

Inequality and Diversity

Shlomo Weber

SMU, Dallas, and the Center for Study of
Diversity and Social Interactions, New
Economic School, Moscow

Lecture Series on Inequality.

Luxembourg, June 4, 2014.

At the entrance to Higashi Honganji Temple in Kyoto, the ancient capital of Japan, a visitor is greeted by two sentences written on the wall:

“Living together in diversity. Learning to accept our differences.”

“Before we can change direction, we have to question many of the assumptions underlying our current philosophy.

Assumptions like bigger is better; you can't stop progress; no speed is too fast; globalization is good.

Then we have replaced it with some different assumptions: small is beautiful; roots and traditions are worth preserving; variety is the spice of life; the only work worth doing is a meaningful work; biodiversity is the necessary pre-condition for human survival.” Robert Bateman, Canadian artist.

Is diversity good or bad?

Saxenian (1996, 1999) argued that the remarkable success of Silicon Valley in 80s and 90s was due to a diverse cultural and professional background of scientists, entrepreneurs and managers . coming from Europe, Japan, China, India, Israel, and other places. At that time 40% of businesses there had a foreign-born co-owner.

Florida (2002), Florida and Gates (2001) examined the importance of diversity to high-tech growth. They ranked 50 US cities in terms of diversity (number of artists, foreign-born, homosexuals) and showed the success of more diverse ones (from San Francisco to Buffalo).

In the same vain, Ottaviano and Peri (2003) claimed that a higher level of linguistic diversity in the US cities leads to higher earnings and standards of living.

On the other hand,

Ethnic, religious and linguistic conflicts everywhere (Asia, Africa, Latin America, Europe).

Tragedy of Africa (Easterly and Levine (1997)).

Example: Production of cocoa in Ghana (Kwame Nkrumah).

Papua New Guinea - 857 active languages. And this is not that exceptional. In most of the African countries have more than 100 active languages. Also India.

European Union. Difficulties of finding a common way. (24 official languages).

There is a wide range of diversity facets:

religious

historical

economic

ideological

geographical

linguistic

genetic

and many others.

What is the optimal degree of diversity?

Maybe, some diversity is good, but too much is “much too much”?

How many spoons do we put in our coffee or tea?

How salty is our meal?

How much colour would we want to see in painting we like?

Is it possible that the current structure of the European Union yields an excessive degree of diversity (even without Turkey and Ukraine)?

Why the study of diversity is important?

Various policies, natural (and unnatural) disasters impact different population groups and regions in a non-uniform way.

Even successful economic policies make some population segments and regions worse off, and a correcting mechanism is needed to deal with some effects of globalization.

If some parts of the population are not participants in the process of creation and advancement, it simply does not make an economic sense. In the environment of increasing globalization and fierce competition, a country needs everybody to be competitive and successful. We need a larger cake to divide it between citizens.

Obama's healthcare reform.

When dealing with diversity, it is important to point out that it is a very dynamic concept.

What really matters is not the absolute levels of diversity but their evolution over time.

How can we deal with with a changing pattern of diversity?

Migration challenges in Western and Eastern Europe (Moscow).

Policies and challenges

Linguistic diversity.

The challenges of multilingual societies are well documented over the course of human history. The most famous example is the consequence of the attempt of the “people” to build a tower in Shinar (Babylonia) to be closer to the sky. God disliked the idea, descended and “confuse[d] their speach, so that one person will not understand another’s speach. God scattered them all over the face of the earth, and they stopped building the city.” (*Genesis*, 11, 1-9.)

Rosetta Stone.

A small sample of current multi-lingual challenges includes Belgium, Turkey, Spain, Ukraine, Baltics, Canada, India, many African countries. There are about 7,000 spoken languages and with fewer than 300 countries the multi-lingualism is bound to rise almost everywhere.

Two observations: “like religion, language does not lend itself easily to compromise.” (Laponce (1992).)

“Language may be the most explosive issue universally and over time. This mainly because language alone, unlike all other concerns associated with nationalism and ethnocentrism . . . is so closely tied to the individual self. Fear of being deprived of communicating skills seem to rise political passion to a fever pitch.” (Bretton (1976).)

