EXPANDING OPPORTUNITIES FOR THE POOR: WHAT IS THE RIGHT FRAMEWORK?

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INTRODUCTION

What is the best way to think about the problems of the global poor? We all know that something is not right in the world. A substantial portion of the world’s citizens live on less than $2 a day, and many live on less than $1 a day. And for all the talk about global gains against poverty, a lot of that progress means that people have gone from subsistence, or below subsistence, to earning just a few dollars a day. Poverty is alive and well for a significant portion of the human race.

We use various metrics of inequality and income mobility to measure other kinds of global progress or retrogression, as the case may be. But which are the correct variables to represent progress? In many countries there is a feeling that economic growth is in some ways disappointing us, relative to what might be possible. But how can we measure or reflect this in concrete numerical indices? More abstractly, which are the correct philosophical concepts which correspond to actual improvements in the state of our world?

Many of these debates about poverty are above all confusing. Critics and commentators throw around words and phrases such as equality, equality of opportunity, mobility, income mobility, and opportunity without always studying or thinking carefully about what they mean. There is a general sense that, since something is clearly wrong with the world, being for these words is a good starting point in formulating an answer. These words are not in every case well-defined, they can have multiple meanings, and furthermore upon close examination they are not all desirable in every instance. The purpose of this note is to get past the rhetoric and look critically at how we should understand and evaluate the world’s climb out of poverty.

To state my conclusion up front, I am relatively skeptical about the use of the concepts of equality, equality of opportunity, and income mobility, at least as they are often deployed in current discourse. I am favorably inclined toward a notion of absolute opportunity as a normative standard for evaluating progress against poverty. I will outline these views in more detail immediately below.

But before proceeding, I wish to note the importance of these concepts for South Africa. Following the collapse of apartheid, South Africa has in some ways done very well and in other ways disappointed, at least in economic terms. On the bright side, GDP has almost doubled. GDP growth has averaged about three percent, which of course represents real progress but still pales in comparison with Asia’s average of about eight percent growth.

Other South African statistics are more worrying. A measure of GDP growth per capita shows progress of only 1.3 percent since 1994. There is also a recent lack of momentum, with growth of over five percent for 2004-2007, but growth currently running at only about 1.5 percent. The 2015 collapse in commodity prices probably means current economic prospects for South Africa will diminish yet further. For real wages the picture is also unimpressive. And overall the South African economy seems to be undergoing a general deindustrialization, yet before having created a middle class lifestyle for most of its citizens.\(^2\)

EQUALITY AND EQUALITY OF OUTCOMES

Perhaps the most common normative standard employed in global discourse today is that of equality and economic equality. There are numerous versions of the equality doctrine, including a belief in equality of income, equality of wealth, equality of resources, or equality of happiness, or for that

matter some mix of the above. Advocates of the equality idea need not be taken to be arguing for complete equality in all regards or as a practical ideal. Rather they may believe the world should be a far more equal place than is currently the case, and they may see the value of equality as a starting place for analyzing what is wrong with the world.³

In spite of this diversity of views, I will argue against “equality” approaches in quite general terms, and I will refer to them simply with the designation of “equality,” while recognizing the underlying variation of approaches. The strongest arguments against equality views apply to virtually all of these attitudes and involve the same general lines of criticism. The alternative ideal of “equality of opportunity” I will consider in the next section and leave aside for the time being.

I’ve found that egalitarians often consider the case for some notion of equality, or moving closer to equality, to be virtually self-evident. Why for instance should one person have so much money and another so little? The poor man is not less human and very often he is not less meritorious or he even may be more meritorious, given that not all wealth in the modern world is earned by completely fair or honest means, to say the least.

One can accept the view that something is wrong in this situation, however, without embracing equality as a primary value of relevance. What is morally objectionable is that some individuals have too little. The problem is not the gap between the rich and the poor but simply the low level of income (or some other measure of goods) for the poor. The poorness of the poor is not for intrinsic reasons worse because the wealthy have more money.

