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Horizontal Inequalities: A Neglected Dimension of Development

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Introduction

Current thinking about development places individuals firmly at the centre of concern, the basic building block for analysis and policy. This is as true of the innovations led by Amartya Sen, which move us away from a focus purely on incomes to incorporate wider perspectives on well-being, as of the more traditional neoclassical welfare analysis which underpins most development policy. The present overriding concerns with reduced poverty and inequality, which stem from both types of analysis, are equally individual-focused. The Millennium Development Goals (MDGs), for example, are concerned with the *numbers* of individuals in poverty in the world as a whole, not with who they are, or where they live. Measures of inequality relate to the *ranking of individuals* (or households) within a country (or sometimes the globe). The issues of individuals' poverty and inequality are, of course, extremely important, but they neglect a vital dimension of human well-being and of social stability: that is, the group dimension.

An intrinsic part of human life is *group membership* – in fact it is this that makes up the identity (or multiple identities) of individuals – their family affiliations, cultural affinities and so on. As Gellner stated: there is a universal human need to 'belong, to identify and hence to exclude' (1964: 149). Such identities are a fundamental influence on behaviour[1] (by the individual and the group), on how they are treated by others and on their own well-being.[2] Most people have multiple affiliations and identities – some location-based, some family-based, some age- or class-based and some culturally differentiated. In this chapter I shall focus particularly on 'cultural' groups – that is, groups encompassing common cultural identities, though the argument can be extended to other forms of affiliation and group differentiation. These identities are generally based on common behaviour and values. The binding agent may be 'ethnicity' (generally associated with a common history, language, mores), or religion, or race, region, or even class. Modern societies – in rich and poor countries – generally embody large cultural differences of this

sort. In fact, they seem particularly important today, partly because ideological differences have lessened with the end of the Cold War bringing cultural differences to the fore, and partly because global migration has brought people of different cultures into physical proximity.[3] At a superficial level at least, cultural differences appear to lie behind many, perhaps most, current conflicts – huge atrocities, such as occurred in Rwanda, many civil wars, much civil disturbance and indeed today's 'war against terrorism' which comes close to Huntington's predicted 'clash of civilizations'.

Yet while it is obvious that there are – and have been historically – numerous cultural clashes within and between countries, there are also pluralistic societies that live relatively peacefully. For example, in Finland, the large Swedish minority has lived peacefully for many decades. In Tanzania, Uruguay and Costa Rica, too, multiple cultural groups have lived together without serious tensions. It is my hypothesis that an important factor that differentiates the violent from the peaceful is the existence of *severe inequalities between culturally defined groups*, which I shall define as *horizontal inequalities* (HIs), to differentiate them from the normal definition of 'inequality' which lines individuals or households up vertically and measures inequality over the range of individuals: I define the latter type of inequality as *vertical* inequality. HIs are multidimensional – with political, economic and social elements (as, indeed, are vertical inequalities, but they are rarely measured in a multidimensional way). It is my contention that HIs affect individual well-being and social stability in a serious way, and one that is different from the consequences of vertical inequality.

Unequal access to political/economic/social resources by different cultural groups can reduce individual welfare in the losing groups over and above what their individual position would merit, because their self-esteem is bound up with the progress of the group. But of greater consequence is the argument that where there are such inequalities in resource access and outcomes, *coinciding with cultural differences*, culture can become a powerful mobilizing agent that can lead to a range of political disturbances. As Abner Cohen stated:

> Men may and do certainly joke about or ridicule the strange and bizarre customs of men from other ethnic groups, because these customs are different from their own. But they do not fight over such differences alone. When men *do*, on the other hand, fight across ethnic lines it is nearly always the case that they fight over some fundamental issues concerning the distribution and exercise of power, whether economic, political, or both. (Cohen 1974: 94)

Disturbances arising from HIs may take the form of sporadic riots, as has occurred, for example, in the towns of Yorkshire in Britain or various US cities; more extreme manifestations are civil wars, such as the Biafran and

Eritrean attempts to gain independence; massacres, as occurred in Burundi and Rwanda; and local and international terrorism. Indeed, the events of 11 September 2001 can be seen as a manifestation of the force of HIs, with vast economic inequalities between the United States and the world's Moslem population coinciding with strong cultural differences between these groups.

We should not assume that it is only resentment by the deprived that causes political instability – although this certainly seems to be the case in many disputes (e.g. by the southern Sudanese; the Hutus in Rwanda; or race riots in industrialized countries). But the relatively privileged can also attack the underprivileged, fearing that they may demand more resources, and, especially, political power. Moreover, where a position of relative privilege is geographically centred, the privileged area may demand independence to protect their resource position – for example, Biafra or the Basque country.[4]

Given these extremely serious potential consequences of severe HIs, development policy ought to include policies to monitor and correct them. Yet, as noted above, this is not part of the current development agenda, which considers poverty and inequality only at the level of the individual, not as a group phenomenon.

These points will be further developed in the rest of the chapter, which will be organized as follows: the next section will further elaborate on why a group approach is important; then we will consider the processes by which cultural group identities are formed and defined, and how they act as a powerful mobilizing agent, considering whether such identities have sufficient stability to make HIs meaningful; the next section will discuss some measurement issues before providing some empirical evidence on eight cases of countries with severe HIs; finally we will draw some conclusions, including a discussion of some policy implications.

Why assessing group well-being is as important as assessing that of individuals

In the introduction, I stressed the most dramatic reason for being concerned with group well-being – that is, for social stability, which is self-evidently important in itself, and also generally as a precondition of economic development. The impact of group inequalities on social stability will be elaborated as the chapter proceeds. But there is a strong case for being concerned with groups apart from this, even from a purely individualistic perspective.[5]

First, there are *instrumental* reasons. If group inequality persists, then individuals within the depressed group may be handicapped and therefore not make the contribution to their own and society's prosperity that they might have done. For example, if one group has systematically less access to education than another, children within that group will not acquire the human

resources that others of equal merit do, and not only the individuals but also society will suffer. Such inequalities may be due to the unequal distribution of public goods. In some contexts, certain public goods are exclusive to particular groups (Loury, 1988, has called these 'quasi-public goods', others name them 'club' goods). This occurs, for example, where physical infrastructure is unequally distributed across areas, and communities are clustered in these areas. Overt discrimination, where certain cultural categories are barred altogether or gain access only on prejudiced terms, is another cause of unequal group access. Networking is often group-based, so that every member of a relatively backward group has a networking disadvantage with economic and social implications that can be overcome only by group policies. Further, self-selection for cultural reasons may lead to unequal access – for example, if cultural factors mean that children attend only certain types of (inferior) school, or there is gender discrimination, or health practices that limit access to certain resources. Policies that simply address deprived *individuals* may therefore fail unless accompanied by policies directed towards group inequalities.

Another type of instrumental reason is that taking action to correct group inequalities may be the most efficient way of achieving other objectives. This occurs where differential outcomes are closely identified with group characteristics. For example, the most efficient way to achieve the objective of reducing unemployment in South Africa is through policies targeted at black youths. Or, in other contexts, poverty incidence is closely correlated with a particular region, and sometimes a particular ethnic group – for example, the Indian population in some rural areas in Peru; efficient poverty targeting may involve policies directed at a particular group. The neglect of the group as a classificatory device can therefore reduce the effectiveness of policies which in themselves are not grouped-based.

Second, there are *direct welfare* impacts of group inequalities. What happens to the group to which an individual belongs may affect that individual's welfare directly – that is, individual welfare depends not just on a person's own circumstances but the prestige and well-being of the group with which they identify. For this reason, Akerlof and Kranton have included a person's identity in the individual's utility function, arguing that 'a person assigned a category with a higher social status may enjoy an enhanced self-image' (Akerlof and Kranton, 2000: 719). One reason for this arises where people from other groups taunt members of a particular group, causing distress, even if serious violence does not occur. The Catholic schoolgirls being shouted at by Protestants in the autumn of 2001 as they travelled to school in Belfast provides a graphic example. There are negative externalities of belonging to certain groups. Membership of deprived groups can cause resentment among individuals on behalf of the group, as well as negative externalities which affect them directly. US psychologists have documented effects of racial discrimination on the mental health of the

black population, finding that perceptions of discrimination are linked to psychiatric symptoms and lower levels of well-being, including depressive symptoms and reduced self-esteem; teenagers report lower levels of satisfaction with their lives (Broman, 1997; Brown, Williams *et al*., 1999).

Limited mobility between groups enhances each of these effects. If people can readily move between groups, then groups matter much less both instrumentally and for their direct impact on welfare, since if the effects of group membership are adverse, people can shift; and groups also become ineffective targeting devices since people can readily move into any group to which benefits are targeted, thereby causing targeting errors. This chapter is primarily concerned with *limited mobility groups* because it is these groups, whose boundaries are fairly well defined, where HIs matter.

