Caste-based and Racial Wealth Inequality in India and the United States

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I. Introduction

Economic inequality has increased sharply since the 1980s in several regions of the world. The World Inequality Report (2018) estimated that the richest 1 percent captured 27 percent of global income growth between 1980 and 2016. The sharp rise in inequality – identified as the defining challenge of our time – has attracted renewed scholarly interest. Recent studies have focused on historical trends of inequality, the concentration of income at the top end of the distribution, and the comparison of inequality across countries. The dominant approach in cross-national studies is to compare the levels of inequality or the income shares of top earners (top 1 or top 10 percent). Cross-national analysis of the economic disparities between social groups is relatively under-explored.

Several studies have separately analysed racial inequality in the United States (US) and caste-based disparities in India. Such studies show that dalits (former untouchables) in India and blacks in the US continue to have remarkably similar social experiences of exclusion and fare significantly worse on economic parameters than the overall population. However, the economic literature on comparative analysis of India and the US that provides a systematic account of disparity along the axes of race and caste is scarce. The study of wealth reveals dynamics of caste and racial inequality that may be concealed by traditional markers of inequality such as income for several reasons. First, the overall levels of wealth inequality are far starker than income disparity. Second, the social gap in India and the US is also much greater in terms of wealth. The study of wealth reveals contemporary social gaps and captures the inequities of the past. The significance of this study lies in identifying the common drivers of the social wealth gap and highlighting the similar economic aspects of the two forms of social stratification under consideration.

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II. India-United States, Caste-Race: Significance of the comparative scholarship

In a letter to W.E.B. Du Bois, in 1946, Ambedkar wrote, "There is so much similarity between the position of the Untouchables in India and of the position of the Negroes in America that the study of the latter is not only natural but necessary" (Ambedkar 1946). Several decades after this correspondence, Wilkerson (2020) provides powerful accounts of the struggles of minorities and deprived groups in the US and India. Wilkerson's work shows the continuing similarities in the condition of dalits in India and blacks in the US and motivates further comparative research. Despite the historical and sociological differences in the categories of race and caste, the comparison of dalits in India and blacks in the US is fitting for three reasons. First, the two communities have had enduring experiences of social exclusion, segregation, and discrimination. Second, both India and the US have followed affirmative action policies for the benefit of the dalit and the black populations. Third, the two communities continue to have significantly worse economic outcomes than the overall average for India and the US.

It is argued that caste in India and race in the US are both socially constructed forms of discrimination and have comparable effects (Natrajan and Greenough 2009). Drawing a comparison between the Indian and the US systems of social stratification, Berreman (2009, 66) terms blacks as "America's birth-ascribed untouchables", who share their dire circumstances with dalits in India. Dalits and blacks share stereotypes of "possessing a combination of negative characteristic traits", such as inferior intellectual calibre, lack of 'merit', and the required skills to climb up the economic ladder (Tartakov 2009, 122). A recent survey by Pew Research Center estimated that about 78 per cent of black people in America feel that the US has not gone far enough in providing them equal rights with the whites.[2] The survey also reported that half of the black population feels unlikely that racial equality will ever be achieved.[2] A survey by the same institution for India showed that most Brahmins were not willing to have a Scheduled Caste neighbour.[3]

India and the US have followed 'positive discrimination policies for decades. The commitment to social and political equality was drafted in the Constitution of India in 1950. Many of the contemporary provisions in the US originated during the civil rights movement in the late 1950s and early 1960s (Weisskopf 2004). The policies of affirmative action in the US include giving a degree of preference to black candidates. Such policies involve setting targets to

[2] Retrieved from Views on Race in America 2019 | Pew Research Center.
[3] Retrieved from Attitudes about caste in India | Pew Research Center (pewforum.org).

increase the representation of blacks and other under-represented social groups in educational institutions and employment. In the Indian case, there are constitutionally mandated 'quotas' that provide reservations to Scheduled Castes[4] and Scheduled Tribes in proportion to their population. Reservations in public educational institutions and employment are also extended to a segment of the Other Backward Classes and Economically Weaker Sections. The reservations also extend to parliamentary and local elections, in which specific seats are reserved for Scheduled Castes and Scheduled Tribes in India. The similarities of affirmative action policies in the two countries are accompanied by a similar backlash against such policies by dominant social groups. While affirmative action policies have been able to increase social representation and influence the lives of a section of the deprived groups, the relative social ranking remains unchanged in both countries.

There has been a significant fall in extreme forms of racial violence in the US (Ziglar 1988) and a weakening of the traditional occupation-caste mapping in India (Srinivas 2003). However, dalits in India and blacks in the US have significantly worse economic outcomes than the overall average in the two countries. The poverty rates remain higher among blacks in the US (18.7 percent in 2019) and among dalits in India (27 percent in 2011-12) in comparison to advantaged social groups (Thorat, et al. 2017, Wilson 2020). Blacks in the US and dalits in India have faced higher rates of downward mobility than other social groups (Motiram and Singh 2012, Chetty, et al. 2019). Blacks in the US and dalits in India also continue to have higher unemployment rates and lower educational attainment rates than the advantaged groups. The remarkable similarities in social experience, policy interventions and economic outcomes for blacks and dalits call for a thorough and systematic comparative analysis.

