Policies towards Horizontal Inequalities in Post-Conflict Reconstruction

Frances Stewart

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Abstract

To the extent that Horizontal Inequalities (HIs), or inequalities between groups in access to economic, social and political resources, are an important source of conflict, then correcting them should form a significant aspect of policy design in the post-conflict period. The paper reviews what this might mean in relation to policies towards group access to assets and incomes; to social services; and political participation. It argues that the types of policies aimed at correcting group inequalities, in fact are fairly common in ethnically divided societies, sometimes taking the form of corrections to unfair processes, and sometimes of quotas and targets. Moreover, in some cases (including Malaysia and N. Ireland) they seem to have been effective in sustaining or promoting peace. Yet, despite their importance in many post-conflict situations, they rarely form an explicit part of the post-conflict development agenda. This is illustrated in this paper by reviewing general statements about post-conflict policies, and through examining two case studies – Mozambique and Guatemala. In each of these cases, HIs were one of the sources of conflict. Yet in Mozambique these have been ignored in the post-war era, and in fact most policies have tended to accentuate them, while in Guatemala some of the peace protocols did contain provisions which would have helped correct the HIs but these mostly have not been put into effect. Political obstacles can prevent such policies being adopted, such as in Guatemala. Moreover, the policies need to be adopted with political sensitivity as they can become a source of conflict themselves, as arguably occurred in Sri Lanka.

Frances Stewart

Director, Centre for Research on Inequality, Human Security and Ethnicity (CRISE)
Professor in Development Economics, University of Oxford

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<u>Acronyms and Foreign Language Terms</u>

Acronym/Term	**Explanation (English)**
AIRI	Agreement on the Identity and Rights of Indigenous Peoples
Bumiputera	Sons of the soil/indigenous sons
HIs	Horizontal Inequalities
MCA	Malaysian Chinese Association
NEP	New Economic Policy – Malaysia
Orang Asli	Indigenous peoples of the Malaysian Peninsular
PR	Proportional Representation
PRSP	Poverty Reduction Strategy Paper

Policies towards Horizontal Inequalities in Post-Conflict Reconstruction

By Frances Stewart[1]

1.   Introduction

The design of policies towards countries where major conflicts have ended is becoming a pressing issue on the development agenda, partly because there is a significant number of countries where such policies are relevant, and partly because their situation tends to be among the most desperate. Today, for example, the Sudan, Afghanistan, Iraq, and the Congo are nearing the post-conflict stage, adding to the conflicts that subsided with the end of the Cold War, such as those in El Salvador, Nicaragua, Guatemala, Mozambique, and Angola. Not all of these conflicts have ended completely, and there is always a danger of recurrence.[2] In designing policy, therefore, it is essential to address the main factors which led to the onset of the conflicts, as well as the more obvious requirements of demobilisation, reconstructing infrastructure, and re-establishing conditions for economic growth.

This paper is concerned with one major requirement in reconstruction policies that is often overlooked: that is to design policies which will reduce the horizontal inequalities (HIs) in post-conflict states which are often a key source of conflict. If HIs are an important element behind mobilisation for conflict and this is not addressed, there is a danger of renewed mobilisation around HIs and a further outbreaks of violence. The paper reviews the range of policies which would contribute to reducing HIs; it also considers some political concerns surrounding such policies, including potential political risks of adopting such types of policies.

There are many economic and political causes of violent conflict - low incomes, high unemployment, competition for resources, and human rights abuses amongst others – some are associated with horizontal inequalities, while others are not. Before appropriate reconstruction policies can be designed, it is essential to understand the deep-rooted reasons for the conflict. In many cases these will go beyond HIs, and in some cases they may not involve HIs at all. Thus, the policies aimed at reducing HIs are not the only policies needed in post-conflict regions, and they are not invariably relevant. The policies to be discussed below are relevant to situations where HIs are large and have been a significant factor underlying the conflict.

The paper is organised as follows. Section 2 will explore how HIs can contribute to conflict. On the basis of this analysis, the subsequent section (3) will consider the types of policies likely to reduce HIs. Section 4 will analyse how some of these policies have worked in practice, providing examples of both successes and problems. In section 5, the paper will consider how far such policies are currently incorporated in the reconstruction policy agenda, both on the basis of some general pronouncements and two examples – Mozambique and Guatemala. Section 6 will conclude, demonstrating where policy makers should be cautious when introducing policies to reduce HIs.

[2] Econometric analysis of the causes of wars invariably finds that the most consistent predictor of conflict in any country is the occurrence of a previous conflict – see for example Auvinen & Nafziger (1999).

2.   Causes of Conflict: the Role of Horizontal Inequalities

Horizontal inequalities (HIs) are inequalities between groups with shared identities. These identities may be formed by religion, ethnic ties or racial affiliations, or other salient factors which bind groups of people together. While many conflicts have a cultural dimension, that is the groups involved perceive themselves as belonging to a common culture (ethnicity or religion) and are partly fighting for cultural autonomy, it is evident that cultural differences are not a sufficient explanation for conflict since many multicultural societies live together relatively peacefully. In other cases, groups may live together peacefully for decades and then conflict erupts. Indeed, Fearon and Laitin (1996) have estimated that from 1960-1979 of all the potential ethnic conflicts in Africa (defined as occurring where different ethnic groups live side-by-side) only 0.01% actually turned into violent conflict.

We need, therefore, to go beyond cultural explanations of conflict to economic and political explanations. As Abner Cohen argued:

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

(Cohen 1974: 94)

In other words, cultural differences do not lead to violent conflict unless there are also major economic and/or political causes.

The motivation of the participants is clearly at the root of any violent situation. Many contemporary economists emphasise the pursuit of individual economic advantages as the prime force driving conflicts (see for example Keen 1998; Collier 2000). However, the majority of internal conflicts are *organised group* conflicts, that is, they are neither exclusively nor primarily a matter of individuals committing random violence against others. What is most often involved is group mobilisation of people with particular shared identities or goals attacking others in the name of the group. While young men may fight because they are unemployed, uneducated, and have few other opportunities, they also generally fight out of loyalty to a group (sometimes an ideology or a cause). Examples include the militia in Najaf, the Hutus in Rwanda, the Tamils in Sri Lanka, and the Catholics in Northern Ireland amongst others. Sometimes, indeed, the power of their beliefs or loyalties are so high that they are prepared to sacrifice their own interests – in the extreme case their own lives – for the wider objectives of the group. Often governments are involved, dominated by a particular identity group: sometimes instigating attacks against other groups, and sometimes being attacked.[3] In fact Holsti argues that state violence has more often than not been the initiating cause of recent conflicts (Holsti 2000).

In contemporary conflicts, group affiliations occur along a variety of different lines. In some cases it is religious affiliation that provides the relevant binding and categorising identity for the groups involved (see for example the conflicts in Northern Ireland; Muslim/Hindu conflicts in India; and, the Muslim/Christian conflicts in the Philippines). In other cases the salient cleavage seems to be racial (such as in Fiji).

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[3] While it is often unclear which group has initiated the action, groups (including governments) can enhance and spiral the conflict through their reactions, or can act to moderate or eliminate it. In many of the worst conflicts, governments are responsible for a spiralling effect (for example in Guatemala and Aceh).

Ethnicity is a binding factor in some conflicts (as in Rwanda and North East India) while in other cases clans are the main source of affiliation (for example in Somalia). There are also many overlapping distinctions, for example where both ethnic and religious affiliations are pertinent (such as in Jos in Nigeria, and in the Balkans), while class and ethnicity overlap in Central America, and caste and ethnicity are intertwined in Nepal.

The use of such salient identities for political purposes develops either where leaders choose to emphasise group difference for mobilisation for political ends (for example, the Malaysian government choosing to emphasise *Bumiputera* – indigenous sons - identity, or indigenous movements in Ecuador and Bolivia), and/or the group is picked out by others for discrimination and sometimes physical violence (for example, targeting the Jews throughout history; the Chinese in Southeast Asia; and, Northerners in Cote d'Ivoire).

Though group boundaries are generally indeterminate and people have multiple and fluid identities, leaders are able to emphasise (or even create) particular affiliations and call on these identities to mobilise supporters. However, effective large scale group mobilisation – particularly for violent actions – is generally based on serious group grievances and ambitions. For the leaders of such groups, the main motivation may be political ambition; while for the followers - also are concerned with their political representation - the primary motivation may be grievances concerning the economic and social position of their group relative to others. Both leaders and followers may become strongly motivated where there are severe and consistent economic, social, and political differences between culturally defined groups, that is multidimensional HIs. It should be noted that it is not necessarily the relatively deprived who instigate violence. The privileged may also do so, fearing a loss of power and position. The prospect of the possible loss of political power can act as a powerful motive for state-sponsored violence, which occurs with the aim of suppressing opposition and maintaining power.

For simplification, we can categorise HIs into four areas: political participation; economic assets; incomes and employment; and social aspects. Each of these contain a number of elements. For example, HIs in political participation can occur at the level of the cabinet, the bureaucracy, and the army amongst others. In addition, HIs in the ownership of and access to economic assets include access to land, livestock, and human capital. The four categories and the breakdown of their main elements are presented in Table 1, providing examples where particular HIs seem to have been instrumental in provoking conflict. Relevant economic HIs vary according to the nature of the economy, where for example land may be irrelevant in modern urban societies but is clearly of paramount importance in the developing rural economies of Zimbabwe. Varied access to employment and housing form significant HIs in developed economies, such as in Northern Ireland. In rentier economies, the control over such resources either directly or via the state, is an important source of group competition.

