

# An Economic Discrimination: An Interpretation

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## **Abstract:**

As the social discrimination is common in the literature, the economic discrimination is not common. Infact, the economic discrimination has background of 'sociology'. The conceptual explanation of discrimination is important in order to understand the practical existence of social and economic discrimination. The ascribed social parameters influences the economic discrimination in many cases and it is perfectly true in case of India.

**Keywords:** discrimination, caste system, sociology, economics, crime, marriage

## **1. Introduction:**

The social discrimination has been most common phenomena in the world. The social discrimination has several grounds as race, religion, caste, gender and others. The degree of social discrimination varies from country to country. Within the Indian Territory, the social discrimination could be found based on the castes. The lower castes (ex-untouchables) are being treated inferior to that of other upper castes. As the social discrimination is common in the literature, the economic discrimination is not common. Infact, the economic discrimination has background of 'sociology'. The ascribed social parameters influences the economic discrimination in many cases and it is perfectly true in case of India. The differences in the achieved positions as education and training could lead the social and economic discrimination in general. The occupational discrimination has been analyzed and practiced on the basis of achieved position of labour force. The labour force belonging to either higher ascribed position or achieved position could get some sort of comfortable treatment. They are preferred and treated with dignity than others. The present paper has given a conceptual interpretation to the economic discrimination. The researcher has used various models and concepts given by the economists and sociologists. The main aim of the researcher is to give an holistic interpretation of economic discrimination.

## **2. Objectives of the Study:**

- 2.1 To take a review of the concept of social and economic discrimination
- 2.2 To explore the linkages between economic discrimination and labour force
- 2.3 To interpret the economic discrimination with the help of contemporary idea.

## **3. Hypothesis of the Study:**

- 3.1 The economic discrimination has been common phenomena in the labour market
- 3.2 The social discrimination and economic discrimination are interrelated to each other

#### 4. Literature Review:

Becker Garry (1957) has made remarkable contribution to the field of social and economic discrimination. He has explained the process of discrimination based on taste and preferences. Becker has been remembered as the pioneer contributor in the field of discrimination literature. Akerlof George (1976) has analyzed the social discrimination with reference to Indian society. According to the author, the sociology and economics has no boundaries. The social discrimination could be found in organization and marriage and other social institutions. Glen Cain (1982) has studied the economics of discrimination and has given definition of economic discrimination based on social and economic parameters. Mc Connell, Brue and Mc Pherson (2009) have explained the basic grounds of economic discrimination existed among the labour force.

#### 5. Methodology:

The present research interpretation is based on the secondary data. The main intention of the researcher is to explore the economic discrimination on a conceptual background; most relevant published books written by famous authors have been used for the collection of information. The researcher also has used selected relevant data about the labour force from the authentic website of Government of India.

#### 6. Interpretation and Discussion:

Economic discrimination has been defined in many ways. According to Glen Cain (1982:182) there are two broad definitions of economic discrimination. “First, economic discrimination may be defined as long lasting inequality in economic well-being among individuals based on their colour, gender, or ethnic ties. Second, economic discrimination is also defined as differences in pay or wage rates for equally productive groups”. Economic discrimination was common among Afro-American workers; many authors have described this discrimination. Mc Connell, Brue and Mc Pherson (2009:432) also have thrown a light on economic discrimination. According to them “Economic discrimination exists when minority workers, who have same abilities, education, training and experience, but accorded inferior treatment with respect to hiring occupational access, promotion, wage rate or working condition”. In general the economic discrimination is the wage inequality among those workers, who have same capability or same productivity. Indian society has been established on the caste hierarchy and the institutional forces have been acting to protect this structure.

George Akerlof (1976:599) has made his famous contribution in the regard of connection between the sociology and economics in Indian society. According to the author “The extensions of the model of supply and demand to discrimination, household organization, crime and marriage show that the boundaries between sociology and economics are by no means clear, if economic models can explain sociological phenomena, so also the process can work in reverse with sociological models describing economic phenomena.” The present study also found the positive relation between the social and economic indicators among the selected contract agricultural labourers. The economic discrimination of the Scheduled Castes labourers was based on the social hierarchy or caste hierarchy.

Further Akerlof (1976:699) has stated the important way out for market efficiency and labour efficiency. According to the author “there is a challenge to economic theory concerns the relation between marginalism and social custom. As long as most persons have positive utility for obeying social

customs, and as long as activities are pursued up to the point where marginal costs equal marginal benefits, there will be rewards to breaking social customs insofar as they fail to promote economic efficiency". Thus the process of marginalization was a result of social customs and caste hierarchy, whereas the elimination of social customs based on caste hierarchy would lead to economic efficiency.

