

## Inequality of Opportunity for Roma in Europe

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This paper reviews the Equality of Opportunity framework, developed by Roemer (1998). He makes the distinction between individual's effort and circumstances beyond an individual's control for education/income attainment. Applying this methodology allows for measurement of inequality due to circumstances and own effort. The aim of the research is to apply the framework for the Roma people in Europe. This review can be a basis for an empirical study, which would consist of analyzing how much of that inequality is due to circumstances beyond an individual's control. It is expected that the inequality of opportunity of Roma would be higher in comparison with the majority population.

Keywords: Equality of opportunity; Roma inequality; Inequality measurement

### 1. Introduction

Inequality is an economic phenomenon that has gained attention of political leaders, civil society and academics alike. This year, on the 45th G7 meeting, the French leader, Emanuel Macron made “fighting inequality” the main agenda point (OECD,2019). It is noteworthy that besides the concern for economic disparities in society, the question of what is justifiable and objectionable inequality has been raised by both economics and political philosophy scholars. There are prominent scholars that argue for the theory of equality of opportunity. (Björklund et al, 2012; Brunori et al, 2013; Ferreira & Gignoux, 2011). The theory entails that economic disparities stemming from different levels of exerted effort are justifiable, while inequalities that arise from circumstances outside an individual's control such as race or gender are objectionable. In other words, inequality of opportunity is the “unfair” part of inequality.

Moreover, inequality of opportunity affects the economy of a country negatively by preventing individuals from making full use of their skills and this can negatively influence growth and exacerbate income and wealth inequality. Recent empirical evidence indicates a positive correlation between high levels of inequality of opportunity and high levels of income inequality. Another important finding was that there is no country with high levels of inequality of opportunity with medium or low levels of income inequality(World Bank,2017), It is noteworthy that proponents of “equal opportunity” do not argue for equalizing education or income outcomes but explain how the differences in outcomes should reflect the different levels of effort and not of circumstances (Roemer, 1998).

Furthermore, Roemer (1998) developed a methodology that enables quantifying the difference between an individual's effort and circumstances beyond his control to reach a certain outcome( income, education).Individuals are split into types based on circumstances outside an individual's control such as parental education level and parental income. Applying this methodology allows for measurement of income inequality due to circumstances and effort. The higher income inequality due to circumstances in a country, the higher the inequality of opportunity is.

There is a long list of circumstances that outside an individual's control that could be accounted for, however, the most common circumstances accounted for are the circumstances at birth such as sex, place of birth, parental background and ethnic affiliation (Roemer et al, 2018). According to an ERBD report (2016), ethnicity accounts for around seven percent of total inequality of opportunity.

The Roma people in Europe are an example of how ethnicity can exacerbates the inequality of opportunity an individual faces. Roma are the largest ethnic minority in Europe. The inequality between them and the majority population is striking, especially in Central and Eastern European countries. This partially stems from the fact that 37% of Roma children grow up in poverty. The poverty and exclusion is demonstrated by the significant differences in outcomes of educational attainment, quality of employment and income between Roma and non-Roma (Gatti et al, 2016). Despite efforts of European institutions to improve social integration and protection of fundamental rights, Roma are often subject to severe poverty and social exclusion. These problems hinder their access to education and have a negative impact on their employment and income prospects. Moreover, it prevents them from participating fully in society, make use of their skills, and reach their potential.

As aforementioned, existing research exhibits the stark difference between education, employment and income attainment between Roma and non- Roma across Europe (Gatti et al, 2016). The addition of the research would consist of assessing the level of inequality of opportunity developed by Roemer and apply it to the context of Roma in Europe.

## **2. Theoretical framework**

### **2.1. Roemers's EoP**

Economics and political philosophy scholars alike have been concerned with the concept of inequality. Rawls(1971) and Dworkin(1981a) developed the theoretical foundation of equality of opportunity. Both scholars highlight the fact in order to asses fairness of a given social construct, the inequality in the distribution of one particular outcomes, such as income, is not enough. They argue that the reason behind the unequal distribution should be taken into account.

Rawls(1971) argues that each individual should have a fair chance to attain social positions, such as jobs and these should be allocated on a meritocratic basis. He explains that an individual has a fair chance only when the likelihood of obtaining a certain social position is given by his native talent and disposition to use it while his social class or background should have no influence.

