

Including the Excluded

A fundamental cause of poverty for many people is their deliberate and systematic exclusion from full participation in the betterment available to society as a whole, solely on the basis of their identity (Sen 2000). As pointed out in Chapter 1 of this volume, excluded groups tend to be among minorities and marginalized people. They may be effectively barred from pursuing opportunities that could enable them to enhance their welfare through their own efforts. Consequently, they may be left behind even in times of growth. Using data from the Minorities at Risk (MAR) database, the *Human Development Report 2004* suggested that an estimated 891 million people, or one in seven of the world's people, suffered from discrimination on the basis of ethnic, linguistic, or religious identity (UNDP 2004, 32).¹ Furthermore, when gender discrimination is considered, the number of people experiencing discrimination is much higher.

Addressing exclusion requires simultaneous action in many spheres. The international consultation on racial and economic discrimination led by the International Council on Human Rights Policy (ICHRP) in 2001 concluded that “an effective approach must address, at a minimum: legal rights, political representation, economic resources, provision of key services such as education, and attitudes and perceptions” (ICHRP 2001, 23). As noted by Brauholtz-Speight (2008), these five areas of action are also reflected in the United Nations Convention on the Elimination of All Forms of Discrimination against Women, as well as in the recent U.K. Department for International Development (DFID) policy paper titled “Reducing Poverty by Tackling Social Exclusion” (DFID 2005).

The chapters and essays in this part of the book consider these issues in more detail, highlighting the need for action to empower excluded groups and examining some policies that have worked. Each entry highlights the importance of addressing the poorest groups in society, for those who are the poorest are often from an identifiable group that, as a group, is measured as the poorest (see Frances Stewart's chapter). Chapters 32 and 33 and Essay 5 consider how excluded groups can be empowered by political representation, economic resources, and the provision of key services such as education. In the remainder of this part, these actions are investigated as they apply to specific contexts (in this case, South Asia) and specific excluded groups, in particular, ethnic minorities and indigenous peoples, women, and people with disabilities.

Policies to Redress Poverty Resulting from Exclusion

In Chapter 32 Frances Stewart focuses particularly on access to education, asset ownership, services, and employment. She identifies three broad approaches that are used to address these:

1. direct policies, commonly thought of as affirmative action, which include targets, quotas, and preferential treatment to improve the discriminated groups' access to jobs, assets, services, government contracts, and political representation;
2. indirect policies, which are more universal and include policies for progressive taxation, legal policies to correct discrimination in certain areas (such as housing and employment), and policies regarding macroeconomic activities that favor particular areas; and
3. integrationist policies, which are designed to reduce group consciousness and include policies that bring together people from different groups in schools and universities.

Stewart argues that direct policies can be a quick way to increase equality and engender greater respect for excluded groups, although they may also provoke opposition among more privileged groups because they are highly visible. It is important to note, however, that some of these policies, such as those establishing quotas in the civil service or in higher education, may not be directly relevant to the poorest but may benefit them indirectly by affecting their chances of upward mobility (Bardhan 1996).

Another potential risk of direct policies, Stewart notes, is that by targeting certain groups, they can reinforce group distinctions, which could in turn encourage prejudice and cultural stereotyping, especially if the direct policies do not have a time limit. She points out that indirect and integrationist policies can be less damaging on that front. In contrast to direct policies, however, indirect ones tend to work more slowly, and integrationist policies, by promoting uniformity and suppressing cultural and religious differences, can threaten cultural identities and conceal deep inequalities.

Anirudh Krishna (Chapter 33) and Vijay Kumar Thallam (Essay 5) separately look into another form of empowerment for the poor: political representation. Krishna tackles the question of why the poor, who often form a majority or a near majority, have so little organizational power with which to advance their interests. A number of reasons have been advanced in the literature, including the tenacity of vested interests (North 1990), bargaining problems that arise when “disputes about sharing the potential benefits from the change may lead to a breakdown of the necessary coordination” (Bardhan 2005, 522), and inadequate access to knowledge and information (“knowledge is power”; Bacon 1597). Krishna argues, however, that the poor do not necessarily

all share the same interests. He suggests that “the poor” is merely a figure of speech referring to people with different identities and interests as a result of their different trajectories into and out of poverty. He gives the example of a sample of households in Andhra Pradesh, India, where those who had recently fallen into poverty expressed a desire for health services, the persistent poor wanted wage labor, and those who had recently graduated out of poverty wanted irrigation and education.

