

**Understanding the Cost of Social Exclusion  
Due to Race or Ethnic Background  
In Latin America and Caribbean Countries<sup>1</sup>**

Carmen Elisa Flórez  
[cflorez@uniandes.edu.co](mailto:cflorez@uniandes.edu.co)  
(571) 339 4999-49 Ext. 2410

Carlos Medina  
[cmedina@uniandes.edu.co](mailto:cmedina@uniandes.edu.co)  
(571) 339 4999-49 Ext. 2438

CEDE  
Universidad de los Andes  
Cra.1ª No.18ª -70, Of F201  
Bogotá, Colombia  
Fax: (571) 332 4492

and

Fernando Urrea  
[furrea@chasqui.univalle.edu.co](mailto:furrea@chasqui.univalle.edu.co), [furrea@col-online.com](mailto:furrea@col-online.com)  
(572) 339 23 99; 330 89 60, 321 2346-26-60

Facultad de Ciencias Sociales y Económicas  
Universidad del Valle  
A.A. 25360  
Cali, Colombia  
Fax: (57 2) 339 32 21

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## Introduction

The purpose of this study is to illustrate the past and current socioeconomic situation of blacks, indigenous peoples and mestizos in Latin American and The Caribbean (LAC) countries, and to provide insights to get better assessments and understanding of their situation. In particular, the study focuses in assessments of cases in which these racial and ethnic groups' situation is disadvantaged, either because of discrimination or any form of social exclusion, in relation to that of the whites of the region.

Studying the costs and mechanisms of racial and ethnic exclusion in LAC countries is a task of paramount importance. They can provide a measure of the extent of the problem, as well as the opportunity to understand the reasons that contribute to the prevalence of exclusion in order to look for strategies to promote social equity and inclusion in the region.

Since the early sixteenth century, indigenous peoples, blacks and mestizos were mistreated in different ways all over the American continent. Once slavery was abolished in the continent during the nineteenth century, many considered that the previously observed inequities to which these groups had been subject would vanish. The experience was not as pleasing as had been expected. Some of the arguments conceived by economists (Arrow (1972a,b, 1973), Stiglitz (1973), Thurow (1975), Cain (1976), Friedman (1982)) according to which differences would vanish with time due to the market forces were contradicted by the facts. Even in the United States, maybe the most representative market economy, racial differences remained for decades after abolition, and only until the 1950s and 1960s drastic affirmative action policies were undertaken to protect the rights of minorities. Other social scientists like Max Weber, viewed differences brought by race and gender only as transitory, and considered that these would be replaced by new values based on attitudes and behaviors (Greenberg (1980) and So (1990)). Nevertheless, differences prevailed all across countries. Both, in countries where indigenous peoples, blacks and mestizos were minorities, as it was the case in most LAC countries, and in those where they were not, like indigenous peoples in Bolivia, and blacks and mestizos in Brazil, differential treatment based on race and ethnicity were and continue being the rule.

Even though the mentioned differences in LAC countries has been documented in several studies, some of which we reference, there is still reluctance in the region to accept this regularity, which is simply denied, justified as emerging from differences in class or wealth, or finally, sub estimating its importance once compared with the situation of non LAC countries with racial conflict.<sup>1</sup> In addition, for many countries, and many periods in most countries, the lack of information has limited the accuracy in the measurement of discrimination. Furthermore, even for the countries in which data are available, the classification of individuals according to their race and ethnicity has proven to be a very difficult task. Lack of data, and these additional difficulties in classifying the population, have made particularly complex to quantify the extent and effects of any kind of differential treatment to which individuals in LAC countries might have been subject due to their race or ethnicity.

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<sup>1</sup> Dulitzky (2000) describes different ways in which racial and ethnic discrimination are denied in Latin America.

The inaccuracy in the quantification of exclusion due to race and ethnicity has led to misconceptions and continuing questioning with respect to the socio economic situation of indigenous peoples, blacks and mestizos in LAC countries. That is the case of Brazil, where for decades after abolition of slavery in 1888, a belief that observed racial differences were derived from social classes rather than racial characteristics prevailed. According to this view, the fact that most people, black and white, were poor, coupled with that of Afro-Brazilians suffering from less social prejudice the richer they were, was evidence that it was the social class, and not the race, what determined differences. Basically, this would imply that whoever was prejudiced against, was because of his class and not of his color. To this extent, development would improve the class of its population, and consequently, make a more equal society in Brazil, that could become the largest “racial democracy”, free of violence, segregation and discrimination. Only until the early 1960s, in the years preceding the military coup, an alternative view emerged. According to this new view, racial discrimination was a characteristic of Brazil. Discrimination by then, was thought to have been fueled by the desire of whites of keeping for them the benefits of industrialization through disqualification of nonwhites as competitors (Hasenbalg (1985)). Today, several studies corroborate the existence of discrimination in Brazil, operating in different social and economic contexts.

In the case of Colombia, Wade (1993) shows how in cities like Unguía and Medellín racial identity and class position are easily differentiable. As he states, “although most blacks were poor, most poor people were not black”. As a consequence, differences among poor blacks and poor nonblacks are easier to establish than they are in Brazil, where race and class tend to overlap. Wade (1983) provides evidence where he shows how social mobility in Unguía of poor *paisas* (which are mostly whites) is higher than that of poor *chocoanos* (which are mostly blacks). Finally, he judges as inadequate the attempts to reduce the situation of *chocoanos* as based only on class factors since they fail to see how race intervene in these.

The examination of the regional evidence of racial and ethnic discrimination in the region, leads us to several conclusions. First, significant evidence of racial or ethnic discrimination exists for most LAC countries. This evidence is in some cases qualitative and in others quantitative. History of discrimination dates since 1500, continuing after abolition of slavery and contemporary.

Second, once the interest for the topic has emerged from the academia and the government, countries have included information about race and ethnicity in their surveys, and studies assessing exclusion have abounded, increasing by the way the interest for the topic. The trigger for the beginning of this cycle can be to a large extent attributed to the mobilization of the racial and ethnic groups excluded in each country. Either because of their relative size, or their leadership, these groups have managed in many countries *to be counted*. While in the United States the share of blacks has historically been around only ten percent of the population, leadership within them led them to gain space in the public and academic agendas, and consequently to a deep narrowing of racial differences in the country between 1965 and 1975.<sup>2</sup> In LAC countries on the other side, many countries have advanced in the inclusion of the racially

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<sup>2</sup> Nevertheless, this pattern was reversed in the following decades.

disadvantaged in their censuses and national household surveys. That inclusion has allowed them to have today a variety of assessments of their socioeconomic situation and advance towards racial and ethnic equity. A sharp contrast can be noticed from the relative knowledge acquired in Brazil of the socioeconomic situation of nonwhites when compared to that existent in Colombia of blacks. While in Brazil we find decades of research in this field, in Colombia only recently some quantitative research could have been done, and yet without conclusions at the national level.

Third, there is yet a long way to go before a technically and politically acceptable way to classify individuals in the surveys can be established. On one side, while it seems politically more acceptable to count individuals according to their self-classification, technically, there is wide evidence that when self-identifying, individuals tend to whiten themselves. Whitening is perceived by each individual as not causing any harm to the group to which he belongs, but actually, is leading to an overall underestimation of the participation of nonwhites. On the other side, acculturation represents another challenge to classification. This aspect is more important for indigenous peoples than for black populations, and it happens for example when a member of this group moves to the city and inserts in its culture. In this case, for many what matters is this person's precedence, while for others (and as it is usually the case, for him) what matters is his current customs, as described by his language, dressing, etc. Finally, cross-country differences are deep in some cases, requiring specific solutions not applicable to others.

The document has four parts. Chapter one presents an overview of the literature of the extent and costs of discrimination due to race or ethnicity in LAC. The second chapter illustrates which LAC countries have counted, and are currently counting individuals by race and ethnicity, either in their censuses or national household surveys. Chapter three presents some evidence about the different results gotten with different ways of classifying individuals in the surveys, and finally, the main conclusions of the document are presented.

## **1 Literature Review of the Extent and Costs of Discrimination due to Race and Ethnicity in LAC**

This section presents a review of evidence of racial discrimination in LAC countries. We begin by defining the concepts of race and ethnicity that we will adopt throughout the document, as well as the way discrimination based on these concepts is measured. Then we present a section with results of studies that reported cross-country evidence of discrimination in LAC countries and another with results of country specific studies.

### **The Concepts of Race and Ethnicity**

Even though the concepts of race and ethnicity have had a dynamic evolution over time, since we will focus on exclusion based on these concepts during the XX century, and these concepts during this century remained relatively stable, we will adopt what Wade (1997) defines as *objective* definitions of race and ethnicity. Thus, for the purposes of this study we will consider

the term race as representing social constructions built on phenotypical variations such as skin color, hair type, facial features, etc. On the other hand, ethnicity will be considered as social constructions based on cultural variations such as customs, religion, symbols, language, dress, etc. While we recognize that these definitions have a limited scope, they contain the necessary ingredients for our objectives.

### **The Concept of Discrimination**

To broadly define discrimination we can make use of the definition given by article 1 of the International Convention about the Elimination of Racial Discrimination, as cited by Dulitzky (2000):

*In the present Convention «Racial discrimination» will denote all distinction, exclusion, restriction or preference based on race, color, lineage, or national or ethnic origin that has as objective or result to annul or lessen the acknowledgement, enjoyment or exercise, in equal conditions, of the human rights and fundamental liberties in the political, economic, social, cultural or any other spheres of public life.*

According to this definition, if we accept that for any of the aspects enumerated race or ethnicity are mere labels that should not imply any differential treatment by themselves, then people with all the characteristics identical (“equal conditions”) but the race should get identical treatment in any of these aspects. Lack of equal treatment under these conditions would generate an inefficient allocation of human resources in the economy.

### **The Measurement of Racial and Ethnic Discrimination**

The general approach to measure discrimination consists of accounting for the differences in the treatment received by individuals from different groups once recognizing that a share of these differences are justified by differences in the individual’s characteristics.

When considering the measurement of economic discrimination in labor markets, a common approach, explained by Darity and Mason (1998), consists in allowing some part of the racial or ethnic gap to be explained by average group differences in productivity (human capital), and the other due to average group differences in treatment (discrimination).

One first approximation is taken by estimating regression equations trying to explain for example differences in earnings or occupation, as a function of variables like education, experience, socioeconomic background, and dummy variables for race or ethnicity. If the coefficients on the racial or gender dummy variables are statistically significant after controlling for these factors, that is taken as evidence of discrimination within the labor market.

A second approximation uses the Blinder-Oaxaca decomposition. To get this decomposition, separate earnings or occupational status regressions of the form  $\ln W_i = \mathbf{b}_i \mathbf{X}_i + e_i$ , are estimated

by racial or ethnic group. The decomposition permits to isolate what part of the earnings or occupational status differences is due to human capital endowments and what to discrimination.

Once the earnings or occupational regressions have been calculated, a general way to express the decomposition is the following:<sup>3</sup>

$$\ln \bar{W}_w - \ln \bar{W}_b = \mathbf{b}(\bar{X}_w - \bar{X}_b) + [\bar{X}_w(\hat{\mathbf{b}}_w - \mathbf{b}) - \bar{X}_b(\hat{\mathbf{b}}_b - \mathbf{b})]$$

Where  $\bar{W}_i$  and  $\bar{X}_i$  are mean wages and characteristics of individuals who belong to group  $i=w,b$ . The first term in the right hand side represents differences in wages due to differences in mean characteristics of the groups, and the second term between brackets differences in wages due to differences in the wage structure, which is the part attributed to discrimination. In this expression,  $\hat{\mathbf{a}}$  is the no-discrimination wage structure. Thus  $\hat{\mathbf{a}}$  is expected to lie between  $\hat{\mathbf{a}}_w$  and  $\hat{\mathbf{a}}_b$ . When individuals in the  $b$  group are a minority, it is expected that the wage structure that would prevail in the absence of discrimination is closer to  $\hat{\mathbf{a}}_w$  than to  $\hat{\mathbf{a}}_b$ . Preferences also play a role in the selection of  $\hat{\mathbf{a}}$ . If it is assumed on one extreme, that differences in wages between the groups are only due to discrimination against individuals from the  $b$  group and no nepotism toward individuals from the  $w$  group, then  $\hat{\mathbf{a}}_w$  is the appropriate no-discrimination wage structure to use. On the other hand, when there is no discrimination but only nepotism toward  $w$ , then  $\hat{\mathbf{a}}_b$  is the appropriate no-discrimination wage structure to use.

While both approaches are expected to lead to the same conclusion, the first one imposes constraints on the coefficients that the second does not.

### Societal Costs of Discrimination

It is not easy to assess the societal costs of discrimination based on race or ethnic background. Its quantification would involve the comparison of what is achieved in a discriminatory society with what that society could have achieved had it been *color and ethnic blind*, that is, with what could have achieved had there been no racial or ethnic discrimination. The comparison of these two societies would cover a wide range of issues, from economic to cultural and sociological, all of them important, although not equally easy to quantify. Economic analysis of the costs of discrimination allows some forms of quantification, which makes it very appealing.

To determine the economic costs of discrimination it is necessary to define discrimination in economic terms. As it is commonly accepted in the economic literature, to the extent that race and ethnicity represent mere labels which in a competitive market should not be associated to the individuals' productivity, any distortion generated by differential treatment of individuals based on this characteristic and not merely on the individuals' characteristics which are actually associated to productivity, will generate an economic cost.<sup>4</sup> Of course, there might still exist differences in market outcomes among these groups generated by what is called a *coordination failure*, what might happen when individuals with ex ante comparable potentials and from

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<sup>3</sup> See Neumark (1988).

<sup>4</sup> See Arrow (1972a, b, 1973 and 1998), and Becker (1957),

comparable groups end up in a discriminatory equilibrium.<sup>5</sup> In these cases it is equally important to understand if that is the case, and how could such situation have emerged.<sup>6</sup>

Zoninsein (2000) uses the methodology presented by Brimmer (1966, 1995) to calculate the gains in Gross Domestic Product (GDP) that would emerge if income inequality due to labor market discrimination and the human capital gap of blacks relative to whites were eliminated. These gains in aggregate production and income are assumed to arise from two sources: (i) the fuller use of the productive skills of the black population; and (ii) the development of the productive skills of the black population to levels similar to those of whites. The first source is computed by replacing the earnings of blacks with those that an average white with comparable human capital characteristics (age, sex and education) and in a similar job would have. The second source is computed by replacing the educational levels of blacks to those achieved by whites, and continue assuming that they would earn at these education levels what whites would earn. Finally in a third step, total gains in GDP are calculated. These gains take into account the increments in both labor and capital incomes.

The calculations are made for three countries: Brazil (1990), South Africa (1993) and the United States (1992). The results obtained show that the respective increase in earnings from eliminating income inequality due to labor market discrimination and the human capital gap of blacks relative to whites, were 24.94, 183.70 and 4.74 percent respectively. As a result, the gains in GDP were 9.04, 96.60 and 2.80 percent of GDP respectively.

The huge increases reported for the case of South Africa, that would imply a change in the GDP from US\$3,200 to US\$6,000, are the consequence of the larger differences in earnings between whites and blacks (6.4 to 1 in South Africa versus 2.9 to 1 in Brazil) and the higher participation of the black and mulatto population (85, 44 and 12 percent in South Africa, Brazil and the United States respectively)

Brimmer's methodology though, is too simple to try to explain such a complex phenomenon, to the extent that it is far from being a general equilibrium analysis that would take into account the effects of human capital and wages increases of blacks on the human capital and wages of whites and all their additional effects on the economy. Nevertheless, regardless of the accuracy of the figures obtained, most people would agree that their direction is the appropriate, that is, that there are gains from eliminating income inequality due to labor market discrimination and the human capital gap of blacks relative to whites.

Given the complexities involved in trying to estimate the total effects of discrimination on the whole economy, we now proceed to mention other ways to estimate its costs. Straightforward ways to quantify the societal costs of discrimination in terms of earnings lost by the discriminated population are the *oaxaca* decomposition method used by Patrinos (2000) for several LAC

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<sup>5</sup> Coordination failures are usually illustrated through models that allow for multiple equilibria. The argument is built based on the possibility that one group might end up in an equilibrium with low education and low wages and the other group in an equilibrium with high education and wages.

<sup>6</sup> See Arrow (1972a, b, 1973 and 1998), Coate and Loury (1993), Moro (1998), and Moro and Norman (1999).

countries that is presented in Table 4, the decomposition used by Lovell (1994) and Lovell and Wood (1998) for the years 1960 and 1980 in Brazil that is presented in Table 10, and the econometric regression estimated by Telles and Lim (1999) in 1995, also for Brazil, that is presented in Table 14. As it will be explained below, these authors used a similar decomposition of earnings differentials and clearly showed that discrimination existed and was of considerable magnitude.

