



Addressing Ethnic Inequality: Comparative Experiences

Rachel Gisselquist (rachel@wider.unu.edu)



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Starting point

Inequality matters – in and of itself, and consequentially

Ethnic inequalities - of opportunity and outcome linked to situation at birth and ascriptive categories into which they are classified - race, language, indigeneity, religion, nationality, caste, culture

Negative implications for **peace, governance, and economic performance** (Alesina, Michalopoulos & Papaioannou 2016; Baldwin & Huber 2010; Brown, Stewart & Langer 2007; Cederman, Weidmann & Gleditsch 2011; Østby, 2008; Stewart 2002, 2008; United Nations & World Bank, 2018)

→ How do ethnic inequalities change? What is the role of policy? What factors influence policy adoption and implementation?

Core components

1. **Experiences of reform** (edited book, RFRP, monograph)
2. **Affirmative action around the world** (cross-country database, systematic review of quantitative literature, literature review)
3. Horizontal inequality as an outcome (articles, journal special issue)
 - “Context of reception” and migrant inequalities (*JEMS*, 2021)
4. Building the cross-country data
 - Pilot on new cross-country data on income inequality by various groupings

4 points

- 1) We need better understanding of how and why policies to address inequality are adopted and implemented. Of the politics.
- 2) We have a good toolkit of policies for addressing (vertical) inequality, but need to build the toolkit for ethnic (horizontal) inequality. One way to map such “inclusion policies” is terms of **targeting** and **scale**.
- 3) Inclusion policies imply some redistribution across relevant ethnic groups. In building understanding of how and why inclusion policies are adopted and implemented, it can be useful to consider how the structure and relative power of relevant ethnic groups may influence the adoption and implementation of inclusion policies.
- 4) A key implication: Policies that are feasible and work in one context may not transfer well to other contexts with different group structures.

1) We need better understanding of how and why policies to address inequality are adopted and implemented.

“We have the tools to reverse the rise in inequality” (Blanchard and Rodrik 2021)

		At what stage of the economy does policy intervene?		
		Pre-production	Production	Post-production
What kind of inequality do we care about?	Bottom	Endowment policies (health care, education); universal basic income	Minimum wage; job guarantees	Social transfers (e.g. Earned Income Tax Credit); full-employment
	Middle	Public spending on higher education	“Good jobs” policies; industrial relations and labor laws; sectoral wage boards; trade agreements; innovation policies; employee ownership	Safety nets; social insurance policies
	Top	Inheritance/estate taxes	Regulations; antitrust laws	Wealth taxes

If we have the tools, why isn't inequality “fixed”?

This is a puzzle if we think about policy making the way that economists often do.

- 1) **Benevolent social planner** or a linear policy model: Government adopts policies to maximize social welfare and the policies with the strongest evidence base are adopted
- 2) **Rational economic voting**: when inequality is high, the median voter will favor redistribution (Alesina & Rodrik 1994; Meltzer & Richard 1981)

“The challenge is first of all **politics**” (Ocampo)

Some alternatives

Political economy models (e.g. “why the poor do not expropriate the rich” (Roemer 1998)): Voters also take into account non-economic issues and identities. They would vote for redistribution, but are “distracted” religion or culture.

Political ideology: “Politicians and parties shape the interests and identities that dominate political life” (Berman 2021)

Kingdon’s **Multiple Streams Approach** (1984): three “streams” – policy stream (e.g. by experts), problem stream, and politics stream must come together at the same time. A window of opportunity, and often through efforts of political entrepreneurs

Some starting points... but what about the policy options?

2) We have a good toolkit for addressing (vertical) inequality, but need to build the toolkit for ethnic (horizontal) inequality.

What about policies to address ethnic (and horizontal) inequality?

