Inequality—the state of not being equal, especially in status, rights, and opportunities—is a concept very much at the heart of social justice theories. However, it is prone to confusion in public debate as it tends to mean different things to different people. Some distinctions are common though. Many authors distinguish “economic inequality”, mostly meaning “income inequality”, “monetary inequality” or, more broadly, inequality in “living conditions”. Others further distinguish a rights-based, legalistic approach to inequality—inequality of rights and associated obligations (e.g. when people are not equal before the law, or when people have unequal political power).

Concerning economic inequality, much of the discussion has boiled down to two views. One is chiefly concerned with the inequality of outcomes in the material dimensions of well-being and that may be the result of circumstances beyond one’s control (ethnicity, family background, gender, and so on) as well as talent and effort. This view takes an ex-post or achievement-oriented perspective. The second view is concerned with the inequality of opportunities, that is, it focuses only in the circumstances beyond one’s control, that affect one’s potential outcomes. This is an ex-ante or potential achievement perspective.

Inequality of outcomes
Inequality of outcomes occurs when individuals do not possess the same level of material wealth or overall living economic conditions. Development theory has largely been concerned with inequalities in standards of living, such as inequalities in income/wealth, education, health, and nutrition. However, the lens through which economists gauge progress in these fronts has typically been income or consumption.

Historically, development theory was concerned with income inequalities, in so much as it affected or was affected by the economic growth of the average income of the nation. Distributional concerns were mostly put aside, as growth was thought to eventually “lift all boats” (Kuznets curve). Slowly, studies began showing that growth had inconclusive effects on inequality, but income inequality was detrimental for economic growth. Further, as income inequality rose in many countries, a distributional bias in the growth process was made evident. Startling levels of poverty in the late 1990s pushed the income inequality debate to refocus on poverty reduction. Pro-poor growth approaches made their debut and growth and equity (through income redistribution) were seen as separate policy instruments, each capable of addressing poverty. The central concern was in raising the incomes of poor households. By the early 2000s, it was clear that growth and inequality were not separable, and the previous decade’s focus on extreme poverty was seen as falling short (indeed, there was progress in extreme poverty, but income inequalities were rising in many developing countries). Inclusive growth approaches emerged, advocating broadly-shared well-being and the extension of disproportionate benefits of growth to a wider share of the population (UNDP, 2013).

Inequality of opportunity
In the late 1970s, Amartya Sen’s capability framework brought a new way of thinking about human well-being, its measurement, and inter-personal comparisons. He proposed that well-being should be defined and measured in terms of the beings and doings valued by people (functionings) (Alkire et al., 2015) and the freedom to choose and to act (capabilities). This approach emphasizes the freedom to choose one type of life rather than another. In this framework, equalizing income requires a fair starting point for all.

Summary
The understanding of inequality has evolved from the traditional outcome-oriented view, whereby income is used as a proxy for well-being. The opportunity-oriented perspective acknowledges that circumstances of birth are essential to life outcomes and that equality of opportunity requires a fair starting point for all.
equalized is not means of living, but the actual opportunities of living that give people the freedom to pursue a life of their own choosing.

Frances Stewart has made the case for going beyond a focus on individuals and examining as well the inequalities that arise between individuals due to the group(s) they identify with (cultural, gender, age, etc.) and that may be the cause of prejudice, discrimination, marginalization, or advantage—a phenomenon she named horizontal inequalities (Stewart, 2002).

To conclude, a society can be said to provide equal opportunities when circumstances do not determine the differences in life outcomes (Ferreira et al., 2009). In practice, equality of opportunity exists when policies compensate the individuals facing disadvantageous circumstances.

**To sum up**

Economic inequality refers to how economic variables are distributed—among individuals in a group, among groups in a population, or among countries. Development theory has largely been concerned with inequalities in standards of living, such as inequalities in income/wealth, education, health, and nutrition. Much of this discussion has boiled down to a debate between two perspectives: the first is primarily concerned with the inequality of opportunities, such as unequal access to employment or education; and the second with the inequality of outcomes in various material dimensions of human well-being, such as the level of income, educational attainment, health status and so on.

Equality of opportunity exists when life outcomes depend only on factors for which persons can be considered responsible, and not on disadvantageous attributes outside of their control. It argues that gender, ethnicity, family background, etc. should not determine outcomes. In practical terms, it exists when individuals are compensated in some way for their disadvantageous circumstances.

Equality of outcome describes a state in which people have similar economic conditions. While inequality in terms of opportunity is defined on an ex-ante basis and is concerned with ensuring a common starting place, inequality of outcomes is concerned with the finish line and depends on both circumstances beyond one’s control as well as talent and effort.

**References**