HIs may be spatially distributed: that is, particular regions of a country may be deprived (or privileged) compared to other regions. In such cases, HIs can lead to separatist claims where richer provinces seek separate autonomy, not wanting to share their wealth or resenting the redistribution of local resources to other parts of the country (for example, Biafra in Nigeria, or Aceh in Indonesia). Yet, sometimes it is poorer regions which feel exploited by the richer areas (for example, in Bangladesh and Eritrea). Different types of conflict emerge, however, where people from competing groups live in the *same* geographic area. In such cases, the deprived may seek political and economic rights or control over government institutions.

Similarly, there may be attacks on particular groups and pressure for ethnic cleansing without direct government involvement. The appropriate policies towards preventing violence differ according to the situation.

It is important to recognise that the normal economic policy package of liberalisation and promoting market forces is not generally sufficient to reduce HIs, or even to prevent them widening. What's more, democratic institutions are often not sufficient to prevent political horizontal inequalities arising. As far as economic HIs are concerned, long-lasting privileges for some groups relative to others puts them in a stronger position to exploit the market (for example, through better education and/or more access to capital). As far as political HIs are concerned, majoritarian democracies can discriminate against minorities, such that even with 'shared' power at the top inequalities may persist at lower levels. Inequalities in political power often lead to similar social and economic inequalities. A biased distribution of government jobs and provisions of infrastructure is common, with the group in power discriminating in its favour. For example, in Burundi in the 1990s, half of government investment went to the Bujumbura region and its vicinity, which is the home of the elite Tutsi group (Gaffney 2000). In some countries, the President and his coterie have taken a massive share of state resources for their private use, such as the Duvaliers in Haiti and the Somoza family in Nicaragua (Lundahl 2000; Pastor and Boyce 2000).

Research to date[4] suggests that HIs are more likely to provoke conflict when:

- They are durable (Tilly 1998). Clearly, temporary inequalities are much less provocative. According to Tilly, durability arises from groups trying to preserve their privileges via exploitation and hoarding. Cumulative advantage is another cause of durability; where for example, a group with an income advantage is potentially able to gain advantages in assets and earnings, often leading to educational advantages.

- HIs are not only sustained, but widen over time.

- Group boundaries are relatively impermeable. If there is easy mobility across group boundaries, then inequalities can be overcome at the individual level if not the group level, by individuals 'joining' the more privileged group,

- There are fairly large numbers of people in the different groups. If the underprivileged group is very small, then the chances of successfully advancing their position through conflict may also be small (or the conflict can be easily suppressed), making serious violent conflict less likely. An important question surrounds what numerical distribution of groups makes serious and violent conflict most likely. Large numbers of small groups are rarely conflictual since no one group dominates, and the small groups may develop peaceful coalitions. The coexistence of a large, less economically privileged group, with a significant but much smaller privileged group, has the potential to provoke conflict; un such cases, the conflict is often initiated by the larger group (examples of smaller privileged groups include who have been subject to attacks include the Jews in Europe, the Chinese in SE Asia, the Tutsis in Africa, and the Tamils in Sri Lanka).[5]

- HIs are consistent across different dimensions. As noted, groups may be more inclined to rebel where there is lack of political power combined with economic deprivation. Political cooption of leaders can sustain peaceful coexistence even in the presence of strong economic HIs, as seems to have happened in Bolivia.

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[4] See for example the work conducted by CRISE (www.crise.ox.ac.uk)
[5] These are the groups that Chua describes as 'market dominant minorities' (Chua 2003).

- Aggregate incomes are stagnant or slow growing, so that there is little or no improvement in the absolute economic and social position of the deprived.

- Groups are sufficiently cohesive enabling collective action to emerge.

- Leaders emerge and are not incorporated into the ruling system; this is particularly likely to be the case where there are political HIs (or political exclusion of some groups); and,

- Government is irresponsive (or, worse, proactively and violently repressive) and consequently there is no redress for problems through peaceful means.

Table 1: Some examples of horizontal inequality in conflict situations

| Dimension | Political participation | Economic | | Social access and situation |
		Assets	Employment and incomes	
Selected elements	Participation in government *Fiji, Burundi, Bosnia and Herzogovinia, Uganda Sri Lanka*	Land *Fiji, Cambodia, El Salvador, Haiti*	Incomes *Malaysia, South Africa, Fiji, Chiapas*	Education *Rwanda, Burundi, Haiti South Africa* *Northern Uganda, Kosovo*
		Privately owned capital *Malaysia, South Africa, Burundi*	Government employment *Sri Lanka, Fiji*	Health services *Burundi,* *Northern Uganda, Chiapas*
		Government Infrastructure *Chiapas, Mexico, Burundi*	Private employment *Fiji, Uganda, Malaysia*	Safe water *Northern Uganda, Chiapas*
	Army/police *Fiji N.Ireland* *Burundi, Kosova*	Aid *Afghanistan, Sudan, Rwanda*	'Elite' employment *South Africa, Fiji* *Northern Ireland*	Housing *Northern Ireland*
		Natural resources *Liberia, Sierra Leone* *Indonesia*	Unemployment *South Africa, Northern Ireland*	Poverty *Chiapas, Uganda, South Africa*

HIs are not, of course, the sole source of conflict.[6] Other economic explanations of conflict include: private incentives, arising particularly in the presence of natural resources where war provides opportunities of enrichment; individual grievances of various kinds, particularly associated with low incomes and high levels of poverty and unemployment; environmental pressures leading to conflicts over resources, especially land; and failure of the social contract to deliver public services, security and incomes. Each of these explanations has some statistical and case study support. Furthermore, different conflicts have different explanations, with more than one hypothesis often appearing to be relevant. For example, the North/South conflict in the Sudan was both an example of horizontal inequality (with the South being heavily deprived), and one of powerful private gains that perpetuated the struggle (Keen 1994). While environmental poverty has plausibly been argued to be a significant element in the conflict in Rwanda (André & Platteau 1996), horizontal inequalities were clearly also important.

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[6] See Collier (2000); Homer-Dixon (1994); and, Nafziger & Auvinen (2002).

Where HIs are a primary underlying factor in conflict, it is important to identify which of the many elements in HIs are critical. Hence, one cannot devise a one size fits all solution. What one can do, in a general way, is to investigate and assess major HIs across each of the three main dimensions, and then to develop suitable policies. CRISE research in particular countries to date suggests that economic and social HIs represent predisposing conditions for conflict such that deprived groups have strong grievances, but the simultaneous presence of major political HIs makes violent conflict much more likely.[7] This suggests that policies must address political as well as economic and social HIs.

The next section will review the sorts of policies which can reduce HIs, providing examples of places where they have been applied. We look first at policies towards economic/social HIs and then at policies towards political HIs.

3.   Policies towards Horizontal Inequalities

Policies towards correcting HIs can be interpreted as a form of affirmative action. This is action directed towards the allocation of political and/or economic entitlements on the basis of membership of specific groups, for the purpose of increasing the specified groups' share of entitlements. The action generally is directed at relatively disadvantaged groups and covers public sector activities, but sometimes it extends to the private sector. Similar policies designed to improve the position of privileged groups (for example those under apartheid) would be described as exclusionary rather than affirmative.

In devising policies appropriate for reducing HIs, the first requirement is careful diagnosis to identify whether HIs were indeed a factor in the conflict, and which elements were particularly salient. It is essential, therefore, to gather data on the position of conflicting groups with respect to the major economic and political dimensions outlined above. In practice, data of this type is relatively rare except in countries where the importance of HIs is acknowledged and policies are being adopted to address them, such as in Malaysia or South Africa. In many cases, proxies have to be used - geographic data is the most obvious proxy in cases where the groups are geographically located, but this, of course, will not be useful where there is geographic mixing. One important consideration is to avoid a situation where the policies devised to correct HIs become a source of conflict in themselves, as they arguably did in Sri Lanka. This issue will be discussed in the concluding section. In the following sub-sections, I separate economic/social and political policies to address HIs.

3.1   *Economic and Social Policies towards Horizontal Inequalities*

While the objective may be to reduce economic and social HIs, it is not always straightforward to decide what this means. For example, should one aim for equality in opportunities, in access to resources, or in outcomes? In the first case one would aim for 'an even playing field', that is, everyone has the same opportunities, or there is no group discrimination. However, this is not simple to define, since groups experiencing deep disadvantages that have accumulated over time are often unable to use the available opportunities with the same efficiency and outcomes as other groups that have not experienced these disadvantages. For example, without any overt discrimination, the children of long-term privileged groups will do better in competitive examinations. Moreover, disadvantage has

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[7] This is well illustrated in recent developments in Cote d'Ivoire (see Langer 2005).

many aspects, some of which are quite hidden, such as job advertisements placed in newspapers which in principle are open to all, but in practice are widely read by one particular group. Social networks and information about education, jobs, and economic opportunities are often strongly group related, so what seems like a 'level playing field' is not. All sorts of implicit practices and job requirements such as language, time, and place for job applications, may favour one group against another. Therefore, the liberal philosophy of 'equal opportunities' is at best a necessary condition for advancing group equality. Another way of looking at this is to say that in addition to eliminating overt discrimination, there is much implicit discrimination that must be addressed.

Equality in access to resources – interpreted as equality of actual resource distribution, not 'opportunities' – is likely to get nearer to providing a genuine level playing field. This may still result in inequalities of outcomes (defined very broadly in terms of health, income per capita, and educational achievements[8]) because the disadvantaged group is likely to be less efficient at using a particular set of assets. This, in part, is because some assets are difficult to target, especially in the short-run, and are likely to remain unequal. Examples include features associated with upbringing, and social capital. Hence, for equality of outcomes, *inequality* in access to targetable assets may be a necessary requirement, such as in education, land, and capital. However, in most contexts large HIs prevail, and achieving greater equality of actual asset access would represent important progress. Further policies to achieve equality of outcomes can follow in later years if asset equality has been achieved and inequality of outcomes persists.