		At what stage of the economy does policy intervene?		
		Pre-production	Production	Post-production
What kind of inequality do we care about?	Bottom	Endowment policies (health care, education); universal basic income	Minimum wage; job guarantees	Social transfers (e.g. Earned Income Tax Credit); full-employment
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Inclusion policies: a typology

		Is it targeted and how?		
		<i>Direct</i>	<i>Indirect (May be more “integrationist”)</i>	
		To disadvantaged ethnic group	To another (overlapping?) category or group	Universally framed
Extent of institutional change?	Major - systemic change	Multi-ethnic revision of the constitution	New federal structure	Agrarian land reform?
	Some	Affirmative action for DGs; targeted anti-discrimination legislation	Affirmative action on a class basis	Anti-discrimination legislation and enforcement
	Little/ none	Targeted social transfers	Means-based social transfers	Universal basic income; universal education

3) Inclusion policies imply redistribution across ethnic groups. In building understanding of how and why inclusion policies are adopted and implemented, it can be useful to consider how the structure and relative power of relevant ethnic groups may influence the adoption and implementation of inclusion policies.

Building Knowledge on Experiences of Reform

A **theory-generating** project, building from comparative consideration of 8 in-depth case studies selected for diversity in terms of (A) structure of groups and (B) type of inclusion policy:

- Brazil – Bolsa Familia. *Natasha Borges Sugiyama*
- India – reservation policy. *Zoya Hasan*
- Malaysia – New Economic Policy. *Edmund Terence Gomez*
- Mexico – agrarian land reform. *Ana de Ita*
- Nigeria – federal character principle. *Rotimi Suberu*
- South Africa – Black Economic Empowerment. *Ayabonga Cawe*
- Sri Lanka – standardization policy. *Neil DeVotta*
- Vietnam – Program 135. *Phung Duc Tung & Thanh Minh Pham*

Who are the key groups? Population shares? Degree of inequality?

What are the key factors in understanding the politics of policy making and implementation to address ethnic inequality?

Why was a particular policy pursued, rather than alternatives?

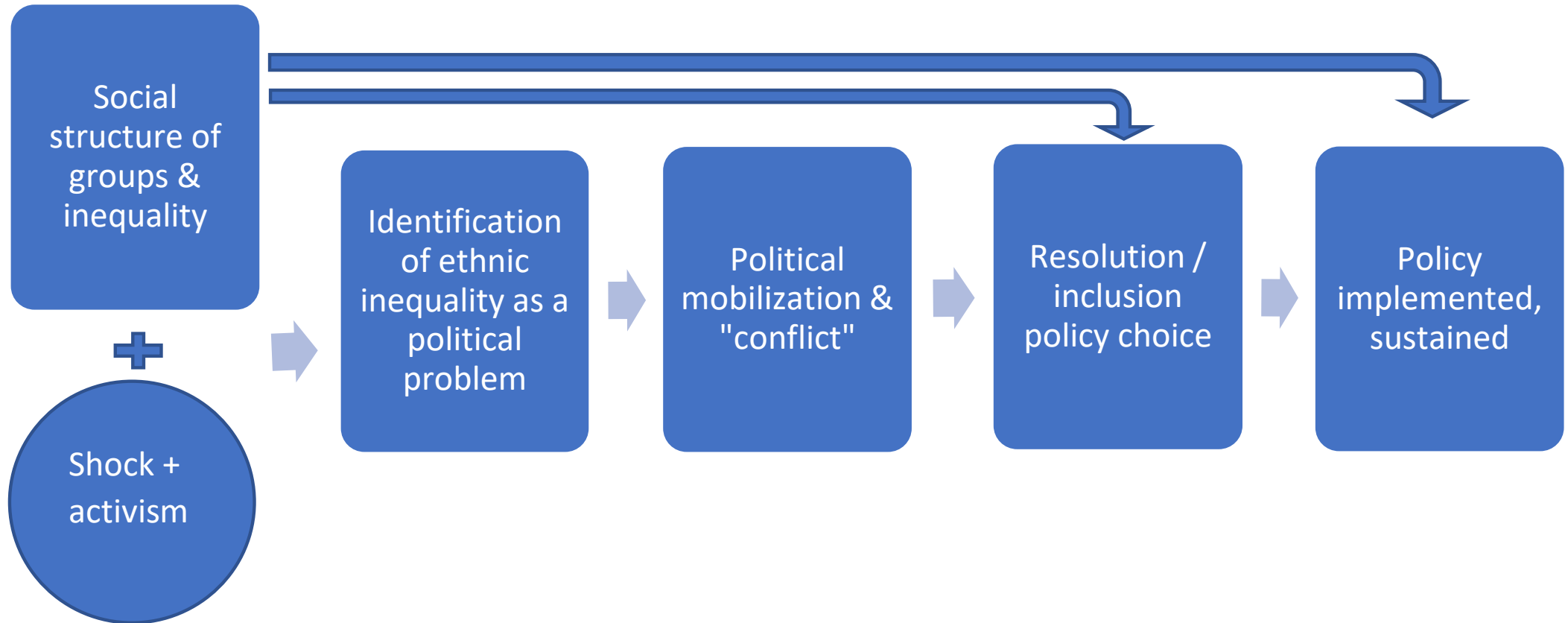
Why was it pursued when it was? How did the political will come about?