If it were inequality which bothered us per se, we should be quite perturbed by say Beverly Hills or Silicon Valley for purely internal reasons. After all, Silicon Valley has both millionaires and billionaires, and the differences between the two in terms of income are quite large. There also seem to be significant happiness gaps, as many tycoons and celebrities appear to lead fairly miserable lives while others beam with joy. Yet these disparities, whether defined in material or psychic terms, are not usually portrayed as a significant problem. That again implies the problem is the low level of the well-being of many of the poor, not the gap or the inequality between the poor and the rich per se. We should think in terms of levels, not gaps or differences.

It is an interesting question why inequality as a primary moral value retains so much influence, even when relatively simply philosophical arguments suggest it should not be taken as a primary factor of import. I suspect we are biologically programmed to respond to instances of being treated less well than others. For instance, in experiments a capuchin monkey will throw a fit (sometimes) if a banana is given to another monkey. At the human level, there is undoubtedly something relative or comparative in our intuitions of worth and desert, as anyone who has raised more than one child can attest. Or just ask any academic who has seen his or her less productive colleague pull in a bigger raise for the year.

It might be argued that if comparative treatment is so deeply embedded in our intuitions, it ought also to play a role in moral theory. Yet I would make a few points in response.

First, to the extent the poor are psychically unhappy about the relative deprivation they experience when they view the rich or the middle class, such a cost already is picked up by a moral standard which

emphasizes the absolute level of well-being of the poor. We don’t need an extra level of philosophical pleading against such the disparity between rich and poor, which would in effect amount to double counting.

Second, not all biologically programmed intuitions should be taken as sacrosanct by moral theory. We don’t for instance believe that the relative evaluations which lead to envy necessarily are morally justified, although envy probably has some biological roots. Instead we ask which instances of envy might represent a real, philosophically and analytically justified complaint and which do not.

Third, a lot of the discomfort we feel about relative status comes from people who are relatively close to us. Many individuals, including poor individuals, resent some of their neighbors, siblings, relatives, workplace colleagues or high school classmates far more than they do Bill Gates. The negative feelings often are greatest when those close to us do better than we have. The very wealthy are quite distant, difficult to visualize, or they lie outside of our main comparison groups.

The same lower middle class person may resent a co-worker who received a higher raise, and buy celebrity magazines to gaze adoringly at photos of Taylor Swift and George Clooney. Those reactions, common in real life, are not those which are suggested by most philosophical theories of egalitarianism.

As an aside, I’ve observed anecdotally that the people who resent the wealthy the most are often a) the near-wealthy, and b) intellectually high-status individuals who do not necessarily have that much money. Again, those who are bothered are those who are relatively near in terms of status competition, rather than those who are distant. We should be deconstructing those intuitions rather than taking them as fundamental data for moral theories.

In sum, virtually everything we might want an equality-based moral theory to do can be done by a notion of absolute deprivation.

The fact remains that within the philosophy profession the case for equality as a significant moral standard still remains to be made. Harry G. Frankfurt, in his recent book *On Inequality*, argues against the moral relevance of inequality. In a popular distillation of that book he wrote: “The false belief that economic equality is morally important leads people to take too seriously a question that is inherently rather insignificant -- namely, the question of how their economic status compares with the economic status of others. In this way the doctrine of equality contributes to the moral disorientation and shallowness of our time.”

Frankfurt continued: “Inequality is, ultimately, a purely formal characteristic; and from this formal characteristic of the relationship between two items, nothing whatever follows as to the desirability or value of either, or of the relationship between them. Surely what is of genuine moral concern is not formal, but substantive. It is whether people have good lives, and not how their lives compare with the lives of others.”

George Sher, a moral philosopher from Rice University, wrote a recent book *Equality for Inegalitarians*. He too argues that equality is not a primary moral value. Rather what matters is resources, opportunities, and whether each person “has enough.” Sher considers in great detail how many of

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the intuitions behind traditional egalitarianism can in fact be captured better by these alternative concepts.  

Finally, there are ongoing debates between egalitarians and an alternative view which is called prioritarianism. Prioritarians generally put aside equality as a value in its own right, and argue instead that we should focus on elevating the lot of the worst off. What matters is the absolute gain we can bring to the needy, and we should not be distracted by the size of the gap between the poor and the well-off. Along related lines, David Braybrooke has argued for a “meeting needs” approach rather than treating equality of outcomes as an intrinsic value per se.  

