

1 • Introduction

This comment is organized as follows. In section 1, I reformulate the conjecture that launched the conference into a very simple mathematical expression. In section 2, I interpret how Jeremy Seekings and Yael Tamir have reacted to this conjecture and I try to show how their own papers could be expressed in a similar schematic way. In section 3, I address some objections to each of the papers. I conclude in section 4, with some final comments.

2 • The conference conjecture

Philippe Van Parijs challenged the contributors to the Francqui Prize Conference with the conjecture that, *ceteris paribus*, the degree of cultural diversity, or heterogeneity, of a society and its prospects in terms of institutionalised economic solidarity are negatively correlated. This suggests that policies aiming at preserving cultural diversity (the so-called “multicultural policies”) might reduce the prospects of economic solidarity. Those ideas could be translated into the following mathematical expression:

$$S = f(H(M), X), \quad (1)$$

Where:

S , the *level of institutionalised economic solidarity*, is a function of:
 H , the degree of heterogeneity (or of cultural diversity),
 M , a variable expressing the extent of multicultural policies, and
 X , a vector of control variables.

Comments on Seekings and Tamir

Fábio D. Waltenberg¹

Université Catholique de Louvain

¹ Institut de Recherches Economiques et Sociales (IRES) and Groupe Interfacultaire de Recherche sur les Systèmes d'Education et de Formation (GIRSEF), Université Catholique de Louvain, Belgium (UCL). Contact: waltenberg@ires.ucl.ac.be. I am grateful for the financial support from the Belgian French Community's program 'Action de Recherches Concertée' ARC 02/07-274 (main source of funding, GIRSEF) and ARC 03/08-302 (IRES).

The conference conjecture suggests that:

$\partial S/\partial H < 0$, i.e. when heterogeneity increases, solidarity decreases, and

$\partial H/\partial M > 0$, i.e. heterogeneity increases with the extent of multicultural policies.

Hence, $\partial S/\partial M < 0$, i.e. when the extent of multicultural policies increases, solidarity decreases.

The simple relationships between H , M and S captured in this expression have been supported by some of the contributors and contested by others. Seekings and Tamir belong to the latter group. In one possible reading of their papers, it could be said that, for them, *the most important explanatory variables are not H and M* . Rather, in order to understand the determinants of economic solidarity, it is necessary to characterize more thoroughly other variables that have not been included in expression (1). In other words, they refuse to give to X the marginal role that is implied by the label “vector of control variables”. In the following section, I shall be more precise about which variables of the vector X they emphasize.

3 • Jeremy Seekings’ and Yael Tamir’s reactions

3.1 Seekings: counter-examples and institutional analyses to refute the trade-off

Seekings addresses the conference conjecture in a very explicit way and he denies the existence of a systematic tension or trade-off between cultural diversity and economic solidarity. The link between H and S , if there is one, is “highly conditional on a range of other factors”.

His strategy is to prove by means of counter-examples that the trade-off or tension is not a general rule. In order to do that, he compares three developing countries with different degrees of cultural diversity, understood as racial, ethnic, religious or linguistic differences, and with different levels of economic solidarity, understood as the level of income redistribution measured by the gap between pre-transfer and post-transfer Gini coefficients.²

The trade-off is consistent with evidence he offers about Nigeria, which combines a highly heterogeneous population with a

² Seekings distinguishes the concepts of economic solidarity and of redistribution, as in the following passage: “The South African case suggests that an extraordinary denial of economic solidarity, due to cultural diversity, *can* accompany an exceptional level of redistribution from rich to poor”. However, the extent of redistribution is the measure he actually uses to express economic solidarity — and to refute the trade-off — throughout his paper.

very low level of redistribution. However, Brazil is presented as an example of a culturally homogeneous country with a very *low* level of redistribution, and, as the other extreme, South Africa illustrates a culturally heterogeneous country with a strikingly *high* level of redistribution. Brazilian and South African levels of redistribution are exactly the opposite of those expected by their observed levels of cultural diversity in the light of the conference conjecture or, equivalently, in the light of expression (1) above (since $\partial S/\partial H < 0$). These two countries are therefore presented as clear counter-examples to the main conjecture. Even in Nigeria, where the conjecture is apparently corroborated, Seekings cautions the reader against drawing over-simplified conclusions: the lack of redistribution might be, according to him, much more related to institutional design and to the political economy of oil, than to cultural diversity per se.