Three types of policies can be adopted to achieve greater group equality in economic entitlements (although the distinctions are not watertight). First, policies towards changing *processes* which are either directly or indirectly discriminatory. Secondly, assistance can be directed to particular groups, such as training people for interviews and subsidising housing. Thirdly, targets and quotas can be introduced for education, land distribution, financial and physical assets.

The first type of policy is not so different from any set of policies to promote competition– although it involves a much more careful search for indirectly discriminatory policies than is usual. It is likely to be the most acceptable type of policy and can have a significant impact. For example, this was a major part of the policy set adopted in Northern Ireland (see below). However, post-conflict reconstruction generally requires immediate action and impact, while process reform takes time to have a significant impact. The second type of policy concerns the nature and distribution of public expenditure, often involving a redirection of expenditure across regions, or even neighbourhoods, as well as groups within them. This is in principle within the control of the government, but it may meet resistance from privileged regions or from the government itself representing privileged groups. This type of policy requires careful review of the implications of all public expenditure (and other relevant policies) for group distribution of benefits. It is noteworthy that this does not form an explicit consideration in the public expenditure reviews supported by the international donors, or that of most governments. The third type of policy pertaining to quotas and targets is most controversial and politically provocative. It is this type of policy which many people

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[8] Equality of outcomes can be difficult to define: one surely does not want to aim for exact equality in every outcome (for example equal proportions of footballers, doctors, and University professors amongst others, in relation to group numbers). Yet a racial or ethnic division of labour is at the root of many HIs so one does need to aim for some balance in representation in occupations, very broadly defined.

mean when they talk of 'affirmative action', though affirmative action can be interpreted as including all three types of policy.

If the public sector constitutes a major source of HIs is (in education, employment, and infrastructure), then a good deal can be achieved through direct action by the government if it wants to reduce HIs. HIs located in the private sector are more difficult to tackle, though all three types of policy will make a contribution.

Despite the fact that affirmative action (especially of the third type) smacks of government intervention and would, therefore, be against the spirit of the pro-market liberalisation dominating the current policy making paradigm, there are many cases where it has been adopted in one way or another. These cases are instructive both for pointing to the variety of policies possible and some of their effects. Appendix Table A.1 summarises a review of affirmative action in economic and social policies around the world showing how pervasive it is. The focus of the review was the third type, encompassing targets and quotas, because these are most overt (although other types of policy are included). Such policies have been adopted both in the North (such as in the US, New Zealand, and Northern Ireland) and the South (such as in Fiji, India, Malaysia, South Africa, and Sri Lanka).

The programmes reviewed include two sorts: those introduced by disadvantaged majorities – for example in Fiji, Malaysia, Namibia, South Africa and Sri Lanka; and those introduced by advantaged majorities for disadvantaged minorities – for example Brazil, India, Northern Ireland, and the US.

The review of affirmative action – which I would not claim to be comprehensive, but does cover many examples - demonstrates the range of potential policies for correcting HIs. These include policies towards:

- Assets
  o Policies to improve the group ownership of land via redistribution of government owned-land; forcible eviction; purchases; and, restrictions on ownership (Malaysia, Zimbabwe, Fiji, and Namibia).
  o Policies towards the terms of privatisation (Fiji).
  o Financial assets: bank regulations; subsidisation; and restrictions (Malaysia and South Africa).
  o Credit allocation preferences (Fiji and Malaysia).
  o Preferential training (Brazil and New Zealand).
  o Quotas for education (Malaysia, Sri Lanka, and the US).
  o Public sector infrastructure (South Africa).
  o Housing (Northern Ireland).
  o In principle one might also include (though no examples were identified) policies to improve social capital (i.e. support for neighbourhoods associations, and networks outside the group).

- Incomes and employment
  o Employment policies, including public sector quotas (Malaysia, Sri Lanka, India, and the requirement for balanced employment in the private sector in South Africa).
  o Transfer payments: however, although there are many cases of age, disability and gender related transfers, no examples were identified of transfers according to ethnicity or religion or race.

Two successful country examples – Malaysia and Northern Ireland - illustrate how affirmative action can contribute to reducing social and economic HIs, helping to bring about and support peace.

3.1.1 Malaysia: A Successful Case of Reducing Economic and Social Horizontal Inequalities

As is now well known, in 1971, following anti-Chinese riots, the New Economic Policy (NEP) was introduced in Malaysia, with the aim of securing national unity with a two pronged approach: 'to reduce and eventually eradicate poverty'; and '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' (Second Malaysian Plan 1971-1975).

A variety of anti-poverty policies were adopted, including policies to promote rural development and extend social services. As far as restructuring was concerned, the most significant policies:

- Aimed to expand *Bumiputera* share of capital ownership to 30%;
- Aimed to settle 95% of new lands by Malays;
- Introduced educational quotas for public institutions, in line with population shares; and,
- Introduced credit policies which favoured Malays, with credit allocations and more favourable interest rates.

As Charts 1 and 2 and Table 2 below show, the policies were effective in reducing the differentials between groups, but not in eliminating them. The application of these policies was much weakened from the mid-1980s, and since then there has been little progress in changing HIs, with the exception of professional employment which may reflect earlier educational policies. Efficiency does not seem to have been adversely affected, since economic growth was rapid over this period. The evidence suggests that intra-group inequality did not increase during the NEP, but actually lessened, with the Gini coefficient for Malay incomes (peninsular) falling from 0.488 in 1979 to 0.428 in 1988, while the Gini coefficient for Chinese incomes fell from 0.470 to 0.400 over the same period. The distribution of Indian incomes also became more equal (Hashim 1997). In addition, the political objective does seem to have been achieved, as no serious anti-Chinese riots have occurred since 1969, even in the aftermath of the 1997 financial crisis when there were serious anti-Chinese violence elsewhere such as in Indonesia and Thailand.

From a political perspective, the Chinese have been represented in government mainly via the Malaysian Chinese Association (MCA), which has been the second largest party in the governing coalition since 1955.[9] However, most observers would concur that they have had limited political power. Though widely criticised, the NEP policies were accepted by the Chinese community probably because of the considerable economic opportunities they enjoyed, with rapidly growing incomes and continued differentials in their favour. The NEP policies have also been criticised for leaving out the Indian community – although on average, they have retained favourable differentials. Furthermore, criticisms have pointed to the fact that the *Bumiputera* policy mainly favoured Peninsular Malays and not indigenous people in Sabah and Sarawak or the *Orang Asli* (indigenous minority peoples of the Malaysian peninsula).

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[9] Some other smaller and mostly regionally based parties in the coalition are also Chinese-based.

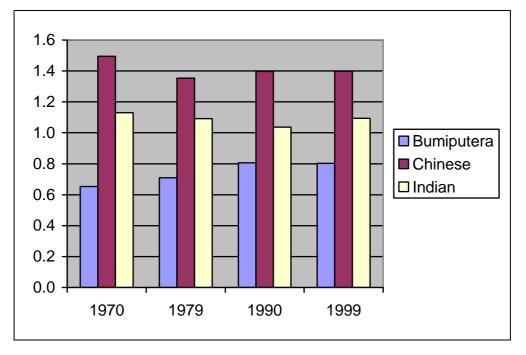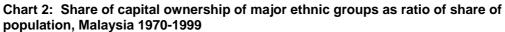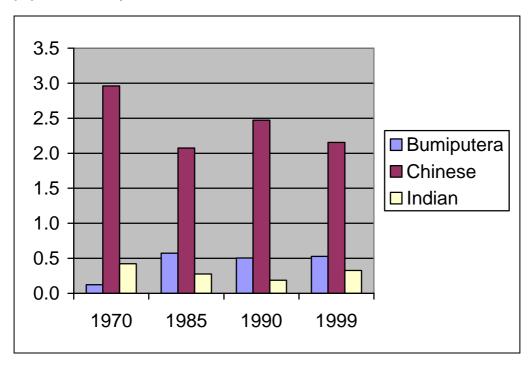**Chart 1: Mean household income of major ethnic groups relative to national mean, Malaysia 1970-1999**

Chart 2: Share of capital ownership of major ethnic groups as ratio of share of population, Malaysia 1970-1999

Table 2: Share of total registered professionals by major ethnic group as ratio of population share, Malaysia 1970-1999

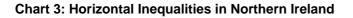| Ethnic Group	1970	1980	1990	1999
Bumiputera	0.08	0.24	0.47	0.47
Chinese	2.03	2.12	1.86	1.80
Indian	2.91	2.18	1.65	1.94
Standard deviation	1.45	1.10	0.75	0.81

Source: Jomo Kwame Sunaram (2001) *Malaysia's New Economic Policy and 'National Unity'*, UNRISD Conference on Racism and Public Policy.

3.1.2 *Northern Ireland*

In Northern Ireland, HIs have been large and persistent across all dimensions over a very long time period – indeed essentially since English Protestants first colonised Ireland in the fifteenth and sixteenth centuries. These sharp HIs – economic, social and political – were an important factor behind the outbreak of violence in the 1970s. From the late 1970s, policies were initiated by the British government and the European Union to correct these inequalities. The success of these policies seems likely to have been one important factor explaining why the Catholic community was prepared to stop violent action.