EQUALITY OF OPPORTUNITY

Equality of opportunity sounds like a more appealing concept to many people than equality of outcomes. Equality of outcomes seems oppressive, Orwellian, and requiring of tyranny. But who could be opposed to equality of opportunity? The words summon up an image of say a school equally open to the children of rich and poor parents alike. Corresponding to this dream, “equality of opportunity” is hardly ever used as a negative phrase.

Yet upon inspection equality of opportunity has many of the same problems as does equality of outcomes. It is not clear why equality of opportunity should be the priority, rather than raising opportunity by some absolute amount as much as possible.

Consider a simple example. We could give both John and Thomas an amount of opportunity which, along some scale, measures in value at three for each. Alternatively, John might have opportunities which measure in value at five, and Thomas might have opportunities which measure in value, again using the same metric, at seven. This latter situation has less equality of opportunity, yet many of us, or dare I suggest most of us, would be inclined to prefer it.

That simple example suggests equality of opportunity probably is not the fundamental value under consideration. All other things equal, we might prefer more equality of opportunity to less, but we are not trying to maximize equality of opportunity per se. Most likely, the equality of opportunity concept is subordinate to other values in our normative calculus, again various notions of absolute well-being and absolute opportunity.

A quick look at some basic facts about human existence shows how difficult it is to operationalize equality of opportunity as a primary value. For a simple start, individuals are born in different countries and they have very different opportunities. Babies born in Kenya or Zimbabwe or Saudi Arabia have very different life chances, for reasons which may be fair or very often unfair. But, as with equality of outcomes, we are not concerned with equalization per se. We would not for instance wish to lower the opportunities of the children born in Saudi Arabia, even if that were to bring us closer to equality of opportunity. We do not want Kenya to take on the problems of Zimbabwe. So again, what at first appears to be an intuition about equality is actually an intuition about elevation.

Even at the individual level, the notion of equality of opportunity is not as attractive as it first might sound. Some individuals are born smarter than others, more ambitious than others, and more hard-working than others, even with the same country, region, or city. There is reasonable evidence that

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genetic similarities between parents and children account for about two-fifths of their correlations in final outcomes, including those of income.\(^8\)

In general, very different individuals will not have the same opportunities, probably should not have the same set of opportunities, and in any case it will prove impossible to equalize their opportunities, if only because of the natural diversity of individuals, some of which is rooted in individual genetics.\(^9\)

We want to improve opportunities, but different innate capabilities probably mean that we wish to give different individuals different opportunities, rather than equal opportunities. Those different opportunities for instance might help the very ambitious become entrepreneurial millionaires, while some other different kind of opportunity might help the less ambitious simply “get by” by finding safe and inexpensive living quarters. Both kinds of person will do better when individuals have different (but favorable) opportunities, rather than equal opportunities.

Perhaps there are ways of twisting, redefining, or broadening the notion of “equal” in “equal opportunities” to cover cases such as this. But more likely it is easier to remove the equality of opportunity concept from the center of our moral theory. We can de-emphasize equality of opportunity in this way and yet still leave room for notions of equal protection under the law and equal treatment under the law. Those are valuable concepts, yet their adoption does not require us to use equality of opportunity as the core concept for how thinking about the progress of the world’s poorer citizens.

**MOBILITY AND RELATIVE MOBILITY**

Another commonly cited metric for success of an economic system is what is usually called mobility, or income mobility to be more specific. As we’ll see in a minute, perhaps “relative income mobility” would be a better term.

The concept of mobility sounds like a good thing. It refers to movement, and invokes a feeling of moving up and indirectly brings in a series of associations with the ideas of freedom and opportunity. What most people actually mean when they cite “mobility” is usually something quite positive. That said, the formal definition and concept of income mobility leaves something to be desired as a final standard for successful poverty alleviation.

Let’s consider intergenerational income mobility to make the discussion more specific. Formal notions of intergenerational income mobility typically proceed by defining an income distribution by quintile, decile, or some other marker. That is, a given individual can be in the top fifth, second to top fifth, and so on, down to the bottom fifty, tenth, or whatever the case may be. We can then ask a simple question: if your parents were in the top (bottom) fifth, what is the chance you will be too? If the correlation between their placement and yours is high, income mobility is relatively low, but if the correlation between their placement and yours is low, income mobility is relatively high. That last case would be reflected in a society where many people from say urban ghettos ended up becoming millionaires.

