



ADDRESSING DISCRIMINATION AND INEQUALITY AMONG GROUPS

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Economic and political inequalities among groups—for example, between Muslims and Hindus in India; between northern and southern Nigerians; or between ladinos and indigenous people in Bolivia, Guatemala, and Peru—are often significant and multidimensional, causing much resentment and even violent political protest. Moreover, as global migration accelerates and societies become more heterogeneous, the prevalence and significance of group inequalities is rising. Abundant policy, theory, and measurements focus on inequalities among individuals (so-called vertical inequalities), but far less work has been done on inequalities among groups (horizontal inequalities, or HI for short). Inequalities among groups are important from a number of perspectives: they may adversely affect the well-being of members of the deprived groups, hinder efforts to eradicate poverty, lead to unfair and exclusionary societies, impede the full realization of economic potential, and raise the risk of violent conflict.

The popular conception of *social exclusion* and HI hold much in common. A group or groups are said to be socially excluded when they are marginalized politically, economically, or socially, often on multiple levels. However, while similar policy recommendations stem from social exclusion and HI approaches, HI is more precise and draws attention to richer, as well as poorer, groups. For this reason, this brief focuses on HI, exploring the types of inequalities involved, why these inequalities matter, and what policy options—and associated implementation constraints—exist to address this form of discrimination and inequality.

Defining Group Inequalities

Societal group distinctions take many forms, from differences in race and major religions—and the branches within them—to ethnic and caste distinctions, and even geographic distinctions. Socially significant group identities arise partly from individual perceptions within groups and partly from the perceptions of those outside them. Leaders, educators, and the media, among others, have an important influence on the evolution of significant group distinctions. Although many groups have unclear boundaries and evolve over time, some group distinctions are an important

way in which people interact and identify themselves. Group distinctions are therefore highly relevant to the well-being of both individuals and society as a whole. Moreover, as ideology has become a less-important source of identity and political mobilization, ethnic and religious distinctions have come to the fore, as indicated by the increasing proportion of violent conflicts labeled “ethnic.”

The determinants of a group’s well-being and prospects go well beyond the members’ economic circumstances and instead encompass multiple dimensions. Significant dimensions of horizontal inequalities are described below:

- *Economic HI* include inequalities in asset ownership, incomes, and employment opportunities.
- *Social HI* cover inequalities in access to a range of services, such as education, health, and housing, and hence human outcomes, including education, health, and nutrition.
- *Political HI* involve inequalities in the distribution of political opportunities and power across groups at many levels, including governmental (executive), bureaucratic, and military power.
- *Cultural status HI* refer to differences in recognition and de facto hierarchical status of groups’ cultural norms, customs, and practices.

While some outcomes are relevant across all societies—notably income, health, and political power—what is needed to achieve those outcomes varies by individual society, and therefore so do those inequalities of greatest significance. Ownership of and access to land, for example, is of great importance where agriculture accounts for a considerable proportion of economic output and employment, but it becomes less important as development proceeds—when access to housing and jobs in the formal sectors become increasingly important.

Why Horizontal Inequalities Matter

HI matter for a number of reasons. First, unequal access to political, economic, and social resources and inequalities of cultural status can have a serious negative impact on the welfare of members of poorer groups who are sensitive to

their group's relative position. This is illustrated by research in the United States showing that the psychological health of African-Americans is adversely affected by the position their group occupies. Second, severe HI may diminish the potential of a society to develop when individuals are barred access to education or jobs—regardless of individual merit—and are instead discriminated against on the basis of group membership. As deprived groups gain improved access to education and jobs, economic potential can be more fully realized. Malaysia exemplifies this: as policies enabled the majority population to participate in economic transformation, rapid economic growth followed. Third, HI can prove a major handicap to the elimination of poverty because it is difficult to reach members of deprived groups effectively with programs of assistance. In particular, deprived groups face multiple disadvantages and discrimination, and these challenges need to be confronted collectively. This, for example, has been a serious problem in tackling poverty in the Andean countries. Finally, sharp group inequalities make violent group mobilization and ethnic conflicts more likely by providing powerful grievances for leaders to use to mobilize people by calling on cultural markers and pointing to group exploitation.