### 1.1 Previous evidence of discrimination across-countries

In this section we present cross-country evidence of racial discrimination in LAC countries. We begin to analyze how the population of the region is composed by race. In making the racial classification to describe its composition, we simplify the number of ethnic groups by classifying individuals as black, indigenous (or Indian), mestizo (or Mulatto) or white.

Table 1 presents the composition of the population by race in the American continent. It is important to take into account that the definitions of race and ethnicity evolved through time and across countries, as explained by Wade (1997), what calls for caution when trying to interpret the figures.

**Table 1. Distribution and Composition of Population in New World Economies**

Economy	Year	White (%)	Black (%)	Indigenous Peoples*	Share in New World Population
Spanish America	1570	1.3	2.5	96.3	83.5
	1650	6.3	9.3	84.4	84.3
	1825	18	22.5	59.5	55.2
	1935	35.5	13.3	50.4	30.3
Brazil	1570	2.4	3.5	94.1	7.6
	1650	7.4	13.7	78.9	7.7
	1825	23.4	55.6	21	11.6
	1935	41	35.5	23	17.1
U.S. and Canada	1570	0.2	0.2	99.6	8.9
	1650	12	2.2	85.8	8.1
	1825	79.6	16.7	3.7	33.2
	1935	89.4	8.9	1.4	52.6

Source: Taken from Engerman and Sokoloff (1997)

\* Definitions of the different ethnic groups vary through years according to the sources from which they were taken. In 1825 for example, the category “castas” which included “mestizos, mulattoes, etc.” was divided two thirds indigenous and one third black.

The table shows how almost five centuries ago, when Europeans were beginning to arrive to the continent, indigenous peoples mostly composed its population. Nevertheless, dramatic changes in this initial composition took place, and in an uneven form across the continent. In addition, even though whites and blacks gained a large share of the total population all over the continent, the final share varied across it. In the United States and Canada, most immigrants were white. But not only that, in these countries, indigenous peoples were basically extinguished, passing from

being 100% of the population by early 1500 to only 1.4% by 1935. Diseases brought from Europe and Africa, against which indigenous populations were defenseless, were the main reason. Of course, violence and domination contributed as well.<sup>7</sup> Brazil was the second region in which indigenous peoples were more drastically diminished, lowering their share in the same period to only 23%.<sup>8</sup> Nonetheless, while in the north of the continent most immigrant population was white, in Brazil until the early nineteenth century most were blacks, and by 1935 their share in the population was just 5% smaller than that of whites. For the rest of the continent, indigenous peoples continued occupying the largest share of the population, followed by whites and blacks. Current distribution of black population is presented in Map 1.

Many LAC countries count with some assessment of their ethnic composition of their population and the demographic characteristics of their different ethnic groups. A much more scarce availability of assessments about their racial composition is regrettably noticed. Not only there is a need in the region for broader assessments of these matters, but also of deeper and more accurate ones. This fact is clearly illustrated in Table 2. As can be seen in that table, the census of 14 out of 35 LAC countries had not asked by the time of the study about racial or ethnic origin.

Furthermore, among those countries that count with a census that asks about this, there might still be some with serious methodological problems in the surveys which lead to misleading inferences about these racial or ethnic groups, as we know it is the case of Colombia and its recent experience quantifying black population with its 1993 Census. In general, the biases obtained with current censuses tend to underestimate the share of indigenous peoples and blacks.

As can be appreciated from the table, LAC population has a considerable share of black population, which amounts to 4.8% in the table, while mestizos on their part, amount to about 21% of the population, not accounting for black or mestizo populations in the non-reporting countries.

While in developing countries like the United States, a share of about 8% of black population represent a strong group of political representation, capable to exert important pressure, in many LAC countries with similar or larger shares they still lack the necessary political cohesion to become a pressure group capable enough to exert the required pressure to make prevail their rights.

The distribution of indigenous peoples and black peoples in LAC countries is presented in Table 3 and Map 2. Most of the indigenous peoples of LAC countries live in five countries: Mexico, Peru, Bolivia, Guatemala and Ecuador. On the other hand, most blacks live in Brazil, Colombia, Haiti, Cuba and Dominican Republic.

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<sup>7</sup> INI (2000) documents the effect of epidemics (Pock was the most important. There were also measles, pests and plagues) and agricultural crises in Mexico. In 1519 Mexico's population was 22 millions, and that year appeared pock (in 1520 appeared measles). By 1532, its population became 16.8 millions, and by 1540 only 6.13 millions.

<sup>8</sup> The figures for Brazil in 1935 are very different to those reported for 1940 by the *Instituto Brasileiro de Geografia e Estatística* and found in Nobles (2000), which are the following: 63.5% whites, 21.2% mulattoes, 14.6% blacks, 0.6% yellow, and no indigenous peoples. Thus a much drastic extermination must have taken place in the country.

**Table 2. Estimated Black and Mestizo Population by Country: LAC, 1998**

Country	Year	Blacks	Mestizo	Population 1998	Population Black+Mestizo
1. Antigua y Bermuda	1970	81.4	8.6	67,000	60,300
2. Netherlands Antilles				213,000	*
3. Argentina				36,125,000	*
4. Bahamas				300,000	
5. Barbados	1980	91.9	2.6	268,000	253,260
6. Belize	1991	6.6	43.7	230,000	115,690
7. Bolivia				7,957,000	*
8. Brazil	1995	4.9	40.1	166,296,000	74,833,200
9. Chile				14,822,000	*
10. Colombia	1991	5.0	71.0	40'804,000	31'011,040
11. Costa Rica				3'840,000	*
12. Cuba	1981	12.0	21.8	11'116,000	3'757,208
13. Dominica	1981	91.2	6.0	71,000	69,012
14. Ecuador				12'175,000	*
15. El Salvador				6'031,000	*
16. Grenada	1980	82.2	13.3	93,000	88,815
17. Guadeloupe				443,000	*
18. Guatemala				10'802,000	*
19. Guyana	1980	30.5	11.0	856,000	355,240
20. Haiti	1999	95.0		8'056,000	7'653,200
21. Honduras				6'148,000	*
22. Jamaica	1970	90.9	5.8	2'539,000	2'455,213
23. Mexico				95'830,000	*
24. Nicaragua				4'807,000	*
25. Panama				2'767,000	*
26. Paraguay				5'223,000	*
27. Peru				24'801,000	*
28. Dominican Republic	1991	11.0	73.0	8'232,000	
29. St. Kitts y Nevis	1980	94.3	3.3	41,000	40,016
30. Saint Lucia	1980	86.8	9.3	148,000	142,228
31. S. Vincent y Grenadines	1980	82.0	13.9	115,000	110,285
32. Suriname		** 15.0		416,000	62,400
33. Trinidad y Tobago	1980	40.8	16.3	1'284,000	733,164
34. Uruguay				3'289,000	*
35. Venezuela	1991	10.0	65.0	23'242,000	17'431,500
<b>Total</b>				<b>499'447,000</b>	<b>146'086,651</b>

Source: Taken from Bello and Rangel (2000). Percentages of black and mestiza population: U.S. Bureau of the Census, International Data base ([www.census.gov](http://www.census.gov)), Except Brazil ([www.ibge.gov](http://www.ibge.gov)), Haití ([www.odci.gov](http://www.odci.gov)), Colombia, República Dominicana and Venezuela (Larousse Moderno, 1991). Population: Anuario Estadístico (CEPAL, 1998).

\* Census of Population does not include a question for blacks.

\*\* Price (1995)

**Table 3. Afro-Creole and Indigenous Population of Latin America, Canada and United States, 1990s**

Country		Afro-Creole				Indigenous		
		Population (000)		% of Total		Year	Population (000)	%
		Min.	Max.	Min.	Max.			
1	Antigua and Barbuda	85	85*	97.9	97.9	1992		
2	Argentina	0		0.0	*	1992		
3	Bahamas	194	223	72.0	85.0	1992		
4	Barbados	205	245	80.0	95.8	1992		
5	Belize	92	112	46.9	57.0	1992		
6	Bermuda	38	39	61.0	61.3	1992		
7	Bolivia	158	158	2.0	2.0	C 1992	3,058.2 (a)	59.0
						E 1992	5,600.0	81.2
8	Brazil	9,477	53,097	5.9	33.0	E 1992	1,500.0	1.0
9	Canada	260*	260*	1.0	1.0	1992		
10	Chile			*	*	C 1992	998.3 (b)	10.3
11	Colombia (vi)	4,886	7,329	14.0	21.0	C 1993	532.2 (i)	1.6
12	Costa Rica	66	66	2.0	2.0	C 2000	32.0 (ii)	0.8
13	Cuba	3,559	6,510	33.9	62.0	1992		
14	Ecuador	573	1,147	5.0	10.0	C 1990	362.5 (iii)	3.75
						E 1992	3,800.0	35.3
						E 1995	3,055.0 (iii)	27.0
15	Grenada	72	81	75.0	84.0	1992		
16	Guadalupe	292*	292*	87.0	87.0	1992		
17	Guatemala			*	*	C 1994	3,476.7	42.8
						E 1992	4,600.0	49.9
18	Guyana	222	321	29.4	42.6	1992		
19	French Guyana	37	58	42.4	66.0	1992		
20	Haiti	6,500	6,900	94.0	100.0	1992		
21	Honduras	112	280	2.0	5.0	C 1988	48.8 (c)	1.3
22	Jamaica	1,976	2,376	76.0	91.4	1992		
23	Mexico	474	474	0.5	0.5	E 1990	5,282.3 (c)	7.4
						C 1992	10,900.0	12.6
24	Nicaragua	387	559	9.0	13.0	C 1995	67.0 (c)	1.8
25	Panama	35	1,837	14.0	73.5	C 1990	194.3	8.3
26	Paraguay	156	156	3.5	3.5	C 1992	49.5 (iv)	1.2
27	Peru	1,356	2,192	6.0	9.7	E 1992	9,000.0	40.2
28	Dominican Republic	847	6,468	11.0	84.0	1992		
29	S. Vicente y Grenadines	94	105	84.5	95.0	1992		
30	Saint Lucia	121	121	90.3	90.3	1992		
31	Suriname	146	151	39.8	41.0	1992		
32	Trinidad y Tobago	480	516	40.0	43.0	1992		
33	United States	29,986	29,986	12.1	12.1	1992		
34	Uruguay (v)	38	164	1.2	5.9	HS 1996-7	12.1 (v)	0.4
35	Venezuela	1,935	2,150	9.0	10.0	C 1992	314.8 (d)	0.9
Total		64,859	124,458	9.0	17.3	Min.	28,439.9	7.1
						Max.	38,105.1	9.4

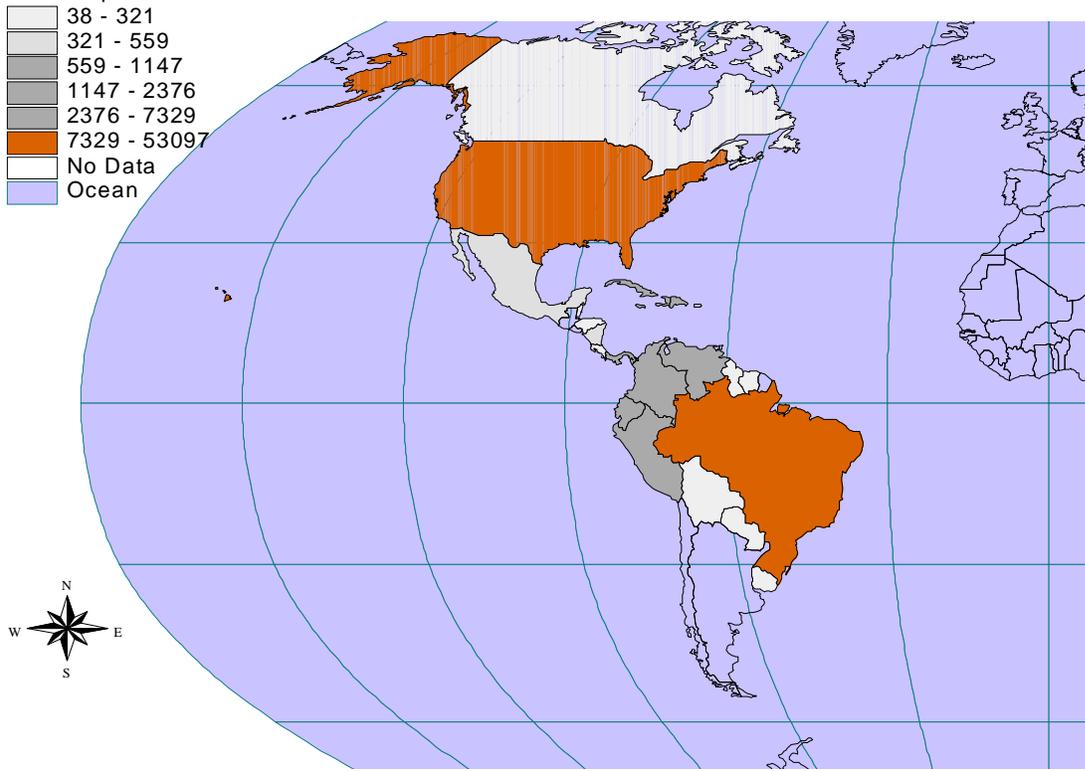
Source: Adapted by Bello and Rangel (2000) and Oviedo (1992). Other sources: (i) DANE (2000), (ii) INEC (2000), (iii) FEINE (2000), (iv) DGEEC (2000), (v) Organizaciones Mundo Afro (2000), (vi) 1993 census: 502,343: 1.5%.

\* The presence of blacks is acknowledged but no figures are given (This is also the case of Netherlands Antilles).

(a) Population six years and older. (b) Population 14 years and older. (c) Population five years and older. (d) Indigenous Census. C: Census, E: Estimation, HS: Household Survey.

Note: Indigenous population in **Argentina** was estimated in the 1966-8 census in 165,381, 0.7% of its population in 1970 (See INDEC (2000)).

**Map 1. Black Population in America (Thousands)**



**Map 2. Indigenous Population in America (Thousands)**



Let us now consider cross-country evidence of discrimination according to two concepts: Poverty and human capital skills and their returns.

### 1.1.1 Poverty

Even though there is not quantitative evidence for all LAC regarding the relative situation of blacks, indigenous peoples and their racially closets individuals, we could arguably consider members of these groups as being in the most disadvantaged situation.

Available evidence contrasting relative poverty levels between indigenous peoples and the rest of the population for some LAC is presented in Table 4.

**Table 4. Percent of Population Below Poverty Line**

Country	All	Indigenous Peoples	Non Indigenous
Urban Bolivia	52.6	64.3	48.1
Guatemala	65.6	86.6	53.9
México	22.6	80.6	17.9
Perú	53.0	79.0	49.7
Paraguay*	20.5	36.8	10.8

Source: Psacharopoulos and Padrinós (1994), as referenced in Padrinós (2000). \* Guaraní and non-Guaraní speakers.

Clearly, the quantitative information available for five LAC countries supports the hypothesis of indigenous peoples being the disadvantaged in these samples. As further evidence will show, a similar situation is lived by blacks in the region.

### 1.1.2 Human capital endowments and their returns

When comparing human capital endowment differentials among racial or ethnic groups based on the years of schooling in LAC countries as reported in Table 5, a clear pattern emerges: minority groups have less human capital endowments in all of the countries included in the table and lower returns to them.

#### *Endowments*

The table presents selected statistics to assess differences among the racial and ethnic groups. The first column describes the country and ethnic group analyzed. The second presents the ratio of earnings of the minority population with respect to the majority, which should be understood as the ratio of the earnings of the indigenous peoples or blacks, with respect to the whites. This Regardless of whether they represent the largest share of the population or not, as it is the case in Bolivia and Paraguay. The case in which differences in earnings are less pronounced is that of Rural Bolivia. First, the measure is in terms of wealth as opposed to earnings as it is the case for the other countries. Taking into account that usually wealth can be considered to be more unequally distributed than earnings, the figure presented could represent a lower bound of the actual figure for earnings. Secondly, it has the largest ratio of all, being the earnings of indigenous peoples in the country at least two thirds those of the whites. Mexican indigenous

peoples represent the most unequal case of earnings differences, being those of indigenous peoples less than a third of the corresponding for whites. Overall, there is a clear pattern of minorities earning less across LAC countries.

The fourth column of the table presents the differences in the years of schooling. The range of the difference goes from 2.7 to 3.5 years in Urban Bolivia and Mexico respectively. Again, differences are in favor of majorities.

