
RESEARCH NEWSLETTER

Inequality of Opportunity

March 2019

FEATURE STORY



From left to right: Francisco Ferreira, Asli Demirgüç-Kunt, and Ceyla Pazarbasioglu

New Measurements Reveal the Consequences of Unequal Life Chances

Over the last decade, the world has seen increasingly bitter political debates around growing levels of inequality. According to a growing body of research, effectively addressing this trend requires a more rigorous toolkit to measure the varieties of inequality societies face and the different consequences these types of inequality may have.

At a recent [Policy Research Talk](#), World Bank Senior Advisor Francisco Ferreira delivered a wide-ranging overview of the theory and empirical evidence on inequality of opportunity, taking his audience on a journey starting with the philosophical foundations laid down by John Rawls and Amartya Sen and ending at the cutting-edge of machine learning.

[Story](#) | [Presentation](#) | [Video](#)

RESEARCH HIGHLIGHTS

✓ [Inequality of Opportunity and Economic Growth: How Much Can Cross-Country Regressions Really Tell Us?](#)

[Francisco H. G. Ferreira](#), [Christoph Lakner](#), [Maria Ana Lugo](#), and [Berk Özler](#), *The Review of Income and Wealth* 64(4): 800-827, December 2018.

Using the most recent cross-country datasets and econometric techniques available to us, we do not find a robust relationship between inequality of opportunity and economic growth. Natural experiments and other causal inference methods relying on specific cases around the world may end up providing more fruitful avenues for studying this important question than cross-country regressions.

✓ [The 2018 Health Equity and Financial Protection Indicators Database: Overview and Insights](#)

Adam Wagstaff, Patrick Eozenou, Sven Neelsen, and Marc Smitz, Policy Research Working Paper 8577, October 2018 | [Blog 1](#) | [Blog 2](#).

The 2018 database on Health Equity and Financial Protection indicators provides data on equity in the delivery of health service interventions and health outcomes, and on financial protection in health. It draws on microdata from 1,600 households surveyed in over 193 countries, and documents gaps in intervention coverage and health outcomes between the poor and better off, and the incidence of catastrophic and impoverishing out-of-pocket expenses.

✓ [Jati Inequality in Rural Bihar](#)

Shareen Joshi, Nishtha Kochhar, and Vijayendra Rao, World Bank Policy Research Working Paper 8512, July 2018.

Patterns of expenditure inequality that emerge from two definitions of caste (government defined caste categories and local jati) suggest that inequality between jatis is more than three times as high as inequality between government categories. The significance of jati for participation in two very different poverty alleviation programs has important policy implications for anti-poverty targeting.

✓ [The Roots of Inequality: Estimating Inequality of Opportunity from Regression Trees](#)

Paolo Brunori, Paul Hufe, and Daniel Gerszon Mahler, World Bank Policy Research Working Paper 8349, February 2018.

Machine learning offers substantial improvements over existing empirical approaches to measuring inequality of opportunity.

✓ [Individual Responsibility and Equality of Opportunity](#)

Francisco H. G. Ferreira and Vito Peragine, Chapter 25 in [Oxford Handbook of Well-Being and Public Policy](#), edited by Matthew Adler and Marc Fleurbaey, Oxford University Press, 2016.

Different approaches to the measurement of inequality of opportunity reflect different judgments about fairness, as well as diverse data constellations and empirical methods. This review highlights empirical challenges in the field of normative economics, particularly as it pertains to the measurement of inequality, poverty, and economic development.

✓ [Unequal Opportunity, Unequal Growth](#)

Gustavo A. Marrero, Juan Gabriel Rodríguez, and Roy van der Weide, World Bank Policy Research Working Paper 7853, October 2016 | [Blog](#).

The negative association between inequality and income growth, particularly growth prospects among the poor, is largely channeled through inequality of opportunity. When inequality of opportunity is controlled for, the importance of total income inequality is reduced.

To access the latest Policy Research Working Papers, please click [here](#).

UPCOMING EVENTS

- **April 15, 2019:** [Policy Research Talk: Plagues, Rebellions, and Wars: The Unexpected Development Benefits of Historical Shocks](#)
- **June 17, 2019:** [Annual Bank Conference on Development Economics 2019—Multilateralism: Past, Present, and Future](#)
- **June 17–18, 2019:** [12th International Conference on Migration and Development](#)
- **June 24–28, 2019:** [2019 Overview Course of Financial Sector Issues](#)
- **September 9, 2019:** 6th Urbanization and Poverty Reduction Research Conference.

To see more events, please click [here](#).

ANNOUNCEMENT

DIME Annual Report | Science for Impact: Better Evidence for Better Decisions – The Dime Experience

This report outlines program achievements from FY2013-19 and describes future plans for program implementation.

[Read the report »](#)

The World Bank Robert S. McNamara Fellowships Program Open for Applications from PhD candidates, March 28–May 2, 2019.

The Award provides up to US\$25,000 to travel abroad to conduct PhD research under the supervision of a host research advisor at a university or research institution located in a World Bank member country for a 6 to 10-month period starting between September and December 2019. The complete list of eligibility and selection criteria, eligible fields of development, and the application process is posted [here](#).

BLOGS

The World Bank's Land and Poverty Conference: 20 years on

[Klaus Deininger](#) | *Let's Talk Development*, 3/21/2019

In 1999, when a few enthusiasts agreed to meet annually in an effort to base interventions on land on solid empirical evidence rather than ideology, few would have expected this effort to have such a lasting impact. [Twenty years on](#), the small gathering has morphed into a conference bringing together over 1,500 participants from governments, academics, civil society and the private sector to discuss the latest research and innovations in policies and good practice on land governance around the world.

[Read the blog »](#) | [Land Conference Website](#) | [Opening Session & Keynote](#)

Why we need a research department

[Pinelopi Goldberg](#) | *Let's Talk Development*, 3/12/2019

After a brief hiatus, the office of the Chief Economist of the World Bank Group was reunited last week with DEC, the well-known Research Department of the World Bank. This led me to reflect on a question often posed to policy institutions as well as the private sector: Why do we need research departments outside academia?

[Read the blog »](#)

Do conditional cash transfers empower women?

[Markus Goldstein](#) | *Development Impact*, 3/6/2019

A couple of weeks ago, I [blogged](#) about a new approach to measuring within household decision making. Continuing in that vein, I was recently reading a [paper](#) (ungated version [here](#)) by Almas, Armand, Attanasio, and Carneiro which offers a really neat way to look at bargaining power within the household.

[Read the blog »](#)

Are robots in Michigan destroying jobs in Chihuahua?

[Hernan Winkler](#), [Luc Christiaensen](#), and [Erhan Artuc](#) | *Future Development*, 2/25/2019

A month ago, Brookings Metro published a [report](#) warning that just as the gains from economic growth were distributed unevenly over the last few decades, the losses from automation will also hurt some groups and places more than others. In the U.S., robots will take jobs from [men, the young, and minorities](#). The losses will not be shared evenly across places either. Jobs in the northeastern corridor are much less vulnerable than those in the Midwest and Texas, for example.

In a [recently published working paper](#), we ask a related question: Do robots in the United States destroy jobs in Mexico? According to our findings, the answer is a qualified “yes.” [Automation may hurt not only American workers](#), but also those in countries with strong trade links to the U.S.

[Read the blog »](#)

To read more of our blogs, see: [Let's Talk Development](#) | [Development Impact](#)

This newsletter is produced by the Development Research Group, part of the Development Economics Vice Presidency of the World Bank Group. Please send your comments and feedback to: research@worldbank.org.

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