integration of the poor into the process of development.

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