By the end of the nineteenth century Protestants controlled the vast bulk of the economic resources of east Ulster - the best of its land, its industrial and financial capital, commercial and business networks, and industrial skills (Ruane and Todd 1996: 151). The division of the island, when the Republic of Ireland was created in 1922, ensured permanent political control and continued economic dominance by the Protestants in the province of Northern Ireland, where they formed the majority. Assessments indicate no narrowing of the gap between the communities from 1901 to 1951, with Catholics disadvantaged at every level (Hepburn 1983). Unemployment rates, for example, were consistently more than twice the rate among Catholics than Protestants and educational qualifications were substantially worse. In fact, there was some worsening of the Catholic position over the first three-quarters of the twentieth century: with a rising proportion of unskilled workers among Catholics and a falling proportion among Protestants; and the worsening of relative unemployment ratios over this period (Ruane and Todd 1996).

Political inequalities were also large. For example, the Catholics with roughly 40% of the population accounted for only 8% of the membership of the Royal Ulster Constabulary (RUC), while devolution of power to the province meant that the majority Protestants were in permanent control. The consistent inequalities across political, economic and social dimensions - with most evidence suggesting little change in the first three-quarters of the twentieth century - provided fertile ground for the outbreak of the 'troubles' in the late 1960s.
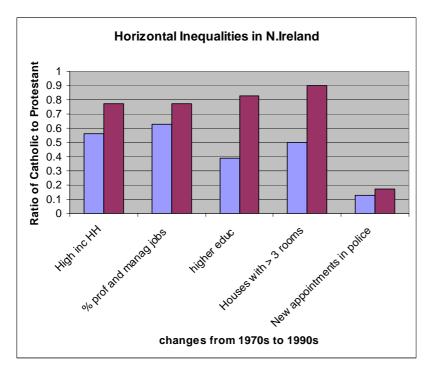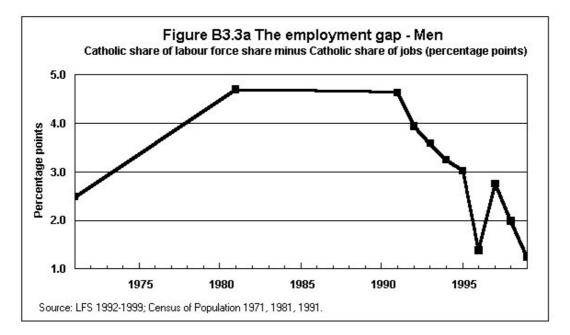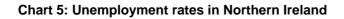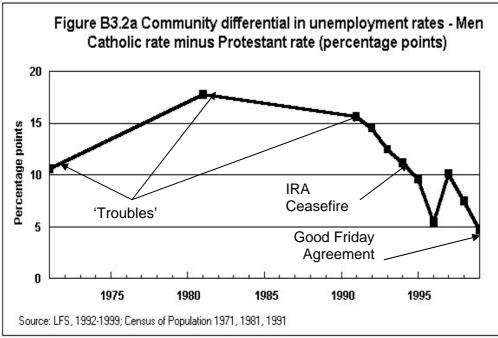
Chart 3: Horizontal Inequalities in Northern Ireland

Chart 4: The employment gap in Northern Ireland

Chart 5: Unemployment rates in Northern Ireland

Source: Office of the First Minister 'Measuring Community Differentials and New TSN Report',
http://www.research.ofmdfmni.gov.uk/communitydifferentials/appendixb.htm

From the late 1970s, the British government introduced a series of measures that worked to reduce economic and social HIs. The introduction of two Fair Employment Acts in 1976 and 1989 greatly reduced employment discrimination; and, housing and education policy was geared to reduce group differentials. These policies had a significant impact on HIs (see Charts 3, 4 and 5). Inequality in access to higher education was eliminated by the 1990s; inequality in incomes was reduced; housing inequality was significantly reduced; the employment profile and unemployment rates became more equal; and, even the imbalance in recruitment to the RUC was slowly being reversed. According to one observer, "It is unusual to find such a rate of social change within a generation. It is quite dramatic. In many areas Catholics have caught up with or surpassed Protestants" (Osborne quoted by McKittrick 2004).

The Good Friday Agreement embodied measures to correct political inequalities, such as power sharing and reform of the police to incorporate more Catholics. The Police Acts of 1998, 2000, 2003 were passed with the aim of achieving 50% recruitment among Catholics (Osborne and Shuttleworth 2004).

The correction of inequalities appears to have been effective in sustaining the peace process, especially among Catholics. Protestants, who lost out through these corrections, continue to show opposition to the process. There has been an exodus of young Protestants to Britain, and a recent report states that Protestants generally regard themselves as disadvantaged by the peace process, with 39% believing they are worse off than six years ago. While in 1996, 44% of Protestants and 47% of Catholics thought inter-community relationships were better than five years previously, in 2003, only 25% of Protestants and 33% of Catholics thought so (University of Ulster 2003).

3.2   *Correcting Social and Economic Horizontal Inequalities – A Summary*

The survey of affirmative action policies in this paper demonstrates that it often has some success in reducing HIs, but has rarely totally eliminated gaps between groups – although in a few cases selected gaps were even reversed (for example in Northern Ireland and Sri Lanka - see below).   Moreover, there is no evidence that such policies reduce efficiency, though careful evaluations are rare.   In theory, there are reasons for expecting the efficiency impacts to have both negative and positive elements.   On the negative side, there is the interference in normal competitive processes which might prevent resources being allocated according to their most efficient use; but on the positive side, is the offset (or reduction) in discrimination which itself contributes to inefficient resource allocation, and should allow the greater exploitation of potential.   The most systematic study of the efficiency impact has been with respect to US affirmative action towards blacks. Some studies show positive impact, while none show negative.[10]   In Malaysia, the high economic growth that accompanied the affirmative action policies also suggest that such policies are highly unlikely to have had any substantial negative efficiency impact, and may have had positive impact.

It is sometimes argued that while affirmative action policies reduce inter-group inequality they increase intra-group inequality.   From an *a priori* perspective, this is not inevitable, but depends on whether the policies mostly extend the opportunities and services for lower income groups (for example, unskilled employment; investment in poor regions; and, primary education), or mostly affect upper-income opportunities (professional and skilled employment; and, higher education). Systematic evidence on this is lacking.   In the case of Malaysia, intra-group inequality fell during the decade when the policies were most effective.   In South Africa, it seems that intra-black inequality has risen since the policies were reduced (Louw and van den Berg 2004).   In both cases, of course, many other influences were simultaneously affecting income distribution (such as the anti-poverty policies in Malaysia and the liberalisation policies in South Africa) so the changes cannot be attributed to the affirmative policies alone.

The possibility of some adverse impact of affirmative action policies on efficiency and intra-group equity suggests that one should aim to design policies which tend by themselves (or in conjunction with other policies) to enhance efficiency and to improve income distribution.   From an efficiency perspective, this might mean a greater emphasis on process reform and subsidies rather than quotas; and from an equity perspective, it would mean putting emphasis on employment and basic services, as well as infrastructure development in poor regions.

It should also be noted that even if the policies potentially reduce efficiency and worsen intra-group income distribution, these effects would need to be weighed against their likely impact in reducing violence, which itself would have positive effect on growth and efficiency and poverty reduction.   From this perspective a comparison of Malaysia's post-1997 record with that of Indonesia is suggestive. Both suffered a similar economic shock, which was followed by a period of quite serious violence in the case of Indonesia but not in Malaysia.   Furthermore, while Malaysia's growth was slightly positive from 1997 to 2003, Indonesia's growth rate was negative on average, with GDP per capita falling by 5.3% over the period.

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[10] "the preponderance of evidence suggests that activity associated with equal employment and affirmative action policies is associated with small but significant gains in a range of blue-collar and white-collar occupations" (Simms 1995: 3) summarising Badgett & Hartmann (1995).
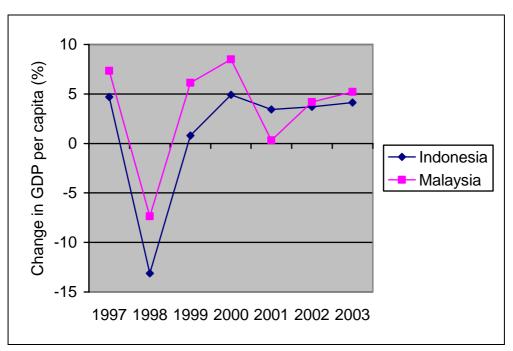
Chart 6: Change in GDP, Malaysia and Indonesia 1997-2003

3.3 Political Action

Ensuring that each major group participates in the political arena and has access to power is a critical requirement for sustained peace, since political exclusion is likely to stimulate the emergence of group leadership, which is essential for group mobilisation. Hence, action is needed to reduce political HIs and to ensure that each group participates in political decision-making processes and has access to political power. Where one group numerically dominates the population (such as in Sri Lanka, Northern Ireland and Rwanda), a Westminster majoritarian political system plus winner takes all ensures that minorities are excluded politically. Power sharing is *not* a natural consequence of the way that many understand democracy.

It should be emphasised that political participation can occur at many levels (central, regional, and local), in different types of decision-making (defence, economic, and social) as well as in different activities (army, police, and the civil service). Full political participation means that significant groups in the population participate across the board, and that their presence is not purely nominal.