These are substantial reasons for taking the reduction of group inequalities to be an important societal objective even before we consider the implications of HIs for social stability – which forms the main theme of this chapter. It does not, however, follow that complete group equality should be the objective, for a number of reasons. One is that – like complete individual equality – it is not a meaningful objective unless one has defined the dimension: equality of inputs (e.g. access to resources) may not result in equality of outcomes (e.g. health status) because people in different groups may not make the same use of the access provided, or because their conversion from inputs to outputs differs. A second reason is that there can be trade-offs with other societal objectives – for example, near-complete group equality might be achieved only by increasing the extent of vertical inequality, or by reducing economic efficiency. A judgement has to be made on these trade-offs. Third, in the short to medium term complete equality may not be achievable given the large inherited inequalities among groups.

Making group welfare and greater group equality societal objectives does not mean that the objectives of enhancing individual capabilities or achieving vertical equality should be jettisoned. The group dimension is intended to be *added* to the individual one, not to replace it. In part, indeed, improving the well-being of deprived groups is justified because it is a way of improving individual welfare, as noted above, with the promotion of group equality tending to raise output, reduce poverty and reduce vertical inequality, because it raises the human capital of deprived groups and contributes to social stability. But there may be cases where enhancing group equality is at the expense of either output expansion or poverty reduction, when choices have to be made.

Group formation and mobilization

If group differences are to provide a useful basis for policy, group boundaries must be relatively clearly defined and have some continuity over time. People can be divided into groups in many ways – geographical, behavioural,

language, physical characteristics and so on. We are concerned here with those divisions which have social significance – for example, such meaning for their members and for others in society that they influence behaviour and well-being in a significant way. Meaningful group identities are then dependent on individuals' *perceptions* of identity with a particular group – self-perceptions of those 'in' the group, and perceptions of those outside the group. The question then is why and when some differences are perceived as being socially significant, and others are not.

Anthropologists have differed sharply on this question. At one extreme are the so-called 'primordialists', who argue that 'ethnicity is a cultural given, a quasi-natural state of being determined by one's descent and with, in the extreme view, sociobiological determinants' (Douglas, 1988: 192).[6] 'Basic group identity consists of the ready-made set of endowments and identifications which every individual shares with others from the moment of birth by chance of the family into which he is born at that given time and given place' (Isaacs, 1975: 31, quoted in Banks, 1996). For primordialists, ethnic identity is etched deep in the subconscious of individuals from birth.

The primordial view, however, does not explain why ethnic groups change over time – are of pre-eminent significance at some points and then boundaries and characteristics of groups change. For example, Cohen has shown how some people moving from rural to urban Nigeria became 'detribalized', while tribal identity became more important for other urbanized Nigerians; moreover cultural characteristics among the Hausa, whose consciousness of identity increased, changed quite radically (Cohen, 1969).

It is widely agreed that many tribal distinctions in Africa were invented by the colonial powers:

> Almost all recent studies of nineteenth century pre-colonial Africa have emphasized that far from there being a single 'tribal' identity, most Africans moved in and out of multiple identities, defining themselves at one moment as subject to this chief, at another moment as a member of that cult, at another moment as part of this clan, and at yet another moment as an initiate in that professional guild. (Ranger, 1983: 248)
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> Modern Central Africa tribes are not so much survivals from a pre-colonial past but rather colonial creations by colonial officers and African intellectuals. (van Binsbergen, quoted in Ranger, 1983: 248)

One example is the distinction between Hutus and Tutsis, which some historians argue was largely invented by the colonial powers for administrative convenience (de Waal, 1994; Lemarchand, 1994).

Instrumentalists see ethnicity as being used by groups and their leaders in order to achieve political or economic goals. Cohen (1969), cited above, explained the development of Hausa consciousness and customs in this way.[7] Another pre-eminent example is the work of Glazer and Moynihan

who argued that ethnicity was maintained and enhanced by US migrant groups in order to promote their economic interests (Glazer and Moynihan, 1975). The colonial inventions, according to this view, served administrative purposes. In conflict, the use of ethnic symbols and the enhancement of ethnic identities, often by reworking historical memories, is frequently used as a powerful mechanism for the mobilization of support. This also represents an instrumental, or partially instrumental, perspective on ethnicity. Numerous examples have shown how ethnicity has been used by political and intellectual elites prior to, and in the course of, wars (e.g. Cohen, 1969; Turton, 1997; Alexander, McGregor and Ranger, 2000). In international wars, this takes the shape of enhancing national consciousness, with flag-waving, historical references, military parades and so on. In civil wars, it is a matter of raising ethnic or religious consciousness. For example, the radio broadcasts by the extremist Hutus before the 1994 massacre, in which the Tutsis were repeatedly depicted as subhuman, like rats to be eliminated, echoing Nazi anti-Jewish propaganda of the 1930s. Osama Bin Laden appealed to Moslem consciousness, arguing that the war was 'in essence a religious war'.[8]

Yet even instrumentalists generally recognize that there need to be some felt differences in behaviour, customs, ideology or religion to make it possible to raise ethnic or other consciousness in an instrumental way. For example, Glazer and Moynihan state that: 'For there to be the possibility for an ethnic community at all, there will normally exist some visible cultural differences or "markers" which might help to divide communities into fairly well defined groupings or ethnic categories' (Glazer and Moynihan, 1975: 379). Some shared circumstances are needed for group construction – for example, speaking the same language, sharing cultural traditions, living in the same place, or facing similar sources of hardship or exploitation. Past group formation, although possibly constructed for political or economic purposes at the time, also contributes to present differences. Whether the origins of a group are instrumental or not, the effect is to change perceptions and make the differences seem real to group members – this is why group identities are so powerful as sources of action. As Turton puts it, the power of ethnicity or 'its very effectiveness as a means of advancing group interests depends upon its being seen as "primordial" by those who make claims in its name' (Turton, 1997: 82). Hence what was a dependent variable at one point in history can act as an independent variable in contributing to current perceptions.[9]

Groups which are important for their members' self-esteem and well-being and can threaten social stability invariably have some shared characteristics which may make them easy to identify; they also have some continuity. While people have some choice over their own identities, this is not unconstrained – Kikuyu cannot decide that from tomorrow they will be part of the Luo ethnic group. Choice of identity is constrained both by characteristics of the group – its customs and symbols, norms, etc. (sometimes birth itself,

sometimes language, sometimes complex customs, sometimes physical characteristics) – and by other groups' willingness to admit new members. For example, assimilation to a different culture may be a choice that outsiders wish to make, but it cannot be realized unless the insiders accept it, as the German Jews found. So there is some constancy about group boundaries. Yet there is also some fluidity in group boundaries, they do evolve over time in response to circumstances – for example, the Iwerri decided they were not after all Ibos in the middle of the Biafran war; the Telegu-speaking people who were an apparently homogeneous group seeking autonomy from the State of Madras, became quite sharply divided once they had gained this autonomy (Horowitz, 1985: 66).

The hypothesis that forms the central thesis of this chapter is that HIs matter to people in different groups. This makes sense only if the groups themselves are real to their members – which they undoubtedly are in many contexts, and it is precisely these contexts in which we would be concerned about HIs. Yet the fluidity of group boundaries can present potential problems for the approach I am advocating. If group identities can readily be chosen, the group is likely to be a much less important constraint on individual well-being and behaviour – indeed, rather than a constraint, choice of group identity could constitute an extension of capabilities. For example, a child might chose to join the Scouts, and the possibility of doing so would add to potential welfare; not being a Scout is then a chosen identity, and not a welfare constraint, for girls (although not boys). If group boundaries were all like that – open, fluid, and changing – measurement of HIs would make little sense. It is because of the discontinuities, which go along with the limited choices most people have to switch identities, that inequalities among groups becomes a source of unhappiness and resentment, and a cause of social instability. Generally speaking, it is where switching is difficult that group inequalities become relevant to social stability. In any particular case, history and social context will determine the possibilities. For example, in Europe today a change in religion is relatively easy, but this was much less so in earlier centuries when religious divisions were a major cause of conflict.[10] Although people may find it difficult to change ethnicities, they can, in Cohen's terms become 'detribalized' in some contexts, which is a form of switching. This is more likely to be the case in urban environments or in foreign countries. From our perspective, it is the conditions in which switching is difficult that are most likely to give rise to negative effects arising from HIs. Moreover, where switching is easy, group inequalities should be small, since people in the deprived group can change groups until an equilibrium is reached. Where the distinction between groups carries no political or economic baggage – i.e. does not impede opportunities – the salience of any group classification becomes much less.

In monitoring HIs, then, most concern should be with categories where switching groups is rather marginal. Nonetheless, there will always be problems of defining group boundaries with the possibility of new boundaries

emerging and old ones ceasing to be significant. The choice of group boundaries is thus more problematic and arbitrary than is apparent in most conventional statistical boundaries – though the latter's 'objectivity' can be exaggerated – for example, the dividing line between 'rural' and 'urban', a very widely adopted statistical categorization, is often extremely arbitrary. While there are undoubtedly problems about defining boundaries, the issue is too important to reject the approach for this reason. What is needed is an openness to redefining boundaries as appropriate.

As we shall see in the empirical part of this chapter, when it comes to actual cases the relevant groups and boundaries are generally fairly obvious.

Measuring HIs

In the discussion that follows, I assume that the question of defining boundaries has been dealt with, and consider other important measurement issues.