Seekings not only rejects the trade-off by means of the counter-examples presented, but he goes one step further and provides his own explanations for the actual level of redistribution in each of the countries. These explanations are not to be found in a quick view of key variables such as the level of heterogeneity or the extent of multicultural policies — H and M in expression (1). In fact, the crucial variables that were missing in (1), or that were relegated to X , “the vector of control variables”, are not readily computable or easy to estimate: acquiring an understanding of them requires a deep dive into a country’s institutional setting, especially the functioning of the political system. If Seekings’ paper were to be expressed in a simple mathematical form, it could be something like expression (2):

$$S = f(P, I, X), \quad (2)$$

Where:

S , the *level of redistribution*, is a function of:

P , a vector that captures relevant aspects of the functioning of the political system,

I , a vector of other (non-political) institutions, and

X , a vector of control variables.

H and M do not appear explicitly in expression (2), although Seekings admit they can have some indirect effect on the other explanatory variables. In some sense, he downgrades them into components of vector X .

Concerning his own main explanatory variables, P and I , he argues that some institutions are more likely to produce higher levels of redistribution than others.³ However, there is no positive or negative relationship between these variables and the dependent one, S , but rather a complex contingent one: “the politics of redistribution is more complex than crude accounts suggest”.

3. This can be seen as an optimistic message: there is room for institutional reform. Tamir’s paper is less optimistic in what concerns the prospects of institutional reform as a means of increasing solidarity.

3.2 Tamir: within-group risks and opportunities differentials to refute the trade-off

In what concerns the treatment given to the conference main conjecture, Tamir is less explicit than Seekings. Her point of departure is to understand individuals' motivations when they have to choose a position in a continuum that goes from communitarianism to globalism (C-G). This choice has some effects on the levels of solidarity, and thereby a link to the conference conjecture is established. A communitarian choice is portrayed as a choice that favours within-group inter-class solidarity, but hardly any inter-group solidarity, given that communitarianism is associated with notions such as nationalism, xenophobia, ethnocentrism and so forth. A globalist choice is associated with values such as openness, freedom or universality, and possibly with inter-group solidarity⁴, but its drawback is that it leads to decreased intra-group solidarity.

An individual's position in the C-G continuum is determined by his "class*", which, in its turn, is determined by his subjective perceptions of risks and opportunities. When the differentials in terms of risks and opportunities are small within a particular group, the outcome is a widespread choice of the communitarian position across classes. In this case, inter-class solidarity is warranted. However, when the differentials are large, the outcome is the choice of globalist positions by mobile individuals and of communitarian positions by immobile individuals. Some of the unintended consequences in the latter case are class struggles and erosion of social cohesion.

Translating these ideas into a mathematical expression that preserves simplicity but that accounts for the various situations mentioned in the paper is trickier. In order to do that, firstly I think it is necessary to disentangle risks from opportunities more explicitly than it is done in the paper, in which no precise definitions of risks and opportunities are provided. Since many ways of understanding risks and opportunities are compatible with her model, this disentanglement requires the assumption of a particular — and contestable — interpretation of these concepts. Here I consider the expected income (or welfare) of the individual as a measure of opportunities and the variance of this expected income (or welfare) as a measure of risks. Secondly, suppose we could plot individuals' opportunities and risks levels on a graph and check which degree of solidarity would result. Tamir's paper suggests that S, the level of inter-class solidarity, is contingent on five possible states of the world (cases 1 to 5 below):

S is low if there is divergence among individuals of different classes about which position to adopt in the C-G continuum. This happens in two situations:

⁴ The relationship between globalism and inter-group solidarity (be it within a multicultural country or internationally) is suggested in the first pages of Tamir's paper, in which globalists are said to be "supporting the needy of the world over their own fellow nationals". This relationship is not developed in the paper though.