There are many ways this can be promoted. Appendix A.2 and A.3 review a range of such policies that have been introduced in divided societies. Here we touch briefly on major aspects:

 a. <u>Federal constitution</u>. Where groups are mainly geographically separate a federal constitution can empower different groups, such as in Nigeria. The Nigerian case also shows that the design of the federation is also an important factor, as the initial three-state constitution encouraged Biafran separatism. After the civil war of 1967-1970, the Nigerian Federation was redesigned to encompass more states that straddled different ethnicities.

 b. <u>The extent and nature of decentralisation</u>. This can contribute to power sharing in a similar way to federalism. This may have been one reason why Bolivia has avoided conflict despite deep HIs. However, such a policy does not always work as intended. Decentralisation can replace one set of power brokers by another, which may or may not diffuse group domination. For

example, in a study in Northern Sumatra, Indonesia, the election of the mayor in Medan was achieved with the support of a group of 'toughs'. The poor were not empowered by the election process: "land rights activists argue that local governments which are supposed to be accountable to local peoples have done little to resolve long standing land tenure disputes involving the peasantry; labour activists suggest that party-linked militia have been involved in terrorising workers during labour disputes, while in the pay of local industrialists" (Hadiz 2004: 715). Where groups are geographically concentrated, such decentralisation may nonetheless give greater political power to previously underrepresented groups. But it can also lead to continued (or even greater) disempowerment for some (normally minority) groups within the decentralised areas, as is also the case with federalism (cf. Nigeria).

c. The voting system. A Proportional Representation (PR) system gives more power to minorities, but even with PR a majority can dominate decision-making unless a power-sharing system in elected assemblies and government is also adopted. Other voting systems (such as the alternative vote) can be designed to improve group representation. Such systems are rare in developing countries, although it is worth reporting that no country with PR has had serious conflict.

d. The nature of the elected assemblies. In a two-house assembly, it is possible to combine democratic representation in one house of the assembly with geographic (as in US) or group representation in the other. The voting system within assemblies can be designed to prevent a single group dominating (for example, requiring a two-thirds majority), or veto powers.

e. Seat reservation for particular groups. This has been adopted for the unscheduled castes and tribes in India (and in a number of cases for women) as well as in the upper house of the Indonesian parliament for regional representatives.

f. Job allocation within government. For example, there is provision for having three presidents in Bosnia-Herzogovinia. There can be formal or informal provisions for a fair share of political posts at every level:
- Presidential
- Cabinet
- Senior civil service
- Military
- Police

g. Citizenship rights. These can be comprehensive covering all who live in an area, or highly restrictive, requiring several generations of residence, or extending only to 'blood' ties with some 'original' inhabitants. By excluding people from citizenship rights they may also be excluded from voting or participation in government (as in Cote d'Ivoire).

h. The nature of political parties. If unconstrained, political parties tend to become 'ethnic' in divided societies (Horowitz 1985). For this reason, multi-party elections often provoke violence (Snyder 2000; Stewart & O'Sullivan 1999). Policies concerning political parties range from outlawing them altogether (as in Museveni's Uganda) to requiring them to have multiethnic support (such as in Nigeria).

i. Human rights protection. Strong protection of civil liberties and human rights does not ensure power-sharing. But it does limit the abuse of power, obviously having an important role to play.

This account has only touched on the many policies that can be used to ensure political participation of major groups. As with economic and social policies, there has been considerable experience in designing political systems to achieve

inclusive and balanced political participation in sharply divided societies that are struggling to maintain peace and cohesion. Among developed countries, Belgium and Switzerland are prime examples. Many developing countries initially overcame these problems by one-party authoritarian regimes which suppressed dissent. But, with democratisation, the political issues associated with multiethnic societies are coming to the fore. The recommended formula of majoritarian multi-party democracy is not adequate and post-conflict countries have struggled to find more inclusive alternative models. Nigeria, Fiji, Ethiopia and Malaysia are examples, each having modified their political systems as a consequence of political unrest. It is clear that policies to address political HIs need to accompany economic and social policies in post-conflict situations if renewed conflict is to be avoided.

3.4 Cultural Policies

Cultural policies can be an important aspect of group grievances and consequently of post-conflict policies – such policies aim to correct cultural exclusion and discrimination. For example, policies towards language, religious ceremonies, religious or ethnic dress, national holidays and so on can trigger or mitigate conflicts. Language has been a critical issue in many countries, including Sri Lanka, and among the Kurds in Iraq. Ceremonies and symbols are also important, at least as triggers for conflict: the Orange parades in Northern Ireland and at the site of religious buildings in India and Israel/Palestine are among may examples. Dimitrijevics (2004) argues that in peace negotiations policies towards such cultural aspects have been more important for promoting peace than either political or economic policies.

4. Do Current Reconstruction Policies Include Policies towards Horizontal Inequalities?

At a general level, it seems that concern with correcting HIs is not part of the policy mix advocated by major donors. From an economic perspective, reconstruction policies have mainly concerned the restoration of infrastructure and the (re)establishment of a market economy, including the introduction of the normal package of liberal market reforms. Politically, the emphasis has been on multi-party democracy and the 'usual' governance reforms, such as improved transparency and accountability.

> "..[the] peacebuilding "template" has come to include concrete programs and projects such as civil society promotion, multi-party elections, constitutionalism, rule of law and minority rights, gender equality, good governance through transparency and accountability, economic liberalisation, and security sector reform" (Tschirgi 2004: 14).[11]

The World Bank Report, *Breaking the Conflict Trap* argues that in general, appropriate policy should be different in post-conflict countries from normal peace-time policies (Collier et al 2003). In particular the Report argues for policies to help post-conflict countries sustain growth, to offset the impact of commodity price slumps, to increase transparency in natural resource rich economies, and to limit

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[11] This broadly represents the thrust of the 1995 DAC Guidelines 'Helping Prevent Violent Conflict' which places it chief emphasis on the need for policy coordination (OECD 2001). It emphasises the need to incorporate local actors into decision making (including civil society), and for gender balance. The importance of socio-economic disparities is recognised, but not linked to ethnic dimensions, nor incorporated systematically into policy.

access to resources that finance conflict. It does not consider any policies towards HIs.

Actual practice in post-conflict reconstruction is more telling than broad prescriptions.[12] To assess this, I investigate two cases – Mozambique and Guatemala - both countries where HIs seem to have been an important factor behind the conflict.

4.1 Reconstruction and Horizontal Inequalities in Mozambique

Mozambique suffered a bitter civil war following independence. Although the war was ideological and geo-political, with the socialist Frelimo government being attacked by the more conservative forces of Renamo (with strong support from South Africa and some from the U.S.), there were underlying regional and ethnic differences between the parties. There were also systematic, inherited horizontal inequalities between these ethnicities/regions and the conflict was almost certainly due in part to the relative deprivation in the areas represented by Frelimo.

More than ten years have followed since the 1992 peace agreement and several multi-party elections. Reconstruction efforts received strong international support, which were rather successful from the perspective of growth and poverty reduction (albeit interrupted by natural disasters, including floods and drought). Yet, the policies in no way addressed the underlying horizontal inequalities which have persisted. The case illustrates how existing approaches to reconstruction often fail to incorporate an HI dimension into their thinking. Continued neglect of HIs may again undermine political stability.

A fierce internal conflict between Frelimo and Renamo followed after Mozambique became independent in 1975. The division between these parties was primarily regional – with Frelimo being mainly a Southern party, Renamo for the most part representing the Centre, and the North was divided between the two. This regional division also reflected ethnic divisions - Frelimo was supported by the Xitsonga (accounting for 24.1% of Mozambique population) from the Southern region, and Renamo had Cisena (27% of the population) and Ndau support from the Central region – indeed Frelimo has been described as an 'Ndau project'. A UN-negotiated peace agreement ended the fighting in 1992, and multi-party general elections followed in 1994 and 1999 – in a first past the post-system Frelimo won each election easily.

Although the civil war had strong ideological elements and was also due to extensive external intervention, "ethnicity, particularly the perceived dominance of state power by southerners' played an important role in shaping Mozambique's civil conflict" (Manning 2002: 44).

> "The coincidence of pre-existing regional disparities in economic development, Frelimo's tendency to place government officials in positions away from their home areas (and especially to put Southerners in positions of authority in the Center and the North), along with the disastrous social and economic consequences of the combination of instantaneous decolonisation and transformative socioeconomic policy, made for a readily mobilisable constituency with

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[12] Boyce (2002) presents a very useful survey of policies adopted in selected countries post-conflict, showing that they are little different from normal adjustment policies. He points to the need to raise taxation and expenditure post-conflict, and mentions disparities but says but says very little about policies towards them.

common problems that displaced Frelimo former leaders could link to ethno-regional bias" (Ibid: 85).

"The conflict, therefore, was able to capitalise 'on existing grievances within Mozambique. Foremost among these were a sense of ethnic and regional domination (by Southern groups against the Centre and Centre-North)" (Ibid: 38).

Economic and social horizontal inequalities in Mozambique – whether expressed in ethnic or regional terms – had been entrenched during the colonial period, and were evident in the immediate post-war situation. In Table 3 below, these HIs are estimated by the ratios of resources and consumption for Xitsonga compared to Cisena. As can be seen Xitsonga (Southerners) consistently outperform Xitsonga from the Centre.

Table 3: Horizontal Inequalities, Mozambique, 1997

	Xitsonga	Cisena	Ratio of Xitsonga : Cisena
% households with electricity	19.6	8.3	2.36
% households with television	13.4	3.1	4.32
% households with refrigerator	12.1	2.4	5.04
% women attended school	68.2	55.1	1.17
% husbands with 'modern' occupation	24.6	22.4	1.10
IMR	84.0	111.9	1.33*
% children with health card	79.2	67.2	1.18

* inverse of ratio
Source: Østby (2003).

Post-conflict political divisions have continued to reflect the war-time divisions, albeit in a peaceful electoral way. Political support for the two parties has consistently followed regional lines. In 1994, each party polled over 75% of their votes in heartland areas. The Frelimo government was supported by the South and part of the North. And the opposition leadership comes mainly from the Centre and the Northern regions.