Evidence across countries indicates a significant relationship between HI and the onset of violent conflict, while studies within Indonesia and Nepal present a similar picture, demonstrating that the location of conflict within a country is related to the extent of group inequality in that location. Of course, not all countries with high levels of HI experience conflict; rather, the likelihood of conflict increases as inequalities increase.

Policies Addressing Group Inequalities and Discrimination

Given the ways in which group inequalities can reduce well-being, efficiency, and political stability, a policy priority is the reduction of inequalities to bring about a socially inclusive and fair society and to reduce the probability of violent conflict. This is particularly important in countries where inequalities are severe. While this brief primarily focuses on policies related to socioeconomic inequalities, it is also important to address political and cultural inequalities. Indeed, political inequalities can be more politically provocative than socioeconomic ones. All major groups should participate in the political process in government and bureaucracy, as well as in the military and police. This does not necessarily happen even in a fully democratic system, and conscious constitutional design as well as formal and informal policies are needed to ensure that it does. In relation to cultural inequalities, policies with respect to language, religion, and cultural

practices can all contribute to the development of more inclusive societies.

Three types of policy addressing socioeconomic inequalities may be differentiated: direct (targeted) policies; indirect (universal) policies; and integrationist policies (Table 1). Direct approaches target specific entitled groups using quotas and subsidies. Indirect approaches are general policies applied to the whole population but designed in such a way that relatively poor groups are the net beneficiaries. Integrationist approaches are policies aimed at reducing the significance of group boundaries.

The main advantage of direct approaches is that they can work rather quickly; they also tend to be highly visible, which has both advantages and disadvantages. One advantage is that groups can see they are being given better treatment. U.S. affirmative action on education, for example, was a visible response to the Civil Rights movement. Nevertheless, the visibility of direct approaches can also provoke opposition by the more privileged groups. Some argue that one cause of the Sri Lankan civil war in the late 1970s was Tamil resentment of policies that reduced their educational advantages and reversed their previous position of privileged employment in the civil service. Moreover, it is argued that direct approaches reinforce group distinctions, thereby encouraging prejudice and cultural stereotyping. People's perceptions of other groups, however, are also influenced by their relative position and the nature of their interaction with them. Greater social and economic equality among groups, resulting from direct action, may consequently reduce group prejudice. However, to avoid long-term problems from stereotyping, direct approaches should be time-limited if possible.

Indirect approaches are in some respects more attractive because, in principle, they improve equality without labeling people by the group to which they belong, but they may work more slowly. Monitoring and evaluation is essential for all approaches, but especially for indirect ones. The pros and cons of integrationist approaches have been much debated in developed countries. Some experts argue that integrationism threatens cultural and religious values by imposing uniformity, while others argue that integrationism is the most effective way to ensure social stability and group equality in multicultural societies.

Examples of Direct Policy Approaches

Many heterogeneous societies have adopted direct approaches to reducing group inequalities. Direct policies can consist of articulated targets or legally enforceable quotas. In either case, these policies may be backed by the allocation of public-sector contracts to enterprises that meet the predetermined targets. Direct policies have been adopted in a range of areas, as described below.

Table 1—A Summary of Policy Approaches Supporting the Reduction of Horizontal Inequalities

Type of policy	Direct	Indirect	Integrationist
Definition	Groups receive privileges; disincentives are tied to group membership	General policies with indirect implications for distribution to groups	Policies to minimize overt group distinctions and encourage national identity
Examples	Educational quotas; government contracts allocated preferentially	Progressive taxation; antidiscrimination law	Integrated schools; national sporting events
Advantages	Visible sign of action toward equality; effects are fast	Lack of visible indication of action toward equality; does not entrench group labels by drawing more attention to them	Reduces consciousness of group differences; makes discrimination less likely
Disadvantages	May provoke opposition; can entrench group differences by drawing attention to them; can encourage corruption	Slow; may not achieve much	Loss of cultural identity may lead to opposition and increase cultural status inequality for some

Source: Devised by author.