Who were the key champions and opponents?

What other institutions, individuals, and factors played a key role in shaping implementation?

What were major obstacles? How were efforts sustained (or not)?

Politics of inclusion policy adoption and implementation: A simple framework, part 1



Framework 2: targeting

		Socioeconomically disadvantaged group – (political) size		
		Clear majority	Moderate	Small minority
Inclusion policy - targeted?	Explicitly ethnic	South Africa – 1994 transition + BEE (80%) Malaysia 1971 NEP – (53%) *Sri Lanka 1971 standardization (75%)	India – 1950 reservation (SC/ST ~28%)	Vietnam Program 135 (~12%)
	Non-ethnic targeted		Brazil – 2003 Bolsa Familia (~50%)	
	Universally framed	* Nigeria – 1979 federal character principle (Northerners 54%)	* Mexico – 1992 agrarian reform (~21%)	

Framework 3: scale of policy

		Socioeconomically disadvantaged group – (political) size		
		Clear majority	Moderate	Small minority
Inclusion policy adopted	State systemic change	South Africa – 1994 transition + BEE (80%) *Sri Lanka 1971 standardization (75%) *Nigeria – 1979 federal character principle (Northerners 54%)		
	Adjustment within existing institutions	Malaysia 1971 NEP – (53%)	India – 1950 reservation (SC/ST ~28%) *Mexico – 1992 agrarian reform (~21%)	
	Discrete benefits		Brazil – 2003 Bolsa Familia (~50%)	Vietnam Program 135 (~12%)

Building knowledge on affirmative action and the universe of cases

Policy database

V1: 45 countries coded
General information on
AA and 5 policy domains
(edu, emp, pub, pol, oth)

Systematic literature review

182 case studies
(27 countries)
13 comparative works

Data structure

- **Roster:** Identifier that allow merging with other databases (6), Region (4), Income Level and Development Status (7), Population(3), Ethnic Fractionalization (1), Coding (6) = **27 variables**
- **AA general:** General (8), Origins (10), Controversy (29) = **47 variables**
- **AA by policy domain:** General (3), Target Group (7), Origins (1), Amendment (16), Termination (14), Evaluation (13) = **54 variables x 5 policy domains** (edu, emp, pub, pol, oth) = **270 variables**
- **Specific policies:** Policy 1 (20), Policy 2 (20), Policy 3 (20) = **60 variables**
- **No AA** = 9 variables
- Total of **413 variables** in the dataset, of which **386 variables** capture characteristics of AA.

Some concluding points

LNOB is a political challenge, more than a “technical” one

The political challenge can be especially intense when “who is left behind” and “who is ahead” overlaps with ethnic divisions.

Inequality between ethnic groups – more than individuals or other types of groups – also may be more threatening to good governance. Classic work points to national unity an important precursor of democracy (Dahl), even the single precondition (Rustow).

- Unsurprisingly, addressing ethnic inequality is often central to the **national project**
- Influenced by **national identity/nationalism** (India, South Africa, Brazil -“whitening”)
 - linked with **national development plans** (Vietnam, Mexico, Malaysia)

“Inclusion policies” are diverse. They can be mapped in scale and targeting.