Table 4: The party split in Mozambique's 1994 elections

Region	% of seats won by Frelimo 1994	Ratio of Frelimo to Renamo, 1994
North	50	1
Centre	32	0.47
South	92	11.5
Aggregate seats	129F: 112R	1.2

Source: Manning (2002: 71)

The post-conflict political system involves a directly elected President with considerable powers, including the authority to appoint the cabinet. The legislature is elected by a PR system, which is nonetheless dominated by Frelimo that get support from more than half the population. To the extent that that Renamo support remains solid because of the way ethnic groupings vote, Renamo and its supporters continue to lack power. The Frelimo government has used its position

to monopolise formal power: for example, the power of traditional leaders who tend to support Renamo has been sharply reduced. The President refused to appoint Renamo nominated governors for central provinces where Renamo had won the vote both in 1994 and 1999. As a Frelimo party leader noted, "The leadership of the government was with people from the South…" (quoted in Manning (2002: 47). The situation is reflected in complaints from Renamo supporters that Nampula was neglected: "it is a superiority complex of the South over the North" (quoted in Manning (2002: 34)…"what we want is that tribalism, humiliation and segregation of our people…be stopped" (Ibid: 34).

In the post-conflict era, both political and economic/social HIs have continued, with no attempts to correct them. This may partly reflect this political domination, although aid-donors have huge power, accounting for three-quarters of government expenditure. Post-conflict reconstruction policies have included the adoption of IFI-sponsored structural adjustment programmes and considerable amounts of bi- and multi-lateral aid to support reconstruction (see Brück 2001; Addison 2003).   HIs were not considered explicitly in these policies.

The regional distribution of post-war expenditure gives an indication of whether HIs were taken into account in post-conflict policies. A systematic bias favouring the South can be observed (see Table 5).   Southern households received considerably above average infrastructural benefits of every kind, and the Centre did worst, apart from school-building where it did better than the North. Data for aid distribution (which financed much of this infrastructure) also shows a strong bias towards the South. In 1997, average per capita aid disbursements for 1995 - 1997 were $18.5 in the North; $71.87 in the Centre; and, $103.98 in the South (UNDP 1998).

Table 5: Percentage of households in villages benefiting from rehabilitation or construction of infrastructure post-war

Region	Schools		Health infrastructure		Roads	
	%	As % of national average	%	As % of national average	%	As % of national average
North	16	0.76	10	111.1	23	1.44
Centre	20	0.95	7	0.78	11	0.69
South	37	1.76	14	1.56	25	1.56

Source: Heltberg et al., 2003, from 1996-7 survey.

One estimate suggests that the Centre received just 66% of the average benefits from health and education (1996-7); the North 71%; the South excluding Maputo 89%; and, Maputo 533% (Heltberg et al 2003). This seems to have continued, with the North and the South expanding their overall share of executed provincial expenditure according to the 2003 Poverty Reduction Strategy Paper (PRSP). There was also an imbalance in growth rates, as shown in Table 6.

Table 6: Regional growth rates, 1996-2000

Region	Annual growth rate GDP 1996-2000 (%)	Relative to national average	
		1996-1999	**1996-2000***
North	8.5	1.06	1.04
Centre	6.0	0.88	0.73
South	9.5	1.07	1.16

*South and Centre affected by floods, 2000.
Source: UNDPa, 2001.

The Mozambique case shows how little HIs are taken into account in current reconstruction efforts – in this case, with respect to politics as well as economic and social reconstruction. Despite this, there has been little threat of the resumption of war, although there have been occasional clashes (such as in November 2000). This is probably for several reasons. First, despite imbalances high growth rates were recorded in all areas, and all areas enjoyed improved infrastructure development. Hence, the imbalances were less provocative than they would have been in a context of economic stagnation. Secondly, external support for conflict disappeared. And thirdly, it seems that some elite bargaining takes place in private, providing economic opportunities to the leaders of the otherwise powerless opposition.[13] Nonetheless, continued political and economic HIs may threaten future stability, particularly if the economic success comes to an end.

4.2   Post-conflict in Guatemala[14]

In Guatemala, sharp HIs have long been evident between indigenous peoples and the European and mixed population. HIs were also an important element in provoking and sustaining the long civil war in Guatemala. Indigenous peoples account for at least 43% of the population, but boundaries are uncertain and other estimates are higher.

Large HIs emerged historically from the colonial experience, and have endured. For example, for literacy in 1989 the indigenous rate was 10.2%, and the non-indigenous accounted for 76%. According to a UNDP study of Guatemala, there are significant disparities in levels of development between the country's 22 administrative departments with the departments where most of the country's Maya indigenous population is concentrated, all in the low human development (HDI under 0.500) category. Meanwhile, Guatemala City scores high in the HDI indicators where non-indigenous people are concentrated. Over three-quarters of the indigenous people live in poverty, compared with 41% of the non-indigenous; indigenous people account for 58% of the poor and 72% of the extreme poor. Inequality in land ownership is also extreme: for example in 1979, 2.1% of holdings accounted for 64.5% of the agrarian land (a deterioration compared with the 1950s). These economic inequalities were accompanied by extreme political inequalities, with power concentrated in the hands of the non-indigenous population throughout the period.

The historical causes of the long civil war relate to the "exclusionary, racist, authoritarian and centralist characteristics of the state, economy and Guatemalan

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[13] "Renamo seeks to gain outside the formal system what it cannot win through formal competition" (Manning 2002: 215).
[14] This section draws heavily on Caumartin (2004).

society" (CEH 1999: 81, quoted in Caumartin 2004). In the coup in 1954 the reformist regime was overthrown (with the support of the US, sections of the military and the elite). Subsequently, guerrilla resistance to the new regime emerged led by non-indigenous rebel soldiers. The initial movement was rapidly suppressed, but new ones emerged, mostly with non-indigenous leadership but with strong indigenous support. A brutal campaign of state terror followed, with indigenous people being the main victims: 622 separate massacres were recorded by the UN sponsored truth commission. The war finally came to an end through a negotiated peace agreement between the government and the guerrilla umbrella movement. It was negotiated over nine years in three rounds of talks, ending in 1996. Altogether, 17 separate accords were agreed and of these, the first six were mainly concerned with procedures for securing peace. A further three agreements were reached on human rights: one specifically related to indigenous peoples and one establishing a Commission to investigate human rights abuses. Two of the agreements concerned socio-economic issues, one related to resettlement and one to the agrarian question. The remainder covered constitutional issues and peace-making.

From the perspective of correcting HIs, the two most relevant accords are the *Agreement on the Socio-Economic Aspects and the Agrarian Situation* and the *Agreement on the Identity and Rights of Indigenous Peoples (AIRI)*. The main provisions of the first were: to increase tax revenue in order to support increased social expenditure; to introduce a register for land tenure and a trust fund to buy underused land for redistribution to tenant farmers; and, conflict resolution mechanisms for land disputes. Each of these provisions in principle should help correct His: the first addressing HIs in public entitlements to social services, and the second addressing land inequalities – both very serious aspects of HIs and exclusion in Guatemala.

The AIRI also potentially involved substantial correction of HIs (including cultural aspects). It included recognition of the identity of indigenous peoples, elimination of discrimination against them, and the guarantee of the cultural, civil, political and social, as well as economic rights of indigenous peoples. There was a commitment to ratify the ILO convention 169, the most extensive international convention for the protection of indigenous peoples' rights; and the establishment of several joint commissions (of government and indigenous representatives) to develop specific proposals. These Commissions include: educational reform and supporting cultural diversity; making indigenous languages official; as well as protecting indigenous religious sites, political reform, participation and culture, indigenous women, indigenous peoples' land rights, and customary law. As Caumartin notes "if adequately implemented, the AIRI provide the blueprint for a radical transformation of the Guatemalan state as well as a new starting point for inter-ethnic relations" (2004: 58).

Nonetheless, many considered the set of agreements did not go far enough in this direction. However, their implementation proved even weaker. A political campaign against the agreements developed among conservative forces, with strong media support. It was argued that the agreements had been 'forced' on Guatemala by external forces. A referendum on the agreements was held in 1998. The No campaign argued that approval would 'convert Guatemala into an indigenous state, marginalising the non-indigenous', that 'citizens would be divided and that the indigenous would possess more rights than other citizens' (Liga-Pro Patria leaflet, May 14, 1999, cited in Caumartin 2004: 62); that non indigenous would lose their jobs; and that Guatemala might become 'balkanised'. In the referendum, the 'No's won by 55% to 45% on a poll of only 18.6% of the electorate.

A breakdown of voting patterns shows that indigenous districts voted overwhelmingly in favour of approving the agreements, and non-indigenous ones against (Jonas: 2000).

Subsequently, according to Caumartin "most accords, bar those that dealt with the strict mechanics of the cease fire, have either floundered or been subjected to substantial delays during the implementation phase. Key sections ….are currently in limbo (agrarian issues, indigenous rights, the redefinition of the mandate of the armed forces and the overhaul of the tax system" (Caumartin 2004: 63-64). A record of peace-monitoring indicators shows some progress, but many targets have not been met (Table 7).

Table 7: Selected peace monitoring indicators in Guatemala

Target	Base 1995	Target 2000	Actual 2000
Growth rate, % p.a.	6.0	6.0	3.3
Tax revenues, % of GDP	7.6	12.0	9.6
Education spending, % of GDP	1.6	2.5	2.5
Health spending, % of GDP	0.9	1.3	1.1
Military spending, % GDP	1.0	0.7	0.7
Judiciary spending, % GDP	0.2	0.3	0.5
Literacy rate, %	64.2	70	68.9
IMR, per 1000 life births	40	20	40-45
Maternal mortality rate, per 100,000 births	97-270*	48.5	190-270*

*First figure, World Bank (2000); second figure, WHO.
Source: World Bank/Guapa, 2003, p39.