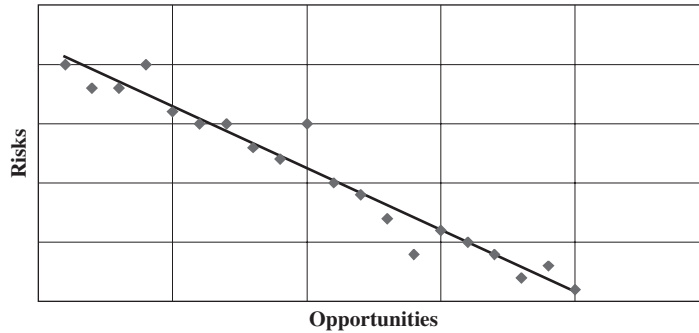


FIGURE 1

Case 1 (“global era”): $cov < 0$

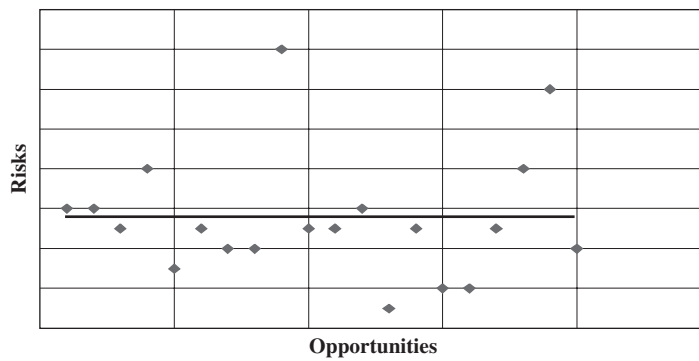


FIGURE 2

Case 2 (“peace and prosperity”): $cov=0$, similar and low risks

Case 1 (“global era” situation). High-opportunity individuals face low risks and low-opportunity individuals face high risks. A negatively sloped line in the risks-opportunity space in Figure 1 represents this case. It means that the covariance between risks (R) and opportunities (O) is negative, i.e., the more risks individual i faces, the less opportunities he is likely to have.⁵ So, in this case, $cov(R_i, O_i) < 0$.

Case 2 (“peace and prosperity” situation). $Cov(R_i, O_i) = 0$, similar and low R (risks) for all individuals. This case, which is expressed by a horizontal line depicted in Figure 2, represents the “good times”, in which, according to Tamir, “we cannot stick together”.

In both cases, high-opportunities individuals choose the globalist outcome, while low-opportunities individuals choose the communitarian outcome.

S is high if individuals of different classes place themselves closer to the communitarian corner in the C-G continuum. This happens in three cases:

⁵. The covariance measures the extent to which two variables, such as R and O here, ‘vary together’.