Ethnically targeted policies like **affirmative action** receive a lot of attention. Quantitative studies provide evidence of positive impact, but the generalizability of findings is unclear. They are based heavily on a small number of cases (Schotte, Gisselquist, & Leone 2022)

AA (and other ethnic-targeted policies) also pose risks: backlash/inter-group conflict, within-group inequality, incentivizing ethnic identification, ‘freezing’ distributional conflict along ethnic lines

But they may be the best hope in some contexts – to correct for persistent intergenerational inequalities and legacies of systematic ethnic exclusion (Funjika & Gisselquist 2022)

A priority is to build better understanding both of the diversity of inclusion policy options and the factors influencing successful adoption in different contexts

Addressing group-based inequalities

Watch this space:

- Case study WPs available now, edited book to come...
- 2 literature review papers available soon as WPs (October/November)
- Launch Version 1 of the AA database with accompanying report (November/December)
- AA Version 2 in 2023 – more countries, deeper coverage



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Helsinki, Finland

Ethnic (horizontal) inequality

Ethnic – ascriptive social category, including race, language, indigeneity, religion, nationality, caste, and culture (Chandra 2004, Horowitz 1985)

- Not fixed – but often *persistent*
- Multiple, overlapping in different ways
- Not unitary. Within group divisions and inequalities matter

Dimensionality - economic, social, political or cultural status (Stewart, 2008)

- Socio-economic dimension: e.g. wealth, income, poverty, education
- Political dimension: e.g. representation, influence in government
- Usually go together but not always

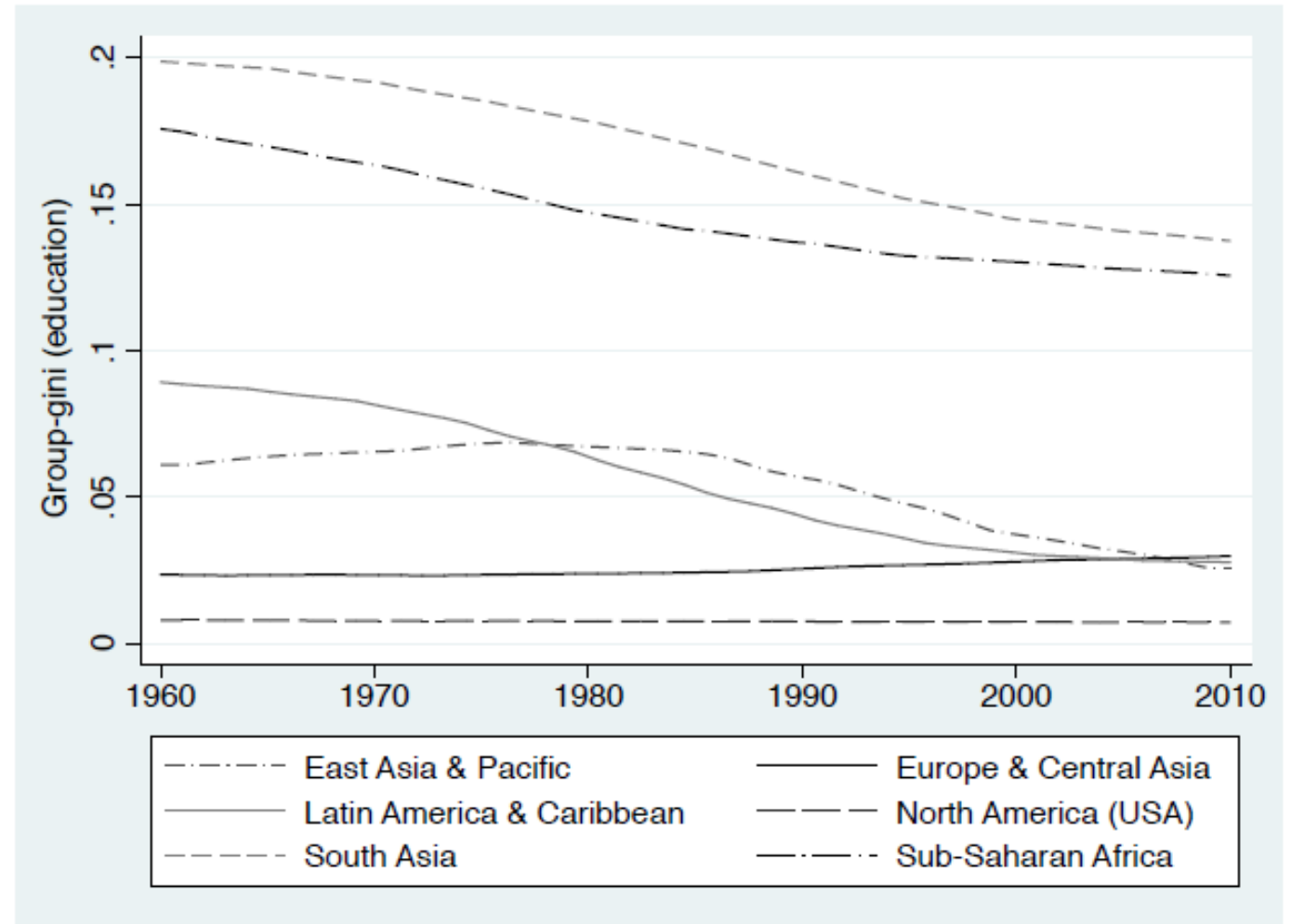
Addressing Group-based Inequalities is Phase II of a two-part project. **Phase I** focused on measurement, trends, and implications:

