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Horizontal inequalities



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7. Horizontal inequalities

Frances Stewart

This contribution explains what horizontal inequalities are and why they are important. It argues that horizontal inequalities – group inequalities in a wide range of political, economic and cultural dimensions – are not only unjust, but may lead to violent conflict and can reduce the efficiency of resource allocation as well as lessening societal achievements on health and education. Most horizontal inequalities emerge from historical biases, often as a result of colonialism. They tend to persist over many generations because of manifold connections between dimensions of deprivation and privilege. The paper briefly reviews policies aimed at reducing horizontal inequalities, differentiating between direct (or targeted) and indirect (or universal) policies.

Horizontal inequalities are inequalities among groups with a shared identity. They constitute one of the most important types of inequality, notably because of their implications for justice and social stability, where relevant group categories include among others race, ethnicity, religion, class, gender and age. They are a neglected aspect of inequality. Most assessments of income distribution (or other resources or outcomes) are concerned with distribution among individuals or households, termed vertical inequality.

People can be grouped in many ways, and most people are members of many groups. In assessing a country's horizontal inequalities, the first question to be considered is which group classification to follow. The appropriate classification is the one (or ones) that reflect the identity distinctions that are important to people, in terms of both their own perceived identity and how they perceive others. Some group categories may be transient or unimportant – for example, membership of a particular club. But other categorizations shape the way people see themselves and how they are treated and behave.

Societies differ as to which are the salient identities at any time. Some identities persist over a long period; others may become of less significance; and, of course, the social, political and economic context varies across time and place. For example, race is clearly an important identity distinction in South Africa and the USA, while ethnicity is relevant in the politics of many African countries. Religion was critically important historically in Europe, with religious differences leading to much violence, but

is of less importance today. However, it constitutes a critical dividing line in many countries in Africa, the Middle East and Asia. Caste is an extremely important category in South Asia. And class is of recurring significance, varying with the nature of the economic system and how far people identify with their class position. Age and gender distinctions are universally important.

While people have multiple identities, the ones that matter to them most can vary according to the politics of the time and the issue being considered. Overlapping group membership, sometimes described as 'intersectionality' (Kimberle, 1989), is often used to depict multiple sources of discrimination and oppression of females in minority groups. Other types of category overlap include religion and ethnicity; such overlapping can reinforce deprivation or privilege and may strengthen divisions between groups.

Invariably, then, there is no single 'correct' group classification, but a number of relevant ones, each important in relation to particular issues. The significance of particular categorizations varies according to the rigidity of group boundaries. If people can move from one group to another freely, group inequalities may be inconsequential. Though most group distinctions are socially constructed and many are blurred at the edges – for example, ethnic distinctions – they are nonetheless felt very strongly in some situations. Group classifications may also be more salient, the more the overlap of membership along different categorizations.

Vertical distribution is mostly considered unidimensionally – notably in income space. Sen (1980) has argued that this is inappropriate and that distribution should be measured in relation to a range of capabilities, or what people may do or be. Similarly, an essential feature of horizontal inequalities is their multidimensionality. Their prime dimensions are economic, social, political and cultural recognition. For each there is an array of elements. Economic inequalities include inequalities in economic resources – income, assets, employment, and so on. Social inequalities cover inequalities in access to basic services – education, health, water. In the political dimension, it is a matter of representation at the top levels of government, in the bureaucracy, the military and local government as well as in political parties and civil society. Relevant inequalities in the cultural dimension include recognition, use and respect for a group's language, religion and practices.

There are many causal connections across the various dimensions. For example, educational inequalities may be responsible for economic inequalities, with reverse causality as children from low-income households tend to receive less education. Inequalities in cultural recognition can lead to educational and economic inequalities, for example, if a group's language is not used in government business. The tighter the causal connections, the more consequential the inequalities are. Again, the relevant dimensions vary across societies. While land inequalities are of major significance in agrarian societies, they matter little in advanced economies, where inequalities in financial asset ownership and skills determine life chances.

The sources of horizontal inequality are generally historical. Many are a product of colonial policy favouring particular groups or regions, or are the outcome of contemporary migration. An important feature is their persistence. Peruvian indigenous people have been relatively impoverished in multiple dimensions since the conquest. Successive generations of the non-indigenous have largely monopolized land ownership, technology and education, so that the indigenous have mainly been excluded from the modern economy altogether or incorporated on adverse terms (Thorp and Paredes, 2010). Many other indigenous groups have suffered from persistent deprivation as a result of their cumulative disadvantage in multiple dimensions. This persistence is created by the manifold connections across dimensions which hold back progress, enforced by asymmetrical social networks and compounded by

tenacious discriminatory practices. This suggests that horizontal inequalities are important in themselves; and also instrumentally, because they affect other objectives (see Loury, 1988).

Above all, any significant horizontal inequality is unjust. There is no reason why people should receive unequal rewards or have unequal political power merely because they are black rather than white, women rather than men, or of one ethnicity rather than another. While it can be argued that some vertical inequality is justified to reward effort and merit, there is no reason to believe there are any major differences in either effort or merit between large groups of people. Anti-discrimination law is justified on this principle. Such legislation typically requires that a person's group identity is not relevant to decisions, for example, on employment or educational admissions. But centuries of discrimination cannot be offset by such a requirement alone.