FIGURE 3

Case 3 (“war”): $cov=0$, similar and high risks

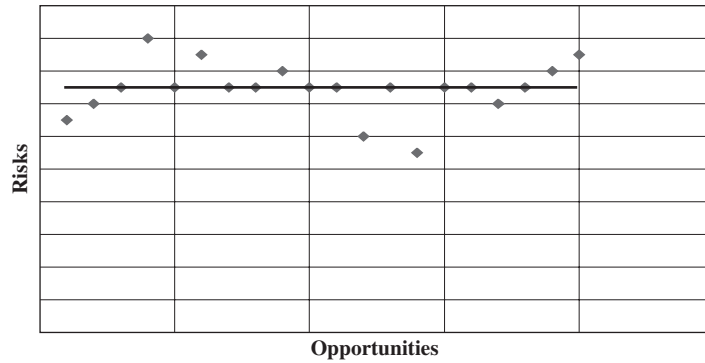
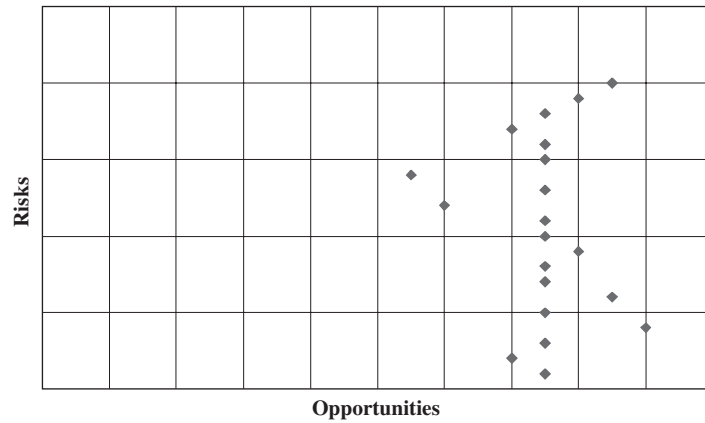


FIGURE 4

Case 4 (“equal opportunities”): $cov = 0$, similar opportunities



⁶ Here we find a contradiction in Tamir’s argumentation. She claims that “social unity could be achieved by either unifying risks or opportunities”, such as in cases 3 and 4. But she also claims that “we cannot stick together in the good times”, for “it is against our interests”. ‘Good times’ could be interpreted as a situation in which risks are low for everybody, such as case 2. But case 2 is also a situation in which risks have been unified. What should we expect then: social unity (high S) or social erosion (low S)?

Case 3 (“war” situation). $Cov (R_i, O_i) = 0$, with *similar* and *high* R (risks) for all individuals. This is represented by a horizontal line in Figure 3, which is plotted far from the horizontal axis.

Case 4 (“equal opportunities” society). $Cov (R_i, O_i) = 0$, with *similar* O (opportunities) for all individuals. Graphically, we have a vertical line, such as in Figure 4.

Tamir argues that “social unity could be achieved by either unifying risks or opportunities”. Case 3 represents unified risks, while case 4 stands for unified opportunities. In both cases, the communitarian outcome is collectively chosen.⁶

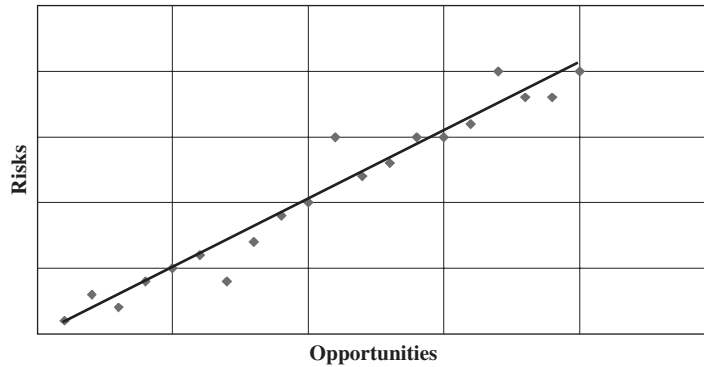


FIGURE 5

Case 5 (“September 11th”): cov > 0

Case 5 (“September, 11th” situation): $Cov (R_i, O_i) > 0$. This case is briefly mentioned in the last paragraph of Tamir’s paper. In such a society, high-opportunity individuals would, in their own interest, tend to foster solidarity, since they are more exposed to risk.