### *Returns to Human Capital Endowments*

Two measures of differences in the returns to human capital endowments are presented in the table. The figures are obtained by first estimating a log wage equation of the form

$$\ln W_g = \mathbf{b}_g X_g + u_g$$

Where  $W_g$  is the wage of individuals that belong to group  $g$ , and  $X_g$  is a vector of variables of individuals, like education, experience, and other control variables. The coefficient of the education in this equation is interpreted as the return to schooling, namely, the percentage change in wages due to a year increase in education. This is the first measure mentioned and is presented in column five of the table for each group in each country. In some countries differences in the returns to education are huge, as it is the case between indigenous peoples and non indigenous in Peru, while in others it is rather null or mild, as in Paraguay, and Mexico or Guatemala respectively.

If we estimate the previous equation for each group, then after some manipulation of the estimated equations we can get the following decomposition due to Oaxaca (1973),<sup>9</sup>

$$\ln \bar{W}_w - \ln \bar{W}_b = \hat{\mathbf{b}}_w (\bar{X}_w - \bar{X}_b) + \bar{X}_b (\hat{\mathbf{b}}_w - \hat{\mathbf{b}}_b)$$

The equations expresses the mean wage differences as a function of the differences in the endowments, as captured by the first term of the right hand side, and the differences in the coefficients, namely, in the returns to the human capital endowments, captured by the second term.

While differences in human capital endowments might have arisen from many different circumstances, some of them acceptable, differences in their return are less acceptable, and are usually interpreted as discrimination, which in this case would mean racial or ethnic discrimination. To the extent that the variables included in the equation are not an exhaustive list of all those that might affect wages, part of the differences in the estimated coefficients are due to the omission of these variables. While the theoretical effect of the omitted variables is uncertain, previous empirical evidence suggest that a norm in these estimations is a reduction in the share of discrimination explained by the coefficients as more variables are included.<sup>10</sup> Thus, the share of the differences in mean wages attributable to differences in the returns to the endowments might be overestimated, representing this way an upper bound of it.

<sup>9</sup> This decomposition assumes according to our previous exposition, that the appropriate no-discrimination wage structure to use is that of the group  $w$  (majority), that is,  $\hat{a}_w$ .

<sup>10</sup> See Cain (1986) and Heckman (1998).

**Table 5. Characteristics of Adult Males in Latin America by Ethnic Group and Country with Estimates of Discrimination**

Country and Ethnic Group	Minority/Majority Earnings Ratio	Age (years)	Schooling (years)	Rate of Return to Schooling	Upper Bound Discrimination (percent)	N
<b>Urban Bolivia (1989)</b>						
Indigenous Peoples	0.61	38.5	7.4	5.7	28	2,394
Non indigenous		36.0	10.1	8.6		4,070
<b>Rural Bolivia (1966)</b>						
Indigenous Peoples	0.66*		1.2		12	675
Non indigenous			4.5			421
<b>Guatemala (1989)</b>						
Indigenous Peoples	0.42	36.2	1.8	9.1	52	2,459
Non indigenous		34.5	4.9	10.5		6,029
<b>Mexico (1989)</b>						
Indigenous Peoples	0.30	34.5	3.8	8.7	48	476
Non indigenous		33.6	7.3	9.3		8,343
<b>Peru (1991)</b>						
Indigenous Peoples	0.43	39.3	6.7	2.6	50	316
Non indigenous		37.6	10.0	6.2		1,863
<b>Paraguay (1990)</b>						
Guaraní	0.64	34.7	8.2	8.2	21	1,084
Spanish		36.8	11.2	8.2		647
<b>Brazil (1988)</b>						
Black	0.50	39.8	5.1	10.8	51	1,212
Brown	0.55	38.8	5.4	10.1	46	6,857
White		39.9	7.9	13.3		11,215

Source: Psacharopoulos and Patrinos, 1994; Kelley, 1988; Silva, 1992; Patrinos, Velez and Psacharopoulos, 1993, as referenced in Padrinos (2000). \* Refers to wealth.

Columns three and five of Table 5 contain the differences in education and the share of the difference in earnings explained by the differences in the returns to human capital endowments (discrimination). Both measures are favorable to whites. The share of the earnings difference attributed to discrimination that is reported in Table 5 does not contain how significantly different from zero are. We expect though, that at the very least for the countries with larger data sets, that is, maybe all but rural Bolivia and Peru, these differences should be statistically significantly different from zero.

It follows that there are both, evidence of differences in human capital endowments among different racial or ethnic groups in LAC countries and evidence that these differences would not explain the large earnings gaps among them. These facts lead us to conclude that there is discrimination against them in the region.

## 1.2 Previous evidence of discrimination by country

In this section we present the results of country specific studies about racial discrimination in LAC countries. In some cases, the studies consider a period of reference that could have taken place many years ago, maybe during slavery or after abolition. Some of the evidence is qualitative while other is quantitative. We consider all this evidence valuable and proceed to document it regardless of these aspects.

### Argentina

As can be seen from Tables 2 and 3, Argentina is one of the countries in the region that does not count with a question in its population censuses about racial or ethnic origin. Therefore, recent measures about the share of minorities, or any form of exclusion against them are unavailable. Nevertheless, there is evidence that minorities were discriminated against all during the XIX century and early the XX century. Not only they were subject to discrimination when they represented an important share of the population, but also the ideas of the Creole elite conduced to their gradual extermination from the country. We first analyze their situation in the beginning of the XIX century, and then proceed to analyze some reasons for their *vanishing*.

First let us study the situation of blacks in Argentina early in the XIX century. As is noted by Andrews (1995), “Afro-Argentines were subject not only to racially discriminatory draft decrees but also to other laws aimed at rounding up as many of the province’s nonelite masses as possible and impressing them into service”. To that extent, most blacks that reached adulthood had the experience of military service. By 1801 black troops accounted for 10% of the city’s 1,600-man militia. By 1807, out of 5,000 men, 876 (17.5%) were indigenous peoples, Pardos, or Morenos.

In 1813 the government required owners of slaves to sell them to the state by decree, depending on the economic use they were being put. Owners of domestic slaves were to contribute with one third of them, those of bakeries one fifth, and those in agriculture one eighth. This draft produced 1,016 slave soldiers, while subsequent in 1815, 1816, and 1818 yielded 1,059 more. The government had a program by which once slaves were sold to the state as soldiers, they would become free men. Black enlistees were calculated to be 28% of total enlistees from a randomly chosen group of ten units out of twenty. Taking into account that black males were drafted in numbers disproportionate to their representation in the population, this figure can be taken as an upper bound of their representation in the population.

While some writers have not recognized the achievements of blacks in their military career, the fact is that at least eleven rose to the level of colonel or lieutenant colonel. During the period 1800-1860, 38% of 109 verifiable officers from selected battalions were black.

The possibilities for blacks to become officers changed during time. It was until Rosas administration that blacks were again allowed to ascend in their military careers. A hypothesis for the emergence of new possibilities for blacks is that Rosas wanted their support for his administration. In addition, while free black men were 22.6% by 1810, they became 54.8% by 1927. Thus, the Rosas administration, in the need of manpower to fight the Indigenous peoples and civil wars of the 1830s and 1840s, forced to cede black men the right to rise through the ranks.

Even after these changes took place, Afro-Argentines continued to be disadvantaged in their possibilities for advancement. While black officers were most likely to end their career as captain, white officers were most likely to end theirs as colonels.

It follows that even though military service in Argentina seemed a way for blacks' upward mobility, this choice had many drawbacks for them. First, the likelihood of their success was small. Second, access to the highest position was not possible because of their race. Third, his achievements would be fragile to political reversals, and finally, there was the danger of a violent death.

Now, let us go ahead to analyze the ideas of the Creole elite of Argentina in the last part of the XIX century, along with the dramatic demographic change suffered by the country in the period 1880-1930. As stated by Helg (1990), between 1880 and 1930 the Creole elite of Argentina was strongly influenced by the European and North American cultures and socioeconomic models.<sup>11</sup> During that period, race was an issue called to explain differences in development between Latin America and these Northern countries. This elite accepted these views and influenced policy making accordingly. Immigration, education and Indian affairs were some of the fields affected. Only in the 1920s, other pressure movements changed the attention from racial to class issues. To a large extent, the focus also changed because there was no reason to blame race as causing differences anymore: by 1900 Argentina was already mostly populated by Europeans. Helg proceeds to affirm that this demographic change was the result of massive immigration, wars of extermination against the Indigenous peoples, and the drowning of blacks in the immigration waves. Since rapid development in agriculture and the emergence of industry took place simultaneously with demographic change, most intellectuals partly linked development to racial evolution.

Helg summarized the ideas related to race of three influential intellectuals of this period. The first of them, Domingo Faustino Sarmiento (1811-1888) argued that whites had developed at the highest rate, followed by blacks and Indigenous (the slowest), and considered Anglo-Saxon and Christian United States as the most civilized race. As president of Argentina (1868-1874), ordered several military expeditions against Indigenous. Finally, he was more confident about the ability of blacks to progress, though he did not regret their vanishing in Argentina. The second intellectual, Carlos Octavio Bunge (1875-1918), coincided with Sarmiento in the superiority of whites over other races, and of blacks over Indigenous. He considered that Indians were to disappear, either by slow absorption into the dominant culture or by extermination. The third

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<sup>11</sup> Creole here means white of Spanish origin born in Hispanic America.

intellectual, José Ingenieros (1877-1925), considered that Indians had no future, so only blacks inspired his racial writings. He considered them as physically inferior, complained of their way of living, illiteracy and lack of religiousness, what according to him justified their slavery. He even argued that they should not have been considered as individuals, and their democratic rights should have been denied. He adopted a Darwinist schema under which he hypothesized that only the most selected groups (whites) would survive, and the rest (the darker) would vanish. Ingenieros was optimistic about the future of Argentina regardless of colonial miscegenation, since massive white immigration had brought to the country all qualities that belonged to a superior race.

Argentina whitened very fast. In 1869 Indigenous peoples represented 5% of the population, but they became by 1895 only 0.7% of a total of 3'955,000. Blacks, centered in Buenos Aires, represented in 1838 25% of the capital's population and dropped to 2% by 1887. Between 1880 and 1930, immigrants (Italians: 43%, Spanish: 34%) added nearly 3'225,000 inhabitants to Argentina. Racial issues lost importance gradually and were replaced by debates about immigration.

Several explanations for the vanishing of the darker groups have been offered. For blacks the main hypotheses were prejudice against them, Buenos Aires' climate, the weakness of black's lungs to resist the pampa's winds, intermarrying with whites, the waves of European immigration, their being decimated by alcoholism, smallpox, and tuberculosis, and finally, the wars of independence and the civil wars of the nineteenth century.

Since Indigenous peoples were considered the most important enemy of the Argentinean civilization until the early 1880s, militarists like General Julio A. Roca subdued and exterminated entire aboriginal groups, while many other military mobilizations against indigenous continued doing it. By 1890, most of Argentina's Indigenous populations had been killed, forcibly incorporated into the army, or assigned as peons or servants. Only by the 1930s sporadic military attacks against them came to an end. Although some advocated their protection, in practice indigenous peoples never had access to education, were dispersed across the country, and many died from diseases they were not immunized against. In short, policies consistently conducted to their elimination.

Thus, after independence, the Creole elite wanted to get a mostly white nation, which by 1930, they succeeded to get through massive immigration of Europeans and gradual extermination of the darker.

Argentina can be considered as an extreme example of the consequences of discrimination in LAC countries. Not only blacks and indigenous peoples were discriminated against, but also they were exterminated from the country through several means. Argentina does not provide us with nice examples of contemporary discrimination to compare with other LAC countries, but with a dramatic example of the importance of rapid action protecting minorities and building consciousness of their rights, in a period in which the conception of these groups was passing through a transition from the negation their rights to their equalization, in order to prevent such deplorable consequences.

## Bolivia

In this case the available census information of 1992 reveals that by then, 59% of the population 6 and older was indigenous. Nonetheless, experts' estimates consider this figure underestimated and assess their share as 81% of the population. On the other hand, in Bolivia there has been made an effort to get additional information through household surveys. Household surveys have collected information related to ethnicity by asking about the language spoken by individuals. Thus, since 1989 there are some variables that allow distinguishing the indigenous peoples.<sup>12</sup>

Tables 4 and 5 reveal two signals of exclusion and discrimination against indigenous peoples in Bolivia. The first table presents the differences in the shares of people below the poverty line. Clearly, the share of indigenous peoples below the poverty line in Urban Bolivia is larger than that of the average population. On the other hand, Table 5 presents evidence of labor market discrimination in Bolivia. Average earnings and years of education of indigenous peoples are only 61% and 73% those of non-indigenous respectively. In addition, it shows that most of the difference in earnings (72%) is explained by differences in human capital endowments between the groups, being 28% the upper bound of the share explained by discrimination.

Results of Table 5 along with previous results like those of Kelley (1988), have been interpreted as evidence of virtually no labor market discrimination in Bolivia. Let us analyze the reasoning behind these results.

First, Kelley (1988) performs a decomposition of earnings differentials between indigenous peoples and non-indigenous using a survey of about 1,000 male household heads collected in 1966 in rural Bolivia. The variables used in his decomposition included own and father's education and occupation. He concludes that between 95% and 100% of the overall differential was due to these human capital and socioeconomic variables. That is, it was more due to differences in endowments than to market discrimination. He attributes the importance of these variables, more related to class than to ethnicity, to the 1952 Revolution, an event that influenced a long period of Bolivian's history, included the moment of the survey.

We begin by noticing that the analysis allows attributing differences in earnings to differences in both endowments and other aspects among which it is considered market discrimination. Nonetheless, its scope does not allow to explain the differences in endowments, and in particular, it does not allow to explain whether these differences were related to any kind of discrimination or exclusion to which minorities could have been subject by the time of the analysis.

To better understand these results, it is useful to take into account the situation of indigenous peoples at the time of the study. A good description of this situation and the incidence of the 1952 Revolution can be found in Léons (1998). This study is based on fieldwork carried out between 1963 and 1964, which matches our period of interest. Although this study refers primarily to the Nor Yungas region of Bolivia, the author considers that most of its implications are more general in scope.

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<sup>12</sup> For more information about the household surveys of Bolivia and other countries see Mejía and Moncada (2000)

At the time of the study, there were basically four ethnic groups in Bolivia labeled as *blanco* (white), *mestizo* (mixed), *indio* (Indigenous) and *negro* (blacks). Let us begin to mention some of the aspects that might have prevented Black and Indigenous peoples from having levels of human capital endowments comparable to those of whites and mestizos.

Maybe the first aspect that excluded these populations from having the opportunity to catch up with whites and mestizos was political. Only after the revolution began by 1952 universal suffrage for all males and females over twenty-one, *without literacy requirements*, was instituted. Clearly, to the extent that those less literate were minorities, there was no need by then to prevent them to vote based on the labels of their ethnic groups, since targeting on literacy was enough to mean minorities, with the additional benefit of being much easier to implement politically. Given that the posterior privileges tied to political participation are likely to emerge only in the long run, it is unlikely that by 1966, the time of Kelly's study, the effects of previous political exclusion had vanished.

A second aspect is related to education, and in particular, to the possibility of minorities to learn Spanish. Access to schooling was equally difficult for blacks and indigenous peoples, even though blacks had Spanish as a first language, and many did not even understand Aymara, the Indigenous language. Before 1952, there were basically no schools in rural areas. In addition, only a few children of minorities managed to attend schools in the towns, but their rural employers discouraged this practice. Even though after 1952 rural schools were introduced and children began to study and learn Spanish in them, differences in schooling observed by 1966 were yet influenced by the period of exclusion just described.

A third aspect is occupational segregation. At the time of Kelley's study, whites owned the estates and mestizos were overseers, administrators, and craftsmen. The labor force of the haciendas, that occupied the lowest position in the economic, political and prestige continua of stratification, was divided among blacks and indigenous peoples. Clearly, the mentioned aspects interact with one another. One example is the fact that some positions had as requirements the ability to speak Spanish and a functional degree of literacy. These positions included teachers, notaries, and recording secretaries in the syndicates. To the extent that Kelley's study used occupation as one of the endowment variables, it is clear that it had already imbedded the implications of social exclusion mentioned.

Additional aspects than the ones already mentioned were also at work. One was residential segregation. Not only indigenous peoples lived segregated, but also most blacks lived in all-negro communities, although some lived in predominantly Indigenous settlements. Blacks used to dress in Aymara style and share aspects of their culture such as their religion.

Another aspect was related to the barriers minorities had to acculturation. Before 1952 acculturation to the pattern of the dominant group was not encouraged and often was punished. Blacks and indigenous peoples who wore shoes to town used to be beaten by town youths by then.

In short, even though from 1952 to 1966 blacks and indigenous peoples in Bolivia improved their position, their uneven conditions with respect to whites and mestizos had already affected their possibilities for an horizon long enough to have implied structural differences in human capital endowments by 1966.

