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CROSS-NATIONAL COMPARISONS OF RACIAL AND ETHNIC ECONOMIC INEQUALITY[†]

Racial and Ethnic Economic Inequality: The International Record

By WILLIAM DARITY, JR. AND JESSICA GORDON NEMBARD*

Undertaking a comparative inquiry across diverse countries enables us to isolate previously unremarked consistencies and to refute several pieces of conventional wisdom about the nature of intergroup disparity. We find that economic disparity correlated with race and ethnicity is present and looks remarkably similar across a wide range of nations. Enduring employment discrimination against comparatively marginalized groups is universal. Higher rates of economic growth do not correspond neatly with reduced intergroup disparity across the countries. In addition, subaltern groups frequently are numerical minorities, but in some cases, they constitute a majority or plurality of the population.

Our working paper (see Darity and Nembard, 2000) identifies 12 countries where we could find data of a reasonable quality that measure the gap between economically subaltern and dominant groups: Australia, Belize, Brazil, Canada, India, Israel, Japan, Malaysia, New Zealand, South Africa, Trinidad and Tobago, and the United States. As our data demonstrate, pronounced intergroup inequality occurs in countries with both large populations (India, United States, Brazil, and Japan) and small populations (Belize, Trinidad and Tobago, Israel, and New Zealand). It occurs in higher-income countries (Australia, Canada, Japan, and the United States), as well as in lower-income countries (India, Belize, and South

Africa); and in countries with high growth rates (Malaysia, Japan, Belize, and India), as well as in countries with low or negative growth rates (South Africa and New Zealand). Finally, pronounced intergroup inequality is apparent in countries with high levels of general inequality (Brazil, South Africa, and Malaysia), as well as in countries with low levels of general inequality (Canada, India, Australia, and Israel) (World Bank, 2000). Here, we provide summary statistics on the relative income or earnings status of the subaltern groups relative to the dominant group or relative to a national average for five of the countries: Malaysia, India, Belize, New Zealand, and South Africa.

I. Malaysia

Malaysia had the highest rate of growth for the 12 countries under study between 1975 and 1994, 4.6 percent. Malay/Chinese monthly income ratios for males range from 0.46 in 1957–1958 to a high of 0.57 in 1984 (the lowest ratio was 0.44 in 1970). Indian/Chinese ratios ranged from 0.80 in 1957–1958 to 0.81 in 1984 (lowest in 1967–1968, at 0.74) (see Jomo Sundaram and Ishak Shari, 1985; Faridah Jamaludin, 1998).

The first phase of Malaysian affirmative action directed specifically at the native Malay or *bumi* spanned the period 1971–1990, under the New Economic Policy (NEP). The 1984 statistics suggest that the combination of rapid growth and the NEP improved the comparative economic status of the *bumi*. However, data from retrospective work histories available in the Second Malaysian Family Life Survey (MFLS2) completed in 1989 indicate the opposite pattern: a widening gap in male earnings, with Malay men falling sharply behind Chinese men and slightly behind Indian men (John Luke

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Gallup, 1997). The *bumi* experience private-sector discrimination even though they are a majority in the civil service and have political power.

The NEP's affirmative-action provisions also included an internal redistribution of assets. During the period from 1970 to 1990, the *bumi* share of corporate ownership increased from 2 percent to 20 percent. The Chinese share rose slightly, and the foreign-ownership share decreased. A recent article (*Economist*, 1999) suggests that the effect of the wealth distribution has been to consolidate the economic clout of an elite group of Malays and to reinforce ethnic polarization.

II. India

India, with a growth rate of 3.0 percent (1975–1994), has been practicing affirmative action for half a century on behalf of the Scheduled Castes (SC's, primarily the *Dalits*, who, prior to independence, officially constituted India's "untouchables"). Estimates, gleaned from the National Sample Survey, of the per capita consumption expenditure ratio of SC/others are 0.78 in 1983–1984 and 0.79 in 1987–1988 in rural areas, and 0.78 and 0.72, respectively, in urban areas (see D. Javaraj and S. Subramanian, 1994; Sukhadeo Thorat, 1997). These two data points are only four years apart and do not suggest any upward movement in the relative consumption expenditure of the SC's relative to the rest of the population. The "other" category in this case consists of all persons who are not members of either the SC's or Scheduled Tribes (ST's). Hence, the SC/other ratio grossly underestimates the gap between SC's and upper-caste Hindus, since the "other" category also includes persons who are not eligible for affirmative action but come from caste groups with low status and income (also see Ashwini Deshpande, 2000).