Asset Ownership and Access

This category includes land tenure policies involving redistribution of government-owned land, forcible eviction, purchases, and restrictions on ownership (as applied in Malaysia, Zimbabwe, Fiji, and Namibia); policies supporting the terms of privatization (Fiji); policies addressing inequalities in financial assets—for example, between particular groups (Malaysia and South Africa); credit allocation (Fiji and Malaysia); and preferential training (Brazil and New Zealand).

Public Expenditure

Public expenditure allocation has three distinct aspects. The first involves the construction of public facilities, such as infrastructure. Policies in support of public-sector contracts to ensure fairer group participation have been implemented in Canada, Malaysia, Northern Ireland, South Africa, and the United States. The U.S. Public Sector Works Employment Act of 1977, for example, required that at least 10 percent of each local works project grant go to minority businesses. Similarly, in Malaysia, bumiputera companies receive a margin of preference in competing for contracts. The second aspect relates to the operation of public facilities. Quotas for public-sector employment have been introduced in India, Malaysia, and Sri Lanka, for example. The final aspect involves targeting beneficiaries of education, health, and housing services. Quotas for university education have been introduced in Malaysia, Nigeria, and Sri Lanka; however, they are not very effective if educational inequality begins at the lower levels. Hence, policies need to be introduced at the appropriate level. Policies to improve health access and services in deprived areas were introduced in northern Ghana, and special efforts have been made to improve the access of the African-American population in the United States. In Northern Ireland, policies were introduced to ensure equal access to public housing.

Private-Sector Employment Quotas and Subsidies

Some countries—for example, Kenya, Malaysia, and South Africa—have introduced requirements for the private sector to meet group employment objectives.

Examples of Indirect Policy Approaches

All policies have some impact on distribution. Indirect policies aimed at reducing HI do so by designing policies with universal application that favor particular groups. Language policy is a clear example. Making a particular language a requirement can strengthen the position of some groups and weaken that of others with respect to access to and performance at school or university or in public-sector employment. Language policy has been used in this way in Malaysia and Sri Lanka. Legal, fiscal, and macroeconomic policies each have similar important consequences for HI, as is discussed below.

Legal Policies

Outlawing discriminatory practices can substantially improve group inequalities. This occurred in Northern Ireland, where the Fair Employment Acts were critical in reducing employment inequality. Moreover, policies that outlaw discrimination in employment, education, housing, and so on according to group membership are ethically just and generally politically acceptable. Another way the legal system can reduce inequalities is through the recognition and enforcement of economic and social rights. In Peru, for example, a human rights ombudsman (*defensorio del pueblo*) has been instituted to help enforce the rights of indigenous peoples. Still, policies that outlaw discrimination or recognize human rights are unlikely to be enough on their own. First, the law must be enforced, which is especially important in poor societies with weak legal systems, no legal aid, and discrimination reaching deep into the legal system itself. Second, as a result of

long-term disadvantage, deprived groups lack education and money and have poor social networks. Even with a level playing field, these groups would be disadvantaged in obtaining higher education, jobs, and credit, for example. Hence, policies to reduce group inequalities need to go beyond antidiscrimination legislation. While legal action has great potential to reduce discrimination, other supporting policies are needed, including legal aid.

Fiscal Policies

The introduction of progressive tax and expenditure policies (including anti-poverty programs) will generally benefit deprived groups relative to privileged ones. It is also possible to introduce specific reforms to the fiscal system with the aim of reducing HI, for example, through tax incentives for investment in particular regions or sectors where identified groups are concentrated. In many contexts, specific privileged groups are concentrated in the commercial trading sector, and taxes on wholesale and retail trade would alleviate HI. The poorest people and groups are generally not in the formal sector, so direct taxes would generally contribute to reducing HI. In Niger, for example, most people in the informal sector belong to a different ethnic group from those in the formal public or private sectors. Indirect taxation may also be designed to help improve distribution by exempting staple goods (such as food and basic fuels, which are consumed as a high proportion of income by poor groups) and, conversely, by raising the tax rates on so-called luxury goods (those consumed more by relatively well-off groups). Cultural differences in consumption patterns may also make it possible to use the tax system differentially. For example, the taxation of alcohol would benefit Muslim groups. Where groups are regionally concentrated, reallocation of public expenditure toward deprived regions is likely to reduce HI.