Secondly, the results presented by Padrinos (2000) are as well subject to a similar interpretation than those of Kelley (1998). Even though the opportunities for blacks and indigenous peoples have improved substantially since 1966, these groups still complain of inequities taking place in the country. In an interview to Victor Hugo Cárdenas, an Indigenous leader of Bolivia, former Vice-President of the country and former President of the *Fondo Indígena*, he claims that indigenous peoples live in a condition of pronounced inequality in the country. This exclusion, as he claims, is not only of politics, but also of the benefits of development and society as a whole.<sup>13</sup> In Hamilton (1999), there are additional testimonies of indigenous leaders complaining of not having schools with quality standards high enough to prevent their youths from leaving from their communities to the cities. Only recent programs oriented to bridge the educational gap are beginning to take into account cultural diversity in Bolivia. These programs currently prepare teacher in bilingual teaching and prepare them to give lectures related to their communities' culture. Many books have been printed in native languages with lectures illustrated with indigenous topics. These programs have led some localities of Bolivia to have some of the first schools oriented to prepare teachers for the teaching of indigenous students.

This country provides us with substantial evidence of ethnic discrimination. Discrimination was political, through language and acculturation barriers, limited access to education, exclusion of some occupations, and residential segregation. Some of these barriers, like the political, have softened through time, while some are still present. Remaining inequities might still be severely affecting differences in human capital endowments between the ethnic groups in Bolivia, and to that extent, the direct effect assessed in Patrinos' study must be added to this indirect effect only captured in his study through differences in human capital endowments.

## **Brazil**

Brazil is one of the richest countries in studies about racial discrimination. We proceed in this section to present a historical perspective of the evolution of discrimination in the country. Then, we describe the main facts after abolition and until after Second World War. During those years there was not yet a mentality that racial discrimination was driving differences in the country, but there was a belief that it was class based discrimination what drove these differences. The change of mentality began before the military coup of the 1960s, thus we proceed to document the 1960-80 period. Finally, some contemporary studies are reported.

### *Historical Perspective*

As can be noticed from Table 1, Brazil population was subject to deep changes in its racial composition during the last five centuries. Early in the sixteenth century, it was mostly populated

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<sup>13</sup> See Hamilton (1999)

by indigenous, as it was the whole continent. Nevertheless, the fast immigration process of whites and black slaves, along with severe epidemiological “genocides”, brought down the share of indigenous peoples from 94.1% in 1570 to 78.9% in 1650, and to 21% in 1825, where it stabilized until 1935. Blacks were the ones that took a larger share of the indigenous peoples’ participation during the seventeenth and eighteenth centuries, accounting up to 55.6% by 1825. Whites on their part, became the largest racial population of Brazil by 1935, when they were 41% of the population.

Most of this period was characterized by slavery, which was legal in the country from the year 1500 until May 13, 1888. Slaves were not recruited based on their nationality or country of birth, or any other concept but their race. As stated in Nascimento (1995), the enslavement of the whites masters’ own sons and daughters of mixed blood confirms that slavery was inextricable bound up by race.<sup>14</sup> In the same reference it is claimed that since the times of slavery, the Afro-Brazilian, whether *negro* (black), mulatto, *moreno* (brunette), *pardo* (brown), *escuro* (dark) *crioulo* (black Brazilian), or any other euphemisms of African descent in various gradations of epidermic color and ethnic classification, formed a group condemned to disappearance.

At this point it is useful to understand the economic environment in which decisions to import and recruit slaves were taken. As explained in Leff (1997), from 1822 to 1913 per capita income in Brazil did not grow, being the period 1822-99 a period of income decreases, and that of 1900-13 one of rapid economic progress. Most of this aggregate performance was due to the fall of about 30% of per capita income between 1822 and 1913 in the northeast.

The reason for the uneven development of the northeast with respect to the rest of the country has to do with the fact that during the nineteenth century, exports were the main source of productivity growth. In addition, early in the century the northeast had specialized in the production of sugar and cotton, two products that by 1822 accounted for 49% of aggregate export revenues, while coffee (produced in the southeast) accounted for 19%. Nevertheless, in 1913, sugar and cotton provided only 3% of Brazil’s total exports revenues, while coffee 60%.

It was the rapid growth of coffee exports what motivated the large import of slaves during the first half of the century. Even though the British government had attempted to stop the importation of slaves since early that century, the benefits of their importation generated resistance from Brazilians to the British government. Between 1800 and 1852 (when the British forced compliance), about 1.3 million slaves were imported to Brazil.

Comparative advantage in the production of coffee relative to sugar and cotton during the century should have led to either a shift in production toward coffee in the northeast or to migration of labor to the southeast. Given that northeastern lands and climate were not appropriate to coffee production, the first possibility could not be considered. On the other hand, the large distances between Brazil’s regions made migration to the south a very costly alternative. In this case, while the slave market was an efficient mechanism to finance migration of slaves from the northeast to

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<sup>14</sup> This example illustrates the extent to which Brazilians used race as the key characteristic determining potential slaves. Although this example did not constitute a rule in the country, it certainly contradicts views that considered that the target characteristics were nationality or country of birth.

the southeast, most of the northeast labor force was free, and the country lacked an institution to finance free workers' investment in migration. Thus, many workers of the northeast who were potential immigrants to the southeast would not be willing to sink such costly investment.

In addition to the British prohibition to import slaves, slavery was abolished in 1888. These events threatened the stability in real wages that coffee growers had managed to maintain, first with the import of slaves from overseas and then from other regions from the country.

It was at this point when, as claimed by Nascimento (1995), existed the opportunity for social integration of blacks through salaried labor. Nonetheless Afro-Brazilians, whom the ruling classes of white Europeans had not allowed to prepare, were rejected as a source of labor in the new system. While Prado (1966) sustains that European immigration of workers was stimulated to "overcome the lack of labor force", Nascimento presents figures in which he shows that by then, there were millions of blacks recently freed who were unemployed.

Even aware of this fact, coffee planters pressed Brazil's central government and the government of Sao Paulo province to pay the transportation costs of immigrants from southern Europe. The policy was undertaken and achieved its objective. Between 1880 and 1885, about 4,300 immigrants entered Sao Paulo annually. In 1886, the figure was 9,500, and next year 33,000. Between 1885 and 1909 some 2.8 million Europeans entered Brazil, mostly to the southeast.<sup>15</sup>

Simultaneously, according to Nascimento, in 1882 a survey taken in the provinces of Sao Paulo, Minas Gerais, Bahia, Pernambuco, Ceará, and Rio de Janeiro, showed that in these provinces were 1.4 million of free workers, 650,000 slave workers, and 2.8 million idle (free Africans). This is consistent with Nobles (2000), who claims:

*"even though ex-slaves and free people of color were available as workers, planters neither assumed nor aggressively sought to enforce labor availability through legislation like the U.S. Black Codes. Ex-slaves were largely left to their own devices"* (Page 90).

Trying to explain why the supply of labor came from overseas rather than within Brazil, Leff (1997) considers many possibilities. While workers from the domestic agricultural sector had an opportunity cost high enough to be attracted for southeastern planters, the failure for the later to attract those from the northeast is puzzling. First, transport cost from the northeast to the southeast are unlikely to have been larger than from southern Europe, and even if this was so, Brazilian elites perceived European Immigrants especially as "civilizing" individuals, what would make them more valuable, hence compensating eventual higher costs, as explained by Nobles (2000).<sup>16</sup> Secondly, hundreds of thousand of northeasterners emigrated between 1872 and 1910 to the booming Amazon region, showing their willingness to migrate. Why the coffee planters in the southeast were more willing to finance immigration from Europe than from the northeast? It seems that *racial attitudes* on the part of the coffee planters could have been part of the answer.

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<sup>15</sup> Between 1882 and 1934, approximately 2.3 million immigrants arrived Sao Paulo state, and from 1888 to 1900, 73% of incoming emigrant population was Italian. See Nobles (2000).

<sup>16</sup> Some argue that existing trade patterns and costs would make it cheaper the importation of Europeans.

As stated by Hasenbalg (1999), some authors have shown that the exclusion of blacks from the industrialization process that took place in Sao Paulo until 1930 was more the result of state immigration policies than of a lack of preparation, ability, or the social disorganization of blacks. Thus, between 1888 and 1930 it was clear that in Sao Paulo whites were the winners and blacks the losers in the economic development generated by the coffee boom and industrialization.

In Rio de Janeiro, where a great number of foreign immigrants arrived during the second half of the nineteenth century, the immigration flow continued after abolition, but with a much smaller volume and impact to that of Sao Paulo. One reason was that immigration was not subsidized in this city. Even though whites were favored in the labor market, blacks were not displaced as much as they were in Sao Paulo. As the census of 1890 indicates, blacks and mulattos were highly concentrated in non-specialized sectors, but still 17 percent of them were employed in industry, accounting for 30 percent of the labor force in this sector. This incipient process of proletarianization of blacks in Rio de Janeiro anticipated what would occur in the rest of the southeast once the flow of immigrants was interrupted in 1930.

Other regions with a high concentration of black population, like the northeast and Minas Gerais, though poorly studied so far, had a negligible impact of foreign immigration. In addition, it is possible that in these regions blacks participated from the beginning in the industrialization that took place there.

Still in the decades following abolition, the forms of free labor were differentiated from slave labor merely by the basic freedom to abandon one's job. Most forms of remuneration were non-monetary. In the northeast, where transition to free labor were more advanced at the time of abolition, the former slaves got positions as tenant farmers, day laborers and peasants. Nevertheless, wage labor as such was established in sugar agriculture only after the 1960s as a result of the application of the *Estatuto do Trabalhador Rural* (Rural Worker Law).

The period following abolition has not been deeply studied in part for the absence of data concerning the color of the population in demographic censuses from 1890 until 1940.

### *The 1940-50 Period*

Only until 1940, more than fifty years after abolition, it is possible to assess with some degree of accuracy the labor market situation of Brazilian population by race. Table 6 presents the distribution of employment by economic sector of the economy in Sao Paulo, Rio de Janeiro (the Federal District plus the city of Rio de Janeiro), the rest of the country, and the aggregate of Brazil. All across the country blacks were relatively more segregated in the primary sector.

Regions different than the southern states were the ones with a larger share of their workers occupied in the primary sector and with a more even distribution of both races across them. These were the least developed regions, and the less dynamic in the period analyzed, as it is evident from the small changes reported by 1950.

**Table 6. Sectoral Structure of Employment of Color Groups, Selected Regions of Brazil, 1940 and 1950<sup>a</sup>**

Sector	Sao Paulo		Fed. District and Rio de Janeiro		Others <sup>b</sup>		Brazil	
	White	Non-White	White	Non-White	White	Non-White	White	Non-White
1940								
Primary <sup>*</sup>	56.3	71.2	25.2	44.9	76.6	81.3	65.9	77.4
Secondary <sup>**</sup>	17.5	12.0	19.8	21.7	6.2	7.0	10.9	8.6
Tertiary <sup>***</sup>	26.2	16.8	55.0	33.4	17.2	11.7	23.2	14.0
Total	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1950								
Primary <sup>*</sup>	42.0	48.9	17.0	23.0	70.4	75.6	55.8	68.7
Secondary <sup>**</sup>	24.3	20.5	23.1	23.1	7.3	8.0	14.6	10.6
Tertiary <sup>***</sup>	33.7	30.6	59.9	53.9	22.3	16.4	29.6	20.7
Total	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Hasenbalg (1999). \* Agriculture. \*\* Industry. \*\*\* Commerce. a. Non-Whites includes blacks and browns and excludes yellows and those who did not declare their color. b. Excludes states in Southern Brazil.

Sao Paulo was the next with the highest concentration of workers in the primary sector, although this presented a more uneven distribution by races and a much more dynamic economic activity during the 1940s. In this decade, for the first time, industrial employment of blacks and browns grew faster than that of whites. Blacks had a much closer distribution of workers across sectors, reducing the share of black workers in the primary sector and increasing them in the tertiary.

The consolidated of Brazil resembles the uneven participation of races in economic sectors, with blacks more concentrated in the primary. Whether because they competed with immigrant workers from a disadvantaged position, or because remained concentrated in less economically dynamic regions, after abolition they entered too late into the developing urban-industrial world.

Finally, notice that equalization in the participation of non-whites in the different sectors was positively related to the level of development of the region considered. In particular, the most urbanized and industrialized region of Brazil by 1940 was the state of Rio de Janeiro, so it was the region that presented the earliest *significant* incorporation of non-whites in the secondary sector according to the figure in 1940, equalization in this sector by 1950, and a very fast approximation to the participation of whites in the tertiary sector during the 1940s. The distinction between what happened in Sao Paulo and the rest of Brazil excluding Rio de Janeiro is somewhat less clear, but it still shows the great progress in Sao Paulo relative to the rest of the country in the participation of non-white in industry during the 1940s, this fact regardless of the previous Europeans immigration policies of that state.

### *The 1960-80 Period*

Between 1950 and 1980 the available information concerning race and color was scarce. The 1960 census had serious problems and its results were known only ten years later. The census of 1970 omitted questions about color, which only were included again in 1980.

Two studies, Lovell (1994) and Lovell and Wood (1998), quantify some of the available evidence of discrimination in Brazil.

The first study uses data from the 1960 and 1980 demographic censuses to assess racial differences by gender related to spatial segregation, schooling, occupation, and wages. She restricts the data by using a sample composed by individuals eighteen to twenty nine, working at least 40 hours a week, and limited to women without children. Her findings in these four topics can be summarized as follows.

1. Spatial segregation: Since the days of slavery, most Afro-Brazilians have lived in the less developed Northeast, while whites have been concentrated in the highly developed southeast. Industrialization in south-central Brazil attracted migrants from the Northeast and rural areas. The spatial redistribution of population brought gains to Afro-Brazilians. Although this events resemble the migration experienced by blacks in United States from the South to the North, the magnitude of migration, and consequently of its gains for blacks in Brazil, was much smaller than that observed in the United States.<sup>17</sup>

2. Educational Attainment: Afro-Brazilians in 1960 were more likely than whites to lack formal schooling and less likely to have completed middle school. Between 1960 and 1980 education levels in Brazil rose significantly. The number of Afro-Brazilian and white women completing middle school or beyond increased from 3 to 22 percent and from 18 to 47 percent respectively. A similar change took place among men. At the highest level of schooling, the racial gap was increased in this period. Whereas in 1960 white women who had completed nine years or more of schooling exceeded Afro-Brazilian women by 15 percent, the did by 25 percent by 1980. Among men, this gap widened 10 percent.

3. Changes in occupation: In 1960, 88 percent of Afro-Brazilian employed women were employed as unskilled manual and personal service workers, and only 52 percent of white women. Most Afro-Brazilian women were domestic servants. By 1980, white women had increased their participation in white-collar job categories by 15 percent, and Afro-Brazilian women by 22 percent. The change favored Afro-Brazilian women since they departed from a much more disadvantaged situation in 1960. Among men, the changes were even. Total white-collar employment rose by 8 percent for men in both racial categories. Thus, men were as differentiated by race in 1980 as they had been in 1960.

In order to empirically assess differences in the probability of having a white-collar position, the author uses logistic regression controlling for experience, education, region of residence, migrant status and marital status. Race continues to affect opportunities according to this exercise. Afro-Brazilians of both genders women were less likely to get white-collar positions.

4. Earnings: When comparing wages by occupation, whites received higher earnings in all occupations. These differences were larger among men than among women. Over time, the racial wage gap increased (decreased slightly) among white-collar (blue-collar) workers.

An empirical exercise was made to measure wage discrimination. First, wage regressions were estimated of average monthly wages as a function of experience, education, region of residence, occupational position, and migrant and marital status. Different specifications were tried in which

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<sup>17</sup> Between 1950 and 1980, the proportion of the Afro-Brazilian workforce residing in the Northeast fell from 35 percent to 30 percent for women and from 38 percent to 30 percent for men.

race and gender dummy variables were included to capture their differential effect on wages. In all the specifications, race dummies revealed that Afro-Brazilian women and men had lower wages than whites, even after controlling for the socioeconomic variables included in the regression.

Finally, a decomposition exercise was made to further assess the magnitude of racial discrimination. Wage regressions were estimated for each group, and then after some manipulation of the estimated equations, the following decomposition was obtained

$$\ln \bar{W}_w - \ln \bar{W}_b = \hat{\beta}_b (\bar{X}_w - \bar{X}_b) + \bar{X}_b (\hat{\beta}_w - \hat{\beta}_b) + (\hat{\beta}_w - \hat{\beta}_b) (\bar{X}_w - \bar{X}_b)$$

The equations expresses the mean wage differences as a function of the differences in the endowments, as captured by the first term of the right hand side, the differences in the coefficients, namely, in the returns to the human capital endowments, captured by the second term, and finally, in the interaction of differences in endowments and their returns, captured by the third term.<sup>18</sup>

The results of the decomposition for the year 1980, for individuals eighteen to twenty nine, working at least 40 hours a week, and limited to women without children; are presented in the first panel of Table 7. The first column decomposes the difference in average wages first between white men and Afro-Brazilian women, and then between white men and Afro-Brazilian men. The second panel presents the results of a similar exercise found in Lovell and Wood (1998) for the years 1960 and 1980. They decompose the difference in average wages between individuals of different races but the same gender for individuals eighteen to sixty four working full time.