Let us turn to William Shakespeare's play King Richard the Second. The King and his uncle John of Gaunt try to convince Henry Bolingbroke, Gaunt's son and King's first cousin, and Thomas Mowbray, the Duke of Norfolk, to stop quarreling. The King was unable to calm the warriors down and delivers punishments to both Thomas and Henry. Mowbray is banished from England forever and Bolingbroke for ten years. The interesting part is Thomas' reaction to his banishment. He does not lament about the loss of land or status but rather talks about the inability to speak his native language in exile:

A heavy sentence, my most sovereign liege,
and all unlookd for from your Highness mouth,
A dearer merit, not so deep a maim
As to be cast forth in common air,
Have I deserved at your Highness hands.
The language I have learnd these forty years,
My native English, now I must forego;
And now my tongues use is to me no more
Than an unstringed viol or a harp,
Or like a cunning instrument casd up,
Or, being open, put into his hands
That knows no touch to tune the harmony:
Within my mouth you engaold my tongue,
Doubly portcullisd with my teeth and lips;
And dull, unfeeling, barren ignorance
Is made my gaoler to attend me.

Finally, the complaint of despair and hopelessness, recognizing Thomas inability to master another language (at the time, he was only forty years old):

I am too old to fawn upon a nurse,
Too far in years to be a pupil now.
What is thy sentence, then but speechless death,
Which robs my tongue from breathing native breath?

Measurement of diversity

Society is divided in several (ethno)linguistic groups and we estimate the probability that two randomly chosen citizens belong to different groups.

Joseph Greenberg (1956) in linguistics, but even before him, Corrado Gini (1912) in economics.

Most of the research over the last fifty years has utilized that index, called *A*-index.

The index is good, but some times leads to strange conclusions:

Andorra is more diverse than Belgium!

Andorra: 50% Catalan and 50% Spanish speakers

Belgium: 60% Flemish and 40% French speakers.

Andorra's diversity *A*-index is 0.50, while Belgium's is 0.48.

The problem is that *A*-index does not account for proximity between the languages.

Obviously, Spanish and Catalan are closer to each other than Flemish and French.

It is also difficult to distinguish between dialects: Are Italian and Venetian the same language? Serbian and Croatian? Flemish and Dutch?

The distance matrix is based on cognate data collected by Isidore Dyen at Yale University in the 1960s:

200 basic meanings (chosen by Swadesh (1952))