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Income mobility concepts do not have to refer to intergenerational correlations. They might instead, for instance, refer to mobility over the course of a lifetime, say how much your income in your 20s is correlated with your income in your 60s. Nonetheless the intergenerational usage is the most common deployment of the concept and the general points at hand will stand in any case for broader applications of the relative mobility concept.

I see three main problems with this notion of relative income mobility as a significant normative standard.

First, by its statistical construction it is relative in nature. Measured mobility could be very high in a society where there is no progress or economic growth overall, but rich families continually fall down and poor families continually rise up. We might well find some positive features in that openness to advancement, but it’s not quite getting at what we value either. The relevant normative goal should not be “churn” in the rankings, but rather some kind of overall elevation in standards of living for significant portions of society. To give a simple example, let’s compare our postulated “zero growth, perfect churn” society, in the above paragraph, with another extreme example. Consider a society which has seven percent growth a year for everybody, but which always preserves relative family rankings over time. So the children of the rich will be rich, and the children of the poor will be poor as a rule. Measured relative mobility will be zero, but note that all incomes will double every ten years or so. To most people that seems like a better society than the zero growth, perfect churn scenario.

That comparison suggests that relative mobility cannot be the final normative value of import. We are rationally preferring a society with zero relative mobility to a society with perfect relative mobility. And again the problem seems to be that the relative mobility concept overvalues churn for its own sake. The concept is too concerned with relative rankings and not sufficiently in tune with the import of absolute elevations in living standards or opportunities.

Another problem with the relative mobility measure is this. It does not always correlate well with desirable social states of affairs. In fact, measured relative mobility is often highest in very bad times or following extreme catastrophes. To be sure, the resulting mobility may be largely a good thing, but it is nonetheless a symptom of some bad underlying causes, and in this regard it can too easily prove to be a misleading metric of overall progress.

The core point is that a society emerging from extreme poverty or disruption will tend to have high relative mobility. For instance, the wealthy Chinese of the current generation, especially those aged around 40 to 50, typically came from very poor families. Under the earlier Chinese system of extreme communism, almost all families were poor. The resulting mobility is a good thing – poor people climbing to riches – but still a high measured marker for Chinese mobility is reflecting some underlying social problems and it is not in every way a good thing.

In general, the more stable a society is, the harder for that society to generate high or rising levels of relative income mobility over time. In current American society for instance well-to-do parents work very hard to make sure their children have every possible head start in life. It is common that wealthy parents in Manhattan for instance spend a lot of money, or cultivate connections, to get their kid into

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10 For a philosophical and also sociological look at some problems with the mobility concept, see Swift, Adam. “Would Perfect Mobility be Perfect?” European Sociological Review, February 2004, 20, 1, 1-11.
just the right preschool. That is seen as the first step toward the right private school and eventually admission into an exclusive college or university, such as Princeton or Harvard.

Whether that particular theory hangs together is not the point, in any case the children of wealthy and well-educated parents have a big advantage and thus they have a good chance of themselves ending up in the top quintile or decile of the income distribution.

For all the potential unfairness of that process, it is also a symptom of a highly stable society, and in many ways stability is a social good. In fact, across some (though not all) margins many of us would rather live in some of the societies with lower relative mobility than the societies with higher mobility.

Consider for instance an international comparison of mobility across countries. It can be difficult to get good data on income mobility across previously poor or chaotic countries, but nonetheless there is a usable index of educational mobility across numerous countries of various ranges of income and stability. The countries with the least educational mobility have some serious problems in their fights against poverty, and those places include (in order, starting with the worst ranking) Peru, Ecuador, Panama, Chile, and Brazil. The three regions with the highest educational mobility, however, have low living standards and they also have had past problems with stability and social order. Those regions are rural Ethiopia, rural China, and Kyrgyzstan. The high mobility in these places is a sign of almost everyone from the earlier generation having started off from a bad status quo. That too suggests that relative mobility is not exactly the right concept or metric for picking up progress.\(^\text{11}\)

In popular discourse, when commentators cite the mobility concept, I often find they are mentally focusing on the elevation of the poor and not on churn in the rankings per se. That’s the right intuition, but we need to be care more careful and thus to pair it with the right metric. So let’s now turn to some better options.

