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MEASURING ETHNOLINGUISTIC DIVERSITY IN ECONOMIC LITERATURE. AN OVERVIEW FOR CROSS-COUNTRY STUDIES

Abstract:

In the last two decades, there has been a growing literature trying to explain the differences in income across countries from ethnolinguistic diversity. The measurement of this concept is not an easy task and has given rise to a variety of indices. Depending on the index selected, ethnolinguistic diversity can yield different socioeconomic results. In an increasingly heterogeneous world, to assess properly the effects of diversity is a key issue and is becoming more and more important.

The literature on socioeconomic effects of ethnic diversity presents a tangle of indices and concepts that makes it very difficult to compare results and, therefore, to advance in this field. Ethnic groups have been delimited in many different ways, several databases have been used, and different indices have been built to approximate the concept. This paper intends to untangle the variety of indices and their applications. We aim at collecting the ethnic diversity indices employed in cross-countries studies, showing similarities and differences, and the main applications of each of them. The present paper will allow for a proper evaluation and comparison of the effects of ethnic diversity and for selecting the appropriate index depending on the analysis that is going to be carried out. To achieve our goals, we have focused on studies at a country-level that construct their own indices and that make the database available.

Keywords:

ethnolinguistic diversity, economic performance, cross-countries studies, fractionalization indices, polarization indices

JEL Classification: Z10, O50, H10