- Ethnic inequality has **concerning implications** for peace, growth, and governance (contributing to a large, growing body of research, e.g., *Pathways for Peace*)
- There are **significant data gaps** AND real limits in the ‘data revolution for sustainable development’ in this area (see JSIs in *Social Indicators Research & Oxford Development Studies*)
- There are major gaps in knowledge about the **factors influencing change** and the role of policy (see JSIs in *Oxford Development Studies & Journal of Development Studies*)

→ **Phase II** focuses on change and the role of policy: What factors influence policy adoption, implementation, and outcomes?

Change in ethnic inequality

Ethnic inequality in educational attainment, based on EIC dataset (Canelas & Gisselquist 2018)



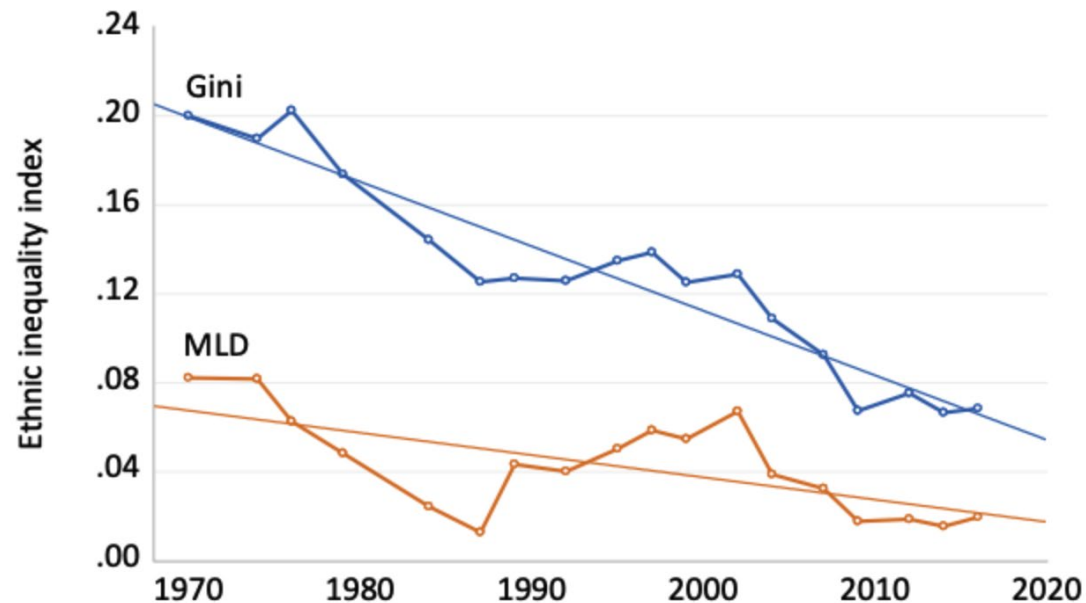
Two examples

New Economic Policy (NEP) in Malaysia, 1971-1991

(National initiative, group targeted)

Ravallion 2019:

Figure 2 Ethnic inequality indices



Source: Author's calculations from official data on household incomes.