Jadhav Praveen (2015) has found that, "in case of contract agricultural labourers, the economic discrimination was found by the researcher. The wage difference among the contract labourers was indicating this discrimination. Although the nature of work and capability of workers was same, however the workers from backward castes were being economically discriminated by offering relatively less wage. The intensity of economic discrimination was higher among the workers belonging to Scheduled Castes. Since these castes were socially untouchables and no social prestige, they were offered relatively lower wage than other backward castes. The caste hierarchy in Indian society has influenced the economic discrimination".

The economic discrimination has been analyzed on theoretical background by very few authors. The most important work belongs to Gary Becker (1957) who has explained his theory with basic idea of 'taste for discrimination model'. According to Gary Becker (1957), "the discrimination is a preference or taste for which the discriminator is willing to pay". The author further argues that, "unfortunately society has a taste for discrimination and it is willing to forget the productive efficiency and accepts its prejudices". This analysis was based on White Workers and Black workers living in America. The white workers were relatively paid higher than the black workers. The discrimination by the employer is based on the idea that, they want to maintain a physical or social distance from certain groups. Further Becker Gary (1971) also has argued that, "a decrease in prejudice level against a social group will lead to an increase in employment and reduction in wage inequality for that social group but it is not the average prejudice level but the prejudice level held by the marginally discriminating employer, which matters". However the implication of this prediction has not been analyzed in the context of caste in India.

Jadhav Praveen (2015) has explained that. "in case of selected contract agricultural labourers were being economically discriminated by the employer by offering the relatively lower wage to Scheduled Castes' labourers than the labourers from Upper Castes. The inter-caste wage differences were a result of caste hierarchy. The taste of employer in India was depending on many factors, and the most important factor in the selected region was 'caste'. The landlord from upper castes had prejudices based on the caste system. The taste of the landlord was determined by the caste identity. The Scheduled Castes labour force had low status in the labour market irrespective of their productivity and skill. The taste of the landlord was more towards the upper castes and relatively towards middle castes. The least preference was given to the labour of Scheduled Castes with relatively lower wage. The empirical data supports this argument".

Further Gary Becker (1957) has stated that, "competitive market forces will cause discrimination to diminish and disappear over a time". However the functioning of labour market in India has been in the clutch the economic discrimination based on the castes. In the recent period, many authors have explored the economic discrimination and caste relationship in the context of Indian labour market.

Thorat Sukhdev and Katherin Newman (2007) have stated that, “Labour market discrimination can transpire in the domain of hiring, or in wages, or through working conditions, and opportunities for upward mobility. We can fairly speak of discrimination when two persons with the same education, training, work experience, and hence identical human capital, differing only in personal characteristics that have no implications for productivity, are treated unequally, with the minority group member denied jobs, given lower wages, or unfavourable working conditions and the majority (or higher status) individual favoured in these domains”. Further the authors have stated that, “Occupational discrimination occurs when members of subordinate groups face restrictions that prevent their entry into the occupations of majority group members, or face differential treatment in the acquisition of factors and services necessary to enter the market”.

Although the present study had no caste based angle in the analyses, but the researcher found the occupational discrimination based on the caste system. The majority of the contract labourers were belonging to the Scheduled Castes. Hence, the researcher had to look toward the angles through the mirror of caste. The workers from the subordinate groups were being paid relatively less with relatively less services than the dominant groups. The workers from the Scheduled Castes group were subordinate in this study and the study found that they had a feeling of being paid relatively less. However, they did not have complaint since the process of internalization of caste hierarchy was deep rooted among them. This kept them at lower economic level.

Edmund Phelps (1972:659) has given one more theory which was known as the ‘statistical theory’. According to the author “the statistical discrimination occurs whenever an individual is judged on the basis of the average characteristics of the group or groups to which he or she belongs rather than upon his or her own personal characteristics. The judgments are correct, factual and objective in the sense that the group actually has the characteristics that are ascribed to it, but the judgments are incorrect with respect to many individuals within the group”. The caste hierarchy in Indian society has created social prejudices. The person born in lower caste gets various characteristics which are attached to the caste as a whole. The person from Scheduled Castes are treated socially different, since the Upper Castes had various social prejudices came from the caste hierarchy. In the selected region, the labourers from the backward castes, especially from the Scheduled Castes had a feeling of being treated socially different, since the employer had social prejudices based on the caste hierarchy. The workers from the Lower Castes were being treated socially lower irrespective their personal characteristics. This results into the economic discrimination, especially in the wage determination and as a whole in the labour market.

## **7. Conclusion:**

The social and economic discrimination is most common in almost societies of various countries. The economic discrimination has a background of sociology. The economic discrimination in India has a link with caste system. The occupational discrimination in India has been influenced from the caste system. As a result of this, this economic discrimination affects the wage policy. The economic discrimination based on the grounds of ascribed social position cannot be justified.

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