Macroeconomic Policies and the Need for Economywide Restructuring

Beyond the fiscal system, broad incentives generated by macroeconomic policy often affect group inequality as well. Changes in the exchange rate typically designed to favor tradable products often have implications for group inequality based on a group division of labor (a common result of colonial policy). In many African countries, for example, the groups who produce cash crops for export are different from those producing food for local or own consumption. In some cases, specific government actions supporting group equality—including investments in education and infrastructure—have been undermined by macroeconomic policies in terms of their impact on relative group incomes. Northern Ghana, for example, has suffered in this way.

Consequently, in addition to specific corrective actions in support of educational or infrastructural disadvantages, the implications of macroeconomic policies for group incomes and employment need to be taken into account in the design and introduction of compensatory policies in order to offset possible adverse impacts.

Examples of Integrationist Policies

These policies are directed at reducing overt group boundaries. Indirect policies—especially effective antidiscriminatory policies—tend to support integration. In addition, an integrationist approach brings people together from different groups in schools and universities, the workplace, sports and social clubs, and so on. These policies also encourage uniformity (for example, of dress and language) but may contribute to resentment by exacerbating cultural inequalities. Integrationist policies raise national consciousness while reducing group consciousness. Such policies are usually effected by political leaders, educationists, religious and ethnic leaders, and the media. One example is the policy pursued rather successfully by President Nkrumah in Ghana, emphasizing national identity and reducing ethnic consciousness. Integrationist policies require a change in culture and perceptions, and understandably take time. Moreover, if severe inequalities continue, consciousness of group distinctions may sharpen and thus render integrationist policies less effective.

The Need for a Comprehensive Approach

Group inequalities are often of historical origin, typically arising from colonial settlements and policy, and deeply embedded in a society. Moreover, the deprivations are generally multidimensional and hence reinforcing. Thus, groups that are educationally deprived also have few financial resources, and a corresponding lack of political power may prevent significant corrective action. Social capital asymmetries further reinforce other inequalities because social networks within the deprived groups rarely expand beyond the group or include opportunities for contact with better-off groups. For these reasons, effective policy needs to address several dimensions of inequality.

A combination of approaches is desirable: direct approaches can help make indirect approaches more effective, while integrationist policies can contribute to lessening divisions within society and increasing intergroup respect. For example, in South Africa, a direct approach was adopted to business “empowerment,” targeting capital ownership by blacks, while other, indirect approaches focused on expanding education, for example, and dismantling discriminatory regulations. Integrationist policies were followed in the political and educational systems. Nevertheless, appropriate action critically

depends on context. In Indonesia, for example, any direct approach would be extremely difficult to manage since different groups dominate in different locations, and direct approaches would run the risk of provoking specific groups.

While many countries have adopted selective policies toward reducing HI, only those that have adopted a comprehensive approach have narrowed the gap substantially. The contrasting experiences of Guatemala, Peru, Malaysia, and Northern Ireland illustrate this point. Guatemala and Peru have recently made efforts to reduce HI between the indigenous and white populations with a particular focus on the education sector. Yet large gaps in incomes remain in both countries, while inequalities in child mortality in Guatemala remained unchanged from 1995 to 1999, and access to white-collar employment by the indigenous population declined relative to that of the ladinos. In Peru, inequalities in the areas of women's education, child mortality, and household wealth between the indigenous and ladino populations remained virtually unchanged from 2000 to 2004, and inequality in white-collar employment worsened somewhat. Moreover, the returns to education were far lower for indigenous people in Peru compared with other countries as a result of lower quality schools for indigenous children, discrimination in employment, and weaker social networks. These issues can be even more challenging when the deprived group is physically remote, as is the case for some of the indigenous population in Peru. It may also be necessary to tackle perceptions, since negative perceptions of the abilities of a minority may reduce their job prospects.