To start with it is essential to re-emphasize that the HIs with which we are concerned are *multidimensional*. This multidimensionality arises with respect both to the impact of HIs on individual well-being and on social stability (the two, of course, being connected). The esteem of the group, which impacts on individual well-being, arises from the relative position of the group in a large number of areas, not just in incomes. For example, a major source of resentment among UK black youths arises from the fact that they are five times more likely to be stopped and searched by police in London than whites and four times more likely to be arrested (Cabinet Office, 2001). Equally, a range of deprivations – economic, social and political – enable political leaders to use the symbolic systems of a grouping[11] as an effective mechanism of group mobilization. In South Africa, education and jobs were among the top grievances pre-transition, while in Northern Ireland, jobs and housing were at the top of the Catholic social and economic agenda (Darby, 1999).

For simplification, we divide the various dimensions into three categories: political participation; economic (assets, incomes and employment); and social aspects, with each containing a number of elements. For example, political participation can occur at the level of the cabinet, the bureaucracy, the army and so on; economic assets comprise land, livestock, machinery, etc.

The three categories and some major elements are presented in Table 5.1, with a column for each category. Each of the categories is important in itself, but most are also instrumental for achieving others. For example, political power is both an ends and a means: control over economic assets is primarily a means to secure income but it is also an end. Clearly, as noted above, the relevance of a particular element varies according to whether it forms an important source of incomes or well-being in a particular society. The allocation of housing, for example, is generally more relevant in industrialized countries, while land is of huge importance where agriculture accounts for most output and employment, but gets less important as development

Table 5.1 Sources of differentiation among groups

Categories of differentiation	Political participation	Economic		Social access and situation
		Assets	Employment and incomes	
Elements of categories	Government ministers	Land	Incomes	Education
			Government employment	
	Parliament	Human capital	Private employment	Health services
	Civil service – various levels	Communal resources, inc. water	Elite employment	Safe water
	Army	Minerals	Rents	Housing
	Police	Privately owned capital/credit	Skilled	Unemployment
	Local government	Government infrastructure	Unskilled	Poverty
	Respect for human rights	Security of assets against theft and destruction	Informal sector opportunities	Personal and household security

proceeds. Water, as a productive resource, can be very important in parts of the world where rainwater is inadequate. Access to minerals can be a source of great wealth, and gaining such access an important source of conflict in countries with mineral resources (Reno, 1998; Fairhead, 2000).

Some important questions surface about the conditions in which HIs give rise to resentment and dissatisfaction, and to political violence, which need to be answered empirically, and have implications for appropriate measures of HIs:

- The *time dimension*: it seems plausible that HIs will be a greater source of resentment and an agent of mobilization where HIs are widening over time.
- The *consistency* issue – i.e. whether one can expect more negative consequences where HIs are consistent across categories than where they are inconsistent (for example, where one group has political dominance but is economically deprived).
- The impact of *intragroup* inequalities: can we expect greater intragroup inequalities to reduce group cohesiveness?

With these questions in mind, some issues about measurement arise:

1. Whether to develop a measure of societal welfare which is discounted to allow for group inequality. This, broadly, is the approach of Anand and Sen (1995) in connection with gender inequality, and Majumdar and

Subramanian (2001) exploring caste and rural/urban differences in India, that is:

$$W_s = K \cdot A_s \tag{5.1}$$

where W_s = society well-being in some dimension; A_s = society average achievement in that dimensions; and K = the weighting which incorporates group differentials.

From the perspective of international (or over time) comparisons of welfare this is a useful approach, but the outcome depends on the *weighting* (i.e. the inequality aversion). From the perspective of assessing how far HIs affect social conflict, it is not helpful, since we need to have a direct measure of group differentials to identify the size and impact of HIs irrespective of average achievements.

2. For the present purpose, we need, as far as possible a *descriptive* measure rather than an *evaluative* one, since the aim is to explore the implications of the extent of HIs for outcomes of various sorts. Of course, any description involves some evaluation, so that we cannot arrive at a completely value-free description. Our aim is to measure HI as 'objectively' as possible.[12] Where different measures involve some element of valuation, then in principle (data and time allowing) we should try different descriptive measures to see whether we get robust results.
3. Since HIs are essentially multidimensional, the issue of *aggregation* arises. For many purposes, it is preferable to keep the various elements separate because among the questions to be explored are whether consistency across dimensions is important for outcomes; and whether some dimensions are more important than others. For cross-country comparisons, however, some aggregate index is needed. The nature of the aggregation exercise, of course, then affects the results. One can usefully aggregate individual categories without aggregating across them – that is, develop a separate aggregate index for each society for the three major categories of HIs – political, economic and social. This would be helpful for comparisons across countries where the precise type of information on variables within each category is likely to vary.
4. The *number and size of groups* in a society may have implications for the impact of group differences. Two different ways of measuring this have been proposed:

   - *Fragmentation indices* The index of ethnic diversity developed by Taylor and Hudson (1972) measures the probability that two randomly selected individuals will belong to different ethnolinguistic groups. Hence it is larger the more groups there are. This could, of course, be adapted to other types of group.

- *Polarization indices* (Estaban and Ray, 1994). These are greater when there are a few large groups with homogeneous characteristics within each group, and differences in a cluster of characteristics among groups. Groups of insignificant size carry little weight (the opposite of fragmentation indices).

It seems plausible that in highly fragmented societies group differences are less salient personally and politically than in societies where there are a small number of large rivalrous groups. If leaders are using group, identities to achieve political objectives, where there are many small groups, group coalitions will be essential and cooperation rather than conflict becomes likely.[13] Similarly, numerous small groups would appear to be less likely to affect individual esteem and happiness than a few unequal groups. Hence polarization indices would seem to be more relevant than fragmentation ones. Indeed, religious polarization has been found to vary positively with civil war, while religious fragmentation does not (Reynal-Querol, 2001).

5. As noted above, we need to measure *intra*group as well as *inter*groups differentials in order to explore how intragroup differentials affect the consequences of HIs. On the one hand, it could be argued that strong intragroup differentials will reduce groups' cohesiveness and hence their ability to take coordinated action, with different social classes identifying with their counterparts in other groups rather than their own cultural group membership. On the other hand, strong intragroup differentials may provide leaders (the elite) with an opportunity and incentive to exploit group differences to avoid discontent being directed at themselves (one interpretation of the conflict in Rwanda, or Hitler's Germany).
6. It is important to bear in mind that it is *perceptions* as much as reality that is relevant to outcomes, with respect both to what differences actually are, as well as how much group members mind about the differences. While it would be valuable to draw on surveys of perceptions – and altering perceptions does constitute one aspect of policies towards HIs[14] – the basic hypothesis here is that perceptions reflect some 'reality' and it is this reality, therefore, that we should primarily aim to measure. The importance of perceptions, nonetheless, has implications for measurement. Complex measures which are not intuitively appealing are less likely to reflect perceptions of differences than more straightforward measures.

In practice, we have to work with available data. At present, because HIs have not been recognized as central to the development process, data are often quite limited, especially of a comprehensive nature and on a regular basis. But censuses and special surveys often permit some analysis, as indicated in the empirical discussion below. Most empirical work on group differences, including the material presented below, uses simple measures of differences in performance between the major groups in society, aggregating only for cross-country comparisons.

Some empirical evidence on HIs

There is a body of empirical work on the impact of group economic and social differences, mainly undertaken by sociologists. Three types of study have been carried out: statistical analysis of US black/white relationships; some cross-country regressions, primarily carried out by Gurr (1993) in the Minorities at Risk project; and case studies of particular countries. This section will present the results of a review of nine case studies I have undertaken (drawing on secondary material) as this seems a powerful way of illuminating the issues. But first I shall turn briefly to existing econometric work.

Most of the work on US black/white relationships differentiates characteristics of riot-prone and non-riot-prone cities, and explores whether riot incidence is related to the economic and social characteristics of the cities, including HIs. Generally, where statistically significant results are found, there is a positive relationship between inequalities and violence, although many studies produce insignificant results. According to McElroy and Singell (1973: 289) 'variables which measure the disparities in the distribution of income … and divergent government expenditure levels between political subdivisions … both discriminate effectively between riot and non-riot [cities]'. Blau and Blau (1982) find that the extent of socioeconomic inequality between races in the United States, and not poverty, helps determine the rates of violent crime.

Internationally, Gurr (1993) has produced an index of political, economic and cultural disparities for 233 groups in ninety-three countries, selected either because the group suffered systematically discriminatory treatment, or was the focus of political mobilization in defence or promotion of its interests. The sample is thus biased. Gurr finds that where there are large group grievances (i.e. major political, or economic differences and/or discrimination) *together with* strong identities, protest (violent and otherwise) is more likely. Violent protests tend to occur where expression of peaceful protest is suppressed. Strong identities are defined as shared behaviour, language and the like. This coincidence of cultural and political/economic differences is precisely what I define as HIs. Acknowledging some serious methodological problems (in sample selection, the strong element of judgement in classifying differences and reliance on simple correlation analysis), Gurr's data give strong support to the view that HIs are liable to lead to violence. Of course, as we noted in the UNU-WIDER study of complex humanitarian emergencies,[15] HIs are a predisposing factor – other elements, including political suppression or accommodation, are also clearly important.

