

# RACE, ETHNICITY AND LIVING CONDITIONS IN COSTA RICA

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## Extended abstract

Costa Rica is a small, middle-income country outstanding for having economic and political stability or social cohesion well above the usual levels in the Central American and Caribbean region. Despite this country's national identity was historically constructed to be an egalitarian white country in an area of predominantly non-white populations, the country is indeed more ethnically diverse and unequal than what most Costa Ricans commonly thought. This was brought about by the recent release of the 2011 Census. Complying with the requests from local ethnic organizations and most recent international recommendations (e.g. ECLAC), the national statistical office (*Instituto Nacional de Estadísticas y Censos*, INEC) has included for the first time a question addressed to all Costa Ricans about their ethnic and racial self-identification.<sup>1</sup> The result was that out of 4.3 million inhabitants, 84 percent of the population ascribed themselves to the white/mestizo category, while more than 11 percent belonged to any of the racial/ethnic minorities. More specifically, there were 334,437 African descendants (7.8% of the population) if as it is usual we combine 45,228 blacks/African descents and 289,209 mulattos. There were additionally, 104,143 (2.4%) indigenous, 9,170 (0.2%) Chinese and 36,334 (0.8%) included in the "other" category.<sup>2</sup> The picture of diversity in Costa Rica is completed if we take into account that there was also a significant flow of immigration into the country, especially from Nicaragua (287,766 or 6.7% of the population) and, to a lesser extent, Panama (11,250; 0.3%).<sup>3</sup> This immigration flow involved people of any race/ethnicity but with significant numbers of mulatto and indigenous people.

This full visibility for the first time of minorities in the country allows us for a first in-depth analysis of inequalities along racial and ethnic lines. Although the Census does not collect information on income, it does collect detailed information about basic equipment of households and housing conditions, from which we construct a synthetic indicator of material wellbeing, as well as a series of socioeconomic information of households in order to explore the nature of such wellbeing inequalities.

The aim of this paper is thus to investigate the extent and the nature of inequalities in living conditions across racial and ethnic lines in Costa Rica. We use the 2011 public use microdata Census (accounting for 10% of the total population) to construct a composite indicator based on information on housing conditions and equipment. Then we analyze the differential in living standards for the most important ethnic groups (white/mestizo, African descendants, indigenous people), as well as for immigrants from Nicaragua and Panama. The analysis is focused on the whole distribution, not just on the mean.

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<sup>1</sup> The 2001 Census had previously included a question about self-identification with ethnic minorities (black/ African descents, Chinese and Indigenous people) but with no explicit category neither for whites or people of mixed race (such as mestizos or mulatto). As a result the proportion of ethnic minorities was significantly underestimated with respect to the 2011 version.

<sup>2</sup> The remaining 5 percent of the population refused to identify themselves with any of these categories.

<sup>3</sup> There were also significant numbers of non-disadvantaged population from the USA or Colombia, about 16.000 each.

Special attention is paid to the case of African descents because for this group, Costa Rica is an outstanding case that deserves further investigation. In many ethnically diverse countries, people of African ascendance are characterized for being over-represented at low income and wellbeing levels, and presenting poorer socioeconomic endowments (lower achieved education, higher unemployment and precarious jobs, etc.). However, the particular history of West Indians (mostly Jamaicans) who settled in the Caribbean coast between the end of the 19th Century and the beginning of the 20th, makes them an interesting case of study. This group had to face with serious ethnical problems: confinement in the province of Limón, the least developed and neglected region of the country, lack of citizenship until the 1950s, labor discrimination, attempts of cultural assimilation, etc. Furthermore, they witnessed intense emigration searching better opportunities either to the Central Valley or abroad, mostly to the US. However, these people have managed to have high educational and occupational standards compared with the rest of the population. For example, 26 percent of blacks aged 24 years or older had studies beyond secondary school, compared with 24 percent of whites/mestizos. At the same time, we find in the country a larger mulatto population that could be the result of previous colonial slaves and immigrants from the region, as well as to miscegenation and cultural assimilation. This group presents traits that are more consistent with the social disadvantage of African descendants found in other countries (e.g. only 13% with higher education).

In order to identify the main factors explaining such racial and ethnic inequalities, we use regression-based counterfactual analysis, mostly by estimating Re-centered Influence Functions (RIF) as proposed by Firpo, Fortin and Lemieux (*Econometrica*, 2009). This extension of Blinder-Oaxaca decompositions allows us estimating the *characteristics* and *coefficients* effects across the entire distribution. While the *characteristics* effect provides an idea of how much of the differential at each point of the distribution is explained by attributes (such as education, labor attachment, location and so on), the *coefficients* effect quantifies to what extent these factors are associated with a differential impact on wellbeing in each group. A detailed decomposition provides a quantification of the contribution of each specific attribute to these effects.

Our results will confirm that mulatto, indigenous and immigrants from neighbor countries are generally worse-off as compared with the majority of the population, with much of it being explained by their poorer attributes, although the reasons differ among groups and along the distribution. While lower achieved education and working in least-skilled occupations explain most of the differential for all three minorities, location turns out to be crucial only for indigenous people (for living in the least developed areas of the country). The role of education in explaining the ethnic gap for minorities is increasing with the level of wellbeing. The results also highlight the remarkably distinctive situation of blacks/African descents, with similar wellbeing to that of whites/mestizos, much higher than the rest of minorities (except Chinese), but whose level is well below what would be expected given their better education and occupations. This indicates that had this group has better endowments but with difficulties to translate them into a better wellbeing.