Roemer (1998) builds upon Rawls (1971) and makes a clear distinction between the concept of inequality that is justifiable and the one that is objectionable. He argues that inequality that stemming from circumstances that are outside an individual's control is ethically unacceptable and the individual cannot be held accountable for it. Moreover, he or she should be compensated by public intervention for any inequality that arises from differences in circumstances outside one's control. On the other hand, the inequality stemming from the level of effort exercised by an individual is considered acceptable and no public intervention is necessary because the individual has the responsibility to exercise the effort in order to reach the desired outcome. The outcome could be either education, income or even health. It is noteworthy that this paper will focus on the outcome regarding income.

### **2.2. EoP Scope**

Roemer (1998) argues for two principles regarding the equality of opportunity framework. He argues for the nondiscrimination principle and implies when individuals compete for positions in society, such as jobs, they should solely be assessed based on indicators that are relevant for filling that specific position and characterstiques such as race or sex should not play a role at all. However, society should actively try to level the field

among people competing for such positions and this intervention should occur during the formative years of individuals. Based on this argument, it is apparent that within EoP, individuals become at some point “responsible” for reaching objectives such as education, employment, income and even health. Roemer explains that before individuals start competing, opportunities should be equalized but after the competition starts, individuals would just reach the desired outcome according to the effort they exercised

In Roemer’s view, a policy is a social intervention that is used to influence the degree to which individuals acquire an objective. The equal-opportunity policy will ensure that an individual’s outcome is independent of their circumstances, and sensitive only to their effort. Preferential treatment of some types over others in social policy is defined as affirmative action. He recommends that EoP policy should be implemented whenever the benefits exceed the costs and argues that it should be focused on the acquisition of attributes necessary for competing for jobs. Examples are education and the application of the non-discrimination (not to discriminate between effort and circumstances) for job recruitment.

Roemer argues that EoP policy should be applied only within the educational process because once an individual is on the job market, he/she is rewarded for skills and the “type” given by circumstances beyond his/her control is irrelevant. Thus, the scope of the EoP policy should be limited to the equalization of opportunity for education, which will consequently increase the future earning capacity of disadvantaged children/ youth in a given society.

### 2.3. Empirical Evidence

Besides the moral argument, empirical evidence suggests a negative link between inequality of opportunity and the economic performance of a country. This phenomena occurs because the inequality of circumstances outside an individual’s control creates a suboptimal use of human capital (Bourguignon et al., 2007; The World Bank, 2010).

Moreover, empirical evidence suggests that Roemer’s distinction between an individual’s exerted effort and circumstances outside his/hers control when it comes to reaching certain outcome such as income or a certain job is relevant for society. For example, Cappelen et al, (2010) find that most individuals do not hold other ones responsible for circumstances outside their control but they blame them for outcomes that stem from their own choices.

It is relevant that the distinction between effort and circumstances proposed by Roemer (1998) is applied by categorizing individuals into types based on shared circumstances. A type is a set of individuals characterized by exactly the same circumstances such as gender, race, and socioeconomic background. Effort is an autonomously chosen action and it is within the individual’s control; when increased, the outcome improves as well. Individuals within the same “type” have the same ability to reach desired outcomes by exercising effort. By exerting effort, individuals in the same type have the same ability to transform resources into outcomes. Within each type, individuals are separated into “Low” and “High” effort ones, depending on which side of the mean they are located. Moreover, there is literature that measures the actual level of inequality of opportunity by looking at the difference of outcome between individuals with similar levels of effort across types and using the parametric approach above mentioned. (Betts & Roemer, 1999; Page & Roemer, 2001; Björklund et al., 2012; Hufe et al, 2017).

It is noteworthy that the EoP framework developed by Roemer (1998) has been used in different research contexts. For example, Betts & Roemer (1999) and Page & Roemer (2001). The first study researched the effect of reallocation of educational expenditures on equal opportunity for different socio-economic “types”. The second study investigated the effect of US fiscal system on equality of opportunity. Both studies used “race” and parental income to determine the individuals socio-economic background and group them in types.