III. Wealth – A significant marker of social inequality

While group disparities can be studied using several indicators, a study of wealth inequality can provide a deeper insight into the socio-economic processes of accumulation and dispossession. The levels of wealth inequality are far higher than income, as is the wealth gap between social groups in India and the US. The share of the top 1 percent in pre-tax national income was 19 percent in the US and 22 percent in India in 2012.[5] The wealth share of the top

[4] Scheduled Castes is the official categorisation of groups of people who were formerly considered untouchables. People belonging to the Scheduled Castes are also referred to as dalits.

[5] Data retrieved from the WID - World Inequality Database. The choice of years in this section is dictated by the availability of latest data to make a valid comparison between India and the US.

1 percent was as high as 36 percent in the US and 31 percent in India for the same year. The income share of the bottom 50 percent of the population was 13 percent in both the US and India in 2012. In contrast, the wealth share of the bottom half of the population was a much lower 6 percent in India and less than one percent in the US. The concentration at the top end of the distribution is much higher for wealth than income, and the lower half of the population suffers disproportionately from assetlessness. A study of wealth can also reveal aspects of social inequality that the focus on income might conceal. The ratio of average income for whites and blacks was 2.4 in the US in 2013,[6] and the same for upper castes and dalits in India was 1.8 in 2012. For the same years, the wealth ratio of whites to blacks was 7 in the US, and that of upper castes to dalits was 4.6 in India. The levels of racial and caste-based wealth inequalities have also worsened in the last few decades in the US and India (Thampi and Anand 2017, T. M. Shapiro 2017).

IV. Data and Definitions

The datasets used for quantitative analysis in this paper are the All-India Debt and Investment Surveys (AIDIS) for India and the Federal Reserve Board's Survey of Consumer Finances (SCF) for the US. The AIDIS is a nationally representative household sample survey conducted by the National Statistical Office. The data used in this paper pertains to the survey conducted between January – December 2019, during the 77th round of National Sample Surveys. Information on household assets and debt was recorded for a fixed reference date – 30 June 2018. AIDIS collected data on ownership and value of household assets such as land, buildings, transport, farm and non-farm machinery and equipment, and financial assets such as shares, mutual funds, and banks' deposits. The survey also collected data on the amount and sources of debt for the households and information on other household characteristics. The AIDIS followed a two-stage stratified sampling procedure – the first stage units were census villages for rural areas and blocks for urban areas. The second stage sampling units were the households. The AIDIS data classified households into four social groups – the Scheduled Castes (SC), Scheduled Tribes (ST), the Other Backward Classes (OBC) and a residual category of Others, which essentially represent the "upper caste".

[6] Data for the US was retrieved from the Survey of Consumer Finances, 1989 - 2019 (federalreserve.gov). The data for India was calculated by the author using the All-India Debt and Investment Survey 2012 and the Indian Human Development Survey 2011-12.

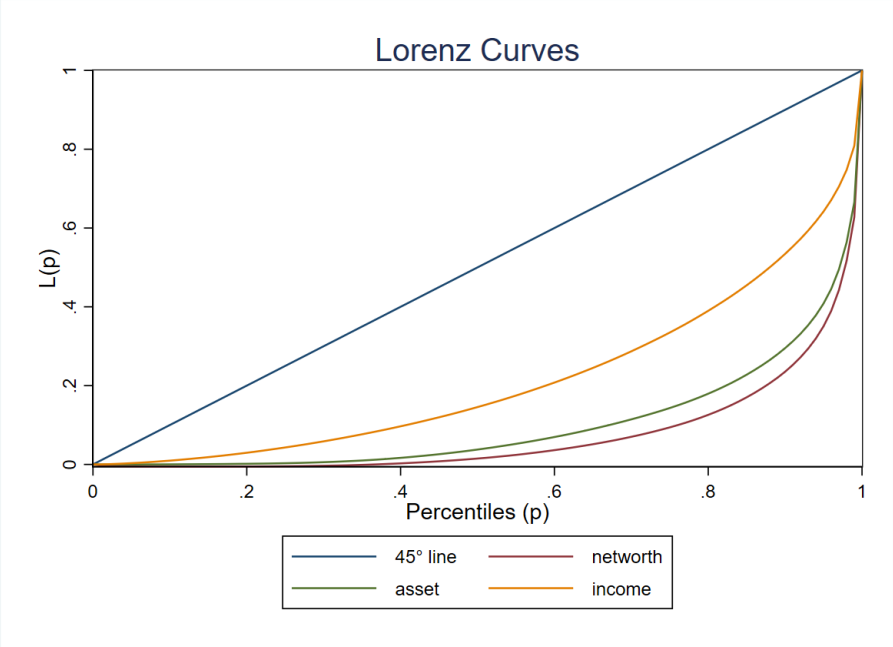
The Survey of Consumer Finances (SCF) in the US is sponsored by the Federal Reserve in cooperation with the Internal Revenue Service. The SCF, unlike the AIDIS, is based on two samples. The first sample comes from a standard multi-stage area-probability design, and it expects to provide good coverage of the overall distribution of assets and liabilities in the population. The second component of the SCF comes from a list of taxpayers and is designed to sample the families likely to be relatively wealthy disproportionately. While the SCF was designed to oversample the wealthy, it excludes the 400 wealthiest people in the US as per the Forbes list. The SCF collects detailed information on ownership and value of physical and financial assets, debt, payment methods, attitude about saving and investment, income, taxes, and other household characteristics. The SCF data contains race and ethnicity and categorises households as White, Black or African American, Hispanic and Others - residual category of other multiple races.