**HOW TO THINK ABOUT EXPANDING OPPORTUNITIES**

Given the above discussions, a good metric for progress should have the following properties:

1. The metric should improve when poor and lower income people are doing better
2. The metric should measure outcomes for poor people, not the gap between rich and poor, or middle class and poor
3. The measure should pick up the upward movement of poor people and families, not zero-sum churn in the distribution of incomes or other goods.

If we consider income as the subject of measurement, versions of this metric would record how much lower-income groups gained in income over a specified time period. And it would be regarded as a negative, not a positive, if higher-income groups fell back into poverty. In essence this would be like measuring the rate of economic growth, except we have the additional option of weighting gains for the poor more heavily. This is in fact a longstanding practice in cost-benefit analysis, namely to measure wealth creation but to weight the gains of the poor more heavily. This can be done for both microeconomic and macroeconomic questions.\(^\text{12}\)

Within this class of measures, there is still considerable room for disagreement about the exact measures. For instance, analysts may disagree as to how much extra weight should be given to gains

\(^{11}\) See Hertz, Jayasundera, Piraino, Selcuk, Smith, and Verashchagina (2008).

for the poor and how rapidly those weights should diminish with wealth. These weighting schemes may include threshold and other non-linear effects, to represent the view that having people above or below particular points may represent especially good or bad states of affairs. A situation of extreme privation and hunger, for instance, may be seen as fundamentally different from just having lower income and non-linear weighting can reflect that.

A second disagreement concerns the nature of the basket to be weighted. It is most direct to discuss income, because income is relatively easy to measure and aggregate. Still, relevant development goals may include Amartya Sen's notion of capabilities, social indicators, happiness, and other goods, which may or may not be reducible to income. In principle metrics of this kind can be applied to non-income-based outcomes as well, at least if basic assumptions about measurability and comparability can be satisfied (note that all metrics require these such assumptions, so their possible difficulty does not discriminate against this approach).

What is needed is a series of experiments for building operational measures of absolute opportunity. Of course there will not be a single correct measure, but rather a variety of measures should compete for usefulness. Use by aid agencies, NGOs, and other on the ground practitioners can then determine, through a kind of competitive intellectual process, which are the most useful indicators for which purposes.

The good news is that measures of absolute opportunity already are commonly used, the bad news is that in relative terms they often lack stature and have to compete against equality-based and relative mobility-based metrics. One simple way forward is to take current indicators and simply whittle them down, and discard some of their uses, until the underlying concept of absolute opportunity shines through more clearly. For instance, the social indicators produced by the United Nations often admit of interpretations in absolute terms, namely how many people in a given country have seen improvement in terms of that indicator, whether it be literacy, protection from malaria, women’s rights, and so on. The use of that indicator as an absolute metric can be given priority over the use of that metric in an equality-based manner, such as comparing the difference in that metric across rich and poor countries. Therefore, some of the recommended program of this note could be achieved simply by doing less, and by focusing more carefully on the philosophically sounder metrics.

Nonetheless there still could be further experimentation with new or underused metrics for measuring gains. One possible metric for measuring progress is what is sometimes called “absolute income mobility.” Absolute upward mobility measures “the mean income rank of children with parents in the bottom half of the income distribution given linearity of the rank-rank relationship.”

More intuitively, think of this as a measure of income mobility which picks up the poor improving their lot but does not treat it as a gain when the better-off become worse off. So it is mobility achieved by elevating the bottom, not mobility achieved by the decline at the top, and it satisfies the standards for a suitable metric as discussed further above in this section.

The use of the “bottom half” in this designation is arbitrary, and the basic concept could be used to address the absolute upward mobility of any income percentile. This metric of absolute mobility also could be used to measure mobility in resources, education, health, or other variables of import.

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APPROACHING POLICY

Arguing for particular policy recommendations is not the goal of this essay, and we should keep in mind the strictures of Dani Rodrik that every country, or sometimes every region, is different. Nonetheless this reorientation of measures of progress would have some implications for policy analysis. In particular, high levels of inequality, inequality of opportunity, and relative income mobility would not be seen as problems per se. Furthermore, the frequent appearance of those concepts in political and also scholarly rhetoric would be seen as misleading and a distraction. The focus instead would be on expanding the absolute size of opportunities for the poor.