The 1970 earnings data from the Delhi Fertility Survey provide greater detail on caste and religious affiliation and better demonstrate the point. While the SC's clearly have the most deprived relative status vis-à-vis the Hindu Brahmins, the low- and middle-caste Hindus and the Muslims all had earnings close to half of the Brahmin level. According to Autar Dhesi and Harbhajan Singh (1989), in 1970 the earnings ratios by caste-religious status in Delhi for males were: Muslim/

Hindu Brahmin, 0.53; Sikh/Hindu Brahmin, 0.87; Hindu SC/Hindu Brahmin, 0.39; Hindu low-caste/Hindu Brahmin, 0.55; Hindu middle-caste/Hindu Brahmin, 0.53; and Hindu high-caste/Hindu Brahmin, 1.03.

III. Belize

Belize had a growth rate of 2.3 percent between 1975 and 1994. Numerical majority-minority status is somewhat ambiguous in Belize, which identifies 12 separate ethnic groups in its population. The Creole (African ancestry mixed with European) population has been historically the largest, with the Mestizo (Spanish mixed with Amer-Indian ancestry) population currently holding a plurality. Earnings for whites, as well as Syrians, Lebanese, and Chinese (who together comprise less than 8 percent of the population) are significantly higher than the earnings of the two largest groups (similarly, in Trinidad and Tobago the economically dominant groups make up less than 10 percent of the population).

According to rough estimates by Nembhard (1999), in 1991 the ratios of Creole-to-white median monthly income (from the employed population) were 0.52 for men and 0.53 for women. Comparable Mestizo-to-white ratios were 0.38 (men) and 0.43 (women). The white population (British descent and U.S. expatriates) of Belize has continued its colonial position of privilege over all ethnic groups: whites command significantly higher median monthly incomes than the other groups, dominate management and professional occupations, and are over-represented as legislators.

IV. New Zealand

New Zealand's growth rate was low during the 1975–1994 period at 0.8 percent. Estimates indicate a slight decline in the Maori/non-Maori household-income ratio. Indeed, Maori/non-Maori family income was at parity in the early 1970's (Brian Easton, 1994); the gap has opened and widened since then. The disproportionate impact of slower growth on Maori employment opportunities explains some of the widening, as does the composition of Maori and non-Maori incomes. Greater initial Maori poverty led to a greater component of Maori incomes coming from public support. With the adoption of

“economic restructuring” or austerity measures, social support was reduced drastically (Barry Martin, 1995) cutting more sharply into Maori than non-Maori family incomes.

As Ella Henry (1998 p. 5) observes, “Maori are grossly over-represented in the most negative statistics.” The Maori unemployment rate for the June quarter of 1998 was almost 20 percent compared to the national rate of 7.7 percent. In 1926, more than 70 percent of Maori owned their own homes, when less than 60 percent of non-Maori owned their own homes. By 1996 more than 70 percent of non-Maori owned their own homes while only about 50 percent of Maori did. Almost half of the current prison population is Maori (Henry, 1998). Maori youth are suspended and expelled from schools at twice the rate of their presence in the school population (Ngata Love, 1998). Both the imprisonment patterns and the school-suspension patterns strongly parallel the experiences of blacks in the United States (*Southern Changes*, 1999).

V. South Africa

South Africa experienced a negative rate of growth over the two decades from 1975 to 1994 (−0.6 percent), but the estimates suggest a sharp upward movement in relative male incomes between 1980 and 1994 for the black majority and the colored and Asian minorities. The sharpest rise, however, is concentrated between 1991 and 1994, the period when apartheid was being dismantled rapidly. Black/white mean income ratios for males were 0.13 in 1980, 0.16 in 1991, and 0.42 in 1994. The colored/white ratios in the same years were 0.23, 0.23, and 0.47, respectively; and the Asian/white ratios were 0.37, 0.43, and 0.63 (Donald Treiman et al., 1996; Timothy Hinks, 1999).

Although the degree of estimated discrimination appears to have decreased, the magnitude remains quite high. Recent research on South Africa provides significant evidence of persistent labor-market discrimination against blacks, even after accounting for the extremely low levels of schooling imposed on the black population (George Sherer, 2000).

VI. Evidence on Labor-Market Discrimination

Our findings also reveal persistent discrimination in all 12 countries, particularly for men

of color. Although historic oppression may account for many of the pre-market factors that contribute to the persistent discrimination, we find statistical evidence of labor-market discrimination when such studies have been done in Brazil, Israel, South Africa, India, Malaysia, Trinidad and Tobago, and the United States (see Darity, 1998; Darity and Nembhard, 2000). In Canada, the only group that continuously faces systematic discrimination is blacks (Morton Stelcner and Nota Kyriazis, 1995).

The international record shows disparity across nations and regions, between racial and ethnic groups within countries, and within groups in the same country. Subaltern racial and ethnic populations, whether in the majority or minority, suffer remarkably similar economic outcomes across the globe. Institutional racism and cultural discrimination affect subcultures and different classes in multiple ways. In every country, those who get the “short stick” continue to face poor prospects for full economic inclusion and justice.

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