First notice that the share of the earnings gap explained by discrimination according to Lovell (1994) is much larger for women than men. This is because the decomposition compares in both cases with white men, thus women larger discrimination reveals the cumulative effect of race and gender. In addition, according to Lovell and Wood (1998), the importance of discrimination as a factor explaining these differences increased from 1960 to 1980. These results are consistent with the ones found by Silva (1985, 1992), who also finds an increasing importance in time of discrimination as a factor explaining racial earnings differences (Table 8). The percentage of white's earning that the earnings gap represented decreased between women of different races, but remained stable between men, as shown in the column labeled % of  $Y_w$ .

Another aspect in which racial differences persist is that of the mortality rates of children. According to Lovell and Wood (1998), children born to Afro-Brazilian mothers experience higher mortality rates than white children. This is true even after controlling for household income, which suggest that other forces different than just class, were at work in Brazil.

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<sup>18</sup> Here if we merge the first and the third terms, we would obtain Patrinos' (2000) decomposition, under which the no-discrimination wage structure was  $\hat{a}_w$ . On the other hand, if we merged the second and third terms we would obtain the decomposition consistent with the assumption that the no-discrimination wage structure was  $\hat{a}_b$ .

**Table 7. Earnings gap Decomposition by gender in Brazil, 1960 and 1980.**

Gender/ Concept	Lovell's Decomposition of Gap in Earnings							
	Lovell (1994)*		Lovell and Wood (1998)**					
	(1980)		(1960)			(1980)		
	Share	<i>Cruzeiros</i>	Share	<i>Cruzeiros</i>	% of $Y_w$	Share	<i>Cruzeiros</i>	% of $Y_w$
<b>Women</b>								
Endowment	16.0	1,219	41	1,554	24	36	1,664	16
Discrimination	51.4	3,919	-9	-341	-5	18	832	8
Interaction	32.6	2,482	68.0	2,577	40	46.0	2,127	21
Total	100.0	7,621	100.0	3,790	58	100.0	4,623	45
<b>Men</b>								
Endowment	39.0	1,680	48	2,347	20	34	2,624	14
Discrimination	24.0	1,034	17	831	7	32	2,469	13
Interaction	37.0	1,594	35.0	1,711	15	34.0	2,624	14
Total	100.0	4,307	100.0	4,890	42	100.0	7,716	42

Source: Lovell (1994) and Lovell and Wood (1998). Figures in 1980 *cruzeiros*. \* The sample is composed by individuals 18 to 29, working at least 40 hours a week, and limited to women without children. Average wage decomposition of women and men, is calculated with respect to white men. \*\* The sample is composed by urban workers eighteen to sixty four. Average wage decomposition are calculated between individuals of different races but the same gender.

**Table 8. Discrimination in Brazil through time**

Year	Discrimination (%)		
	Mulatto	Black	Nonwhite
1960	17.6	14.6	16.3
1976	32.9	26.3	31.2
1988	45.6	50.9	

Source: Silva (1985, 1992)

### *Measures of discrimination in Brazil after 1980*

Many studies have recently assessed racial discrimination in Brazil and the difficulties in the classification of individuals across races during the last two decades.<sup>19</sup> Here we will present the results of a set of studies about racial inequality in the labor market of Salvador collected in Castro and Barreto (1998), and the results of a study by Telles and Lim (1999) that has very interesting insights about the implications of the different methodologies of classification.

### *Labor Market in Salvador*

The collection of studies about racial discrimination in the labor market of Salvador by Castro and Barreto (1998), is one of the first studies in Brazil that departs from the perspective that

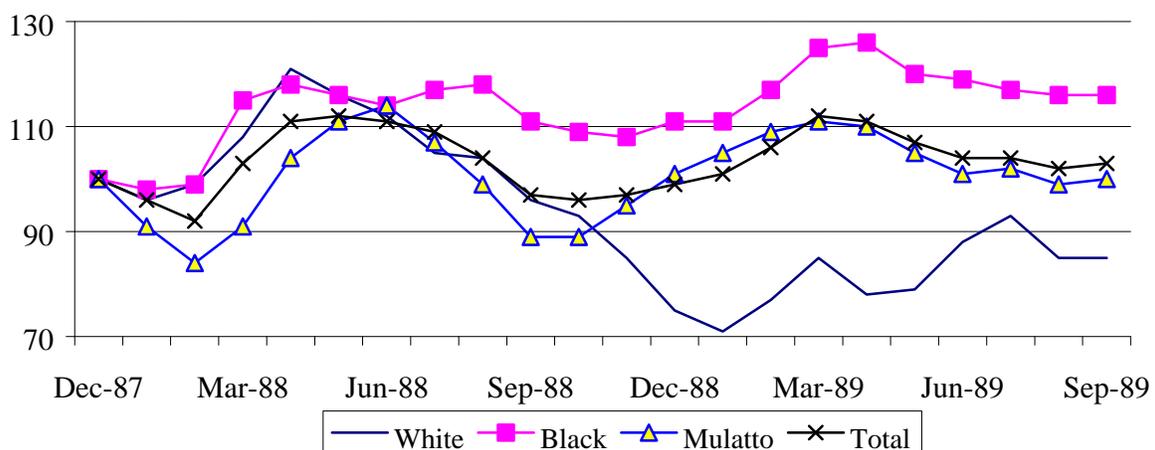
<sup>19</sup> Castro and Barreto (1998), Sansone (1993, 1995, 1997, 1998), Guimarães (1996), Paes de Barros and Mendonça (1996), Paes de Barros, Mendonça and Velazco (1996), Telles and Lim (1999), etc.

explains racial inequality as brought out by class differences. Salvador is the capital of Bahia, a state of Brazil that is densely populated by blacks and mulattos. The study was motivated by the deep concern about the racial differences that were taking place in Salvador labor market.

**The Survey:** The information used to develop the studies was gathered through monthly surveys between 1987 and 1989, that constituted the *Pesquisa de Emprego e Desemprego* (PED). During those two years, about 60,000 housing units were interviewed using the same methodology. Racial classification in the PED was made based on the interviewer's concept of the race of the interviewed. According to his concept, he would classify the person as *preto* (black), *pardo* (mulatto), *amarelo* (yellow), or *branco* (white). When comparing the results of this classification with those obtained through individuals' self-classification in the *Pesquisa Nacional por Amostra de Domicilios* (PNAD) realized in 1987, the results are striking. The PED identifies almost 2.5 times more blacks than the PNAD, that is, 41% versus 17% respectively. Nevertheless, once blacks and mulattos are added, the difference becomes less than 4%. These results suggest a tendency for what is called in Brazil *branqueamento*, that means that blacks tend to self-classify as whiter. In this case, differences found in the share of blacks between these two surveys suggest that blacks tend to self-classify as mulattos, while the differences found in the shares of blacks and mulattos pooled suggest that very few blacks or mulattos self-classify as whites. To that extent, when using surveys classifying individuals according to their self-classification, sub samples analyzing the socioeconomic situation of whites versus nonwhites should not present a significant bias due to classification of individuals between races. On the other hand, those studies attempting to split the sample in three groups, namely blacks, mulattos and whites, might get seriously biased results due to an incorrect classification of blacks as mulattos. This bias usually leads to the underestimation of differences between these two groups. This result is consistent with the findings by Telles and Lim (1999) for Brazil at the national level that is presented below.

The collection of studies reports huge differences among races. Unemployment rates in the period analyzed were 12.4, 41.8 and 45.8 for whites, mulattos and blacks respectively. Unemployment not only presented higher levels for mulattos and blacks, but also increased more in the period analyzed as can be noticed in the figure.

**Figure 1. Unemployment Rates Indexes by Color in Salvador Metropolitan Area, 1987-1989**



*The importance of how individuals are classified by race*

In the study by Telles and Lim (1999), for the first time in a national survey, the classification of individuals was made according to both, self-classification, and the classification of the interviewer. Both classifications are made over the five categories of the demographic census, *preto* (black), *pardo* (mulatto), *amarelo* (yellow), *indígena* (indigenous), or *branco* (white). They present a detailed study of the implication of classifying individuals according to their self-classification or to that of the interviewer.

Table 9 contrasts the differences obtained by individuals' self-classification versus that of the interviewer. It can be noticed from the table how the numbers above the diagonal are larger than their respective transposed numbers below the diagonal. This is clear evidence that it is more likely for an individual to make use of the possibility of *branqueamento* when self-identifying than the opposite possibility. This is particularly observed in the case of blacks self-identifying as mulattos, 39.8%, versus 8.8% of mulattos self-classifying as blacks, and mulattos as whites 20.2%, versus 11% of whites self-identifying as mulattos. Note that while the totals in the last column and the last row are very similar, they are so only after misclassifications within groups. This corroborates the previous finding that aggregate misclassifications are within non-whites.

**Table 9. Contrasting self-classification versus the interviewer's classification of race**

		Interviewer classification				
		White	Mulatto	Black	Total	Distribution
Self-classification	White	88.6%	20.2%	2.2%	100%	56%
	Mulatto	11%	71%	39.8%	100%	33%
	Black	0.4%	8.8%	57.9%	100%	10.7%
	Total	55.9%	30.7%	13.4%	100%	100%

Source: Telles and Lim (1999)

When individuals are grouped according to their income, what is found is that the classification by the interviewer tends to *overestimate* the income of the white and black individuals and to *underestimate* that of the mulattoes compared to the self-classification. This fact can be observed in Table 10, where the share of whites (blacks) in the lowest interval of income was 44.4% (55%) and 42.6% (48.3%) according to their self-classification and that of the interviewer respectively. On the other hand, the figures for mulattoes were 52.5% and 55% respectively. The result for blacks might come from the very fact that as just found, on the whole blacks tend to self-classify as mulattoes but the total of non-whites remains similar under both classifications. Thus, if blacks are on average poorer than mulattoes, the mentioned misclassification will overestimate the earnings of blacks and underestimate those of mulattoes.

To estimate the racial differences in earnings, the authors run a model of the log of earnings as a function of gender, age, age squared, education, region, size of urban area and race. The model is estimated by maximum likelihood estimation and their results are reported in Table 11. The first result to notice is that the log likelihood estimated is larger when the classification based on the interviewer is used than when is used self-classification, suggesting that the former might be a

better model. The results of the model are consistent with the observations previously made without controlling for the covariates included in it. Again, self-classification tends to *overestimate* the earnings of blacks and mulattos with respect to that of whites. Self-classification *underestimates* as well the earnings of mulattos with respect to that of blacks. The third column shows how different inconsistencies in classification are related to earnings. Overall, individuals who claim to belong to a whiter group than the group to which the interviewer considers he belongs, have smaller income than individuals who are consistently classified by both procedures.<sup>20</sup> The difference in earnings becomes larger as the difference in classification becomes more different. That is, individuals who self-classify as white or mulatto when the interviewer classifies them as blacks, have much smaller earnings in relation to those consistently classified in the first case than in the second case. The opposite situation happens when the individual self-classify as black or mulatto and the interviewer classifies him as mulatto or white respectively.

**Table 10. Self-Classification versus Interviewer Classification of Monthly Income Per Capita**

		Monthly income per capita					
Classification	Race	<= 150	151-375	376-750	751-	>1500	Total
Self-classification	White	44.4%	21.6%	17.0%	10.7%	6.3%	100%
	Mulatto	52.5%	22.9%	14.6%	7.3%	2.8%	100%
	Black	55%	25.2%	13.8%	4.3%	1.7%	100%
Interviewer's Classification	White	42.6%	21.7%	17.5%	11.7%	6.5%	100%
	Mulatto	55.0%	23.4%	13.7%	5.6%	2.3%	100%
	Black	48.3%	22.5%	15.8%	8.8%	4.6%	100%

Source: Telles and Lim (1999)

It is worth to analyze at this point the implications of the common claim according to which more wealthy people are less discriminated, and hence, are more likely to either self-classify or being classified (or both) as whiter than they are.<sup>21</sup> First consider the case in which the self-classification is different to the classification done by the interviewer, which in turn will be considered as the true classification. If the individual is whitening himself, then the results obtained in column four of Table 11 in this case (-0.245, -0.107 and -0.131) would underestimate the true coefficients that would be obtained under the correct classification, what would make even stronger the conclusions previously gotten, and maybe in this case, even the third coefficient would be statistically significantly different from zero. If on the other hand, the interviewer is the one who tends to whiten the interviewed, then the results obtained in column four of Table 11 in this case (0.233, 0.256 and 0.131) would overestimate the true coefficients that would be obtained under the correct classification, what would weaken the conclusion previously found, and lead us to reconfirm that the income of these individuals did not differ from those correctly classified.<sup>22</sup> Secondly, consider the case when most wealthy individuals tend to whiten themselves and so does the interviewer. In this case the coefficients previously found

<sup>20</sup> Notice though that only the coefficients obtained for those incorrectly classified whom self-classify as whites were statistically significant at the 0.05 level.

<sup>21</sup> See for example Lovell (1994)

<sup>22</sup> These were not already statistically significant at the 0.05 level.

under inconsistent race classifications would not change, but rather, the coefficient found for whites (0.228) would diminish and that for blacks (-0.145) would increase. Still in this case, taking into account the level of statistical significance of both coefficients, it is unlikely that our previous conclusions would change. In short, even though the magnitudes of the coefficients would have some variations, the general conclusions found in all cases analyzed would still hold.

**Table 11. Maximum Likelihood Estimates of log wage regression**

Independent Variables	Self-classification		Interviewer Classification		Both Classifications	
Male	0.9	(.039)	0.9	(0.39)	0.9	(0.39)
Age	0.098	(.008)	0.098	(.008)	0.097	(.008)
Age square (x100)	-0.103	(.009)	-0.103	(.009)	-0.1031*	(.008)
Secondary	0.706	(.043)	0.688	(.043)	0.687	(.043)
Higher	1.545	(.061)	1.512	(.064)	1.512	(.061)
Northeastern	-0.449	(.050)	-0.426	(.050)	-0.426	(.050)
Big urban areas	0.305	(0.039)	0.314	(0.043)	0.314	(0.043)
Race						
White	0.155*	(.049)	0.234** ****	(.043)	0.228* ****	(0.051)
Black	-0.125*	(0.062)	-0.145**	(0.068)	-0.145* ***	(.081)
Inconsistent race classification						
White Self classification, Mulatto interviewer classification					-0.245	(0.085)
White Self classification, Black interviewer classification					-1.07	(0.521)
Mulatto Self classification, White interviewer classification					0.233***	(0.127)
Mulatto Self classification, Black interviewer classification					-0.131***	(0.126)
Black Self classification, White interviewer classification					0.256***	(0.366)
Black Self classification, Mulatto interviewer classification					0.131***	(0.103)
Constant	2.234		2.197		2.211	
Log – Probability	-4.550		-4.539		-4.538	
chi square	1.605		1.627		1.629	
Degrees of Freedom	9		9		15	
N	3.993		3.993		3.993	
Chi square test (column 1 - column 3)					23.31***	

Source: Telles and Lim (1999) \* Self-classification. \*\* Interviewer classification. \*\*\* Non-significant at the .05 level (other coefficients,  $p < 0.05$ ). \*\*\*\*  $p < 0.001$

Both tables 12 and 13 show that in general, individuals tend to whiten themselves when self-classifying, and to that extent, the actual mean earnings of blacks ends up being overestimated, that of whites underestimated, and that of mulattos relative to the one of blacks underestimated.

Brazil's case provides us with several lessons. First, whites and European immigrants were the ones that benefited the most from the coffee boom and industrialization that took place during the 1888-1930 period. After that uneven split of the pie, by the years of 1940 and 1950 there was still evidence of blacks segregation in the primary sector of the economy. Second, there is wide evidence of discrimination in the labor market in the country. Furthermore, the evidence shows that it increased from 1960 to 1988. This evidence not only covers earnings but also

unemployment rates by races. Finally, the country studies have presented evidence about the difficulties to classify individuals according to their race. In fact, the phenomenon of whitening was proved to be present in Brazil, overestimating the earnings of the average black and mulatto.

The use of two forms of classifications according to race was key to understand the direction and magnitude of biases generated under different types of self-classification errors. Regardless of these benefits, very scarce application of both self-classification and interviewer classification can be found in the literature. Though in Colombia, the second country with the largest black population in LAC countries, some work has been done in this direction in Cali, as we report below, there are still exercises illustrated for the Brazilian case to be done with the Cali data.