To make this more concrete, consider a policy change which benefitted both the rich and the poor. Many of the equality metrics would have to struggle with such a policy, which might increase inequality in some manner, whereas the approach recommended in this paper could endorse it wholeheartedly.

It is interesting to note the recent visit of Thomas Piketty to South Africa. He called for a national minimum wage, greater worker participation in company boards, and land reform. Those are all attempts to provide equalizing measures across one dimension or another. Although some parts of those ideas may have merit, they do not seem overall focused on incentivizing wealth creation and opportunity. Piketty even stated: “I think it’s fair to say that black economic empowerment strategies, which were mostly based on voluntary market transactions [...] were not that successful in spreading wealth.” It perhaps would have been more appropriate to note South Africa remains a highly regulated, highly legally privileged, and indeed mercantilist economy; the country ranked only number 72 on the 2015 Heritage Foundation Index of Economic Freedom. So perhaps empowerment based on voluntary market transactions has not yet really been tried.14

The absolute opportunities approach also suggests a different emphasis for a topic such as land reform. Many arguments for land reform focus on the difference in the land holdings between the rich and the poor, yet perhaps those are not the relevant numbers. A better focus would be the following question: “by how much would receiving more land elevate the opportunities of the poor?” If indeed the answer to that question is optimistic, the case for land reform will be stronger.

The same kind of question can be asked for education. Due to an unjust past, many individuals in emerging economies have inadequate access to education, for reasons of both access and cost.

There are many reasons to remedy such injustices, but again the question is one of framing. An opportunities approach for instance might look first to urban migration, as a means of increasing advancement, even though this will create some further inequalities between the city and countryside because not everyone will move at once. In general, there is plenty of evidence that migration, whether to cities or even to other countries, is one of the most effective remedies against poverty and deprivation. An absolute opportunities approach is going to attach a higher priority to thinking about sustainable means for human mobility.

An absolute opportunities approach also creates potential room for affirmative action policies, although with some caution. Since inequality is not a bad per se, it should be recognized that most affirmative action policies still involve some injustice toward the dominant or higher-earning groups. It is not usually the fault of those individuals that they hold privileged positions, or may have a better

chance of getting into a good university. If some of those individuals are pushed aside because of affirmative action, that is a cost rather than a benefit of the policy. Still, in some settings there is good evidence that affirmative action has increased upward mobility for disadvantaged groups; for instance, affirmative action in American colleges and universities probably has improved the absolute prospects of African-Americans. If those benefits in positive value exceed the downside of the injustices from affirmative action, there is still a case for proceeding with such policies. So a case for affirmative action remains, although the threshold for instituting such policies is higher than a “leveling” approach would indicate.

Do note that an absolute opportunities approach does provide some framework for considerations of equality, income or otherwise. It might be argued for instance, that very high levels of inequality lead to bad consequences – in absolute terms – for virtually everybody. For instance, too much inequality might cause democracy to splinter or break down, due to an excess of crony capitalism, as arguably we have been seeing in Russia. In this sense inequality may diminish absolute opportunities and thus we may wish to remedy or limit inequalities. But still, and here is the important point, we should not substitute in inequality as the true villain in any general sense, even if numerous instances of harmful inequalities can be found. It remains the case that large numbers of beneficial policies will increase measured inequality while they boost absolute opportunity; better opportunities for migration are perhaps the clearest example of this point.

Removing occupations from severe occupational licensing is another example of a largely beneficial policy that probably will increase income inequality. As the restrictions are lifted, many people will use those opportunities to climb out of poverty, and some income gaps will increase. Still, a higher number of people are better off, few if any are worse off (some of the poor may be able to buy at cheaper prices due to the entrepreneurship of the winners here), and an absolute opportunities approach will in general take a favorable attitude toward such policy changes.

When it comes to South Africa, and also other emerging economies, there remains a significant role for advances in public health, education, job creation, and removing the barriers to entrepreneurship. These improvements should come from both the private and the public sector.

But the focus should be on opening up opportunities, often for many different income classes, rather than redistributing from the rich to the poor for its own sake, or remedying disparities or imbalances for their own sake. Not only is this focus on the absolute level of opportunity a more ethical approach to the problem, it may in the longer run prove more politically feasible as well.