The AIDIS, unlike the SCF, does not oversample the wealthy, hence missing the tail at the top end of the wealth distribution. The estimates of wealth inequality generated using the AIDIS are likely to be underestimates because of the missing top end of the distribution and practices of underreporting. The second limitation of the study arises from the difference in the extent and quality of information collected in the SCF and the AIDIS. Compared to the AIDIS, the SCF contains more information on aspects of wealth and its correlates, including income data. Only the latest rounds of the AIDIS and the SCF is used in this analysis to provide a snapshot of the levels of group-based inequalities in India and the US. Household networth/wealth, the value of total asset minus liabilities, is the primary variable of interest for this analysis.

V. Inequality in India and the US

This section provides a brief overview of inequality in India and the United States. Table 1 shows the Gini coefficient and percentile ratios for assets, networth (wealth) and income for the two countries. For both India and the US, the distribution of wealth is far more unequal than the distribution of income. There is a significant difference between the inequality levels of assets and networth in the US, but not in India. The Gini coefficient of assets is five percentage points lower than the Gini of networth in the US, while the Gini of the two variables is the same in India. A graphical representation of varying levels of inequality in the distribution of asset, wealth and income for the US can be seen in the form of Lorenz curves in figure 1.

Figure 1 Lorenz curve for household assets, networth and income for the US (2019)



source: author's calculation using SCF 2019

The p90/p10 ratio for wealth in the case of the US shows that the households at the 90th percentile of the wealth distribution in the US are over 2000 times wealthier than the households at the 10th percentile. The p90/p10 ratio for assets in the US is 226.5, which is very high in its own right, but far lower than the wealth ratio. This shows that household debt plays a much greater role in the wealth distribution in the US than in India. The households in the 90th percentile are ten times wealthier than the median households in the US, and 5.7 times wealthier in India. The Gini coefficient for household net worth was 0.85 for the US and 0.68 for India. India's p90/p10 and p90/p50 ratios are lower than in the US for wealth and income, again indicating lower levels of wealth disparity in India. However, as discussed earlier, unlike AIDIS, the SCF does better sampling the wealthy.

Table 2 shows the asset, wealth and income share of various quantiles in India and the US. The bottom 50 percent owns only 1.5 percent of the household wealth in the US and 7.4 percent in India. Wealth is heavily concentrated at the top end of the distribution, and the wealth share of the top 1 percent is 37 percent in the US and 18.8 percent in India. While comparing Gini coefficients and other inequality measures in India and the US, it is not possible to estimate the

contribution of the difference in sampling strategy. Nevertheless, it is likely that wealth inequality levels in India would also go up with better sampling.

Table 1 Gini coefficient and quantile ratios for asset, networth and income

	United States			**India**		
	Asset	Networth	Income	Asset	Networth	Income
Gini coefficient	0.80	0.85	0.57	0.68	0.68	0.45
p90/p10	226.5	-2439.0	11.8	93.2	69.9	7.3
p90/p50	6.2	10.0	3.2	5.8	5.7	2.9
p10/p50	0.0	0.0	0.3	0.1	0.1	0.4
p75/p25	16.1	32.6	3.5	7.5	7.3	2.7

source: author's calculation using SCF 2019, CMIE and AIDIS 2018

Table 2 Share of asset, networth and income

	United States			**India**		
	Asset	Networth	Income	Asset	Networth	Income
Bottom 50 percent	3.8	1.5	14.6	7.5	7.4	20.8
Next 40 percent	25.7	22.0	38.9	38.3	38.5	45.1
Top 10 percent	70.5	76.5	46.6	54.1	54.1	34.1
Top 5 percent	59.2	64.9	35.8	40.0	40.0	22.5
Top 1 percent	33.4	37.2	19.1	18.7	18.8	8.3
Top 0.1 percent	12.5	14.1	6.3	6.1	6.1	1.8