Below I briefly review the findings from the analysis of nine cases, aimed to explore the extent of HIs, their evolution and consequences. Among the cases examined, HIs have provoked a spectrum of political reaction, including severe and long-lasting violent conflict (Northern Ireland, South Africa, Sri Lanka, Uganda), less severe rebellion (Chiapas), coups (Fiji), periodic riots

and criminality (the United States), occasional racial riots (Malaysia) and a high level of criminality (Brazil).

Chiapas

The state of Chiapas in Mexico, accounting for 4 per cent of the population, contains a concentration of indigenous peoples, with the indigenous share of the total population over three times that of Mexico as a whole. This has made it possible for protests to be mobilized and united under an indigenous umbrella, with a focus on Mayan culture as well as economic and political rights. Perceptions of inequalities were stimulated by religious and activist groups.

Chiapas has long suffered serious and ongoing deprivation of a political, economic and social nature, relative to the rest of Mexico (Figure 5.1). For example, the proportion of people on incomes below the minimum wage is nearly three times greater than in Mexico as a whole, and the proportion on high incomes is less than half the all Mexican rate. The illiteracy rate in Chiapas is more than twice the Mexican rate. Within Chiapas the indigenous-speaking people are particularly deprived, with substantially lower school attendance and incomes than the rest of the state. Land presents a particular problem; the end of land reform efforts in 1972 left more land which had not been redistributed in Chiapas than elsewhere, and the indigenous population were almost entirely marginalized on poor and ecologically vulnerable land. Politically, the region, and particularly the indigenous people, has been largely excluded. It appears that these inequalities have been in evidence for a long time, with a worsening of some indicators (e.g. on

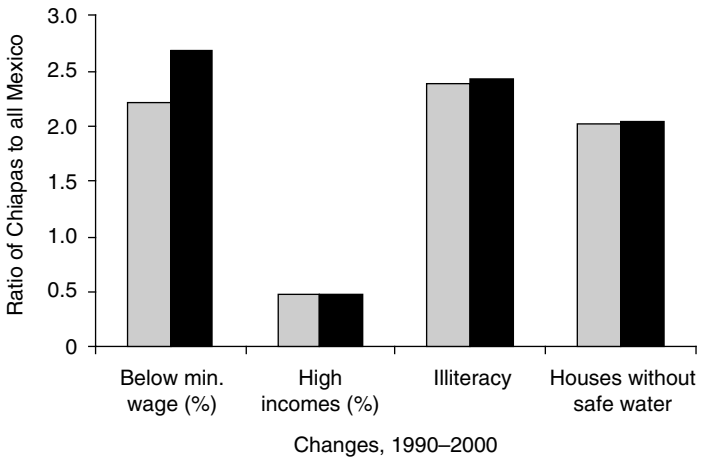

Figure 5.1 Chiapas compared with all Mexico

poverty) in recent years, a small improvement in secondary education and an improvement in the distribution of federal investment.

In 1994, the *Ejército Zapatisto de Liberación Nacional* (EZLN), with indigenous collective leadership, took control of four municipalities initiating an armed struggle against the Mexican state. The demands of the EZLN were for autonomy for the indigenous communities and the protection of their cultural heritage, as well as action towards improving economic and social conditions. Since then there have been negotiations offering greater political rights for Indians; while the armed struggle has been suspended and negotiations are ongoing, protests continue.

Fiji

In Fiji ethnic differences overlap with economic differences in a more complicated way than in Chiapas. The two major groups – indigenous Fijians and Indian-origin Fijians – were almost equal numerically in the 1970s and 1980s, with a slight majority of Indians, but as a result of political events there has been a large Indian exodus and the Fijian native population now accounts for 50 per cent of the population with the Indian-origin population at about 44 per cent.

Economically, severe imbalances exist but in different directions for different elements (see Table 5.2). The Indians are greatly favoured in education,

Table 5.2 Inequalities between Indian-origin Fijians (I) and local-origin Fijians (F)

Economic	Date	Ratio of I/F	Social	Date	Ratio of I/F
Average *per capita* income	1990	1.31	Passes in NZ school certificate	1971	2.50
			Passes in NZ university entrance	1971	2.55
Proportion of professional workers in total	1986	1.17	Households with no safe water (%)	1990	1.88
	1989	0.99	Infant mortality rate	1986 1996	0.73 0.72
Households below food poverty line (%)	1990	0.88	Life expectancy	1986 1996	1.00 1.00
Households below basic needs poverty line (%)	1990	1.12	*Political* President/cabinet	Since independence	Fijian
			Composition of armed forces	1987	0.04

and dominate in the private sector. In the 1980s, the Fijians accounted for only about 2 per cent of the entrepreneurs (Premdas, 1993). On average Indian incomes are 30 per cent greater than Fijian and the disparity has been growing over time. But the latter own 83 per cent of the land and have a dominant position in the public sector, especially at the higher echelons. In the military, an extreme case, they account for 97 per cent of personnel. The Indian community is specially concerned with the land situation, since many of them rely on leased land for sugar production. There are severe inequalities within each community but greater in the Indian community, such that poverty levels and basic needs indicators are somewhat worse there. Yet these inequalities within each community seem to enhance the effectiveness of communal politics, not to reduce them.

At independence in 1970, Fiji inherited a constitution designed to achieve ethnic balance within parliament, with communal as well as common voting. For some years this, and informal agreements to achieve ethnic balance, preserved political peace. But again and again extremist politicians have used race successfully to undermine more moderate leaders and positions. The Fijian community is not prepared to accept an Indian-origin-dominated government, and have effected constitutional tricks and coups whenever Indian political parties gain electoral victory (1977, 1987, 2000).

The evident HIs in Fiji have made it easy for both sides to use racist politics for political purposes. 'Disparities in living standards between the races in Fiji constituted the objective basis of Fijian discontent' (Premdas 1993: 19). A major source of support for the coup against the Indian-dominated government in 1987 was the threat that the government would take away Fiji ownership and control of land (Premdas 1993: 27). Fijian-dominated governments have introduced affirmative action to assist Fijians in education, business and public employment – with some success in terms of reducing disparities. But this has increased Fijian determination not to allow an Indian-dominated government which could reverse these policies. And it has enhanced communal voting patterns among Indians, especially since their disadvantages – in land and in politics – have in no way been tackled. Despite a constitutional requirement to include major opposition parties in the cabinet, the Fijian-dominated government elected in 2000 has not done so.

Uganda

Uganda has also experienced periods where political and economic/social inequalities have been important. Economic, social and cultural divisions are broadly between the centre/south and the north, the Bantu- and non-Bantu-speaking peoples. The latter are markedly poorer than the centre/south; they are also in a minority and can attain power only with alliances and/or violence and election-rigging, facilitated in earlier years by northern domination of the army, which was a colonial heritage. Greatly oversimplifying the situation, one can say that divisions between the centre/south and

the more peripheral areas, especially the north, have been at the heart of most conflicts, though, of course, specific events and personalities have been responsible for particular developments.

Uganda has suffered violent conflict on a major scale since the 1960s, including the 1970s, when Amin initiated much of the violence, and in the second Obote regime (1981–85) when Obote's forces were in conflict with Museveni's resistance movement. During these conflicts hundreds of thousands of people died. Since Museveni took over, there has been persistent fighting in the periphery of the country, especially the north, but on a much smaller scale. Museveni has aimed, far more than his predecessors, to have inclusive government; he also eschewed multiparty democracy.

There are significant, persistent horizontal inequalities in Uganda in economic and social dimensions (see Table 5.3). Average incomes are broadly twice as much in the south and centre, and social services substantially better. Yet political domination has generally been in the hands of northerners or westerners.[16] The narrowing of some differentials between 1969 and 1991 is partly the consequence of northern political domination – with some public investment favouring the north – as well as of the destruction of central facilities during the political instability and fighting (Matovu and Stewart, 2001). The dichotomy in political and economic imbalances may explain why much of the violence over the first twenty-five years was state-instigated, by the northerners who controlled the political system, directed against the

Table 5.3 Some indicators of horizontal inequality in Uganda, 1959–91[a]

	c. 1959	c. 1969	c. 1991
Economic			
Cash crops, of agricultural income (%)	—	—	0.48
Taxpayers >2500 sh. income (%)	—	0.34	—
Average household expenditure	—	—	0.59
Real GDP *per capita*	—	—	0.48
Increase in employment	—	0.77 (1962–70)	0.18 (1970–91)
Social			
Nurses per person	—	—	0.4
Distance to rural clinic	—	—	0.83
Primary enrolment	—	0.97	1.2
Secondary education[b]	—	0.71	0.67
Infant mortality	1.3	1.5	1.3
Human development index	—	—	0.67
Political			
General	Northerners	Northerners	Integrated
Military	Northerners	Northerners	Integrated

Notes: [a] Ratio of achievements of northern region to centre and south.
[b] Population having completed secondary education.