95 Indo-European speech varieties (languages and dialects)

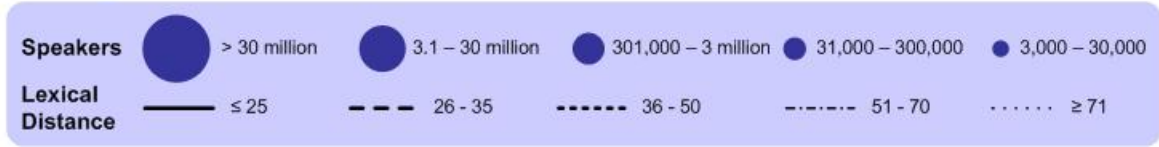
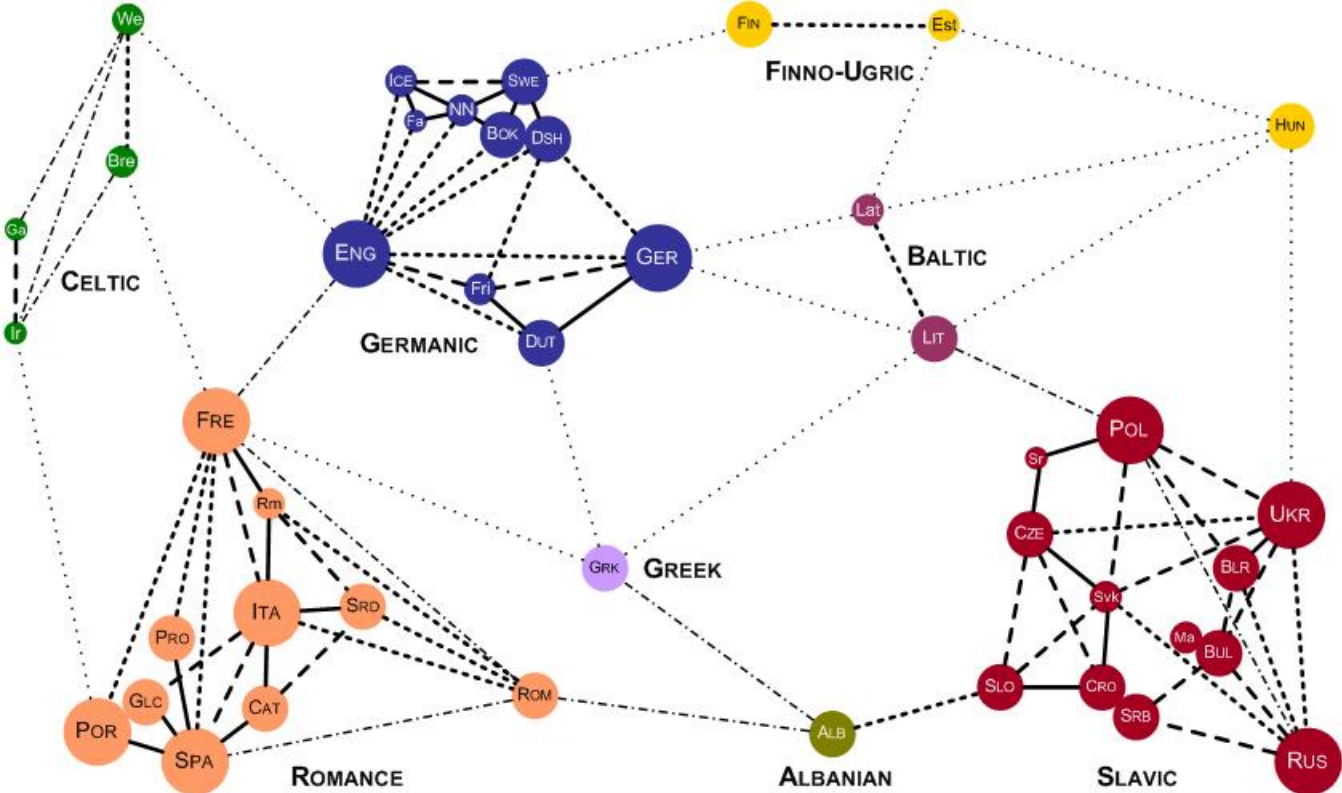
For each meaning - there is a cognate class of different speech varieties that have an unbroken history of descent from common ancestral word.

For every two varieties, we calculate the number of “cognate” and “non-cognate” meanings. If for example, we have 80 cognate and 120 non-cognate for a pair of languages, the Dyen distance is $\frac{120}{200} = 0.6$.