source: author's calculation using SCF 2019, CMIE and AIDIS 2018

VI. Wealth Composition

Table 3 presents the composition of household wealth in India and the US. Given the differences in nature of the Indian and the US economy, it is not surprising that the wealth composition differs significantly. India's large informal sector, and limited reach of financialization is reflected in the low share of financial assets in total wealth. Indian wealth is largely driven by real estate – land and buildings. The share of debt as a proportion of total wealth in India is also smaller in India, close to four percent. The wealth composition is very similar across social groups in India. On the other hand, financial assets comprise close to half of the total household wealth in the US. The composition of wealth varies significantly across race groups in the US. Blacks have a significantly lower share of wealth in the form of assets in businesses. The share of debt in total wealth is also significantly higher in comparison to other racial groups, indicating a disproportionate burden from the community.

Table 3 Composition of wealth by population sub-groups (percentage), 2018/2019

	Financial Assets	Transport	Real Estate	Business	Other Non Fin.	Debt
			United States			
White	48.7	2.7	36.8	23.1	0.8	-12.1
Black	47.2	9.2	75.5	11.7	0.3	-43.9
Hispanic	29.2	11.1	90.2	15.3	0.4	-46.3
Others	45.7	2.9	51.0	19.7	0.3	-19.7
Total	48.0	3.0	40.4	22.3	0.7	-14.4
			India			
ST	7.6	2.6	87.9	2.3	2.7	-3.1
SC	6.7	2.3	90.2	1.4	4.2	-4.6
OBC	6.2	2.6	90.5	1.5	3.8	-4.6
Others	7.3	2.7	90.2	1.1	2.4	-3.7
Total	6.8	2.6	90.2	1.3	3.2	-4.1

source: author's calculation using various rounds of SCF and AIDIS

VII. Wealth inequality and stratification along race and caste axes

The previous section presented evidence on overall inequalities levels in India and the US. This section presents a comparative analysis of between-group wealth disparities in the two countries. Table 4 presents the ratio of wealth for Whites and Blacks in the US, and Others and Scheduled Castes in India for the available data points in the last three decades. While there are changes in the White/Black wealth ratios over the years, the long-term trend indicates a worsening of the racial wealth gap. The latest available data for 2019 suggests, on average, White wealth was about 7 times more than Black wealth. In the Indian case, comparable disaggregate social group wise data is available only for 2002, 2012 and 2018. The ratio of average wealth of Others (historically privileged groups) and the Scheduled Caste groups was 3.6 in 2002, worsened to 4.3 in 2012 and reduced to 3.3 in 2018. While the Indian data suggests a reduction in the wealth gap between the Others and the SCs in recent years, it must be noted that the quality of the 2018 AIDIS data is suspect, and these results should be treated with caution.

Table 5 shows the ratio of wealth at different percentiles for racial/caste groups viz-a-viz the most dominant racial/caste groups in the two countries, White in the US and 'Others' in India. The wealth of households at the 10^{th} percentile of the black community is about 14 times greater than the wealth of households at the 10^{th} percentile of the white community. However, while the networth of households at the 10^{th} percentile belonging to the white community is positive

(assets are greater than liabilities), the wealth of households belonging to the same percentile in the black community is negative (liabilities are greater than assets). At p50, the wealth ratio of black and white households is 0.13. The median black household's wealth is only about 13 percent of the median white household's wealth in the US. The social gap among the deprived and privileged groups is lesser in the case of India, and the wealth of median SC households is about 40 percent of the 'Others' in India. At p99 (99^{th} percentile), the black/white ratio in the US is 0.12, and the SC/ 'Others' in India is 0.29. This shows that the wealth of the richest black/SC families is far lower than the wealth of the richest White/ 'Others'.

Table 6 shows the population share of race/caste groups in different quantiles of the overall wealth distribution in the two countries. The table also gives the share of each sub-groups in the overall population. Comparing the population share of each group to its share in the quantile provides insights into the nature of representational inequality. Whites in the US have formed only 52.5 percent of the bottom 50 percent of households in terms of wealth, whereas their population share is 64.9 percent. Whites are underrepresented among the bottom half of the wealth distribution. Likewise, the 'Others' and OBC's are underrepresented among the bottom half of the households. Blacks and Hispanics in the US and ST/SC groups in India are significantly overrepresented among the bottom 50 percent of households. This trend changes as we move to wealthier segments of the population, and the dominant groups have a presence in this quantile that is far greater than their population shares. The top 0.1 percent of the population comprises 91.6 percent white households in the US and 75 percent 'Others' in India. The distribution of wealth for racial/caste groups are also depicted through the kernel density curves in figures 4 (India) and 5 (US).