## Colombia

Colombia has both indigenous peoples and black population. Indigenous peoples live considerably segregated in *resguardos*, and the few that live in cities are not enough to constitute a statistically significant representation of their population in these cities, making it impossible in most cases to make inferences relative to their group being discriminated. A notable exception of this is the case of the *Wayuu* populations that live mostly in urban areas, as found in the 1992-1993 Colombo-Venezuelan census.<sup>23</sup> At the national level there are clear differences, typical of their segregated status in rural areas with poor provision of education, and when available, not having the highest quality. Thus, while some indigenous populations have integrated into urban areas, most indigenous peoples are still far from becoming an integrated community in the urban areas based on which it would be desirable to assess whether they would be receiving differential treatment to that received by the other ethnic groups.<sup>24</sup>

The case of blacks is different. Even though blacks are as well segregated at the national level, mostly in the Pacific and Atlantic Coasts, they have also migrated to the cities, and in some of them represent a sizable share of the population, making relevant and possible the assessment of their socioeconomic situation relative to that of non-blacks both at the national and the urban level. Nevertheless, the only available official data at the national level that includes blacks is the 1993 demographic census. When designed the census, its objective was to include all ethnic groups of the country. Nonetheless, it did not count with a specific question to identify the black population but a single question in which it was attempted to distinguish both indigenous peoples and black population. Taking into account the difficulties to face when trying to distinguish even a single demographic group from the rest, and the fact that the question included in the census was not comprehensive enough to achieve both objective populations, the outcome of the census was poor in what concerned the identification of the black population. Only in specific Pacific regions like the Chocó did the census capture black population. This fact was directly related to social mobilization of groups linked to the *Ley 70* of 1993, recently issued by then. To the extent that this

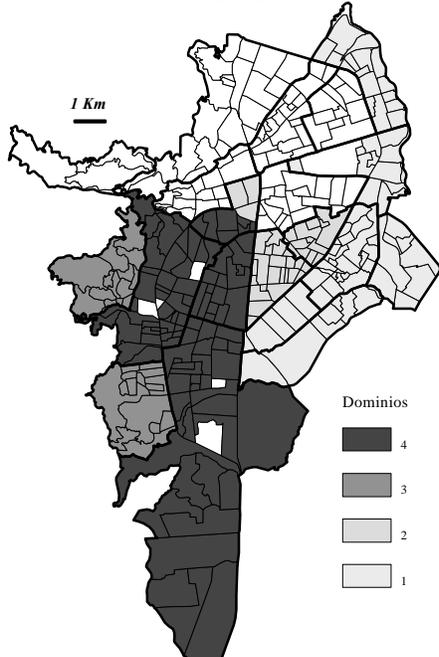
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<sup>23</sup> The *Wayuu* populations represent an important share of the populations of Colombian cities like Maicao and Rioacha.

<sup>24</sup> Some indigenous populations like the Ingas and Camentsás have urban networks mostly in Bogotá, Cali, Medellín and Pasto, and others have them mostly in Bogotá, Cali and Medellín, but their relative share is not as important.

law was related with the acknowledgement and entitlement of land to black populations, it suggests a causal political link with the results obtained in Chocó, which turned into an incentive that motivated black populations in these regions to self-identify as such.

**Map 3. Dominions 1 to 4 of Cali according to DANE 1993 cartographic sectors**



- **Dominion 1:** eastern neighborhoods: the poorest (communes 6, 7, 13, 14, 15, 16); contained 150,875 households by 1993 (37% of Cali's households) and about 56% of Afro-Colombian households (estimation based on place of origin).
- **Dominion 2:** eastern mid-class neighborhoods (communes 11 y 12, north from commune 9); contains 43,584 households (11% of Cali's households) and about 11% of Afro-Colombian households.
- **Dominion 3:** poor neighborhoods from the western hillside (communes 18 y 20) : 29,189 households (7% of Cali's households) and about 6% of Afro-Colombian households.
- **Dominion 4:** residential neighborhoods from the south (south of commune 9, communes 10, 17 y 19); contains 78,229 households (20% of Cali's households) and about 12% of Afro-Colombian households.
- **Dominion 5:** *Decepaz* urbanization (located on the east of commune 14); contains 8,949 housing units distributed in eight urbanizations, with a large share of Afro-Colombian households.

We are left with the results obtained in specific regions of the country in which regional interest have made possible to get local assessments of the socioeconomic situation of blacks.

In this section we present some findings of one of the most rigorous and complete studies of this type, that of the Cidse-IRD-COLCIENCIAS project: *Social Organization, Cultural Dynamics and identities of Afro-Colombian populations from the Pacific and southwest in a context of Mobility and Urbanization*. The project comprehends several studies, which are synthesized in the report by Agier, Barbary, Hoffman, Quintín, Ramírez and Urrea (2000).

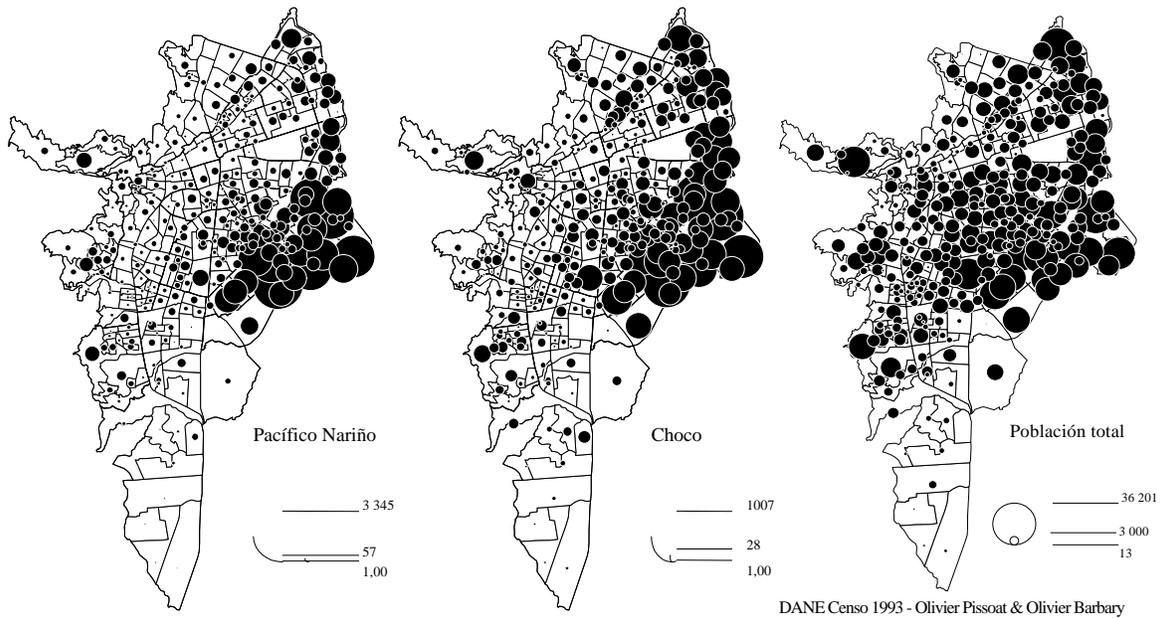
In particular, we will study the socioeconomic situation of Afro-Colombian in the city of Cali. First, let us examine the spatial distribution of the Afro-Colombian population in Cali. In order to understand their spatial distribution by socioeconomic stratum, Map 3, taken from Barbary (2000), presents a spatial division of Cali by dominions. As described in the box that accompanies the map, Afro-Colombians are highly segregated in the dominions where the poorest people of the city live.

Map 4 presents the spatial distribution of the population according to their phenotypic characteristics. Clearly, blacks and in a less degree, mulattos, are highly concentrated in dominions 1 and 3, where live the poorest. In addition, it is worth to emphasize the higher level of segregation of blacks. If we calculate means of the density intervals reported in map 4, and we take the ratio for each demographic group of the most densely populated area with respect to the less densely populated area, we would find that this ratio for blacks would be 7.5 (22.4/3), followed by the ratio of 3.4 (50.5/14.8) for mestizos, and of 2.3 (54.8/24) and 1.8 (12.7/7) for whites and mulattos respectively. Clearly, based on this and other measures of segregation, we can conclude that the demographic group most segregated in Cali is that of blacks, followed by those of mestizos, whites and mulattos. Segregation of mulattos and mestizos is relatively low, and this fact might be associated to the process of whitening that Cali's population has experienced during years.

**Map 4. Share of population by individual phenotypic characterization by cartographic sector**



**Map 5. Distribution of population by cartographic sector according to place of origin**



Map 5 illustrates the spatial distribution in Cali of individuals according to their place of origin. The places of origin included were those mostly populated by blacks. The first map on the left describes the spatial distribution in Cali of individuals which place of origin was the *Pacífico Nariño*. It turns out that the area where they segregate in Cali is dominion 1, in which live the poorest of the city. It becomes clear then from the map that most immigrants from mostly black places belong to the lowest stratum of population in Cali. Contrasting the spatial distribution of the whole population presented in the right with the spatial distribution of immigrants presented in the other figures verifies the fact that the ghettos formed by immigrants from black populated places are formed in the lowest strata.

Finally, other important aspects cover the perception of individuals about their situation in society and the labor market. Table 12 shows some results in this direction obtained for Afro-Colombians in the Cali survey. It is of crucial importance to establish what the beliefs of different racial and ethnic groups are with respect to labor and social issues. As can be noticed from the figures in the table, there is a higher perception of discrimination by nonwhites. This finding is consistent with the results of racial attitudes surveys in Brazil, and in general supports the view that subjective measures of exclusion and discrimination are higher for the excluded groups. With regards to social matters, there is the issue of racial profiling which is very important and although it has been addressed in the American literature,<sup>25</sup> it has only been poorly considered for LAC countries.

In short, Colombia's evidence shows that most blacks in the country form part of the disadvantaged population, what has led to many to associate race differences to class differences in the country. Nonetheless, qualitative evidence about perception of discrimination against blacks denies this hypothesis. In addition, evidence of differences in social mobility of members

<sup>25</sup> See for example Knowles, Persico and Todd (1999) for an empirical analysis of this issue in United States.

of the same socio-economic class but different race provide additional evidence of discrimination in the country.

**Table 12. Summary statistics of questions related to self-perception by Afro-Colombians**

1. Affirmative answers to the question: <i>Do you think that in Cali there is discrimination at the work place?</i>												
Interviewer's classification	Black		Mulatto		Mestizo		White		Total			
Gender	N (1)	% (2)	N	%	N	%	N	%	N	%		
Men	356	76<<	180	75 ++	104	59	148	59 <	788	63 <		
Women	470	87>>	251	75 ++	154	55 --	202	68 >	1077	67 >		
Total	826	79	431	75 ++	258	57 --	350	64	1865	65		
2. Share that think that discrimination in his profession is frequent (for most of the employers), among individuals who think that such discrimination exists.												
Men	271	70 <<	129	76 <	68	15 <<	93	38	561	70 <<		
Women	385	36 >>	190	35 >	103	45 >> +	152	34	830	37 >>		
Total	656	33	319	31 -	171	33	245	36	1391	35		
3. Affirmative answers to the question about discrimination against blacks at the workplace.												
Men	356	56 <<	180	60 > ++	104	20 <<	148	12 >	788	46		
Women	470	63 >>	251	55 < ++	154	46 >>	202	40 < -	1077	46		
Total	826	60	431	57 ++	258	40 -	350	43 -	1865	46		
4. Affirmative answers to the question about discrimination against blacks by the police.												
Men	356	53	180	60 >	104	17 < -	148	51	788	50		
Women	470	54	251	52 <	154	55 >	202	51	1077	52		
Total	826	54	431	55	258	50	350	51	1865	51		
5. Affirmative answers to the question: Have you been victim of discrimination at the workplace or in other situations?												
Men	356	30	180	14	104	5 <<	148	10	788	17 <<		
Women	470	33	251	17	154	16 >>	202	11 --	1077	16 >>		
Total	826	32	431	15	258	11 -	350	10 --	1865	14		
6. Affirmative answers to the question about discrimination against blacks and indigenous peoples in different contexts.												
Context	Discrimination against blacks						Discrimination against indigenous peoples					
	Afro-Colombian Households		Non Afro-Colombian Households		Total		Afro-Colombian Households		Non Afro-Colombian Households		Total	
	N (1)	% (2)	N	%	N	%	N	%	N	%	N	%
In hospitals and health centers	1504	32•	376	27°	1880	31,0	1504	29••	376	21°°	1880	27,4
In schools	1504	34	376	32	1880	33,6	1504	28•	376	25°	1880	27,4
In their transport	1504	39••	376	32°°	1880	37,6	1504	29••	376	22°°	1880	27,6
In administrative procedures	1504	31•	376	26°	1880	30,0	1504	29•	376	24°	1880	28,0
At work	1504	57••	376	41°°	1880	53,8	1504	38••	376	29°°	1880	36,2
By the police	1504	54•	376	50°	1880	53,2	1504	33•	376	29°	1880	32,2
In the neighborhood	1504	19	376	18	1880	18,8	1504	18••	376	13°°	1880	17,0

Source: Agier, Barbary, Hoffman, Quintín, Ramírez and Urrea (2000). CIDSE/IRD survey, June 1998

(1) The number of observations corresponds to people that answered the question. Due to the small number of cases for categories "indigenous" and "others", these have been excluded from tables 1, 2, 3, 4 and 5.

(2) Frequencies are of affirmative answers, estimated with the sample of people over 18, data are weighted by the expansion factors of the sample. Significance test is based on confidence levels of 95% and 99%, associated to the sample schedule, with the following notes:

>, >> y <, <<: Positive Differences (>, >>) and negative (<, <<) between genders, significant at the 5% (>, <) and 1% level (>>, <<)

+, ++ y -, --: Positive Differences (+, ++) and negative (-, --) in the phenotypic category with relation to the median of the sample.

•, •• y °, °°: Positive Differences (•, ••) and negative (°, °°) in the type of household, with relation to the median of the sample.

### *Other related literature on racial and ethnic issues in Colombia and Brazil*

Other works of interest to be analyzed are the socio demographic studies by Barbary, Bruyneel, Ramírez, and Urrea (1999), and by Barbary, Ramírez and Urrea (1999), articles about mobility of

Afrocolombian population by Barbary (2000), about labor segregation, analysis socio anthropologic of black youths in Cali, social exclusion and racial discrimination in Cali by Quintín, Ramírez and Urrea (2000), displaced populations and migrations by Urrea and Murillo (1999), and finally, work about the construction of family networks among migrants from the Pacific coast of Cali by Urrea, Arboleda, and Arias (2000).

## **2. Overview of Existing Data Gaps**

This section is divided in two parts. The first describes the availability of information on race and ethnicity in LAC countries, either through their censuses or their household surveys. The second lists some countries that based on their lack or inaccuracy of information about race and/or ethnicity in their population are worth candidates for new data collection efforts.

### **2.1 Availability of information in LAC countries**

In this section we present the LAC countries in which there exist information about the race or ethnicity or their population. The importance of including information about race and ethnicity of the individuals in the population censuses is paramount. In particular, the census is the unique source that comprehends the whole population of the country, which allows disaggregating data by ethnic group and socioeconomic characteristics. In addition, it is the data that allows the design of samples for specialized surveys, what in turns can be used to complement information contained in the census. This information is key for understanding how individuals are performing, and in this particular case, whether different ethnic groups are achieving the goals they seek or not. In short, census information is key for policy design.

Let us now list the information of the countries that have census data available and then of those that have household survey data. The information is presented in Tables 13a, 13b and 13c.

Table 14 summarizes information available about the reasons why indigenous peoples and blacks have been included or not in the censuses of some LAC countries.

The ten countries analyzed signed the United Nations Convention about the elimination of all forms of racial discrimination. The 169 Agreement about indigenous peoples in independent countries of the International Organization of Labor was not signed by all of them. Only nine countries signed the Agreement: Paraguay, Colombia, Bolivia, Ecuador, Guatemala, Honduras, Mexico, Peru and Costa Rica.

For the 2000 census round, two countries have already realized their censuses: Panama and Mexico; three are planning to realize it by 2001: Venezuela, Argentina and Ecuador; three for the 2002: Chile, El Salvador and Paraguay; Colombia for the 2003 and Guatemala for the 2004.

### **Countries that have household surveys data on race or ethnicity<sup>26</sup>**

Table 15, taken from Mejía and Moncada (2000), contain a detailed list of de LAC countries with surveys that include race and/or ethnicity.