Excluding case 4, which seems unrealistic, and by simple graphical inspection of the other cases, one concludes that the key variable determining S are the *risks faced by the high-opportunity individuals*. The risk exposure of low-opportunity individuals is not important at all in defining the level of S . So Tamir’s model could be expressed as follows:

$$S = f (R_h, X), \tag{3}$$

Where:

S , the *level of inter-class solidarity*, is a function of:
 R_h , a measure of the risks faced by high-opportunity individuals, and
 X , a vector of control variables.

With: $\partial S / \partial R_h > 0$.

The level of inter-class solidarity increases with the risks faced by high-opportunity individuals. This means that the main underlying motivation for the existence of solidarity according to this interpretation of Tamir’s paper is the demand for *insurance* by the high-opportunity individuals.

Tamir challenges the conference conjecture by claiming that the individual choice of the position along the C-G continuum and, thereby, the collective outcome in terms of effective intra-group solidarity, does not depend on the extent of cultural diversity. Cultural features are important only when belonging to some social group, which can be racial, ethnic, religious or linguistic, overlaps or is

highly correlated to belonging to some “class*”. In other words, *cultural features per se are not a central determinant* of the choice of the position in this C-G continuum. The variables H and M, which were crucial in expression (1), have disappeared in (3). Just like in (2), they have been relegated to the role of control variables captured by the term X.

4 • Selected objections

Assuming that the conference conjecture defines the question we are trying to answer here, let me present brief objections to each of the papers.

4.1 Seekings

A first and obvious objection to Seekings’ conclusions is that the countries he has chosen may not be representative. Can we draw general conclusions based on only three particular cases? And what if these countries are outliers in the world distribution of the variables at stake, that is, of S, H and M in expression (1)? If some statistical analysis of this type of data were conducted on a large scale (say, using worldwide data), couldn’t we possibly verify that the suggested trade-off between cultural diversity and economic solidarity actually holds?

A possible answer is that Seekings provided incontestable counter-examples to the conference conjecture. After all, he has appropriately found at least two, or maybe three, “black swans”, which is sufficient to refute the claim that all swans are white. But is it really so? This leads me to the second, more fundamental, objection, which concerns the legitimacy of the counterfactuals he has proposed. When two or more countries are compared, the X in expression (1) is *not* kept fixed; in econometric jargon, X is not controlled for. It is thus impossible to appropriately test the validity of the relationship between, say, H and S.⁷

4.2 Tamir

Yael Tamir provided: (i) a more abstract model than Seekings, (ii) an account of the recent historical development of the nation states and their relation with risks and opportunities faced by individuals of different “classes*”, and (iii) some predictions, somewhat fatalistic, about the future. One could arguably pose objections

⁷ One solution would be to take account of control variables, so that the countries become appropriately comparable. Instead of comparing different countries, the same country could be compared in different periods of time, in order to reduce the effect of country-specific factors, that is, in order to keep X ‘as fixed as possible’. A fruitful strategy is to compare the same country before and after a sharp increase or decrease in the ‘cultural’ composition of its population (for example, because of an inflow or outflow of immigrants) and then to see what are the changes in the level of redistribution. Or, alternatively, *intra-country empirical estimates* could be useful in trying to answer whether a more culturally diverse region is likely to present more or less economic solidarity than other ones, all of them being exposed to the same national institutional setting.

to her reading of recent history, challenge her predictions, or even raise doubts about some of the crucial assumptions of her model.⁸ However, let me focus on the same kind of objections I addressed to Seekings, again in a highly selective way.

First of all, considering that risks — especially among high-opportunity individuals — play such a crucial role in Tamir’s model, it might have been advisable to take into account different assumptions concerning attitudes towards risk. What changes would be introduced in the model if a large fraction of high-opportunity individuals were risk-neutral instead of risk-averse? Would these individuals be so willing to support inter-class solidarity if they were risk-neutral or less risk-averse than has been assumed by Tamir?