Table 4 White/Black and Others/SC wealth ratios

United States		**India**	
Year	White/Black Wealth Ratio	Year	Others/SC Wealth Ratio
1992	4.6	2002	3.6
1995	5.7	2012	4.3
1998	5.3	2018	3.3
2001	6.8		
2004	5.0		
2007	5.2		
2010	6.5		
2013	7.0		
2016	6.7		
2019	6.9		

source: author's calculation using various rounds of SCF and AIDIS

Table 5 Ratio of wealth for population sub-groups at different percentiles

	United States			**India**		
Percentile	Black/White	Hispanic/White	Others/White	ST/Others	SC/Others	OBC/Others
p10	-13.59	-0.16	-4.92	1.12	0.79	0.91
p50	0.13	0.19	0.39	0.36	0.41	0.66
p90	0.20	0.21	0.72	0.28	0.31	0.55
p95	0.16	0.16	0.74	0.32	0.30	0.54
p99	0.12	0.15	0.81	0.30	0.29	0.51

source: author's calculation using SCF 2019 and AIDIS 2018

Table 6 Distribution of population-subgroups in different quantiles of wealth

	United States				**India**			
	White	Black	Hispanic	Others	ST	SC	OBC	Others
Bottom 50 percent	52.5	21.4	13.4	12.7	13.0	24.3	41.7	21.0
Next 40 percent	75.3	8.2	6.8	9.8	7.2	16.3	47.6	28.9
Top 10 percent	85.2	2.1	1.9	10.8	3.4	6.1	38.5	52.0
Top 5 percent	85.2	2.0	1.3	11.5	3.1	4.7	34.5	57.8
Top 1 percent	88.5	0.5	0.1	10.9	3.0	3.2	27.4	66.4
Top 0.1 percent	91.6	0.2	0.3	8.0	3.2	0.0	21.8	75.0
Population Share	64.9	14.2	9.6	11.3	9.7	19.3	43.7	27.3

source: author's calculation using SCF 2019 and AIDIS 2018

Table 7 presents a decomposition of inequality in between-group and within-group components. The index used for this exercise is GE(2), or the half of the squared coefficient of variation. The GE(2) allows for the decomposition of inequality into between and within-group components even in the presence of negative values in the wealth distribution. Besides the 'classic' between and within-group components, I also calculate the 'maximum between-group

inequality' proposed by Elbers, et al. (2008). As expected, the contribution of the classic between-group component to the overall inequality is small – 2 percent in India and 0.38 percent in the US. However, between-group inequality as a proportion of the 'maximum between-group inequality' is much greater in the two countries – 13.8 percent in India and 39.7 percent in the US.

Table 7 Inequality decomposition

	India	**US**
GE (2)	4.63	28.24
Within-group	4.54	28.13
Between within group	0.09	0.11
Maximum between-group inequality (ELMO)	0.68	0.27
Between-group inequality as a percentage of total inequality	2.02	0.38
Between-group inequality as a percentage of maximum between-group inequality (ELMO)	13.82	39.72

source: author's calculation using SCF 2019 and AIDIS 2018

While we can decompose the overall inequality into between and within components using GE(2), the same is not valid for Gini. The decomposition of Gini leaves behind an overlapping term, which has a useful interpretation. The method employed in this section is the Analysis of Gini (ANOGI) is briefly described here.

Let G be the Gini Coefficient of wealth. G can be decomposed into inter-group inequality (I_b) and intra-group inequality (I_r), i.e., $G = I_b + I_r$. Inter-group inequality, $I_b = \frac{2\,cov\,(u_i,\ \bar{F}_{0i}(y))}{\mu}$, where y represents wealth, μ is average wealth, u_i is the average wealth of group i, $\bar{F}_{0i}$ is the average position of the group in the overall distribution. The inter-group inequality component is calculated as $I_r = \sum_i s_i G_i O_i$, where s_i is the share of ith group in total wealth, G_i is the Gini coefficient of wealth within the ith group and O_i is the overlapping index of the ith group. The overlapping index is calculated as $O_i = \frac{cov\,(y_i,\ F_{0i}(y))}{cov\,(y_i,\ F_{0i}(y))}$. The amount by which the groups overlap can be obtained through, $O_i = p_i + \sum_{j \neq i} p_j o_{ji}$. Following this, an overall index to capture a group-by-group overlap is constructed as $O_{ji} = \frac{cov\,(y_i,\ F_{ji}(y))}{cov\,(y_i,\ F_i(y))}$. The overlap term can take a minimum value equivalent to the group's share. This would imply that the group is a perfect stratum. If the index is unity, this will imply that the group has a distribution similar to the overall distribution. An index greater than unity would imply stratification in the group. The maximum value of this index can be 2. For a detailed discussion of the method and its

implementation on previous rounds of the AIDIS, data see Zacharias and Vakulabharanam (2011).