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<sup>26</sup> Most of this section is based on Mejía and Moncada (2000)

**Table 13a. Countries that have census data on race or ethnicity**

Country	Black Population	Indigenous Population
<b>Antigua and Bermuda</b>	1970	
<b>Argentina</b>	2001 (S-C)*	2001*: eighteen indigenous populations. (S-C)
<b>Barbados</b>	1980	
<b>Belize</b>	1991	
<b>Bolivia</b>		1976, 1992 (LS), 1994-5 (S-C, LS)
<b>Colombia</b>	1912, 1993, 2003*. (S-C)	1912, 1918, 1938, 1951, 1964, 1973, 1985, 1993, 2003*: eighty one indigenous populations. (S-C, LS)
<b>Costa Rica</b>	1927, 1950, 2000 (S-C)	1927, 1950, 2000 (S-C, LS)
<b>Cuba</b>	1981	
<b>Chile</b>		1992 (S-C) 2002* (S-C, LS)
<b>Dominica</b>	1981	
<b>Dominican Republic</b>	1991	
<b>Ecuador</b>	2000* (S-C)	1950 (ML), 1990 (LS), 2000* (S-C, LI)
<b>El Salvador</b>		2002*: (S-C)
<b>Grenada</b>	1980	
<b>Guatemala</b>	1994: <i>Garifunas</i> (blacks) (S-C)	1778, 1880, 1893, 1921, 1940 (S-C). 1950, 1964, 1973, 1981: (ML, LS, C, F). 1994: (S-C, ML,C, SM, SS)
<b>Guyana</b>	1980	
<b>Haiti</b>	1999	
<b>Honduras</b>	2001* (S-C).	1988 (LS). 2001* (S-C)
<b>Jamaica</b>	1970	
<b>Panama</b>	1911-40	1911-40.. 1950-60-70-80-90. GL,LS. 1990, 2000. S-C.
<b>Paraguay</b>		1981 (GL, S-C, LS), 1992 (GL, S-C, HL). 2002* (GL, LS)
<b>Peru</b>	1862, 1876 1940	1862, 1876, 1940 1972 (ML,SS),1981 (LS),1993 (S-C,LS). 2001*(S-C,LS,ML)
<b>Dominican Republic</b>	1950, 1991	
<b>St. Kitts and Nevis, St. Lucia, S. Vicente &amp; Granadines, and Trinidad and Tobago</b>	1980 2001*: Saint Lucia	2001*: Saint Lucia
<b>Venezuela</b>	1991	

Sources: Asociación Proyecto Caribe (2000), CEDET (2000), CELADE (2000), CPME (2000), DANE (2000), DEC (2000), DGEEC (2000), INE-Chile (2000), INE-Guatemala (2000), INEC (2000), INEI (2000), FEINE (2000), ONE (2000)

C: Clothing, F: Footwear, FL: Foreign language, HL: Household language, IL: Indigenous language, LI: Language spoken during infancy, LS: Language spoken, ML: Maternal Language, N: Nutrition, S-C: Self-classification, SM: Speaks Maya, SS: Speaks Spanish, GL: Geographical location. \* Expected.

**Table 13b. Countries that have census data on race or ethnicity: Brazil**

Year	Color Terms Used
1872	<i>Branco</i> (white), <i>Preto</i> (black), <i>Pardo</i> (mixed white and black), <i>Caboclo</i> (mestizo Indian)
1890	<i>Pardo</i> changed by <i>Mestiço</i> (mixed white and black)
1940	<i>Branco</i> , <i>Preto</i> , <i>Pardo</i> (mixture: brown or gray), <i>Amarelo</i> (yellow)
1950	<i>Branco</i> , <i>Preto</i> , <i>Pardo</i> (mixed or brown), <i>Amarelo</i> (yellow). (S-C)
1960	<i>Branco</i> , <i>Preto</i> , <i>Pardo</i> (mixed or brown), <i>Amarelo</i> (yellow), <i>Índio</i> (Indian).
1980	<i>Branco</i> , <i>Preto</i> , <i>Pardo</i> (mixture: brown or gray), <i>Amarelo</i> (yellow)
1991	<i>Branco</i> , <i>Preto</i> , <i>Pardo</i> (mixed or brown), <i>Amarelo</i> (yellow), <i>Indígena</i> (indigenous). (S-C <sup>27</sup> )

Source: Nobles (2000). 1900, 1920 and 1970 had no color question.

<sup>27</sup> In this country survey evaluations have shown that in some cases household members absent at the moment of the interview were still classified with the information at hand of the interviewer at the moment, for which self-classification was not in all cases possible.

**Table 13c. Countries that have census data on race or ethnicity: Mexico**

Year	Color Terms Used
1804-5-8, 1810, 1825	indígena pura (pure indigenous), indígena mezclada (mixed indigenous)
1900, 1910	SS, IL, FL. 50 languages.
1921	SS, IL, FL. 44 languages; Race.
1930	SS, IL, FL. Monolingual, bilingual: 36 languages.
1940	SS, IL, FL. Monolingual, bilingual: 33 languages; C
1950	SS, IL, FL. Monolingual, bilingual: 29 languages; C, N.
1960-70-80-90	SS, IL, FL. Monolingual, bilingual: 30,31,42,62 languages respectively.
2000	SS, IL; S-C

Source: INI (2000), INEGI (2000).

**Table 14. Reasons for including indigenous peoples and black populations in the censuses in selected LAC countries.**

Country	Indigenous	Reason	Black	Reason	2000 Censuses
<b>Mexico</b>	Yes		No	It is not required	2000 (February)
<b>Panama</b>	Yes		No	It is not required	2000 (May)
<b>Argentina</b>	Yes	Mandated by law	No		2001 (October)
<b>Ecuador</b>	Yes	Mandated by law	Yes		2001 (November)
<b>Venezuela</b>	Yes	Mandated by law	No	It is not required	2001 (4th Quarter)
<b>Chile</b>	Yes		No		2002 (April)
<b>Paraguay</b>	Yes		No	It is not required	2002 (August)
<b>Salvador</b>	Yes		No		2002 (September)
<b>Colombia</b>	Yes	Mandated by law	Yes	Mandated by law	2003
<b>Guatemala</b>	Yes	Mandated by law	No		2004 (April)

## 2.2 Countries to consider for new data collection efforts

Among the countries to consider for new data collection efforts, let us postulate as candidates, those that currently have information poor enough to limit our ability to learn from their racial and ethnic minorities and to build knowledge about the welfare of them in the region.

There are only two countries without information on indigenous peoples: Netherlands Antilles and El Salvador. Technical and financial assistance would be very advisable if we wanted to *include* the first in the racial and ethnic map of LAC. In addition, its size relative to other LAC countries suggests that this task should not prevent further more challenging action in countries with a more important representation of black and indigenous populations in the region. The case of El Salvador is as well important, not only because it does not have information about blacks either, but also because it is planning to include indigenous populations in its 2002 census but have not considered yet to do the same with black populations.

Lack of information about black populations in the region is much more common. Maybe the most striking cases are those of Costa Rica, Ecuador, Honduras, Nicaragua, Panama, Peru and Uruguay. Costa Rica, Ecuador and Honduras are already including race in their 2000, 2000, and 2001 censuses respectively, and Uruguay is expected to have a very small share of black population according to previous household surveys. There is no information to establish when

was the last time, if any, that race was included in any census in Ecuador or Nicaragua. On the other hand, last time it was included in Panama and Peru was 1940.

**Table 15. Surveys with questions about ethnicity and/or race**

Country - Year	Survey	Ethnicity		Race	Ethnicity and race
		Language	Self-classification	Self-classification	Self-classification
Belize 1996, 97, 98 and 99	Labor Force Survey			X	
Bolivia 1989, 90, 93 and 94	Enc. Integrada de Hogares	X			
Bolivia 1996, 97	Enc. Nal. de Empleo	X			
Bolivia 1999	Enc. Continua de Hogs - Condiciones Vida	X			X
Brazil 1982, 87, 88, 89, 90, 92, 93, 95, 96, 97, 98 (a)	Pesquisa Nal. por Amostra de Domicilios			X	
Chile 1996	Enc. de Caracterización Socio-Econ. Nal.		X		
Ecuador 1994, 95 and 1998	Enc. de Condiciones de Vida	X			
Guatemala 1989	Enc. Nal. Socio-Demográfica		X		
Guatemala 1998/99	Enc. Nal. de Ingreso y Gastos Familiares		X		
Guatemala 2000	Enc. Nal. de Condiciones de Vida	X	X		
Guyana 1992/93	Living Standards Measurement Survey			X	
Guyana 1999	Survey of Living Conditions			X	
Nicaragua 1998	Enc. Nal. de Hogs sobre Medición Niv. Vida	X			
Panama 1997	Enc. de Niveles de Vida	X			
Paraguay 1983-93	Enc. de Hogares - Mano de Obra	X			
Paraguay 1994 (b)	Enc. de Hogares - Mano de Obra	X			
Paraguay 1995,96 (c,d)	Enc. de Hogares	X			
Paraguay 1997/98 (e)	Enc. Integrada de Hogares	X			
Peru 1991, 94 and 1997	Estudio de Medición de Niveles de Vida	X			
Peru 1998,99 (2do qtr)	Enc. Nal. de Hogares	X			
Trin. y Tobago 1992	Survey of Living Conditions			X	
Uruguay 1996-7 (e)	Enc. Cont. de Hogs.				

Source: Mejía and Moncada (2000). **(a)** Since 1992 category “Parda e indígena” is split in “Parda” and “Indígena”. **(b)** 1994 survey covers all urban areas. **(c)** 1995 survey is national. **(d)** 1996 survey covers all urban areas. **(e)** See INE-Uruguay (2000)

In addition, there are some countries in which some official information exists, but where unofficial (and even official themselves) sources consider official figures poorly reliable. According to the ranges of the shares of estimated black population presented in Table 3, this situation happens more dramatically in Cuba, Dominican Republic, Guyana and Panama. In addition, while the range presented in the table in the case of Colombia is not as large as that of the mentioned countries, if we take into account that this is the second country with the largest black population in LAC, and that many more different estimates differ substantially from those presented in the table (the official figure is less than 2%, much smaller than the minimum estimated in the table), it is worth to consider as well this country.

Based on these facts, the largest benefits for race and ethnic minorities in LAC countries are most likely to be reaped from supporting new data collection efforts in Colombia, Peru and Ecuador, not only because they are expected to have the largest *uncounted* black populations in the region, but also because their geographical vicinity would help us to gain a deeper knowledge of them. Among the potential factors contributing to success in these countries we can mention the need of

the Colombian government to show a satisfactory classification of blacks in next census along with its proven will to include them as revealed by the inclusion of a question of skin color in a recent household survey. The cases of Ecuador and Peru might be politically more challenging, since there would also be required to build consciousness about the need to advance in this direction.

### **3. Guidelines/Issues for Incorporating Questions on Race and Ethnicity<sup>28</sup>**

In this section we will review the general approaches used for the measurement of race and ethnicity in order to be able to give basic guidelines on the way they should be handled. This includes an evaluation of conceptual and methodological issues based on questionnaires used in censuses and household surveys specially designed to identify race and ethnicity.

The section is divided in two parts. The first part discusses general aspects to consider when trying to classify individuals by their race or ethnicity, presents and evaluates what is currently done in some LAC countries. The second part presents the experience available in Colombia.

#### **3.1 General Aspects to Consider to Classify Individuals According to their Race or Ethnicity and Current Approaches Implemented in some LAC Countries**

When we analyze what questions are asked in the household surveys to classify individuals according to their race and ethnicity, we find that there are three main groups of questions used for this purpose. The first asks the individual to self-classify in a specific ethnic group. A second type of question asks about the language spoken, which in turn presents different possibilities. Finally, there is the question about skin color. Other way in which individuals from specific ethnic groups are included in censuses is through their spatial location. This case is commonly applied to survey indigenous peoples that use to live segregated in indigenous communities.

Maybe the most straightforward way to classify individuals according to their race is by asking about the color of their skin. There are some caveats of this approach though. First of all, indigenous peoples would not be in general distinguished from either whites or mestizos. Secondly, while the question in theory permits to distinguish blacks and mulattos from the rest, *whitening* of these individuals at the moment of the interview has proven to be rule in the available experience. It is very difficult to prevent this phenomenon to happen since each individual at the moment of the interview does not perceive his answer as affecting the overall outcome of the survey, thus many proceed to *whiten* themselves. The collective action of these individuals leads to serious underestimation of their share in the population.

The phenomenon of whitening has been motivated on the belief that acquiring closer phenotypes and customs to whites will improve socioeconomic opportunities and recognition. Thus becoming more urban, more Christian, more civilized, less black, less indigenous, would minimize the likelihood of being excluded as unmixed. Processes of whitening have been documented for most Latin American countries. Examples of these are those of Nobles (2000) for Brazil, Wade (1993) for Colombia, and Whitten (1981, 1985) for Ecuador.

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<sup>28</sup> This section uses information from Mejía and Moncada (2000)

Not only *whitening* affects the measured share of mulattos and blacks in the population. It also affects any attempt to infer from the biased classification structural socioeconomic differences based on race. As the evidence suggests, *whitening* tends to minimize structural labor market differences between blacks, mulattos and whites.

An alternative approach has been used in some surveys. These surveys try to correct this problem by allowing the interviewer to classify the individuals. The evidence suggests that by including this classification in the surveys, more accurate measures of structural socioeconomic differences can be obtained. Participation of mulattos and blacks according to this classification increases, as well as any socioeconomic difference among races assessed based on self-classification. This question though, is not politically acceptable by most countries. It actually attempts against the possibility of self-determination by individuals, which is considered a right of each of them.

When asking the color of the skin, usually individuals are asked to select their color from among a set of a few possibilities, which in the case of Brazil demographic census includes five categories: *preto* (black), *pardo* (mulatto), *amarelo* (yellow), *indígena* (indigenous), or *branco* (white). An alternative to this approach is to ask an open question with no limited subset to choose from by individuals. That was the approach followed in the Cali survey implemented in 1998. In that case, the individual's answers were reclassified into two categories: Afro-Colombian and Non-Afro-Colombians.

A final methodology currently in implementation in Colombia uses pictures to help individuals in their process of self-identification. Preliminary tests suggest that this approach would diminish substantially the problem of whitening. Nevertheless, we do not have yet a completely reliable assessment of this methodology, and in addition, we might not have it at least through this first attempt, since that was the only question related to race in the survey and thus we will not be able to cross-validate it yet.

We end up with two desirable, though mutually conflicting goals, which leave us without a satisfactory solution to the problem.

The approach followed to identify indigenous has as well made use of self-classification, but has been accompanied by a broader range of additional possibilities.

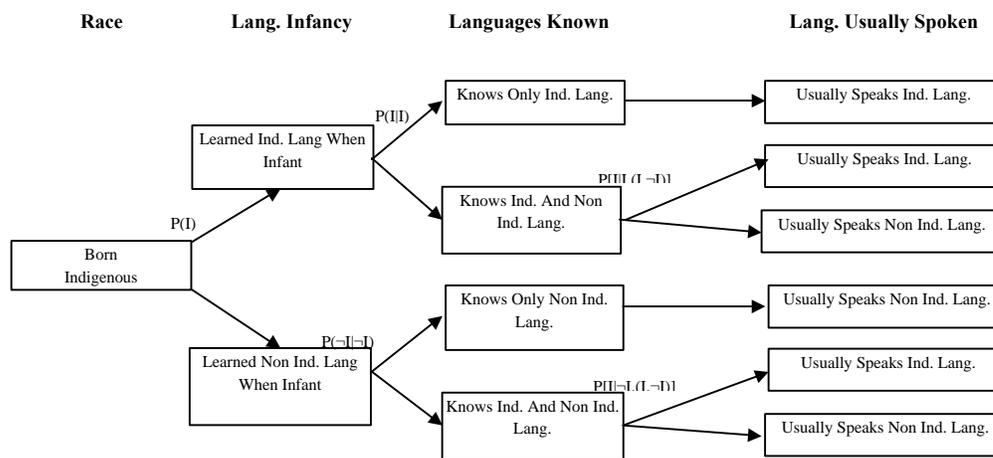
Among the possibilities alternative to self-classification, there are questions about language learned when infant, languages in which knows to speak, language usually spoken, language of mother, with whom or where learned the language spoken, language spoken more often with specific people or in specific places, what other languages speak, and what language speak usually at home. This rich battery of questions allows for a wider range of possibilities when assessing whether people are indigenous.

Each of these questions requires a different interpretation when used to infer socioeconomic differences based on race. In particular, to identify indigenous people it becomes very important to determine their origin. For example, the question about *language spoken more often* is likely to overestimate indigenous population in rural areas and underestimate them in urban areas. To that extent, it is more likely that the question about the language learned when infant could help more

to correctly identify indigenous people. Language of mother would have a similar role to that learned when infant. In general, when surveys attempt to classify individuals according to language, it is likely to classify many indigenous as non indigenous since traditional languages have been increasingly replaced for Spanish in indigenous populations across countries. An example of this is Mexico, where a large share of the indigenous population speaks Spanish.