Secondly, suppose we had a set of different countries presenting equivalent distributions of risks and opportunities — that is, with similar covariance patterns and similar sets of choices along the C-G continuum —, but with very different levels of cultural diversity. Would we observe different levels of economic solidarity? If so, would these levels correlate negatively or positively with the degree of cultural diversity? What would be the relationship between the explanatory variable, R_h , and H and M ? Isn’t it possible that Tamir would have to conclude that the conference trade-off holds after all?

5 • Final comments

I am not claiming that deep and insightful institutional and political analyses such as the one Seekings has provided do not help us understand some of the complex aspects of the questions at issue. Nor am I claiming that the abstract, speculative, explanation for the existence of inter-class solidarity provided by Tamir’s paper is not worthwhile. I am only raising some methodological doubts about the way in which (as I interpret them) they have challenged the conference trade-off, and, simultaneously, I am suggesting some econometric exercises that could be useful in assessing the validity of the trade-off within the framework each of the authors has proposed.

However, before trying to accomplish such tasks, a preliminary pair of question needs to be answered: what is meant by economic solidarity and by cultural diversity? There has been no explicit agreement on what is meant by cultural diversity.⁹ But more importantly, the careful reader has noticed that the notation “ S ”, economic solidarity, has been used as the dependent variable in the three expression above, while having in each case a different meaning.

⁸ For example, is it realistic to suppose that individuals are completely self-interested, that there is no room for any altruistic or patriotic behaviour, unless people are living in ‘bad times’, in periods of war? Would these assumptions and others resist empirical assessments?

⁹ On measures of cultural diversity, an NBER working paper by Alesina *et al.* (2003) is available on the web. It reviews some indices of what they call the “fractionalization” of a society, which is similar to what Van Parijs called “cultural diversity or heterogeneity”. They are not interested in the effects of fragmentation on economic solidarity, but on its effects on economic growth.

This divergence probably reflects different conceptions of solidarity. In (1), *S* is called “institutionalised economic solidarity”, and it expresses a kind of “warm solidarity”, dependent upon the existence of “identification” between individuals. There is more solidarity within a particular group if more of its members see themselves as belonging to the same community, group or nation. That is the reason why *H* had a negative effect on *S*. In (2), *S* is the “level of redistribution”, which does not depend upon identification. There may be redistribution if the rich fear the poor, for whatever reason, and hence feel compelled to redistribute as a concession intended to “calm down” the worst-off individuals. The stronger this credible threat, the higher will be the extent of this solidarity (such as in South Africa). In (3), *S* stands for a vaguely defined “inter-class solidarity”. The underlying motivation for the existence of solidarity here is of an individualistic nature: the more it is in the interest of high-opportunity individuals to be insured, the more developed will be the aggregate solidarity.

Hence the apparent divergences between Seekings, Tamir and the conference conjecture may not reside as much in different specifications of the right-hand side of the expressions (explanatory variables), as in different understandings of the left-hand side (dependent variables).

R E F E R E N C E S

- [1] Alesina, Alberto; Arnaud Devleeschauwer, William Easterly, Sergio Kurlat, Romain Wacziarg. 2003. “Fractionalization”. National Bureau of Economic Research, Working Paper n°w9411, January. Available at <http://www.nber.org/papers/w9411>.
- [2] Angrist, Joshua and Krueger, Alan. 1999. “Empirical Strategies in Labour Economics”, in *Handbook of Labour Economics*, Vol. 3, ch. 23, North-Holland
- [3] Seekings, Jeremy. 2002. “Institutional design, cultural diversity and economic solidarity: a comparison of South Africa, Brazil and Nigeria”. Paper prepared for the Francqui Prize Conference, February 28th and March 1st 2003, Brussels.
- [4] Tamir, Yael. 2002. “Nations and class. Nationalism as an instrument for inter-class solidarity”. Paper prepared for the Francqui Prize Conference, February 28th and March 1st 2003, Brussels.
- [5] Van Parijs, Philippe. 2002. “Rough formulation of the theme”. Francqui Prize Conference, February 28th and March 1st 2003, Brussels.