The results of ANOGI are presented in tables 8-10. Table 8 shows the population share for each group in the two countries, their share in the wealth, Gini coefficient of the groups, the mean ratio which shows the relative strength and the overlapping component. The result of this analysis reaffirms the evidence presented in previous sections. The average (mean) wealth of 'Others' in India is 1.65 times the overall average, while the ratio of SC to overall wealth is only 0.5. The average SC wealth is only about half the average wealth of the overall population. In the case of the US, the ratio of White average wealth to overall average wealth is 1.31, and the ratio of black to overall average is only about 0.2. On average, the black wealth in the US is only about 20 percent of the overall average wealth. The overlapping indices show that the Whites in the US and the 'Others' in India have the least in common with the overall wealth distribution in the two countries. The group-by-group overlapping matrices also present evidence of stratification. The Whites in the US form a stratum distinct from communities such as blacks and Hispanics. Likewise, in India, the 'Others' have very little in common with the SCs and the STs.

Table 8 Analysis of Gini

		Population Share	**Networth Share**	**Gini**	**O**	**F**	**Mean Ratio**
US	White	0.65	0.85	0.83	0.90	0.56	1.31
	Black	0.14	0.03	0.89	1.07	0.33	0.19
	Hispanic	0.10	0.02	0.80	1.01	0.37	0.22
	Others	0.11	0.10	0.87	1.08	0.46	0.88
India							
	ST	0.10	0.05	0.65	1.01	0.40	0.54
	SC	0.19	0.10	0.61	0.97	0.42	0.51
	OBC	0.44	0.40	0.64	0.97	0.51	0.91
	Others	0.27	0.45	0.69	0.93	0.58	1.65

source: author's calculation using SCF 2019 and AIDIS 2018

Table 9 Overlapping matrices

	United States				**India**				
	White	Black	Hispanic	Others		ST	SC	OBC	Others
White	1	0.62	0.69	0.82	ST	1	1.01	1.04	0.97
Black	1.09	1	1.10	1.00	SC	0.99	1	0.99	0.89
Hispanic	1.05	0.90	1	0.93	OBC	0.90	0.93	1	0.97
Others	1.16	0.84	0.94	1	Others	0.82	0.84	0.96	1

source: author's calculation using SCF 2019 and AIDIS 2018

Table 10 Ranks

	United States					India			
	White	Black	Hispanic	Others		ST	SC	OBC	Others
White	0.5	0.73	0.69	0.60	ST	0.5	0.48	0.39	0.33
Black	0.27	0.5	0.44	0.38	SC	0.52	0.5	0.40	0.34
Hispanic	0.31	0.56	0.5	0.42	OBC	0.61	0.60	0.5	0.43
Others	0.40	0.62	0.58	0.5	Others	0.67	0.66	0.57	0.5

source: author's calculation using SCF 2019 and AIDIS 2018

VIII. Discussion and Conclusion

It has been argued in the context of the US that wealth is an important mechanism for perpetuating racial disparity by "facilitating a lock-step intergenerational transmission of socio-economic status" (Nam, et al. 2015). The significance of wealth inequality goes beyond providing income; it brings power and independence – freeing people from authority and oppressive structures. Wealth also represents a 'surplus resource' that can be utilised during a crisis or improve life chances (Oliver and Shapiro 2006). Racial and caste inequalities of the present are intertwined with social segregation of the past, which often had legal backing – for instance, the Jim Crow laws in the US and the Punjab Land Alienation Act, 1900, which effectively barred dalits from owning land in the region. The main drivers of the racial wealth gap in the US are identified to be years of homeownership and inheritances from previous generations (Shapiro, Meschede and Osoro 2013, Hamilton, et al. 2015). In the Indian case, the main drivers of wealth inequality are the ownership of land and buildings (Anand and Thampi 2016). The vast gulf in land ownership between caste groups was noted (Anand 2016).

The evidence presented in this paper can be summarized as follows. First, the levels of wealth inequality are far greater than that of income and consumption, and yet, it remains understudied in comparison, particularly in the Indian context. Second, the racial wealth gap, particularly between Whites and Blacks, has increased unambiguously in the US in the last thirty years. The Indian case presents a fractured trend – worsening of the wealth gap between 2002 and 2012, and a reversal between 2012 and 2018. Third, in the case of the US, the burden of debt is borne disproportionately by the Black community, as shown by the debt-networth ratio. Fourth, data also shows a significant 'between-group' wealth inequality and social stratification in terms of household wealth in both India and the US.

The persistence of racial and the caste-based wealth gap in India and the US has to be seen in the context of some major changes in the last century. The period between the late 1940s and

early 1970s saw equitable economic growth in the US, along with landmark executive orders following the civil rights movements. In the Indian case, this period represented a formal commitment to social equality via constitutional provisions. Policy interventions such as redistributive land reforms were attempted, and the reservations provided new educational and employment opportunities for dalits. The crisis in the US in the 1970s and in India in the late 1980s paved the way for a new economic regime. This new economic regime in India and the US took a distinct pro-rich and pro-business turn. The changes in the economic regime involved a makeover in the nature of the state interventions. The Keynesian-style aggregate demand management gave way to supply-side measures, curbing deficit spending, reducing welfare expenditure. The state transformed into a facilitator for the private corporate sector through deregulation, transfer of public assets into private hands and tax cuts. The welfare impact of the regime since the 1980s is deeply contested.