To understand the complexity of trying to identify indigenous people based on questions about language let us study figure 2. The figure presents the possible language patterns a person born indigenous can follow. First, he can either learn an indigenous language ( $I$ ) (with probability  $P(I)$ ) or not. Assume he learns an  $I$ . Thus conditioning on this, he can go on without learning any non  $I$  ( $\neg I$ ) (with probability  $P(I|I)$ ) or not. If he did not learn any  $\neg I$ , then when asked about the language usually spoken he will certainly answer  $I$ . On the other hand, if he did learn any  $\neg I$ , then conditional on this, he could usually speak  $I$  today (with probability  $P[I|I, (I, \neg I)]$ ) or not. A similar analysis can be done for this individual in the case he learned a  $\neg I$  when infant. Furthermore, a similar analysis can be done for someone born non-indigenous using a similar flow to the one presented in figure 2.

**Figure 2. Possible Patterns of Language a Person Born Indigenous can follow.**

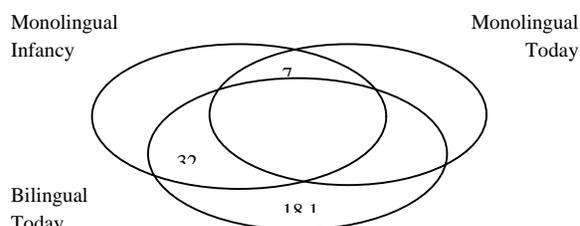


The availability of various questions can be very useful to understand socioeconomic dynamics of the population. That is the case when we know the language learned by individuals when infants and which languages they currently know. Bolivia is a country that has available some of these questions simultaneously. Let us consider the information contained in Table 17. The first panel contains summary statistics for all its population of the share of people who answered usually speaking *only* an indigenous language (7%), those usually speaking both an indigenous language and Spanish (50.1%), and the share that learned an indigenous language when infant (39%). Assuming that those that only spoke an indigenous language in 1999 include those that learned an indigenous language when infants, we can infer that out of the 39% who learned an indigenous language when infants, only 32% learned to speak another language (See Figure 3). From these exercises another fact is noticed: if indigenous people living in urban areas speak more often Spanish, then asking them what other language they usually speak, as opposed to what other language they know, would lead us to an underestimation of the indigenous population in urban areas. The opposite would happen in rural areas. Even using language learned when infant would produce the same bias. In Urban Bolivia, only 39.1% of those self-

identified as indigenous learned an indigenous language when infants, while only 5.6% of those who did not self-identified as indigenous learned an indigenous language when infants. In Rural Bolivia on the other hand, these figures are 85.2% and 29.8% respectively.

**Figure 3. Language Classification**

Finally, when designing the question meant to classify individuals by their race or ethnicity, a broad participation of the different racial and ethnic groups is highly desirable, since they are the ones that can bring to the discussion specific aspects of their communities that might be key in achieving their correct classification.



**Table 16. Share of indigenous population in LAC according to several language criteria (% of ref. group)**

Country	Year	National			Urbana			Rural		
		Indigenous Language	And Spanish	Total	Indigenous Language	and Spanish	Total	Indigenous Language	and Spanish	Total
Belize (1)	1999	...	...	19.8	...	...	...	...	...	...
Bolivia (2)	1997	10.2	34.2	44.4	1.9	26.5	28.4	24.4	47.5	71.9
Bolivia (3)	1999	36.6	...	36.6	17.5	...	17.5	70.5	...	70.5
Bolivia (4)	1999	7.0	50.1	57.1	1.5	41.6	43.1	18.6	65.7	84.3
Bolivia (5)	1999	...	...	57.1	...	...	44.9	...	...	80.7
Ecuador (6)	1998	0.6	5.7	6.3	0.5	4.7	5.1	0.9	7.2	8.0
Guatemala (7)	1998/99	...	...	46.3	...	...	32.0	...	...	56.1
Guyana (8)	1999	...	...	6.4	...	...	1.9	...	...	8.2
Nicaragua (9)	1998	2.2	...	2.2	1.6	...	1.6	3.0	...	3.0
Panama (10)	1997	7.4	...	7.4	1.4	...	1.4	15.4	...	15.4
Paraguay (11)	1997/98	53.0	25.3	78.3	31.7	36.9	68.5	78.7	11.4	90.2
Peru (12)	1999	17.0	...	17.0	9.4	...	9.4	31.4	...	31.4

Source: Mejía and Moncada (2000). (1) ¿A qué grupo étnico, racial o nacional pertenece usted? For all individuals. (2) ¿Qué idioma(s) habla habitualmente? For individuals 5 and older. (3) ¿Cuál es el idioma o lengua en la cual aprendió a hablar en su niñez? For all individuals. (4) ¿Qué idiomas o lenguas sabe hablar? Para personas de 12 años y mayores. (5) ¿Se considera perteneciente a alguno de los siguientes pueblos indígenas/originarios, o perteneciente a algún grupo minoritario? For individuals 12 and older. (6) ¿Qué idiomas habla? For individuals 6 and older. (7) Grupo étnico (1. Indígena, 2. No indígena). For all individuals. (8) ¿A qué grupo étnico o racial pertenece usted? For all individuals. (9) ¿Cuál es la lengua que habla desde la niñez en su casa...? For all individuals. (10) ¿Cuál es la lengua o idioma materno de...? For individuals 6 and older. (11) ¿Qué idioma habla ... en la casa la mayor parte del tiempo? For individuals 5 and older. (12) ¿Cuál es el idioma o lengua materna que aprendió en su niñez? 3 and older.

### 3.2 The Experience of Colombia

In this section we will present the results of some experiences of surveys in Colombia. These experiences are presented as a complement of the experiences discussed in the survey of Brazil.

#### 3.2.1 The 1993 Demographic Census

The 1993 demographic census of Colombia had as objective to include both indigenous peoples and blacks in the census. To achieve this objective the census included the following question:

*¿Pertenece usted a alguna etnia, grupo indígena o comunidad negra?*

Do you belong to any ethnic, indigenous group or black community?

**Table 17. Identification of indigenous population according to several questions: Bolivia 1999**

(Percent of population 12 years and older)					
	Indigenous			Non Indigenous	Total Population
	Monolingual	Bilingual	Total		
Language Learned at Infancy (a)	39.0	...	39.0	61.0	100.0
Self-Classification (b)	...	...	57.1	42.9	100.0
Language Spoken (a)	7.0	50.1	57.1	42.9	100.0
<b>Men</b>					
Language Learned at Infancy	37.7	...	37.7	62.3	100.0
Self-Classification	...	...	57.0	43.0	100.0
Language Spoken	3.9	51.9	55.9	44.1	100.0
<b>Women</b>					
Language Learned at Infancy	40.2	...	40.2	59.8	100.0
Self-Classification	...	...	57.2	42.8	100.0
Language Spoken	10.0	48.3	58.3	41.7	100.0

Source: Mejía and Moncada (2000). (a) The questions about Language Learned at Infancy and Language spoken only admit one language as answer. (b) The question about self-classification only admits a single answer.

The results obtained with this question permitted to distinguish most of the indigenous population of the country. Nevertheless, its emphasis placed in ethnicity made it very difficult to distinguish black population, which led as a result for this group to an important underestimation of their number. As it became evident from the results, the concept of “black community” was not well interpreted by black individuals who did not self-classify as such. It became as well evident the need to use other type of questions for blacks, maybe skin-color related, in order to be able to distinguish them from the rest. Still, the census was an important achievement from the official Statistical Department, since blacks were included which were not included since 1843. Some quantitative results are the following.

- Percent that answered YES by regions: Cali 0.5%, Chocó 2.6%: considering that Cali is a city highly populated by black (their share could be beyond 20% of the population) and Chocó is mostly populated by them (closely to 100% of blacks), it is clear that in these two examples the answer obtained in the census drastically underestimated their share.
- In Colombia: 4.06% answered the question of ethnicity, 3.34% accepted to belong to any ethnic group or black community, 1.5% accepted to belong to a black community

### **3.2.2 Afro-Colombians in the South Pacific and Cali**

Two specialized household surveys were developed and executed: The first undertaken during May-June, 1998, representative of 75% of Cali households (Cali survey), with emphasis in Afro-Colombian and Non Afro-Colombian households which was designed to measure socio demographic and socio economic differentials, bibliographic patterns for a member of the household surveyed, perception of discrimination, etc. The survey had two different ways to assess the race or ethnic group of individuals, a genotypic classification of them and a self-reported perception.

The second survey produced jointly with The World Bank and applied in September, 1999 (BM survey), covered all urban population of Cali. It was specialized on urban poverty and coverage and perception of public and private services in Cali. It included the items of the first survey relating race and ethnicity.

**Question about ethnicity in Cali:** *¿Cuál es el color de su piel?* (Brazil census) Which is the color of your skin? In addition: External phenotypic characterization (by the interviewer)

**Four Classifications were obtained:** (i) Classification as Afro-Colombian household (if at least a member of the household is reported to be black or mulatto by phenotypic classification) or non Afro-Colombian, (ii) Classification of individual as black or mulatto by interviewers, (iii) Self-classification as black or mulatto, and (iv) Classification according to the area of origin as Afro-Colombian if originated from an Afro-Colombian municipality. See results in Table 18.

**Table 18. Results obtained of classifying individuals according to different concepts. Cali survey.**

Population according to classification of households							
Classification by the interviewer	Number of Households			Number of Individuals			
	Observations	%		Observations	%		
Afro-Colombian households	106.085	29,8		460.873	29,7		
Control households	249.581	70,2		1.091.743	70,3		
All households	355.666	100		1.552.616	100		
Distribution of individuals according to phenotypic classification of interviewer							
Classification by the interviewer	<i>Black</i>	<i>Mulatto</i>	<i>Indigenous</i>	<i>Mestizo</i>	<i>White</i>	<i>Other</i>	Total
Afro-Colombian households (%)	47,9	33,2	0,6	11,5	6,7	0,1	30,4
Control households (%)	0,3	0,5	1,0	35,1	63,2	0,0	69,6
All households (%)	14,7	10,4	0,9	27,9	46,1	0,0	100
Observations	191.126	134.912	11.237	361.674	596.928	303	1.296.180
Distribution of individuals according to self-classification							
Self-classification	<i>Black and similar</i>	<i>“Morena” and similar</i>	<i>“Canela” and similar</i>	<i>“Trigueña” and similar</i>	<i>White and similar</i>	<i>Other answers</i>	Total
Afro-Colombian households (%)	32,4	19,8	8,2	33,1	4,5	2,0	29,8
Control households (%)	0,7	2,1	10,2	40,0	40,4	6,6	70,2
All households (%)	10,2	7,4	9,6	38,0	29,7	5,2	100
Observations	36.146	26.303	34.021	135.085	105.641	18.470	355.666

Source: Barbary (2000). CIDSE/IRD survey, June 1998. Frequencies correspond to affirmative answers (people 18 and older).

Table 19 contrasts the results obtained with the 1993 census, and the Cali and BM surveys. It is important to notice that the 1993 census did not have the same objectives that the other two surveys had. With the census it was attempted to gather information relative to ethnicity, which led to a poor result for black populations and to a much better result for the indigenous peoples.

**Table 19. Population that answered positively the question in Cali**

Survey	Percent who answered positively	
<b>1993 Census</b>	0.5%	
4) Individuals originated in Afro-Colombian municipality	10.5%	
<b>1998 Cidse-IRD-COLCIENCIAS Survey</b>	1) Households	27.5%
	2) Classified by interviewer	23.3%
	3) Self-classified	17.1%
<b>1999 BM Survey</b>	1) Households	37.2%
	2) Classified by interviewer	31.6%

### 3.2.3 National Household Survey

For the last quarter of 2000, a question about race was evaluated in order to include it in the national household survey. Two questions were tested. Their results are presented below.

#### 3.2.3.1 First question tested:

*Usted Considera que la raza de..... es producto de la combinación de:* Do you consider that the race of ... is the product of the combination of: Blanco-Blanco (white-white), Blanco-Negro (white-black), Blanco-Indígena (white-indigenous), Negro- Indígena (black-indigenous)

Evaluation Results: (i) Interviewer are asked to self-classify himself in order for the interviewed to get some guidance about how to proceed, (ii) Individuals answer: *Mestizo*, *moreno cachaco* (kind of mulatto), *trigueño* (kind of mulatto), *blanco* (white), just for the fact that they do not consider themselves blacks, (iii) Interviewer got mad at the interviewer, in particular when the interviewed was the mother and was asked about the race of her children, (iv) Interviewers suggested to change the word “producto” (product) by “resultado” (result) or other, (v) Difficulties when parents were white and any of their children was black or vice versa, (vi) It is ignored the origin of parents and grandparents, (vii) There is the perception that in the country the only group which is not mestizo is that of blacks, and (viii) The option mestizo-mestizo is solicited.

#### 3.2.3.2 Second question tested:

*A cuál de las siguientes fotografía se asemeja el color de la piel de...:* To which of the following pictures is similar the color of the skin of....

Evaluation Results: Results were much better in this case. In particular, the question did not disturb individuals, the quality of the classification as claimed by the interviewers was much better, the interviews were faster, and there were fewer cases of nonwhite individuals self-classifying as whites. One of the aspects that received some criticism were the pictures chosen. Some individuals found some pictures similar and wanted to have a broader range of options.

## 4. Conclusions

We analyze several factors related to social exclusion due to race or ethnicity in LAC countries in order to get a better understanding of it. First, we look at evidence of this form of exclusion in LAC countries. Then we study the quality of the data on which such evidence has been gathered. Finally, we examine some ways to improve the quality of these data and proceed to suggest what countries could be good candidates to encourage and support for new data collection.

Evidence of racial and ethnic exclusion in LAC countries dates since 1500, continues after abolition of slavery in the region during the XIX century, and remains contemporary. Even though social exclusion was initially related to class, rather than to race or ethnicity, the growing interest of the academia and the government to disentangle its causes led to its deeper study in some countries of the regions. Mobilization of the disadvantaged races and ethnicities of the region was key to promote their inclusion in censuses and surveys in these countries, and political pressure continue to be crucial to keep them *counted* in them. Achievements in this direction have been deeply uneven across the region, where we find countries like Brazil with several

studies in the topic, while others like Ecuador, Nicaragua, Panama and Peru have not even included blacks in their censuses at least since 1940.

Evidence of racial and ethnic discrimination was presented across countries. In general, black and indigenous populations are disadvantaged compared to whites. They have lower levels of human capital endowments. In addition, these differences are not enough to explain income differences, pointing us to the presence of racial and ethnic discrimination in the analyzed countries.

Different specific forms of discrimination were examined. Some were the racially (against blacks) discriminatory drafts decrees in XIX century Argentina, the political, educational, occupational and cultural barriers of indigenous peoples in Bolivia, the occupational and spatial segregation of blacks in Brazil, along with a significant and growing racial gap in income in this country, and finally, in Cali, Colombia, we find again evidence of spatial segregation of blacks in the poorer regions along with a generalized perception of racial discrimination in the population.

Societal costs of discrimination include the lower wages of disadvantaged races and ethnicities, and their disincentive to invest in human capital. Earnings of black and indigenous male populations in LAC countries range from 30% to 66% of that of white males. The share of this gap explained by discrimination, meaning a loss in potential productivity (or a transfer to non-discriminated populations), ranges from 12% to 65%. The residual share represents under investment in human capital of these populations.

The quality of the studies surveyed relies heavily on the quality of the data used to infer their results. This in turn, depends crucially on the way surveys and censuses classify individuals across races and ethnicities. We showed how different ways to classify individuals could lead to important differences in their numbers by racial and ethnic group. This is a very important issue for various reasons, one being that in some LAC countries, currently decentralized or in process of decentralization, differences in the number of individuals by racial or ethnic group have serious fiscal implications that affect the welfare of these populations. On the other hand, differences in classifications lead to different conclusions related to discrimination in the labor market, such as occupational segregation, human capital accumulation, wages gap, etc, that have different policy implications.

The analysis is far from comprehensively covering all LAC countries. Not only data quality but also lack of data, prevent us from getting a complete and accurate view of the situation in the region. Thus, the inclusion of all racial and ethnic groups through their classification in surveys and censuses along with the improvement in the accuracy of classification of individuals must be a common objective of LAC countries. This task is not an easy goal. On one hand, there is political resistance to include all racial and ethnic groups in surveys and censuses in some countries, and, on the other hand, there are still the difficulties of achieving an accurate classification that were enumerated in the document. This points to the need for joining forces and coordinating the efforts of the countries of the region in this direction. Organizations like The IADB and The World Bank, can contribute to this goal leading initiatives with financial and/or technical resources, and convoking other organizations to contribute as well. This is a difficult challenge, but that makes it a great opportunity to promote equitable growth in the region.

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