Dyen Matrix of distances between the EU25 + RU, UKR languages

	IT	FR	SP	PT	GE	DU	SW	DA	EN	LI	LA	SV	CZ	SL	PL	GR	RU
IT	0	0,20	0,21	0,23	0,73	0,74	0,74	0,74	0,75	0,76	0,78	0,76	0,75	0,75	0,76	0,82	0
FR	0,20	0	0,27	0,29	0,76	0,76	0,76	0,76	0,76	0,78	0,79	0,78	0,77	0,76	0,78	0,84	0
SP	0,21	0,27	0	0,13	0,75	0,74	0,75	0,75	0,76	0,77	0,79	0,77	0,76	0,76	0,77	0,83	0
PT	0,23	0,29	0,13	0	0,75	0,75	0,74	0,75	0,76	0,78	0,80	0,78	0,76	0,76	0,77	0,83	0
GE	0,73	0,76	0,75	0,75	0	0,16	0,30	0,29	0,42	0,78	0,80	0,73	0,74	0,74	0,75	0,81	0
DU	0,74	0,76	0,74	0,75	0,16	0	0,31	0,34	0,39	0,79	0,80	0,75	0,76	0,75	0,77	0,81	0
SW	0,74	0,76	0,75	0,74	0,30	0,31	0	0,13	0,41	0,78	0,79	0,75	0,75	0,74	0,76	0,82	0
DA	0,74	0,76	0,75	0,75	0,29	0,34	0,13	0	0,41	0,78	0,80	0,73	0,75	0,73	0,75	0,82	0
EN	0,75	0,76	0,76	0,76	0,42	0,39	0,41	0,41	0	0,78	0,80	0,75	0,76	0,75	0,76	0,84	0
LI	0,76	0,78	0,77	0,78	0,78	0,79	0,78	0,78	0,78	0	0,39	0,66	0,62	0,60	0,64	0,83	0
LA	0,78	0,79	0,79	0,80	0,80	0,80	0,79	0,80	0,80	0,39	0	0,68	0,67	0,64	0,67	0,85	0
SV	0,76	0,78	0,77	0,78	0,73	0,75	0,75	0,73	0,75	0,66	0,68	0	0,34	0,31	0,37	0,82	0
CZ	0,75	0,77	0,76	0,76	0,74	0,76	0,75	0,75	0,76	0,62	0,67	0,34	0	0,09	0,23	0,84	0
SL	0,75	0,76	0,75	0,76	0,74	0,75	0,74	0,73	0,75	0,60	0,64	0,31	0,09	0	0,22	0,83	0
PL	0,76	0,78	0,77	0,78	0,75	0,77	0,76	0,75	0,76	0,64	0,67	0,37	0,23	0,22	0	0,84	0
GR	0,82	0,84	0,83	0,83	0,81	0,81	0,81	0,82	0,84	0,83	0,85	0,82	0,84	0,83	0,84	0	0
RU	0,76	0,77	0,77	0,77	0,76	0,78	0,75	0,74	0,76	0,62	0,64	0,39	0,26	0,26	0,27	0,83	0
UKR	0,77	0,78	0,78	0,78	0,76	0,79	0,76	0,76	0,78	0,63	0,64	0,36	0,24	0,19	0,20	0,77	0,22

IT - Italian; FR - French; SP - Spanish; PT - Portugal; GE - German; DU - Dutch; SW - Swedish; DA - Danish; EN - English; LI - Lithuanian; LA - Latvian; SV - Slovenian; CZ - Czech; SL - Slovak, PL - Polish; GR - Greek.



Some of the Results

Ethnic and linguistic fragmentation decreases institutional efficiency and increases corruption (Mauro (1995))

Negative impact on growth. Easterly and Levine (1997)
- the tragedy of Africa.

Ethnic and linguistic fragmentation reduces the quality of government. Alesina et al. (2003), La Porta et al. (1999).

Ethnically fragmented communities run larger deficits and exhibit lower spending shares on basic public goods, including education. Alesina, Baqir and Easterly (1999).

Ethnic fractionalization leads to political instability and excessive government consumption that may, in turn, have a negative impact on growth. Annett (2001).

Note that I have not mentioned here economic inequality, which requires many hours to discuss and thousands of articles have been already written.

The prevailing view (Bourguignon (2013)) that there is no empirical evidence that income inequality is directly related to growth.

However, Areetey (2013) claims that the combination of income inequality and ethnic diversity represent an impediment for growth. I fully support this view.

Linguistic disenfranchisement

As I argued before the groups whose linguistic right are denied or violated impose slow down economic development. The feeling of linguistic disenfranchisement is even getting stronger these days. As an American-Chilean professor and author Ariel Dorfman puts it:

“The ascendancy of English, like so many phenomena associated with globalization, leaves too many invisible losers, too many people silenced [...] Do you come from a place [...] that does not control a language that commands respect? Do you reside in a language [...] whose existence does not have the kind of value in the marketplace that can get you a good job and help you in everydays struggle to survive?”

- Sri Lanka War

- Three language formula in India in 1960s. (Also Nigeria, the Lisbon Treaty).

Reason: Bitter complaints from Southern states (where Hindi is not widely spoken) that the use of Hindi language in government services disadvantages Southern residents who have to learn two languages (English and Hindi) whereas Hindi speakers have to learn only English.

Remedy:

- - the non-Hindi areas study Hindi and English (and their regional language);
- - Hindi speakers study English, and one other regional language (and Hindi as well).

Masterful and well-crafted formula that seemed to achieve the following objectives:

- - group identity (preservation of mother tongues and regional languages);
- - national pride and unity (Hindi);
- - administrative efficiency and technological progress (English).

Result: Mixed succes - unwillingness of both sides to commit and sustain the full-fledged study of “other” language.