The GDP per capita in the US increased by 1.7 times between 1980 and 2016. India grew at a much faster pace, increasing its per capita GDP by 3.8 times in the same period. However, the new regime proved to be inequality-inducing. The World Inequality Lab data shows that much of the rise in income in the last four decades was captured by the top earners in India and the US. The share of the top 1% in the national income of India increased from 7 percent in 1980 to 22 percent in 2016. For the US, the income shares of the top 1% increased from 10 percent to 18 percent. There is no consensus on the impact of the new economic regime on social inequality. A section of economists believes in the ability of the neoliberal economic policies to deliver rapid economic growth to weaken the stranglehold of caste and race on welfare outcomes. It has been argued that the liberalised regime in India has weakened the caste system and provided unprecedented opportunities for the dalits, leading to the rise of dalit millionaires (Aiyar 2015). Empirical evidence on the persistence and rising levels of group-based inequalities in the neoliberal era suggests otherwise.

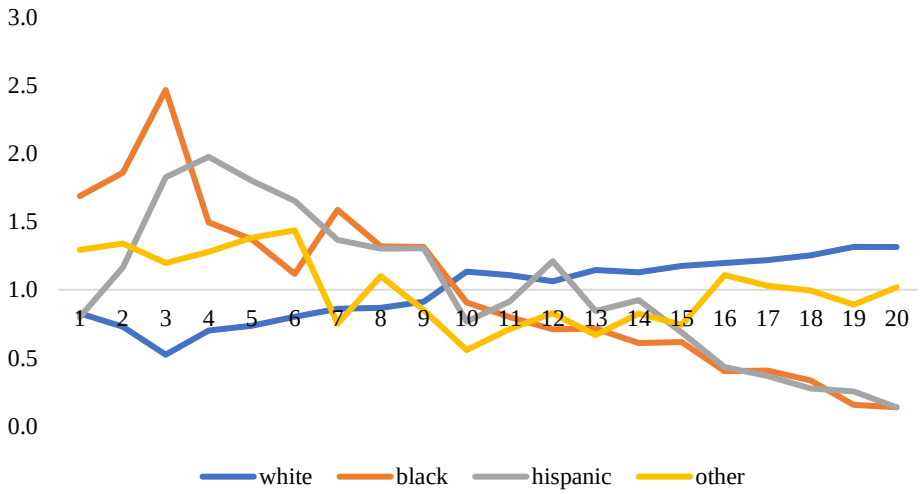
It has been argued that left to its own device, narrowing of the racial wealth gap in the US may take hundreds of years (Derenoncourt, et al. 2021). Persistence of caste-based wealth disparity in India over the last three decades also points to the same. This brings into focus the need for policies that directly address the skewed unequal initial condition in wealth ownership (Derenoncourt, et al. 2021). Addressing the racial and caste-based wealth gap will require implementation of policies that simultaneously bridge the current gap, and also removes the roadblocks in the path of wealth creation that historically disadvantaged communities continue

to face. The experience of the US shows that the relationship between economic growth and social inequality is not linear. Despite being at very different levels of economic development and witnessing different levels of economic growth in recent years, social disparities have widened in both countries.

This study contributes to the literature on wealth inequality between caste groups in India, an area which remains neglected, with a few notable exceptions (Zacharias and Vakulabharanam 2011, Jayaraj and Subramanian 2018). This study fills also an important gap in the literature by comparing the wealth inequality along the axes of race and caste in the US and India. To the best of my knowledge, there are no systematic comparative studies of cross-country between-group wealth inequality. Further analysis is needed to study the drivers of group-based wealth inequality in India and the US over the years, and present feasible policy alternatives to the neoliberal regime for reducing the wealth gap.

IX. Figures

Figure 2 The distribution of racial groups in wealth quantiles in the US, 2019



Note: The horizontal axis represents the population divided into quantiles of wealth. 1 represents the poorest 5 percent in terms of household wealth, and 20 represents the richest 5 percent in household wealth. The vertical axis represents the ratios of race-based sub-groups in the quantile class to their overall population proportion.