In his essay Kumar Thallam explores whether interventions that support the development of organizations of the poor can empower them to be catalysts for change. He finds an increasing number of instances in which facilitating the development of groups of poor women has brought about increased empowerment and many improvements in welfare. Kumar Thallam describes the experience of facilitating “self-help groups” among low-caste women in villages in Andhra Pradesh, India. He notes that successful groups gather women of similar socioeconomic status in a village, allowing the group to be formed on the basis of affinity among the members rather than on the basis of narrowly defined interests. Federations of these groups at the village level then use the trust built in self-help groups to provide poor women with economic and political space within which to undertake activities such as marketing, bulk purchasing of commodities, and exerting pressure on local governments for the provision of services.

These chapters and essay underline the need for increased action to ensure the inclusion of the excluded, but it is important to keep in mind that in many cases supplemental strategies will be needed to address issues of identity, perceptions, role models, and peer group effects that remain barriers to participation and advancement (Hoff and Pandey 2004; Akerlof and Kranton 2005; Durlauf 2006). Indeed, even when direct action to promote inclusion is undertaken, barriers remain, limiting the benefits to excluded groups and raising the possibility that negative perceptions of the abilities of minorities are reinforced among the majority. As Loury (2006) states when discussing combating the persistent racial inequality in the United States: “Even if there were no overt racial discrimination against blacks, powerful social forces would still be at work to perpetuate into future generations the consequences of a universally acknowledged history of racism in America” (407).

Exploring Policies in Context and for Specific Forms of Exclusion

Recognizing that the development of approaches to include the excluded must be context specific and participatory, the remaining chapters and essays in this part of the book explore what types of policies are required to tackle poverty resulting from exclusion in specific contexts and from specific forms of exclusion.

Essay 6, by Qazi Kholiqzaman Ahmad, and Chapter 34, by Sukhadeo Thorat, examine the situation in South Asia. Whereas Ahmad provides a broad overview of

the situation in South Asia and highlights the need for inclusionary policies across the region, Thorat considers the case of scheduled castes in India. He explains that their exclusion consists of exclusion from assets and adverse inclusion in certain markets and political systems and discusses India's recent experience in developing and implementing policies to reverse this exclusion. Although India has implemented a number of policies over the years to reverse exclusion, little research has been conducted to evaluate the impacts. Nevertheless, Thorat looks only at policies related to scheduled castes and leaves out a host of other types of excluded populations in India, such as scheduled tribes, Muslims, and "backward castes."

It is likely that addressing exclusion in other contexts may require emphasis on different policy interventions. For example, when excluded groups speak a different language from the majority, as excluded indigenous communities in Latin America do, attaining fluency in the main language can be an important step in reducing disparity. Some evidence from Latin America shows that when excluded groups are fluent in the main language and achieve educational parity with the nonexcluded groups, job and income discrimination against them declines substantially (Hall and Patrinos 2006).

In Essay 7 Lennart Båge looks at the situation of ethnic minorities and indigenous peoples and explores the policies that have been implemented to redress their exclusion. He first identifies the issues that render these groups more vulnerable, including the fact that many of them inhabit economically and politically marginal areas in fragile ecosystems, their lack of political representation, the weak protection accorded to their property rights, and the fact that most are not well equipped to take advantage of market opportunities. Båge argues that until recently, national and international development policies have generally overlooked these facts and have therefore not been very successful at integrating ethnic minorities and indigenous people in the development process. He notes that this neglect is changing, and he draws from the experience of the International Fund for Agricultural Development to develop basic principles for policies targeting ethnic minorities and indigenous peoples. He especially underscores the need for more participatory approaches, as well as for the recognition and protection of indigenous entitlements to natural resources.

Chapters 35 and 36 deal with the issue of gender exclusion. Neelima Khetan and Ajay Mehta focus on policies promoting political representation for women and highlight the situation in India, where one-third of the seats on local councils are reserved for women and for scheduled castes and tribes. Nonetheless, they find that the level of political participation by women is low, reflecting the limitations of affirmative action-type policies in promoting broad-based inclusion of women. Still, preliminary results from a recent paper based on experimental evidence from India suggest that the exposure to a female leader resulting from mandated political

representation for women, while highly unpopular, reduces prejudice by around 50 to 100 percent depending on the measure used (Beaman et al. 2008).

Khetan and Mehta also discuss the successful experiences of Seva Mandir, a grassroots nongovernmental organization in India. They find that although the leadership initiatives did not come from the poorest in this case, expanding opportunities to enable women to gain higher status, more autonomy, and self-governance is key to improving their plight. To that end, the next chapter, by John Ambler, Lauren Pandolfelli, Anna Kramer, and Ruth Meinen-Dick, discusses interventions to strengthen women's assets and status. The authors highlight the importance of simultaneously building women's assets and improving their societal status. They describe four successful interventions: two that improved women's assets, thereby improving their social status, and two that strengthened women's status through legal change and women's increased awareness of their rights.