Another reason for concern with horizontal inequality is that individual well-being is frequently affected not only by a person's individual circumstances, but also by how well their group is doing. This occurs partly because group membership can form an integral part of a person's identity, and partly because relative impoverishment of the group increases people's perceptions that they are likely to be trapped permanently in a poor position. It seems probable that the well-being of Muslims in Western Europe, Afro-Americans in the USA, and Africans in apartheid South Africa, is deeply affected by the relative impoverishment of the group over and above the position of the individuals within it. Psychologists have suggested that Afro-Americans suffer from psychological ills owing to the position of their group (Broman, 1997). Hence it has been argued that the relative position of the group should enter into a person's welfare function (Akerlof and Kranton, 2000). The weight to be given to this element is an empirical matter on which more research is needed.

Apart from these intrinsic reasons for concern with horizontal inequalities, there are instrumental reasons because they may also affect the achievement of other objectives. One way is by impeding efficiency. If a group is discriminated against, production is likely to be less efficient than in the absence of discrimination, since talented people in the group discriminated against will be held back, while too many resources, or too high a position, will go to less talented people in the favoured group.

For example, Macours (2004) has argued that ethnic diversity often leads to suboptimal allocation of property, drawing on evidence from Guatemala, and many studies show that affirmative action for Afro-Americans in the USA has had a positive impact on economic efficiency (Badgett and Hartmann, 1995). Similarly, evidence indicates that greater average achievements in health and education are associated with more equal distributions. It may also be difficult to attain certain targets, such as poverty elimination or universal education, without tackling horizontal inequality, because deprived groups often find it particularly difficult to access state services.

The third and most powerful instrumental reason to oppose horizontal inequality is that it has been shown to raise the risk of violent conflict significantly (Stewart, 2008; Cederman et al., 2011). Group inequalities provide powerful grievances which leaders can use to mobilize people to political protest, by calling on cultural markers (a common history, language or religion) and pointing to group exploitation. This type of mobilization is especially likely to occur where there is political as well as economic inequality, so that the leaders of the more deprived groups are excluded from political power and therefore have a motive for mobilizing. Group inequalities have been a contributory factor to conflicts in Côte d'Ivoire, Rwanda, Northern Ireland, Chiapas and the Sudan, for example (Langer, 2005; Stewart, 2001). Sharp horizontal inequality within countries is an important source of grievance and potentially of instability, independently of the extent of vertical inequality. Indeed, most econometric investigations have shown little connection between vertical inequality and conflict (Collier and Hoeffler, 2004).

Given their significance, systematic measurement and monitoring of horizontal inequality is needed. Global datasets do not include relevant measures, apart from gender and age categories. However, ethnic, racial and regional data are increasingly collected by national governments. Many national censuses and some household surveys collect data that permit analysis of a variety of socio-economic horizontal inequalities. But data on political forms of horizontal inequality, arguably the dimension most relevant to social stability, are very rare, estimated only by some individual scholars (e.g. Gurr, 1993; Langer, 2005; Wimmer et al., 2009). Finally, there are very few attempts to collate data on inequalities in cultural recognition. As for political data, it is difficult to collect

this information, which requires detailed knowledge of complex matters in a society, while presenting the data in summary form is also problematic (but see Gurr, 1993). Yet information on inequalities in cultural recognition is critically important, since such inequalities reinforce group boundaries and stimulate mobilization. Indeed cultural events (such as the destruction of a religious building) often provide the trigger for violence.

A range of policies address horizontal inequalities. They include direct approaches, often termed affirmative action, which target deprived groups in a variety of ways: for example, by giving preferences in employment and education, or political representation. Such policies require a supporting national consensus if they are not to provoke hostility among more privileged groups. They also need to be comprehensive, addressing a range of deprivations, as unidimensional interventions are unlikely to be effective. Malaysia is a successful example of such policies, having introduced them comprehensively after riots in the late 1960s. Although these policies are increasingly opposed by the richer Chinese group, strong interest in their maintenance is making it difficult to end them. This appears to be a general problem with direct policies.

In contrast, indirect policies are universal policies which by design benefit poorer groups disproportionately. Where poorer groups are regionally concentrated, policies to promote the development of poorer regions generally reduce horizontal inequality. Progressive taxation, and policies targeting resources towards lower-income individuals, also do this. These policies work more slowly and with greater leakage in terms of reducing horizontal inequality. But they have the advantage of reducing vertical inequality as well. Anti-discrimination legislation is another general policy for reducing horizontal inequality, but it requires a strong legal system for enforcement, which makes it less suitable for many developing countries. It was an important contributory factor in reducing horizontal inequalities in Northern Ireland (McCrudden et al., 2004). Effective reduction of horizontal inequality may require a combination of direct and indirect policies, as exemplified in Malaysia, Northern Ireland and South Africa.

Despite the clear importance of keeping horizontal inequalities low in the interest of justice and social stability, this priority has not formed part of the norms or policies of the most powerful international actors, for example the World Bank. A more overt and direct approach is needed if these severe and persistent inequalities are to be overcome.

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