Figure 3 The distribution of caste groups in wealth quantiles in India, 2019

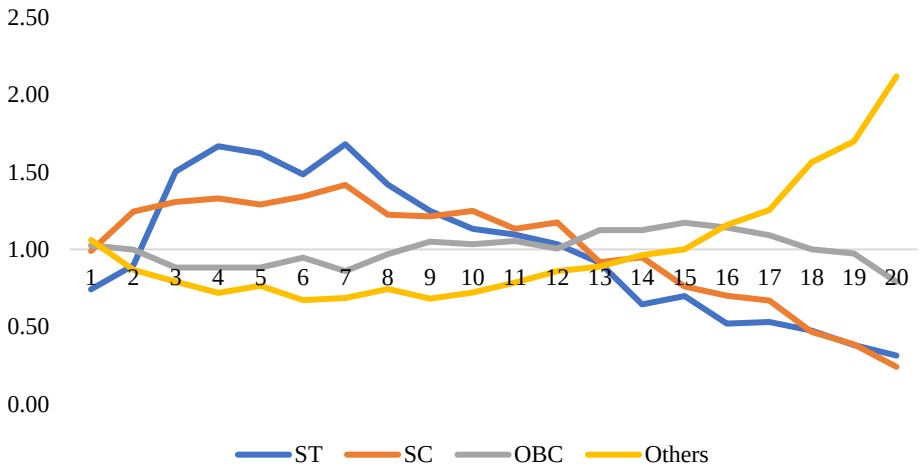
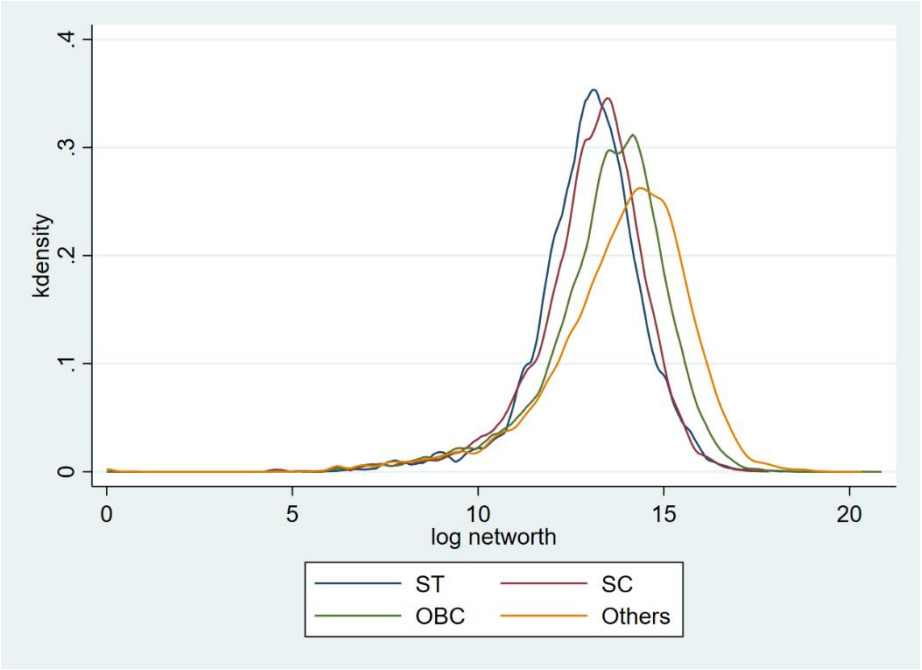
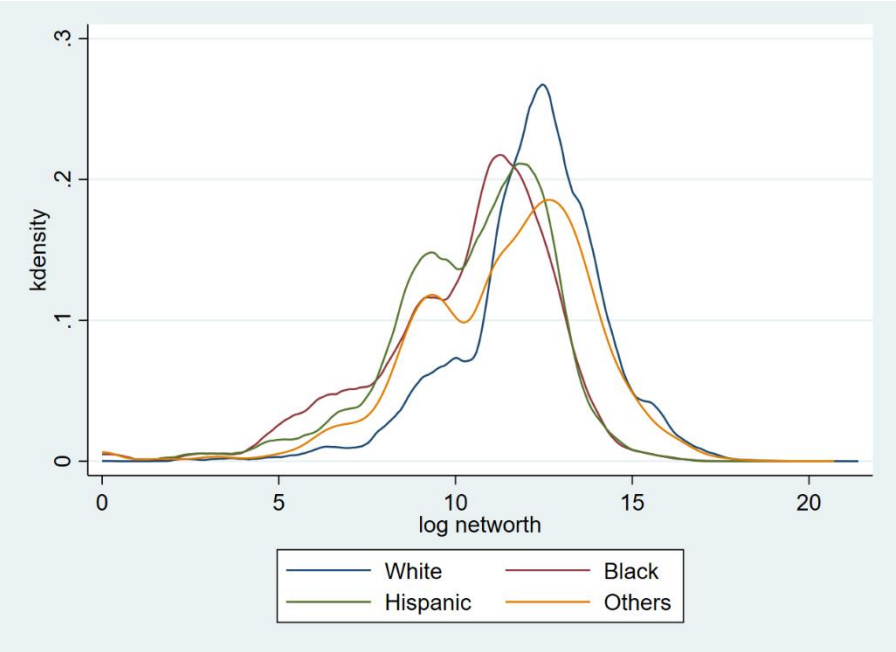


Figure 4 Kernel density curve for household wealth, India



source: author's calculation using AIDIS 2018

Figure 5 Kernel density curve for household wealth, United States



source: author's calculation using SCF 2019

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