Source: Klugman, Neyapti *et al*. (1999).

economically privileged southerners. Northerners fear the economic power of the south and even more the possibility of southern political power. The National Resistance Movement – a broad-based movement with south/central support – took to arms against Obote because of election-rigging to preserve northern power.[17] Since 1986, the Museveni government has been much more inclusive; in this period, violence has mostly come from the underprivileged in the north and other peripheral areas, stimulated and supported by various outside forces, themselves reacting to Uganda's activities in the region.

Malaysia

In Malaysia, the Bumiputera, who account for the majority of Malaysia's population were at a severe economic disadvantage *vis-à-vis* the Chinese, leading to a potentially explosive situation, but systematic affirmative action has successfully diffused this tension: 62 per cent of Malaysians are indigenous (Bumiputera), 30 per cent ethnic Chinese and 8 per cent Indians. At independence, the Bumiputera were significantly less educated than the Chinese and were concentrated in agriculture. Economic and social HIs systematically favoured the Chinese; for example, Bumiputera incomes were less than half of Chinese, they accounted for only 8 per cent of registered professionals, less than 2 per cent of ownership of capital on the stock exchange and their educational enrolment rates were lower at each level of education. However, broadly democratic institutions meant that the Bumiputera, as the entrenched majority, were likely to retain political power. Serious riots in 1969 by the Bumiputera against the Chinese inspired the New Economic Policy (NEP) which was designed 'to accelerate the process of restructuring the Malaysian economy to correct economic imbalance, so as to reduce and eventually eliminate the identification of race with economic function'.[18] Another target was to eliminate poverty.

Policies that followed included quotas, targets and affirmative action with respect to education, land ownership, public service employment and ownership of quoted companies. The policies were undoubtedly successful (Figure 5.2). The proportion of Bumiputera professionals rose from 8 per cent to 54 per cent; Bumiputera students in tertiary education increased from 43 per cent to 54 per cent of the total, and there was a similar improvement at other levels of education. The Bumiputera share of corporate stock ownership rose from 1.5 per cent in 1969 to 20.6 per cent in 1995. While Bumiputeras retained their dominant position in agriculture, there was an economywide switch out of agriculture into manufacturing and services, and the Bumiputera position in these sectors improved significantly. The gap in average incomes narrowed, though was not eliminated. These achievements were paralleled by aggregate economic success. The growth of the Malaysian economy was among the highest in the world (at 6.7 per cent per annum from 1970 to 1990). Poverty fell dramatically from 49 per cent in 1970 to 7.5 per cent in 1999 and income distribution improved. The political

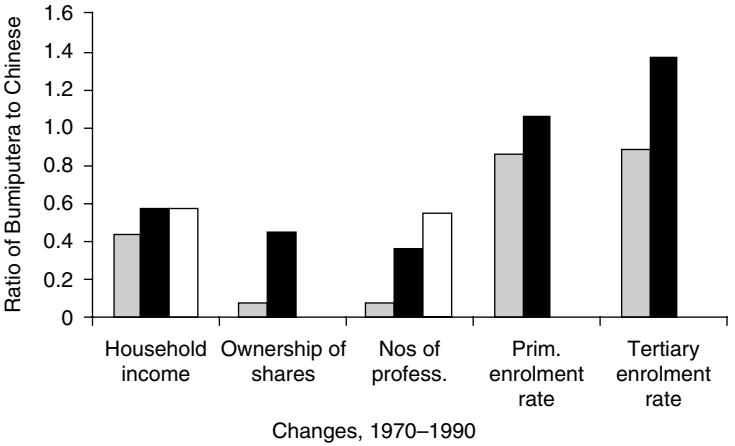

Figure 5.2 Malaysia and the NEP

success of the policies was indicated by the fact that during the economic crisis of 1997, when there were assaults on the Chinese in Indonesia, there were no such attacks in Malaysia, the only mild incidents involved Bumiputera–Indian conflict.

Sri Lanka[19]

The contrast between Sri Lanka and Malaysia is interesting. Both apparently started in a similar situation, with the political majority at an economic disadvantage, but while attempts to correct this situation in Malaysia were successful, they actually provoked war in Sri Lanka. Sri Lanka has suffered major civil war since the early 1980s, as Sri Lankan Tamils have sought political independence for the northeastern region of the country.

The situation with respect to HIs is complex. The Sri Lankan Tamil minority (accounting for 12.6 per cent of the population[20] in 1981) had been favoured by the British colonial administration, enjoying relatively privileged access to education and to government employment in the first half of the twentieth century. For example, Sri Lankan Tamils held around 40 per cent of the university places in science and engineering, medicine and agriculture and veterinary science. Tamils also gained from the use of English as the official language where they outperformed the Sinhalese majority (74 per cent of the population in 1981). Yet there was much differentiation within both communities, with intragroup differentials greatly exceeding intergroup ones (Glewwe, 1986).

When the Sinhalese gained power, they sought to correct the HIs perceived as disadvantageous to them – through educational quotas, the use

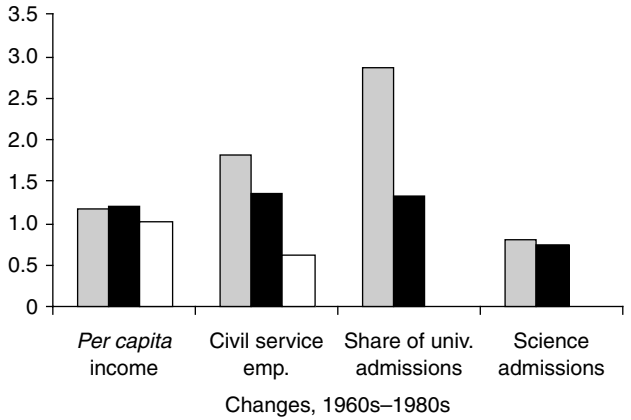

Figure 5.3 Changing horizontal inequalities in Sri Lanka

of Sinhalese as the official national language and regional investment policy. The consequence was a major change in the extent and even direction of horizontal inequalities (see Figure 5.3).[21] From 1963 to 1973, the incomes of the Sinhalese rose while those of the Tamils fell quite sharply, eliminating the previous differential between the two groups. By the end of the 1970s differentials in access to education had been eliminated, with the Sinhalese gaining more than proportionate university places, although up to 1977 Tamils continued to be favoured in science. Civil service recruitment policies, particularly the use of Sinhalese in examinations, favoured the Sinhalese – by the end of the 1970s Sinhalese recruitment in relation to population was four times more favourable than that of Tamils.

Sinhalese policies were undoubtedly effective in correcting prior HIs, but they 'overkilled', introducing new HIs in their favour. The result was to provoke the Sri Lankan Tamils, who felt excluded politically and economically threatened:

> The political impact of the district quota system [introducing quotas on university access] has been little short of disastrous. It has convinced many Tamils that it was futile to expect equality of treatment with the Sinhalese majority ... it has contributed to the acceptance of a policy campaigning for a separate state. (C. R. de Silva, quoted in Sriskandarajah, 2000: 51)

Similarly, the recruitment policies to the civil service in the 1970s, previously an important source of employment for Tamils, were strongly biased against them. Only 8 per cent of the 23,000 new teachers recruited from 1971 to 1974 were Tamils. In 1977/8 *no* Tamils succeeded in the Sri Lankan administrative

service examinations (Manogoran, 1987). Moreover, political and cultural exclusion coincided with these adverse changes, making it easy for extremist leaders to use the growing resentment to gain support.

The Sri Lankan case indicates the care which is needed in pursuing policies to correct HIs. Sharp changes can create new sources of conflict, especially where they go beyond correcting prior inequalities and create new ones.

South Africa

Analysis of South Africa must obviously differentiate between the white-domination era and the situation following the transfer of power to the black majority in 1993, termed SA1 and SA2 below.

SA1 was a phase of consistent and acute HIs, which provoked rebellion. In SA2, we have a situation parallel to that of Sri Lanka and Malaysia, with the political majority facing large adverse HIs. But with the white population geographically dispersed and politically weak, their situation seems more similar to that of the Chinese in Malaysia than to the Tamils in Sri Lanka. A major problem for South Africa, however, is that strong affirmative action seems to contradict the non-interventionist market model of development they have adopted under the auspices of the international financial institutions.

SA1

The large and consistent HIs under the white-dominated government are well known (Figure 5.4). Inequalities worsened following the National Party's election in 1948. Real GDP *per capita* among blacks in 1980 was only 8 per cent of that of whites. The average monthly salary of black workers was just 20 per cent of white salaries in 1975, rising to 29 per cent by 1990. State expenditure on education per white student was fourteen times the

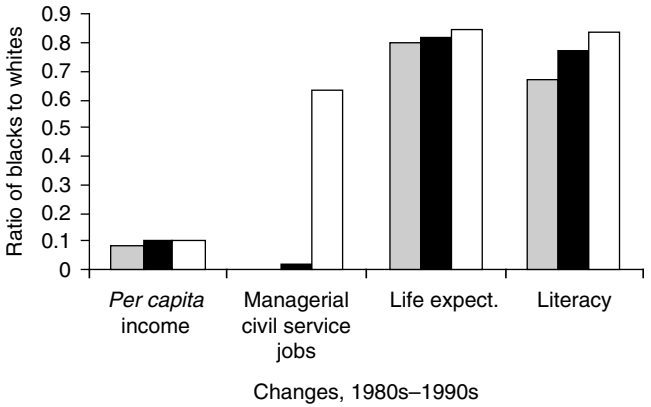

Figure 5.4 Black/white inequalities in South Africa

expenditure per black student in 1980. Infant mortality rates among blacks were six times those among whites. In 1980 adult literacy among blacks was 66 per cent compared with 97 per cent among white and life expectancy was 56 years among blacks compared with 70 among whites. Whites owned around 90 per cent of the land. The civil service was dominated by whites, who accounted for 94 per cent of the higher echelons in 1994.