While progress has been made on education (spending and outcomes), taxation revenue has risen less than anticipated and so has GDP, thus Government revenue is well below that targeted. Health expenditure has also risen less than was targeted and health outcomes are substantially below target. Overall, however, government expenditure on human development has risen from 3.1% of GDP to 5% from 1997 to 2001, and some key services (such as electricity, education, and access to water) have been directed towards Mayan groups (UNDP 2001b). The HDIs have risen for both indigenous and non-indigenous groups between 1989 and 2002, and there has been some narrowing of the gap between these groups (from 0.72% for the indigenous as a percentage of non-indigenous, to 0.81%).

A key failure is that land reform was not tackled by the reforms. In 1979, the number of small farms accounted for 88% of the total number of farms, but for just 16.2% of the farmland. The number of small farms rose to 92.1% by 2003 and their share of land to 21.9%. On average, large farms had 145 times the land per

farm of small farms in 1979. There was a slight improvement by 2003, but large farms were still on average 131 times the size of small farms.

Chart 7: Land distribution in Guatemala

Lorenz curves: land distribution
Gini (1979)=0.78; Gini (2003)=0.73

The Guatemalan case is very different from that of Mozambique. In the Guatemalan case, atypically, some of the deep problems related to HIs were addressed in the initial agreements. Even so, if the agreements were designed fully to tackle His, they would have needed to be interpreted with progressive imagination and determination. Eventually, however, strong political resistance and apathetic efforts on the part of the government meant that progress was mixed, although probably sufficient to prevent conflict breaking out again on the part of the indigenous community. Since much of the responsibility for the conflict lies, in fact, with the elite/military for their vicious attacks on the indigenous communities, ironically the rather limited progress towards improving HIs may in fact have contributed to peace, by giving this elite little grounds for overturning the government as they had done before.

In general, the elite have done extremely well out of the peace accords, politically as well as economically. The military have been dislodged from power and the non-military elite is again a dominant political actor, for example in the Arzu government of 1996-2000 and the 2004 Berger administration. Consequently, the elite have a powerful incentive not to overthrow the government. However, physical insecurity remains very high, taking the form of very high levels of criminality involving one of the highest homicide rates in the world, indicating that while the accords may have ended the civil war, violent conflicts remain a dominant

characteristic of Guatemalan society. Long standing high HIs may also play an important role in these new patterns of conflict and violence.
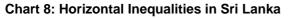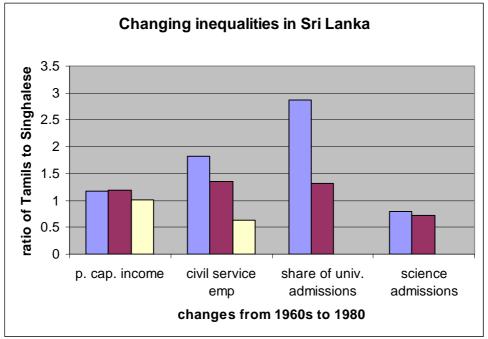
5. Conclusions

This paper has reviewed policies appropriate for correcting HIs in post-conflict countries. It has emphasised that policies need to correct political as well as economic and social HIs, although the appropriate policies depend on the particular context. In general, policies to correct economic and political HIs do not seem to feature in most post-conflict policy recommendations, nor in practice.

It must be re-emphasised that policies to address HIs are not the only policies needed. Policies to assist with the resumption of economic growth and the reconstruction of economic and social infrastructure are also needed, as are policies to promote demobilisation. Particular emphasis is needed on promoting employment for unskilled labour, since lack of employment among young men is a common feature of conflict economies as well as constituting an important factor raising the risk of conflict.

I would conclude with three cautions. The first is the often-argued point that affirmative actions tend to 'entrench' ethnicity. It should be pointed out that this is most likely to be a feature of policies involving targets and quotas, not those related to process and Human Rights. This paper presents an argument for prime emphasis on the latter type of policies. However, there are places where HIs are so deep that more positive policies involving targets and quotas are required. In practice, such policies are generally needed in situations where ethnicities are already entrenched. If accompanied by cultural and educational policies to promote multiethnic cohesion, they need not entrench ethnic consciousness further than is already the case. In Malaysia, for example, while it has been argued that ethnicity has been entrenched by the policies, inter-marriage has remained high and collaborative ventures across ethnic lines have increased. Furthermore, in Malaysia, such policies are being phased out as their major objectives are considered to have been achieved. Continuous review of policies and a time-limited approach is generally desirable.

The second caution is that in certain circumstances the policies themselves may provoke violence. Indeed, it has been argued that this was the case in Sri Lanka. Colonial preferences gave the minority Tamil community disproportionate presence in the government and higher education sectors. To counter this, the Sinhalese majority introduced some severe measures to reverse this position, including making Sinhalese the national language and that of the government, as well as introducing strict quotas on University entrance. Land policies were also introduced which favoured the Sinhalese. These measures had the effect of reversing the previous dominance of Tamils in government and substantially reducing their advantages in the Universities (see Chart 8). High levels of unemployment among the educated youth and virtually no prospect of political power in a majoritarian system (even with PR which was eventually introduced) provided an incentive for young educated Tamils to lead a violent separatist rebellion (Sriskandarajah 2000).

Chart 8: Horizontal Inequalities in Sri Lanka

Changing inequalities in Sri Lanka

changes from 1960s to 1980

ratio of Tamils to Singhalese — categories: p. cap. income, civil service emp, share of univ. admissions, science admissions (values approximately shown on y-axis from 0 to 3.5)

This case powerfully shows the need to be cautious in introducing policies to correct HIs so as not to provoke violent reaction from those who lose some privileges. However, in the Sri Lankan case, other factors were also present – including provocative language policies and high levels of unemployment among educated youth. Elsewhere inequalities have been moderated if not reversed without provoking violent reaction - for example, in Trinidad and Tobago[15], in addition to the cases of Northern Ireland and Malaysia mentioned above.

The third caution is illustrated by the example of Guatemala. Where the privileged dominate the political system, they may not be willing to implement corrective policies despite international pressure to do so. In such situations, there is little the international community can do, other than through their own aid budgets. The implication again is that action to correct political HIs may need to precede economic action – but of course this is easier to say than to do. However, when conflicts come to an end, the peace negotiations provide an occasion in which comprehensive political participation and economic balance can and should be discussed.

While the policies to correct HIs may encounter difficulties, the more that consideration of group inequality becomes part of the norms of policy-making in peace-time as well as post-conflict situations, the more likely that action towards HIs will become part of routine policy-making as well as in a post-conflict situation.

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[15] See Sriskandarajah (2005)

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1. Appendix A.1: Examples of Economic/Social Affirmative Action

Country	Group categories	Prior group inequality	Nature of action	Consequences			
				HIs	Intra-group inequality	Special Problems	Political
Brazil	Whites (54%) Blacks and mixed race (45% - most mixed race).	Income/education/employment favoured whites, plus many other inequalities. 1960-1988 worsening HIs	Some measures in 1990s. From 2001, reservation of proportion of govt. job training, govt. employment, university places, mainly favouring blacks.	Too soon to tell. But could be at expense of mixed race.	Too soon to tell	Fuzzy group boundaries	Programmes presented discreetly. Too soon to assess political consequences.
Fiji	Indigenous Fijians (51%) and Indo-Fijians (43%)	Average income of Indo-Fijians above indigenous; but poverty worse among Indo-Fijians. Fijians dominate govt. employment and land ownership. Indo-Fijians dominate private sector.	Measures favour indigenous Fijians, including: restrictions on land ownership, loan schemes, equity schemes, support for small enterprise, reservation of some sectors, privatisation.	Not much evidence. Sharp HIs remain in some areas (e.g. corporate management).	Agreements that have enriched indigenous elite/middle class. Very slow economic growth.		An element behind successive coups whenever Indo-Fijians get power because fear elimination of programmes. Together with political situation, responsible for emigration of Indo-Fijians.
India	Scheduled castes (SCs) (16%) Scheduled tribes (STs) (8.5%) Other backward castes (OBCs)	Backward groups substantially below average in incomes, consumption, land ownership, education, etc.	Variety of educational, land and public sector job reservations.	Evidence of small positive impact on public investment, and incomes. Large improvements in education.	Has permitted a small segment of backward castes to move into middle class, but exclusion and abject poverty remains for most. No evidence of negative efficiency impact.	Difficult to assess how far improvements are due to programmes and how far to 'modernisation' and growth.	Has to be assessed together with strong political programmes. May have entrenched rather than reduced caste differences. Triggered riots in Bihar, 1978; and several times in Gujerat in the 1980s. General rise in violence against SCs has been attributed to programmes.