Björklund et al. (2012) also use the parametric approach, which implies dividing the sample in multiple types according to shared circumstances. The study has been conducted on a large population sample from Sweden and investigated the impact of inequality of opportunity on income. They added IQ and body mass index to the list of circumstances and divided the sample into 1152 types. The findings show that the strongest predictor of income is IQ, however, parental background remains an important circumstance. However, results indicate that 90% of income inequality in Sweden is determined by effort. These results build upon previous research( Björklund and Jäntti (1997) which concludes that parental background has a weaker effect on children’s income in North European countries in comparison with the UK and the US.

On the other hand, Checchi and Peragine(2010) investigate the effect of inequality of opportunity on income by using a non-parametric approach, this entails first eliminating inequalities within types by estimating mean values(ex-ante) and then measuring inequality across types at the same percentile in the income distribution. The study accounts for parental education,region of birth and gender as a circumstance and the findings indicate that women in South Italy record the highest level of inequality.

Alternatively, Bourguignon et al. (2007) and by Ferreira & Gignoux (2011) make a distinction between effort and circumstances by estimating a linear model of income as a function of circumstances and efforts. This estimation method implies splitting total income inequality into circumstances and a residual term. The results explain the total inequality explained by circumstances but also the contribution of each circumstance specifically. The study of Bourguignon et al (2007) applies this method on a sample from Brazil and finds that the five circumstances included in their model (father and mother’s education level, father’s occupation, race and region of birth) explain 25 percent of total income inequality. It is noteworthy that parental background is the strongest predictor of income.

#### **2.4. EoP Relevant Circumstances.**

Empirical studies in advanced democracies suggest a relatively small estimate of the inequality that is explained by circumstances, the average is around 20 percent. According to Hufe et al. (2018), there is a large number of circumstances that can explain inequality of opportunity. The main /basic category of circumstances entails sex, country of birth, cohort, academic achievement, parental occupation, rural/urban, height and family income. In addition, there are other circumstances that can be accounted for, such as indicators about child parent relationship, health related behavior or ability, but these indicators are often not available and mostly the base circumstances are accounted for. ERBD (2017) released an Inequality of Opportunity report for the ERBD countries and its findings are relevant for this paper since most Roma live in this region. Considering the base circumstances, the findings indicate that the most significant circumstance is given by parental background, explaining 50 percent of the total inequality of opportunity in over a third of ERBD countries. Gender is also a highly significant circumstance, explaining between 25-50 percent in most countries. The least significant circumstance of these is ethnicity with just 7 percent of the total inequality of opportunity. Since it is less significant than the other base circumstances, its impact might be more debatable, hence the importance of researching the topic.

A survey done by FRA European Union Agency for Fundamental Rights (FRA) (2014) indicates a large gap between Roma and non-Roma for all levels of education. These findings are problematic because it contributes to the vicious circle of poverty and exclusion. Moreover, literacy rates and secondary school completion are low amongst adult Roma. It is concerning that within the EU, on average; only 12% of Roma adults has completed upper secondary school or vocational education. Taking into account the link between education attainment and income, it is expected that there is a clear inequality of outcome between Roma and non-Roma. Moreover, taking into account just the low education attainment levels

it is expected that inequality of opportunity to be higher for the Roma in comparison with the majority population.

### 3. Conclusion

In this paper, the equality of opportunity framework, developed by John Roemer has been exhaustively explained and how it can be used to explain the inequality that the Roma community is experiencing.

From the theoretical framework, it is clear the addition of Roemer’s EoP framework on quantifying what scholars refer to as “objectionable inequality” and the impact of ethnicity as a circumstance that is outside an individual’s control. The empirical evidence mentioned indicates that although significant, ethnicity has far less impact on inequality of opportunity for ERBD countries in comparison with parental background, the first has an impact of around 7 percent while the latter an impact of around 50 percent. Based on the findings reviewed in the paper, it is expected that inequality of opportunity would be higher for Roma in comparison with non- Roma. An empirical study can shed light on it and on the exact size of the difference. In addition, country differences can be included in the study. Taking into account the scope of EoP framework enunciated by John Roemer(1998), which is limited to the equalization of opportunity for education and the relatively low education attainment of Roma population, both income and education inequality of opportunity should be measured. It is recommended that both methodology approaches used by Bourguignon et al. (2007) and Björklund et al. (2012) are applied because the first allows for estimating the effect of ethnicity as a circumstance and the latter can make a more straightforward distinction between effort and circumstances because it splits the sample multiple “types”.

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