Following unsuccessful peaceful protests, the sharp HIs in every dimension – political, economic and social – led to armed rebellion from 1976, until the transfer of power in 1993. Over this period there was some diminution in HIs, partly for economic reasons and in a (very) partial and unsuccessful effort to secure peace without transferring power.

SA2

An overriding objective of the post-transition government has been to reduce black/white differentials, but these efforts have been constrained by limits on government expenditure and by the economic liberalization agenda. There has been some reduction in HIs. The proportion of blacks in managerial posts in the civil service rose to 35 per cent by 1998; life expectancy and adult literacy differentials narrowed; educational differences narrowed and blacks' share of national income rose from under half in 1985 to three-quarters in 1995. Expenditures in the education and health sectors remained unbalanced, with expenditure on white students or patients exceeding those on black, but the differentials narrowed.

The differential in real adjusted GNP *per capita* had been somewhat reduced by 1996. However, efforts to 'empower' black business by increasing their role in private capital ownership have faltered with their share in stock market capitalization rising to a peak of 6 per cent in 2000 and then falling to below 5 per cent in 2001,[22] while Sherer (2000) finds evidence of persistent labour market discrimination in the post-apartheid era. Black unemployment has been rising sharply. Differentials are diminishing, but remain extremely high. While political violence has ceased, criminality remains at a very high level.

Horizontal inequalities in Northern Ireland[23]

'There is no doubt that Catholic relative deprivation is a cause of alienation and discontent' (Darby, 1999: 149). In Northern Ireland HIs have been large, persistent and consistent over all dimensions over a long time period, an example of how such inequalities can provoke violence. The case illustrates how policies to correct such inequalities can help to provide conditions supportive of peace making. It also indicates the long time horizon that is needed: while policies were initiated in the 1970s, it was only thirty years later that a fragile peace was initiated.

Considerable and consistent HIs were present throughout the twentieth century with respect to economic, social and political life (Figure 5.5).

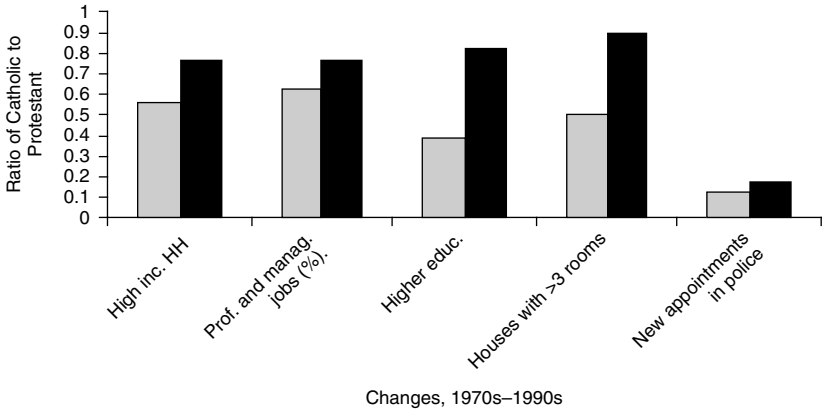

Figure 5.5 Horizontal inequalities in Northern Ireland

Unemployment rates, for example, were consistently more than twice the rate among Catholics than Protestants; educational qualifications were worse; the employment profile strongly favoured Protestants; incomes were lower and housing access worse. As a minority in a majoritarian democracy, the Catholic community was also politically excluded when responsibility for government was devolved to the Province. They were also at acute disadvantage with respect to participation in the security forces and the police. For example, the Catholics with roughly 40 per cent of the population accounted for only 8 per cent of the membership of the Royal Ulster Constabulary (RUC). The consistency of the inequalities across political, economic and social dimensions – with most evidence suggesting little change in the first three-quarters of the twentieth century – provided fertile ground for the outbreak of the troubles in the late 1960s.

HIs in Ireland date back to the sixteenth and seventeenth centuries when Protestants took the best land for themselves, and introduced a range of legal and other sources of discrimination, preventing Catholics from owning land or acquiring wealth for example, and forcibly displacing Gaelic by English. By the end of the nineteenth century Protestants controlled the vast bulk of the economic resources of east Ulster – the best of its land, its industrial and financial capital, commercial and business networks and industrial skills (Ruane and Todd, 1996: 151). The division of the island, when the Irish Free State came into being in 1921, ensured permanent political control and continued economic dominance by the Protestants in the province of Northern Ireland, where they formed the majority. Assessments indicate no narrowing of the gap between the communities from 1901 to 1951, with Catholics disadvantaged at every level (Hepburn, 1983; Cormack and Rooney, nd, cited by Ruane and Todd, 1996). Indeed in some aspects, there appears to have been a worsening between 1911 and 1971, with a rising proportion of

unskilled workers in the Catholic community and a falling proportion among Protestants; the relative unemployment ratios also appear to have worsened over this period (Ruane and Todd, 1996).

Yet the evidence suggests a reduction in HIs in many dimensions since then, especially from the mid-1980s.[24] For example, inequality in access to higher education was eliminated by the 1990s; inequality in incomes was reduced; the housing inequality was significantly reduced; the employment profile became more equal; even the imbalance in recruitment to the RUC was slowly being reversed. According to Ruane and Todd, the Catholic position remains one of relative disadvantage; Protestants are stronger at all levels, but Protestant economic power has declined significantly since the 1970s (Ruane and Todd, 1996: 177). This narrowing of HI is in part at least the outcome of British government policy, exemplified by a strengthened Fair Employment Act (1989),[25] a relatively generous housing policy and efforts to ensure equality of education among the communities.[26] Systematic efforts to correct HIs are one element explaining the readiness of the Catholic community to bring the conflict to an end. They also help explain the resistance of some Protestant groups to the more inclusive government which is being introduced.

Black/white differences in the United States

Black/white differentials in the United States have a long history, originating in slavery. They encompass all three dimensions of HIs, political, economic and social. Black households earn roughly half that of whites; asset inequality is substantially higher, with one estimate showing that the median net worth of white households was nearly twelve times that of black households; nearly three times as many blacks as whites live below the poverty line, although the population ratio is 1:6. There are numerous other examples of black/white economic differences (Figure 5.6): one minor example which must be representative of many others is that blacks have to pay up to four times higher a mark-up on car loans from Nissan.[27] Unemployment rates are twice as high among blacks; infant mortality rates two and a half times higher; high school completion rates are lower and drop out rates higher. Blacks' political participation – voting and voting registration, membership of Congress and the Senate – are all well below those of whites.

One response to these marked and consistent differences has been periodic race riots throughout the twentieth century (e.g. in Tulsa in 1921, Detroit in 1943, many cities in the 1960s, Los Angeles in 1992 and Cincinnati and Seattle in 2001); the high rates of criminality in the United States may also in part be a response to HIs (Blau and Blau, 1982).

Following the 1964 Civil Rights Act a range of affirmative actions was taken, including on employment, education and housing. In the 1980s, enforcement lapsed, but it was reasserted with the Civil Rights Restoration Act of 1991. The evidence from the aggregate changes in HIs and micro-studies is that these programmes have had a positive impact, albeit not very

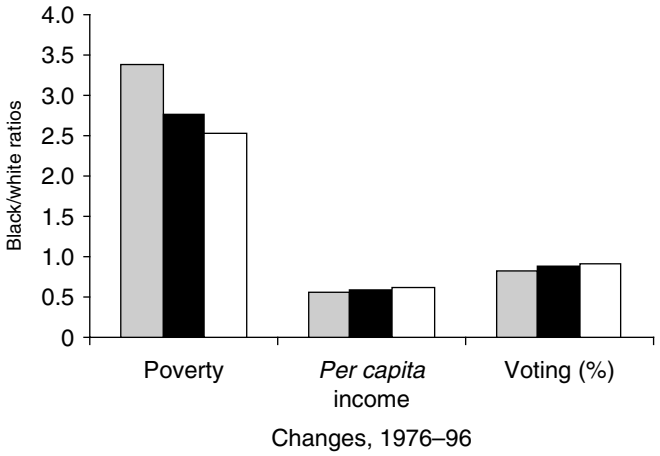

Figure 5.6 Horizontal inequalities in the United States
Source: Hamilton (2001).

large.[28] There has been a small reduction in income inequalities over the past thirty years; education completion rates have risen; the ratio of black representation in the House of Representatives to that of whites has increased from 3 per cent in 1970 to 11 per cent. Nonetheless, discrimination of many kinds persists and the HIs remain large.