In contrast, in both Malaysia and Northern Ireland, a comprehensive approach to correcting group inequalities was taken. In Malaysia, the New Economic Policy was introduced in 1971, aiming to reduce inequalities between the Malays and the Chinese, following the anti-Chinese riots of 1969. The goal was to help secure national unity, using policies "to accelerate the process of restructuring Malaysian society to correct economic imbalance so as to reduce and eventually eliminate the identification of race with economic function" (Federation of Malaysia, 1971, p. 1). Restructuring policies included expanding the capital ownership share of the indigenous groups (the bumiputera), instituting educational quotas in public institutions in line with population shares, and creating credit policies favoring the bumiputera. Between 1970 and 1999, the ratio of the average income of the bumiputera to that of the Chinese increased from 0.42 to 0.57, the ratio of the share of ownership grew from 0.03 to 0.23, and the bumiputera share of registered professionals rose from 8 to 47 percent.

In Northern Ireland, the Catholics were systematically and consistently deprived over centuries following the English takeover. In 1971,

for example, just 11 percent of senior public officials were Catholic. A concerted effort to correct inequalities was undertaken from the late 1970s through housing, education policy, and fair employment legislation. From the late 1970s to the late 1990s, the Catholic-to-Protestant ratio in higher education increased from 0.39 to 0.81, and the ratio of the share of high incomes among Catholics grew from 0.55 to 0.77. By 2004, inequalities in higher education and in access to basic health services had been eliminated.

Conclusion

Sharp group inequalities can produce many adverse consequences—the most serious of which is mobilization for violent conflict. It is therefore important to introduce policies to correct political, cultural, and socioeconomic inequalities. As this brief has highlighted, holistic approaches are needed, incorporating direct, indirect, and integrationist mechanisms. Antidiscrimination legislation is clearly an important first step, but it is insufficient on its own to correct asymmetries in the contexts of deep-rooted inequality. Ultimately, the appropriateness of policy is dependent on the particular context. Fundamental to policy design is a full analysis of the context and dynamics of existing inequalities across groups, including awareness of the evolution of those inequalities.

One major problem is securing acceptance of policies by the more privileged groups who stand to lose their advantageous positions relative to disadvantaged groups. It is essential to persuade decisionmakers of the importance of avoiding severe group inequalities in order to create a just and inclusive society and to maintain social and political stability. International consensus is needed on the desirability of inclusive political and economic systems, and of policies to correct sharp group inequalities. Currently, most international discourse largely ignores the issue of group inequalities, giving priority to accountability, democracy based on the majority, and growth and poverty reduction. Indeed, it is at a national rather than an international level that most awareness of this issue lies, along with the corresponding policy innovations. It is most politically feasible to introduce programs targeting disadvantaged majority groups at a national level, as in Fiji, Malaysia, Namibia, South Africa, and Sri Lanka. Elsewhere, programs targeting disadvantaged minorities have also been introduced by advantaged majorities—as in Brazil, India, and the United States—because the majority values the promotion of an inclusive society.

Governments that choose to implement policies to correct group inequalities risk possible social tension stemming from the resentment of losing groups. Generally, for corrective mechanisms to be successful, broad acceptance of the objective is required across all groups. Also

important are perceptions relating to the existence and causes of HI and, hence, the “fairness” of remedial policies. Dissemination of objective research on the nature and causes of HI may make a contribution to correcting perceptions and thus securing national support for corrective policies. Broad transparency in policy implementation is also important in providing legitimacy for policies. Given the rising heterogeneity of populations—as national and international migration and ethnic and religious mobilization increase—policies aiming to reduce discrimination and group inequalities must be

positioned high on both the national and the international policy agendas.

For Further Reading: T. N. Brown et al., “Being Black and Feeling Blue: Mental Health Consequences of Racial Discrimination,” *Race and Society* (Vol. 2, No. 2, 1999); Federation of Malaysia, *Second National Plan 1971–75* (Kuala Lumpur: National Printing Department); C. McCrudden, *Buying Social Justice: Equality, Government Procurement and Legal Change* (Oxford: OUP, 2007); G. Østby, *Horizontal Inequalities, Political Environment and Civil Conflict: Evidence from 55 Developing Countries*, Centre for Research on Inequality, Human Security and Ethnicity (CRISE) Working Paper No. 28 (Oxford: CRISE, University of Oxford, 2006); F. Stewart, G. Brown, and A. Langer, *Policies Towards Horizontal Inequalities*, CRISE Working Paper No. 42 (Oxford: CRISE, University of Oxford, 2007).

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