Country	Group categories	Prior group inequality	Nature of action	Consequences			
				HIs	Intra-group inequality	Special Problems	Political
Malaysia	*Bumiputera* 63% Chinese 30% Indians 8%	Incomes of Chinese more than 2 times that of *Bumiputera*, 1970; and Indians 75% more.	Range of measures, including education, land ownership, govt. employment, share ownership, to improve *Bumiputera* position	Reduction in HIs in education, incomes, corporate ownership, but quite large HIs remain in incomes/assets. Educ.differences being eliminated.	May have increased intra-*Bumiputera* inequality – although not much evidence. Inequality overall reduced. Accompanied by v. high growth.		No recurrence of anti-Chinese riots of 1969 including in the 1997 crisis when such riots occurred in Indonesia. May have increased ethnic consciousness and entrenchment.
Namibia	Black Africans (95%) Whites (5%)	Very large HIs on all dimensions at independence (1990)	Action on employment, land, loans, education	Improvements in public employment. Much less elsewhere	Black middle class benefited most.	Market model limits transformation.	
New Zealand	New Zealand European 74.5%, Maori 9.7%	Significant HIs across every dimension	Support for Maori business and skills; and education.	Improvement in HIs in employment and educ. Gaps much lower than in Canada or Australia.			
Northern Ireland	Protestants (53%) Catholics (44%)	Catholics in worse position than Protestants in jobs, education, housing, police	From 1976 successive fair Employment Acts/Orders and other government action applying to private as well as public sector.	Reduction in HIs across all dimensions, although gaps remain. Share of Cs in 'monitored' private sector empl. rose from 35% (1990) to 41% (2002). Bigger improvement in public sector. In education Cs overtaking Ps.	Poverty levels above the UK, worse for Cs. Vertical inequality high.		Narrowing HIs likely to be behind peace process. But P's increasingly resentful; and argue that they are discriminated against which may present problems for political progress.
South Africa	Black Africans (73%) Coloured (9%) Whites (14%)	At end of apartheid huge HIs in incomes, assets, employment, education, land..	Action in employment, assets, education.	Some improvement in HIs, but large differentials remain. Most improvement in public sector employment.	Increased intra-black inequality. Unemployment and poverty levels among blacks v. high.	Dominant market model restricts effectiveness of action, especially on assets.	Black/white political relations appear good. High levels of criminality. Potential political problems possible without faster progress.

Country	Group categories	Prior group inequality	Nature of action	Consequences			
				HIs	Intra-group inequality	Special Problems	Political
Sri Lanka	Sinhalese (74%) Tamils (19%) Moslems (7%).	Colonial power favoured Tamils in education and civil service. Average incomes of Tamils a bit higher than Singhalese	S. majority action on education and civil service (incl. requiring Sinhalese language to be used). State sponsored settlement of S in land previously occupied by Ts.	HIs changed sharply. In civil service employment now favoured S. Incomes of S rose and T fell, with S exceeding T.		Situation exacerbated by slow growth in employment.	Reaction of Ts to action was major factor behind civil war, and T. demands for independence of North East.
US	Whites (82%) Blacks (13%)	Large HIs in incomes, education, health, assets etc.	Action in education, employment and housing	Small reduction in His	Increase in intra-black inequality. No evidence of negative efficiency impact, from numerous studies, and some found positive effects		Black riots (high incidence in 1970s) have stopped. Political and legal reaction from whites, challenging action.

Sources: *Brazil*: Guillebeau 1999; Silva 1992; Wood and Lovell 1992.
Fiji: UNDP 1997; Horsecroft 2002; Reddy and Prasad 2002; Barr 2001; Walsh 2000; Reddy et al 2001; Chand 1997; Ratuva 2002.
India: Mendelsohn and Vicziany 1998; Alexander 2003; Duflo nd; Banerjee and Somanathan 2001; Jauch 1998; World Bank 2002; Pande 2003; Sabbagh 2004; Mendelsohn and Vicziany 1998; Galanter 1984; Parry 1999; Jain and Ratnam 1994; Seenraine 1996.
Malaysia: Yusof 2001;
Namibia: World Bank 1991; Jaunch 1998; Melber 2003.
N.Ireland: ILO 2003; Alexander and Jacobsen 1998; Darby 1999.
South Africa: Eide et al. 1992; Alexander and Jacobsen 1999; Gove 2000; Amos and Scott 1996 Drogin 1996; Schultz and Mwabu 1998.
Sri Lanka: Sowell 1990; Sriskandarajah 2000.
United States: Holzer and Neumark 1998; Donohue and Heckman 1991; Badgett, Rodgers et al; Darity, Dietrich and Gulkey 1997.

2.   Appendix A.2: Political Actions

Country	Ethnicity	Official language	Nature of state	Voting	Political parties	Govt.	Veto rights	Civil service	Conflict	Consequences
Belgium	Flemish 58%, Walloon 31%, mixed or other 11%	Bilingual	Federal 2 regions, 10 provinces	PR	Mainly ethnic	Fixed ratios	De facto on big issues (2/3 majority)	Fixed ratios	Avoided	Entrench ethnic identities
Bosnia-Herzogo-vinia	Serb 37.1%, Bosnian 48%, Croat 14.3%, other 0.6% (2000)	Serbian, Croation, Bosnian	Federal - two first-order administrative divisions and one internationally supervised district	PR	Some ethnic; some national	Power-sharing	De facto	'Equitable representation'	Avoided to date (international military presence)	Entrench identities, plus bureaucratisation
Ethiopia	Oromo 40%, Amhara and Tigre 32%, Sidamo 9%	Amharic. Right of each group to use own language	Ethnic Federalism (9 ethno-based states). States right to secession.	Majoritarian, boundaries drawn on ethnic lines. Reserved seats for minorities.	Some national; some ethnic	Prop rep. of ethnicities at each level of govt.		Aim for PR in all branches of govt.	1995 constitution designed to avoid conflict, after long Eritrea war for independence. Border war with Eritrea, 1998-2000	

Country	Ethnicity	Official language	Nature of state	Voting	Political parties	Govt.	Veto rights	Civil service	Conflict	Consequences
Ghana	Akan (fragmented) 49.1% Mole Dagbani, 16.5% Ewe 12.7% Ga 8%	English	Unitary with provisions to curb ethnic polarization; decentralisation	Majoritarian	Ethnic parties prohibited	No formal arrangements- informal balance	No	Informal sharing	Major conflict avoided	

Country	Ethnicity	Official language	Nature of state	Voting	Political parties	Govt.	Veto rights	Civil service	Conflict	Consequences
India	Hindu 81.3% (SCs and STs 24.5%), Muslim 12%	Hindi	Federal - 28 states and 7 union territories	Majoritarian	Some national; some ethnic	Quotas for SCs & STs in - state legislatures; lower house of parliament. Some reservations for women in village panchayats, Token representation of Moslems. SCs & STs not represented at high levels	No	Quotas for STs and SCs in civil service – but level not specified.	Sporadic of various kinds; especially Hindi/Moslem	Political position of SCs/STs seems to have improved economic position
Malaysia	*Bumiputera*s 62% Chinese 27.8% Indians 9.6%	Bahasa Melayu	Federation	Majoritarian, but with informal agreements to assure ethnic representation	Mainly ethnic.	Ethnic corporatism, assured by national coalition (Barisan nasional) with Malays dominating through UMNO (United Malays National Organisation)	No	Malay dominated	Avoided since 1969	
Nigeria	Hausa, 21%	English	Federation,	Majoritarian	Ethnic	Federal character principle	Informa	Federal Character	Many relatively	

	Yoruba, 20% Igbo, 17% [aprox]		with increasing no. of states, reducing likelihood of conflict - 36 states		elements, though some national representation required.	requires some representation from across country	I only	means rep. from over the country, but over-rep. of Southern and under-rep. of Northern	minor conflicts. No national conflict since Biafran war,67-70.	
Switzerland	German speaking, 73.4% French, 20.5% Italian, 4.1%	Three languages	Federation – 26 cantons	PR plus direct democracy (referenda)	Mainly national (ideological)	Power sharing	Veto via referenda	Shared.	No conflict	Women only recently enfranchised

Source: UNRISD 2004.; Ukiwo, 2004; Htun, 2003; The Federal Elements of the 1995 Ethiopian Constitution.

3.   Appendix A.3: Other Countries with Some Political Affirmative Action Policies

Country	Ethnicity	Affirmative action	History of violent conflict
Bhutan	Bhote 50%, ethnic Nepalese 35% indigenous or migrant tribes 15%. Lamaistic Buddhist 75%, Indian- and Nepalese-influenced Hinduism 25%	10/150 seats reserved for Buddhists	Some border conflicts with India because Maoist Assam separatists located on border
Colombia	Mestizo 58%, white 20%, mulatto 14%, black 4%, mixed black-Amerindian 3%, Amerindian 1%	2 seats for Afro-Colombians; 3 seats for Indians in Senate out of 102 seats	Long-standing conflict over land.
Croatia	Croat 89.6%, Serb 4.5%	Seats reserved for ethnic minorities	Fighting for independence from Yugoslavia, 1991-5.
Cyprus	Greek 85.2%, Turkish 11.6%	Seats reserved for Turks, Maronite, R-C and Goumenian minorities. But only Greek seats filled.	Conflict between Greeks and Turks for control from 1974. Island divided.
Ethiopia	Oromo 40%, Amhara and Tigre 32%. Others 28%	22/117 Seats reserved for minorities	Revolutionary war ended 1991. Eritrea boundary war ended 2000.
Jordan	Sunni Muslim 92%, Christian 6%	12/110 reserved for Christians	None
Lebanon	Muslim 70% (including Shi'a, Sunni, Druze, Isma'ilite, Alawite or Nusayri), Christian 30%	Quotas for particular groups for 101/128.	16 year civil war ended 1991.
Mauritius	Indo-Mauritian 68%, Creole 27% Hindu 52%, Christian 28.3% (Roman Catholic 26%, Protestant 2.3%), Muslim 16.6	8/70 for minorities.	None
New Zealand	New Zealand European 74.5%, Maori 9.7%	7/120 for Maoris	None

Country	Ethnicity	Affirmative action	History of violent conflict
Niger	Hausa 56%, Djerma 22%, Fula 8.5%, Tuareg 8%	8/83 for minorities	5 year Tuareg insurgency ended 1995. Several coups subsequently.
Pakistan	Punjabi, Sindhi, Pashtun (Pathan), Baloch, Muhajir	10/342 of lower house reserved for minorities	Recurring conflicts
Samoa	Samoan 92.6%	2/49 seats reserved for part and non-Samoans	none
Venezuela	European and (small) indigenous pop.	3 seats reserved for Indians	none

Source Htun 2003; CIA, World Fact Book