Brazil

In some respects Brazil is similar to the United States, with racial inequalities originating in slavery. But it also presents a contrast – there have not been the same race riots and pressures for black liberation as in the United States. While Brazil exhibits sharp racial inequalities quite similar in level to those of the United States, despite its earlier reputation of being a non-racial society,[29] unlike the United States racial categories are fluid and there is a large amount of intermarriage. The 'mixed' or 'brown' category accounted for 43 per cent of the population in 1991, with whites at 52 per cent and blacks at just 5 per cent. The proportion in the mixed category has been rising steadily (from 27 per cent in 1950), with the proportions in white and black categories falling. Moreover, where people are classified is often somewhat arbitrary. The presence of people descended from the indigenous Indian population further complicates the racial situation.[30]

Research has shown that there *is* considerable racial inequality and discrimination – exhibited in incomes, occupations, education, mortality and political positions – for example, black family income was only 43 per cent of white family income in 1996 (see Table 5.4), years of schooling were 63 per cent and currently there are no blacks among the supreme court judges or cabinet ministers.

Table 5.4 Ratio of black/white performance in Brazil

Economic	Date	Ratio b/w	Social	Date	Ratio b/w
Per capita family income	1996	0.43	Literacy (%)	1940 1991	0.54 0.90
Wages	1991	0.59	Life expectancy	1950 1991	0.84 0.90
Female monthly wages	1987 1998	0.49 0.51			
In 'miserable' poverty (%):	1998		Human Development	1999	0.84
south		1.84	Index (HDI)		
northeast		1.29	rank		

Yet despite these large differences, there have not been race riots, though there has been and is a very high degree of criminality. Some argue, indeed, that the problem is not race but class – yet studies show discrimination within each class.[31] The explanation may be that because 'race' is such a fluid category and mobility from one category to another is relatively easy, it does not act as a mobilizing agent. In recent years, recognizing that there is a problem of discrimination – partly in response to the formation of an all-black political party – the government has quietly introduced a set of minor affirmative measures (including requirements for a set proportion of blacks to be included in a poverty programme, a job training scheme, and as actors in television, movies and theatre).[32]

Some conclusions from these nine cases

1. Where ethnic identities coincide with economic/social ones, social instability of one sort of another is likely – ethnicity *does* become a mobilizing agent, and as this happens the ethnic divisions are enhanced. Sri Lanka is a powerful example; Chiapas another. With more fluid boundaries, as in Brazil, mobilization is less. This is precisely the point about HIs. They are powerful because they represent the coincidence of cultural and economic/social/political inequalities, and less powerful where cultural divisions are less firm.
2. There are two distinct situations: those where political and economic/social deprivations coincide (e.g. Brazil, Chiapas, Northern Ireland, SA1, the United States) and those where the politically powerful represent the relatively deprived (Malaysia, SA2, Sri Lanka, Uganda). The first type of situation tends to lead to protests, riots or rebellion by the disempowered

and deprived whose strength depends on the relative size of the group (e.g. Chiapas at just 4 per cent of population are never going to be a strong group), and how far demands are accommodated.

In the second category, conflict may result from the politically dominant attacking the economically privileged (Fiji, Uganda, to a certain extent and, outside our sample, Rwanda). But it seems that it can be avoided by policies which strengthen the economic position of the political majority (Malaysia, SA2), if they can be introduced without provoking violent opposition, perhaps because the policies are conducted sensitively, and/or because the economically privileged group finds their situation preferable to violence.

3. Affirmative action can work and is surprisingly common. It occurred in one way or another in seven of the eight cases: most strongly in Malaysia, but also in Brazil, Fiji, Northern Ireland, SA2, Sri Lanka, Uganda and the United States. In each case, it was effective in reducing HIs, but almost never eliminated them. In Malaysia, it was probably responsible for the low level of violence; in Northern Ireland for the move towards peace; it is likely that in the United States and Fiji it reduced violence. Sri Lanka was the one exception where the policies provoked serious violence. One reason is that the policies were invasive culturally as well as economically (the language policy); another is that because of their geographic concentration in the northeast, the Tamils were in a position to demand independence in a way that others (e.g. the Indians in Fiji) could not.

   It is worth noting the political conditions in which affirmative action took place, as political factors are often cited as a decisive obstacle to it. The easiest political context is where the economically deprived are in political power, so can carry out the policies – as in Malaysia, SA2 and Sri Lanka. Northern Ireland was a case where an outside power (the UK government) imposed the policies. In other cases, affirmative action has been a response to powerful protests and liberal politics, as in the United States – but this represents the most fragile basis, which can be overturned, as is currently threatened there. Far-sighted governments may recognize that such policies ensure political stability. But democratic political competition can readily undermine such responsible leadership (as in Fiji).

   There is no evidence from these cases that affirmative action had ill effects economically. Indeed, by educating the deprived, the opposite is likely, as indicated by research on the United States. Intragroup differences were, however, generally widened by the policies even though societal equality was improved (e.g. Malaysia).

4. The problem of measurement discussed earlier as being highly problematic appears much less in actual cases. Group definitions are often obvious – where they are not obvious then HIs may matter less (as in Brazil). Simple ratios seem to be appropriate for capturing the situation, while complex formula would not seem to be helpful. Nonetheless, if we were to use

HIs for cross-country econometrics we would need to find appropriate and comparable summary measures for each country.

Conclusions

HI is an important dimension of well-being, and it has economic and political consequences which can be highly damaging to development. In this chapter I have spent a lot of time on major consequences – in particular, various forms of violent conflict. But the daily psychological consequences are also important and need more attention. For these reasons, HI ought to be an important consideration in development thinking. Yet at present it is not incorporated in development analysis, except rather randomly, or where events force it onto the agenda, as in Rwanda. In our increasingly pluralistic societies, HIs should be part of development policy for *all* societies, not just those which are currently, or have recently been, in conflict. This has implications for data and measurement as well as for policy – indeed, the latter depends on the former.

On the data side, information needs to be collected by cultural categories. This can present problems, where cultural categories are ill defined and fluid. In the United Kingdom, for example, statistics have recently begun to be collected by cultural categories, but there is much political controversy about the (many) categories presented.[33] This should not stop attempts to collect such data – as, indeed, it has not stopped other types of data collection where boundaries are fuzzy. The data on this issue need to be multidimensional: income, as argued above, is only one of many important categories. It has been argued that presenting data showing sharp HIs can itself be conflict-provoking. This seems rather unlikely as most people suffering such HIs know perfectly well what is happening; it is the outsiders, including the government, who can plead ignorance.

Where HIs are found to be large, policies are needed to correct them – from the cases above, it would appear that ratios of the deprived to the privileged of 0.7 or below (or put the other way round, 1.5 and above between the privileged and the deprived) are the sort of magnitude that creates problems. For shorthand, I have called these policies 'affirmative action'.[34] In principle, they cover political, economic and social areas. Policies of this sort are not only *not* part of the current policy debate and policy conditionality of donors, but actually conflict with some aspects of them.

On the economic side, such policies involve a range of actions including: public investment designed to reduce HIs (which may involve targeting the regional distribution of investment); public sector employment policies to do the same; group distribution requirements imposed on the private sector (e.g. shares of different groups in employment; credit allocation and so on); policies towards land reform and towards share ownership. In any particular

situation, the appropriate policies will depend on the main types and sources of HIs. General anti-discrimination laws, supported by a strong judicial system with legal aid for deprived communities, can do much to help reduce HIs.

These policies are at variance with the currently recommended World Bank or IMF policy package to promote economic growth and reduce poverty. The growth policies that the international financial institutions (IFIs) advocate basically argue for reduced intervention of the state in economic matters, allowing the market to determine resource allocation. Yet policies towards HIs impose constraints on the market, as well as requirements on the public sector, which may not be strictly consistent with efficiency requirements. Nor are the policies the same as poverty-reducing policies, although they are likely to contribute to the poverty reduction objective. For one reason, some of the policies will actually help the richer sections of the deprived groups (e.g. public service employment targets). Moreover, in some contexts, more poor people are to be found in the relatively privileged group (e.g. among the Indians in Fiji), while in almost all cases, many poor people fall outside the deprived group. It is of course because poverty reduction policies do not address HIs in any systematic way that special policies are needed towards HIs. But it follows, as noted earlier, that HI policies are not substitutes for those towards poverty reduction, which will generally need to continue.

What I have termed 'social' policies encompass some – those towards human capital – with strong economic implications, which are therefore instrumentally important as well as in themselves. They include policies towards correcting HIs in education, training and health services. Again such policies may sometimes be inconsistent with economic efficiency considerations, as it is not a matter of maximizing the economic return on resource allocation but of correcting imbalances. More often, however, correcting these imbalances will raise economic returns, since systematically deprived groups are likely to contain many talented people who have been held back by discrimination. Policies towards housing are an important component of correcting imbalances especially in more developed countries, as indicated in the Northern Ireland case.

