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**THOUGHTS ON THE RELATION BETWEEN EQUITY AND SUSTAINABLE
DEVELOPMENT**

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1. The following is offered not as a proposed outline for the discussion of equity in the WGSSD report, but as a series of questions and comments intended to stimulate debate on the topic of equity and its relation to sustainable development.
2. **Hypothesis** – Ensuring social equity for the current generation must be a central focus of policies to achieve sustainable development. Therefore, measures of social equity must be an inherent part of the capital approach to sustainable development. Without the inclusion of equity measures, any capital-based set of SD indicators is necessarily incomplete.
3. **Antithesis** – Equity for the current generation is a matter of concern for short-term social policy and there is no inherent link between current social equity and the long-term sustainability of development.
4. **Synthesis** – This is what we are seeking.

SOME QUESTIONS:

5. **When we refer to equity, what is that we speak of?**
 - a) Equity has many dimensions. Most commonly, people think of equity in terms of monetary income and wealth. An “equitable” society is one in which the gap between the lowest and highest wage earners and the poorest and wealthiest individuals are relatively low compared with other countries. It is important to note the relativity of the concept. No one suggests that equity implies perfectly even distribution of wealth and income. So, an equitable society is not one with perfect distribution, but one with a distribution that is relatively skewed toward equality. The degree to which individual countries choose to skew their income and wealth distributions is a decision determined not through formal development theory, but through political discourse.

b) Beyond equity of income and wealth, there are many other dimensions to the concept we could speak of. Equity can be considered, for example, in terms of labour market access, say for women or for minority groups. Equity can also be considered in terms of justice. Are all groups within society equally likely to see justice done when they have been wronged, or are certain groups privileged in that regard? Access to health care is similar to the case of justice. There are many other areas of social concern where equity can be meaningfully spoken of.

c) Given that equity has so many dimensions, a legitimate question is which of its dimensions are relevant to sustainable development. Is it all of them? Or is just equity of income and wealth. Or some other combination? It seems necessary to be clear on this point before seriously discussing the relationship between equity and sustainable development.

6. If equity is essential to sustainable development, how do we know “how much” equity we need?

a) It is a fact that not all high-developed countries have adopted the same policies with respect to income and wealth equity. The United States is much less equitable in this regard than are, for example, the Scandinavian countries and, yet, measured by the same set of social and economic variables the U.S. compares overall very favourably with the Scandinavians.

b) This points to the possibility that different levels of equity can lead to similar development results. Given this, it seems difficult to imagine a rigorous, theoretical basis on which to decide upon the “right” level of equity for a country. If this is the case, it would seem that the only means of determining this “right” level is through national political discourse.

7. Can development be sustainable in the face of small declines in equity, or is any decline a definite indicator of unsustainability?

a) If a decline in equity is to be seen as a definite indicator of unsustainability, to what theory of development can we turn to argue this case?

b) Is it possible that marginal declines in equity could have no impact on sustainability up to a certain point (or threshold) beyond which any further declines could have catastrophic and unpredictable consequences such as revolution or civil war? In this sense, is there a parallel between the relation of equity to sustainable development and its relation to certain types of ecosystems that also display threshold effects?

8. If equity is accepted as a determinant of sustainable development, on what grounds could other social variables be accepted (or rejected) as determinants?

a) Unless we are prepared to accept that all social variables are determinants of sustainable development (which is problematic because it renders the concept of SD irrelevant – it simply becomes a synonym for “everything matters to everything”), a conceptual argument must be found to justify the acceptance of equity as a determinant. This argument must fall out of a general set of concepts that would allow any social variable to be either accepted or rejected as a determinant of sustainable development.

b) If we are to accept that equity is a determinant of sustainable development, can we reject at the moment the notion that, for example, spirituality or secularism is also a determinant of sustainable development? In western democracies it is taken as a central tenet that the separation of church and state is fundamental to peace and stability (i.e., sustainability). In many other countries, the opposite is taken as true. How can either view be determined to be “right”? Is there something conceptual different about equity that sets it apart from these other variables as a legitimate determinant of sustainable development? If so, what?

A COMMENT AND POSSIBLE SYNTHESIS:

9. To me, it seems obvious that there is a fundamental link between many social variables and the long-term prospects for welfare in a society. The central social variables are, in my mind, income, justice, health, education and security. The persistent absence of, or decline in, the presence of any one of these variables in a society will, by definition, result in lowered levels of welfare. I say “by definition” because, for me, these variables are direct determinants of welfare. In their absence, welfare – that is, the level of development – is incontrovertibly lowered.

10. As I have noted above, there is clearly an equity dimension to each of these social variables. An excellent health care system that is available only to the rich few is unlikely to be a guarantee of a high and growing level of welfare in the long term. So too for justice, education, security and income. But, as again I have noted above, finding a conceptually sound argument that can be used to determine the “right” level of equity with respect to each of these variables seems elusive at the moment. As I have no particular insight to offer on this dilemma, I won’t address it further and leave it for others to propose solutions.

11. It is worth noting that all of the social variables that I have suggested as central to welfare are somehow related to institutions. Income is related to the institutions that form the economy, justice to the police, court and penal systems, health to the health care system, education to schools and universities and security to internal and external security forces. Given this, the notion – postulated by a number of experts in the literature – that institutions form the social capital necessary for sustainable development has some common sense attraction. In spite of this attractiveness, the notion of institutional capital remains vague to me. Questions abound with respect to its definition, how to measure it and how it can be invested in. While the possibility the institutions form social capital cannot be rejected, I would like to suggest another way of conceiving the relation between social variables and the capital approach to sustainable development.

12. Rather than attempting to define social variables in terms of social capital, with all the associated difficulties in definition, measurement and investment strategies, I would like to propose that the relation between social variables and sustainable development is indirect. Rather than defining a form of capital unto themselves, I suggest that social variables represent a sort of societal “grease” that lubricates what we call human capital. That is, human capital, in my view, is a function of a variety of underlying social variables – health, education, justice, income and security – that are necessary in order for individuals to realize their potential as contributors to society. In the absence of these variables or in the face of gross inequities, individuals’ capacity to deliver the labour, innovativeness and leadership necessary to sustain development over time is constrained.

13. An advantage of conceiving of the link between social variables and sustainable development through the intermediary of human capital is that human capital is a much more tractable concept than social capital. It is, for me anyway, much easier to conceive of a stock of human capacities that, taken together, represent an essential capital input into sustainable development. And it is a fact that the literature with respect to human capital is much more robust and empirically developed than that for social capital.

14. Based on the above, admittedly brief, thoughts I believe that a fruitful path forward for thinking about the relation between social variables (and the equity with which they are distributed) and sustainable development can be found by thinking more about how social variables determine the size of the human capital stock. I would welcome debate on this proposal from the members of the Working Group on Statistics for Sustainable Development.

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