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Democracy and development: the role of political leadership in reducing inequality

Development is a matter of opportunity and choice

In general terms, 'development' signifies change, and as Hopper (2012) has indicated, this change can occur in any country or region of the world. In other words, development, the possibility of change and improvement, is not limited to any set of countries. This gives us a positive outlook on the future of humanity, viewing individuals not as citizens of a particular area but as citizens of the world with the possibility of growth and improvement available to all. Moreover, it brings discussions of development into the context of globalization and the realities of our ever interconnected world.

The term development "evolved from a concept concerned primarily with economic growth to one which pays more attention to the quality of human life, a shift that has entailed attaching greater weight to the attaining of political freedom and social welfare targets" (Hopper 2012: 11). Thus, when measuring development, we have moved from purely economic measures, like GDP, to measures such as the United Nations Human Development Index (HDI); "which emphasizes the importance of having a range of opportunities in order to lead productive and creative lives and to develop our human capabilities" (ibid.).

Development is thus a matter of choice and opportunity. In order to develop, one needs good health, education (human capabilities), and remuneration that allows for a decent standard of living in order to participate in life in a meaningful way. Hence, providing access to opportunities, like education, that allows individuals to choose jobs that provide a fair wage, is crucial.

Inequality and poverty

Despite the ongoing economic growth, inequality is persistent in many countries. "In 2005, India had 47 billionaires compared to 10 in France - while more than three quarters of its 1.2 billion people have to get by on less than £1.3 a day, and this is despite a reduction in absolute poverty levels" (Wilson 2010, cf. Hopper 2012:16). Besides the differences in income or wealth among people and countries, inequality can also refer to divergences in consumption, in education and the access to it as well as to other social services such as health care (Hopper 2012). Thus, in order to reduce poverty, inequality (on the economic as well as the social level) has to be fought as it arranges for maintaining poverty.

“Persistent inequalities lead to poverty traps because it becomes virtually impossible for certain population groups to be economically and socially mobile, which undermines efforts to reduce poverty” (Justino, Litchfield and Whitehead 2003, cf. Hopper 2012: 19).

Defining poverty

Poverty itself can be defined in different ways, i.e. based on income, consumption, or capability. In other words, poverty does not only mean that somebody has a low income; the fact that people who are deprived of their basic capabilities connected to education, health, or longevity also means that they live in poverty. “Capability is the substantive ‘freedom to achieve various lifestyles’ (Sen, 2001: 75). Development should therefore be about us utilizing and expanding our capabilities and hence our freedom, as a means of enriching our lives” (Hopper 2012: 17).

Development and democracy

Who are the agents of development? Dependency theorists suggest that the state plays the most important role, while neo-liberal theories focus on NGOs and the private sector as important agents for development (Hopper 2012). Regardless of whom the agents for development are; the benefits of reducing inequality, by providing opportunity (access to education, good quality health care, childcare, etc.), are the positive externalities on democratic values. For example: academics have demonstrated that discontent provoked by high levels of economic inequality can produce violent political participation which can potentially destabilize democracies (LAPOP 2010).

The situation in Latin America

Historically, Latin America has been the region in the world with the highest levels of economic inequality (LAPOP 2010: 16). However, the World Bank (2013) stated in its most recent report on inequality in Latin America that it has decreased significantly. In 2011, for the first time, more Latin Americans were part of the middle class than living in poverty. Employment increased, average real incomes went up by more than 25 percent since 2000, and the poorest 40 percent of the population are those who benefitted most, as lower wages rose faster than the average (World Bank, 2013).

Strong emphasis is put on continuing this positive trend. “Equity-oriented policies can enhance a region’s capacity to grow in a sustained manner. Enabling people who are currently marginalized to improve their living conditions will unleash their inherent economic potential, increasing overall productivity and thus spurring growth” (World Bank, 2013: 25).

The World Bank suggested a strategy consisting of four main policies to help Latin America stay on track:

1. Maintaining an equitable, efficient and sustainable fiscal policy that fosters shared prosperity.
2. Strengthening fair, transparent institutions that deliver quality public goods and services.
3. Enabling an environment of well-functioning markets that are accessible for all economic levels of society.
4. Improving risk management at both the macro- and household levels.

(World Bank, 2013: 8)

Despite the positive development, the Latin American countries still face several challenges. About 80 million people continue to live in extreme poverty. Another 40 percent are at risk to fall back into poverty if there is another financial crisis – and even climate change can have this effect. Also, the level of poverty still depends greatly on factors such as level of education and where in the country people live. In other words, poverty is still dependent as much on the social opportunities available to citizens as on choice.

Several countries in Latin America are aiming at decreasing this gap. They are formulating policies that are to help strengthening the connection between equity and growth and enhancing living standards. The World Bank puts emphasis on the importance of long-lasting strategies: “The region now needs second-generation reforms that will reinforce the “virtuous cycle” of economic growth and equity to foster shared prosperity” (2013: 8).

The role of political leaders: equalizing opportunities

In order to reduce inequality and thus foster development, we need political will and strong leadership to take the necessary steps to provide equal opportunity. In other words, the role of the leaders is, and remains, to provide opportunities to those who do not have them. Simple things, such as the level of education of an individual, can affect individuals support for democracy (LAPOP 2010). In such a context, providing for public education can foster democratic values as well as provide individuals with the capabilities to contribute to society in a more meaningful way.

“Development economists view equity-in opportunities- as an important factor not only from a moral standpoint, but also as part of the development process itself. The *World Development Report 2006: Equity and Development* suggested two main sets of reasons why equity should matter for policy makers in developing and developed countries: (i) unequal opportunity is widely seen as intrinsically unfair, and unfairness bothers people and can lead to social conflict; and (ii) inequality in some particular circumstances (notably but not exclusively inherited wealth) can be economically inefficient. However, people do not view, and policy makers may not want to treat, all unequal outcomes the same” (World Bank 2009:27).

Wealth inequality caused by differences in work ethic, skill, etc. is often looked at as fair. However, inequality resulting from unequal opportunities, such as a child’s access to proper schooling or proper nutrition due to their family poverty level, is usually regarded as fundamentally unfair. “When the focus of the debate is on inequality of income or any other outcome, the views about how much to redistribute-if at all- and through which mechanisms would vary from left to right across the political spectrum. However, when the focus shifts to the equalization of opportunity, political consensus about the need to reduce inequality is easier to achieve, and the direction this principle gives to policy is clearer. Deliberating equality of opportunity helps policy makers differentiate between those inequalities caused by factors considered “fair” and those considered “unfair”. The number of different opportunities affecting the later outcomes can be infinite, from access to basic education and nutrition when very young, to opportunities for tertiary education, to access to a decent job as an adult.” (World Bank 2009: 27f.).

Hence, the political will to equalize opportunities and a strong leadership are crucial on order to reduce poverty and inequality. In turn, reducing poverty and inequality can provide an opportunity for everyone

to develop to their full potential. In an ever more globalized world, promoting a healthy, safe and prosperous world with equal opportunities for all, benefits everyone.

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