Chapter 37 and Essay 4 address the situation of people with disabilities, an often neglected group, 80 percent of whom live in developing countries. It is important to recognize that disability comes in many forms, with some forms allowing for full functionality in economic activities and other forms, such as mental or severe physical disability, being more debilitating. Government policies targeting people with disabilities must therefore be tailored accordingly. For people with disabilities who are able to participate in productive economic activities, policies that reduce discrimination against them and policies that facilitate their access to employment opportunities, credit, and productive assets are in order. Conversely, for those suffering from more severe forms of disabilities, targeted welfare-enhancing policies, such as increased access to health services, are needed.

In her essay Charlotte McClain-Nhlapo notes that in the past there was a tendency to undervalue the capacity of people with disabilities and their ability to contribute to economic growth and poverty reduction. Programs targeting people with disabilities were either nonexistent or further marginalized them. Like Båge, McClain-Nhlapo advocates participatory approaches to including people with disabilities. Further, she highlights the importance of state involvement in empowering them by developing norms and standards for inclusion, creating an enabling environment, and planning for accessible infrastructure and technologies.

In Chapter 37 Zhang Dongmei presents China's experience in dealing with people excluded as a result of disabilities. He highlights the special challenges faced by people with disabilities and their vulnerability to poverty and echoes McClain-Nhlapo's point on the lack of adequate funding and policy interventions targeted to that subgroup. Zhang then suggests policy interventions at the central and local levels, such as increased direct transfers and supportive policies such as those promoting subsidized-interest lending and training for labor transfer, to address poverty among people with disabilities

Note

1. The MAR database, available online at <<http://www.cidcm.umd.edu/mar/>>, tracks politically active minorities across the world on three dimensions: political, economic, and cultural. It uses subjective data to assess the traits and challenges faced by these groups.

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Addressing Discrimination and Inequality among Groups

Frances Stewart

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 are 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). 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 increase 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 chapter 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 less important as a 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 as follows:

- *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 in 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.

Although some outcomes—notably income, health, and political power—are relevant across all societies, 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, are of great importance where agriculture accounts for a considerable proportion of economic output and employment, but it becomes less important as development proceeds; then 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, their economic potential can be more fully realized. Malaysia exemplifies this: when 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. For example, this 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. Although this chapter 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 32.1). 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 that they are being given better treatment than other groups. 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

Table 32.1 A summary of policy approaches supporting the reduction of horizontal inequalities

Type of policy	Direct	Indirect	Integrationist
Definition	Policies by which 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; anti-discrimination law	Integrated schools; national sporting events
Advantages	Provides a visible sign of action toward equality; effects are fast	Provides no 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	Works slowly; may not achieve much	Loss of cultural identity may lead to opposition and increased inequality of cultural status for some

Source: Devised by the author.

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. The greater social and economic equality among groups that results 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 are 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 in the following subsections.

Asset Ownership and Access

Policies related to asset ownership and access include land tenure policies involving redistribution of government-owned land, forcible eviction, purchases, and restrictions on ownership (as applied in Fiji, Malaysia, Namibia, and Zimbabwe); policies supporting the terms of privatization (Fiji); and 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, companies owned by indigenous groups (the *bumiputera*) 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 in the following subsections.

Legal Policies

Outlawing discriminatory practices can substantially reduce 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. Although 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 sector. 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 their 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

Integrationist 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, educators, 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. Asymmetries in social capital 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, South Africa addressed business “empowerment” through a direct approach 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 because different groups dominate in different locations, and direct approaches would run the risk of provoking specific groups.

Although 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 ladinos. In Peru, inequalities between the indigenous and ladino populations in the areas of women's education, child mortality, and household wealth 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 than in 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 of some of the indigenous population in Peru. It may also be necessary to tackle perceptions, because 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. Following the anti-Chinese riots of 1969 in Malaysia, in 1971 the country introduced the New Economic Policy, which aimed to reduce inequalities between the Malays and the Chinese. 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."¹ Restructuring policies included expanding the capital ownership share of 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 share of registered professionals among the *bumiputera* rose from 8 to 47 percent.

In Northern Ireland, 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 and education policy and fair employment legislation. From the late 1970s to the late 1990s, the ratio of Catholics

to Protestants 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 chapter has highlighted, holistic approaches are needed that incorporate 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 help correct perceptions and thus secure national support for corrective policies. Broad transparency in policy implementation is also important in providing legitimacy for policies.

Given the increasing 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.

Note

1. Federation of Malaysia, *Second National Plan, 1971–75* (Kuala Lumpur: National Printing Department).

For Further Reading

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