On the political side, there is a need for inclusivity. Monopolization of political power by one group or another is often responsible for many of the other inequalities, and for violent reactions, because this appears the only way to change the system. Every case of conflict we observed in the Complex Humanitarian Emergency study lacked such political inclusivity (Nafziger, Stewart and Väyrynen, 2000). Moreover, such politically inclusive policies have been adopted by well-known peace making regimes; for example, the post-Pinochet Chilean government, Museveni's government in Uganda, South Africa under Mandela and the new governance structures of Northern Ireland. This is the proposed governmental structure to ameliorate conditions in Burundi and also the type of government adopted in post-Taliban Afghanistan.

Yet achieving political inclusivity is among the most difficult changes to bring about. It is not an automatic result of democracy, defined as rule with the support of the majority, as majority rule generally leads to permanent domination by one group in situations in which one group is in a strong numerical majority. Northern Ireland and Sri Lanka are both cases of conflict that occurred in a democratic setting. Moreover, 'winner-takes-all' democracy can provoke conflicts or coups where groups fear political rule by opposing groups (as in Fiji and Uganda). There is a strong tendency for political parties in divided societies to represent and argue for particular ethnicities (Horowitz, 1985).[35] In Fiji, for example, moderate tendencies were undermined by democratic competition which led to the ethnicization of politics. In Uganda, Museveni has argued that it was this tendency that led to election-rigging and civil war and he has therefore tried to avoid multiparty democracy.

Democracy in strongly divided countries needs to be a form of *constrained democracy*, designed to ensure an inclusive system. Features of a constrained democracy include:

- strong human rights provisions to protect all groups, including outlawing discrimination
- alternative voting systems, or other forms of proportional representation
- requirements that members of each group participate in government
- job allocations to different groups
- decentralization of government so that power-sharing occurs
- inclusion of members of major groups at all levels of the civil service, the army and the police.

The appropriate political system depends on the nature of the society – for example, whether it is multipolar or bipolar, and how fragmented groups are (Bangura, 2001). However, it must be recognized that it is not at all easy to arrive at such inclusive political systems.[36] These political requirements for pluralistic societies countries *do not* currently form part of the dialogue of political conditionality adopted by many bilateral donors. The usual political conditionality includes rule with the consent of the majority, multiparty democracy and respect for human rights.[37] At times, indeed, the requirement of political inclusivity may even be inconsistent with such political conditionality, especially the requirement of multiparty democracy (Stewart and O'Sullivan, 1999). These policy conclusions, especially in the political arena, must be regarded as preliminary and tentative. The important point is that HIs should be incorporated into our thinking about development, into measurement, analysis and policy, in a way that to date they have not.

I would like to end this chapter by putting the topic into a global context. While severe HIs within countries provoke distress and instability domestically, it is increasingly the case that international HIs do the same. As

communication links improve, global HIs become increasingly apparent. Today, the most apparent of these is that between Moslems and non-Moslems. It is clearly fairly easy for leaders, such as Bin Laden, to mobilize the economically deprived against the economically privileged non-Moslem world. So long as these deep economic inequalities remain, the potential for mobilization will also remain, however effective short-term measures are in apparently eliminating the 'terrorists'. Globally, as well as domestically we need to monitor and correct horizontal inequalities.

Notes

Thanks to Michael Wang and Emma Samman for research assistance.

1. Barth has argued that 'the constraints on a person's behaviour which spring from his ethnic identity … tend to be absolute' (Barth, 1969: 17). Akerlof and Kranton (2000) have modelled how identities influence individual behaviour.
2. Groups, including families, cooperatives, governments and firms, are also of critical importance to the economy, with some groups performing efficiently and equitably, and others being inefficient and inequitable. We have attempted to analyse this elsewhere, in a UNU-WIDER project, see Heyer, Stewart and Thorp (2002).
3. For example, many would think of countries such as France and Sweden as being homogeneous – yet at least 10 per cent of the French population consider themselves first and foremost Bretons, Corsicans, Maghrebians and other nationalities (Gurr and Harff, 1994); while one-fifth of Swedes are first- or second-generation immigrants.
4. Horowitz (1985) has differentiated four situations of relative advantage/disadvantage which can lead to conflict: backward groups in backward regions, advanced groups in backward regions, backward groups in advanced regions, and advanced groups in advanced regions.
5. See Loury (1988).
6. This view has been associated with Smith (1986, 1991), for example, and also with Soviet ethnobiologists – for example, Bromley (1974).
7. Cohen argued that 'Hausa identity and Hausa ethnic exclusiveness in Ibadan are the expressions not so much of a particularly strong "tribalistic" sentiment as of vested economic interests'. The Hausa 'manipulate[d] some customs, values, myths, symbols and ceremonials for their cultural tradition in order to articulate an informal political organization' (Cohen, 1969: 214).
8. *Observer*, 4 November 2001.
9. Smith has argued that 'the [past] acts as a constraint on invention. Though the past can be read in different ways, it is not any past' (Smith, 1991: 357–8, quoted in Turton, 1997).
10. Reynal-Querol (2001: 2) argues for developing countries that 'religious divided societies are more prone to intense conflict than countries where people have conflicting claims on resources based on interest groups or in language divisions … because religious identity is fixed and non-negotiable'.
11. 'Symbolic systems' are the values, myths, rituals and ceremonials which are used to organize and unite groups (Cohen, 1974).
12. From this perspective some measures include more evaluation than is needed or helpful – for example the Atkinson measure of inequality, or Anand and Sen's

measure of group-weighted achievements drawn from this, explicitly incorporate a valuation element (Atkinson, 1970; Anand and Sen, 1995).

13. Estaban and Ray (1999), Collier and Hoeffler (2000) and Elbadawi and Sambanis (2001) find that increased fragmentation reduces the propensity to conflict, which is greatest at an intermediate level with a few large groups. Penurbarti and Asea (1996) find polarization to be related to political violence in a sixty-three-country study.
14. Akerlof and Kranton (2000) consider policies aimed at changing perceptions as a mechanism for improving welfare.
15. Nafziger, Stewart and Väyrynen (2000). However, that study was not specifically designed to analyse HIs so the evidence is rather circumstantial.
16. Both Obote and Amin are broadly northerners and Museveni comes from the west.
17. Ginyera-Pinycwa, a Mkerere professor of political science, claimed that 'the NRM/NRA went to the bush to remove the northerners from power' (Mutibwa, 1992: 154). Omara-Otunnu, a northerner, also described the war as 'a struggle between Bantu and non-Bantu speakers and more specifically as a struggle between southerners and northerners' (Omara-Otunnu, 1987: 176). However, Museveni stated that 'we went to the bush to oppose murder, tribalism and any other form of sectarianism' (Museveni, 1992: 31).
18. *Second Malaysia Plan 1971–1975*: 1.
19. This section draws heavily on discussions with D. Sriskandarajah and his M.Phil thesis.
20. Indian Tamils in Sri Lanka account for another 5.5 per cent.
21. There are other groups within Sri Lanka – including Muslims (7.1 per cent of the population) – not included in the analysis here for the sake of simplicity.
22. *Financial Times*, 4 May 2001.
23. I am grateful to Marcia Hartwell for information about Northern Ireland.
24. The increase in the Catholic middle class has involved an expansion into occupations beyond those identified as servicing the Catholic community – teachers, doctors, lawyers and priests. Now Catholics are also substantially represented among accountants and other financial service professionals, middle managers, middle-ranking civil servants, architects and planners and university and further education lecturers.
25. This legislation was in part a response to a strong popular campaign in the United States to prevent investment in Northern Ireland unless fair employment practices were followed, as summarized in the MacBride principles (see http://irelandsown.net/macbride.html).
26. According to Ruane and Todd (1996) the British government's commitment to redressing Catholic inequality is today on a scale that is historically unprecedented (1996: 172).
27. Study reported on in *The New York Times*, 4 July 2001.
28. The preponderance of evidence suggests that activity associated with equal employment and affirmative action policies is associated with small but significant gains in a range of blue-collar and white-collar occupations', Simms (1995: 3) summarizing Badgett and Hartmann (1995).
29. F.D. Roosevelt famously stated: 'If I were to asked to name one point on which there is a complete difference between the Brazilians and ourselves I should say it was in the attitude to the black man. In Brazil any Negro or mulatto who shows himself fit is without question given the place to which his abilities entitle him', cited in Wood and Lovell (1992: 703).

30. They would be included in the 'brown' category.
31. For example, Wood and Lovell (1992); Lovell (1999).
32. *Christian Science Monitor*, 7 August 2001.
33. Three choices are offered under the category 'white'; three under 'black or black British'; one Chinese; four various types of 'mixed'; four types of 'Asian or Asian British' and one 'other'.
34. This is a sloppy use of the term, since I have used it to cover both elimination of discrimination and providing positive bias in favour of certain groups, whereas strictly 'affirmative action' is just the latter, but it is often difficult to distinguish these two, and most commonly described affirmative actions do aim at both; see the discussion in Loury (1988).
35. 'In severely divided societies, multiethnic parties are strongly susceptible to centrifugal forces … Parties organized nonethnically are rare or nonexistent in such societies' (Horowitz, 1985: 301).
36. Horowitz has argued that political systems can be designed which provide electoral incentives promoting ethnic peace in divided societies, yet he has been able to find very few successful cases where such incentives have worked over a long time frame.
37. See Robinson (1994); Stokke (1995).

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