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REVIEW ARTICLE

SOCIAL EXCLUSION

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A. Figueroa, T. Altamirano and D. Sulmont, *Social Exclusion and Inequality in Peru*, International Institute for Labour Studies Research Series, No. 104, ILO, Geneva, 1996, 96 pp., 17.50 Swiss francs.

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P. Phongpaichit, S. Piriyarangsanan, and N. Treerat, *Challenging Social Exclusion: Rights and Livelihood in Thailand*, International Institute for Labour Studies Research Series, No. 107, ILO, Geneva, 1996, 122 pp., 20 Swiss francs.

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F. Kaijage and A. Tibaijuka, *Poverty and Social Exclusion in Tanzania*, International Institute for Labour Studies Research Series, No. 109, ILO, Geneva, 1996, 202 pp., 25 Swiss francs.

(All published for the International Institute for Labour Studies/United Nations Development Programme by the International Labour Organisation, Geneva, Switzerland.)

These volumes were commissioned as part of an International Labour Organisation/UN Development Programme research series to explore the relevance and the value of the notion of social exclusion in a global context. The ILO has sought to include case studies from different settings. These include newly industrialising countries, least developed countries and socialist countries in transition. These monographs are all based on

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primary research carried out by local multidisciplinary teams. As the series was conceived each monograph would examine the analytical and policy advantages of looking at poverty, inequality and lack of employment from a social exclusion perspective. The series' editors sought to provide a common general framework which would give discretion to those compiling the local case studies and also allow scope for new approaches and insights rather than giving a blue-print of standardised questions and methodologies.

The origins of the ILO research project and of these volumes lie in a symposium on poverty convened in 1993 by the International Institute for Labour Studies, which is part of the ILO. That symposium sought to assess ILO efforts in relation to poverty and to examine new lines of inquiry. The concept of social exclusion arose as a significant subject for future exploration not only in relation to understanding poverty but also as a stimulation to the innovation of policy prescriptions. The last decade has shown changes in economic and social organisation which have greatly affected the nature of poverty and deprivation. Across a wide range of economies there has been significant worsening of social inequalities, greater division of labour markets, and extreme changes in both the number and quality of jobs.

These profound changes are now occurring in all countries. They have occurred in the rich industrial economies as well as in countries undertaking economic reform or undergoing economic transition. Across this wide range of settings these changes have been marked by great differences in the degree of participation or marginalisation of groups and individuals within civil and political society. Much of the work on social development in recent years has come to focus on precisely this relationship between economic change and the development of civil and political society. Just as the concept of participation came to prominence in the 1980s, its mirror image, that of social exclusion, has become more familiar in the 1990s.

Social exclusion provides an analytical framework over a wide range of dimensions important for an understanding of the notions of deprivation and poverty. As the series editors, Jose Figueiredo and Charles Gore point out:

> The concept of social exclusion is now extensively used in policy debates in West Europe to describe emerging patterns of social disadvantage particularly associated with long term unemployment. It is a complex notion which can be used to denote on the one hand a situation or process experienced by individuals, namely their marginalisation from society through economic deprivation and social isolation; and on the other hand a situation or process which occurs in societies, namely the fragmentation of social relations, the emergence of new dualisms and the breakdown of social cohesion. (Preface to each volume, n.p.)

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The social exclusion concept focuses our attention on the process, agency and multidimensionality of disadvantage, and provides a framework for analysing the relationship between livelihood, well-being and rights. This means for example, that any analysis, in any country, needs to include the link between poverty, employment and social integration. Equally there is a need to examine the link between the economic, political and social dimensions of poverty in all contexts, and the role of social processes and institutional structures in creating deprivation or generating inclusion and exclusion. The contemporary development emphasis is on macroeconomic growth, incentives and individual skill development. These are important, but the social and institutional forces which assist or prevent inclusion are equally important. Taking social exclusion on a broader canvas the concept pushes us to explore the implications of globalisation for anti-poverty strategies, for social cohesion and for social justice. Any concern with poverty and deprivation must seek to deal with issues of livelihood and markets. The social exclusion approach focuses on the links between rights (civil, political and social) and access to livelihoods and markets.

The basic intention of the ILO project is to develop a framework which would enable the inter-relationships between material and non-material aspects of deprivation to be captured. It seeks to enable a better understanding of the ways in which deprivation interacts with processes of economic growth, and to relate them to concepts of participation and social identity.

These volumes are part of the preliminary output of the project as a whole and the case studies reported in them have only begun to explore the potential for the concept of social exclusion. The concept itself is familiar in the literature, particularly that coming from Western Europe; it has recently become important in much of the discussion on 'new poverty' which has been associated in particular with economic restructuring and with long-term unemployment. The original concept of social exclusion owes much to institutionalist thinking, particularly in France, and has its origins in European political philosophy. This project has sought to 'deconstruct the original term with the view to finding out how useful it is across a wide range of country settings'.

The case studies were undertaken between 1993 and 1994 in order to make the findings available for the World Summit for Social Development which took place in March 1995. One of the considerable strengths of these case studies is that they were carried out by local multidisciplinary research teams which typically included sociologists, anthropologists and economists. This underlines the essential themes of the project as a

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whole – the team sought to explore the variety of processes involved in social exclusion and tried to assess the value of the exclusion approach through different disciplinary perspectives. In most of the studies new data was collected. This was necessary because in many cases data on social exclusion was almost totally absent (Yemen, Russia) or did not really capture the true dimensions of exclusion.

Operating within an agreed common frame of reference the research teams collected data on processes of social exclusion, the social status of selected groups, and their perception of exclusion. The different research teams had different priorities and these are reflected in the groups which were defined as excluded, and analysed in each study. But despite the differences, ethnic, racial and gender elements were common. In Thailand, for example, there is particular emphasis on the cultural underpinnings of gender discrimination. In Yemen the researchers organised their study around several excluded groups, which included migrants, casual labourers and the inhabitants of remote villages. This has clear echoes in many other countries of the world. So too does the focus of the Tanzanian research group who chose to concentrate on beggars, casual and low income occupations, and the landless or near landless. In studying those groups the Tanzanian report also examines gender, age and tribal dimensions. In addition, the Tanzanians undertook a special study of orphans. The Russian study includes a very detailed investigation of social exclusion in Siberia. In this case the focus is on rural low income groups, the long-term unemployed and downwardly mobile professional workers. Again there are very many countries of the world where all or some of these critical issues deserve detailed scrutiny. The Indian case, not surprisingly, pays particular attention to caste, but also to issues of gender and the geographical location elements involved in people being denied their entitlement to rights. The study of Peru focuses on inequality and especially on class inequality – there is also strong emphasis in this report on the position of indigenous groups and migrants. Taken together these six reports give us an extraordinarily varied and rich account of many forms of social exclusion. Despite the great differences in context and the nature of development in these different situations common themes stand out. These themes were dominant at the World Social Summit in 1995 – poverty, lack of productive employment and the break-down of social cohesion.

These studies seek to analyse social exclusion as well as discussing possible policy applications of the concept. The analysis can be discussed under three headings. First, the relationship between markets and social exclusion, second, issues of the state and citizenship, and third, social exclusion

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and civil society. The relationship between social exclusion and markets can be seen in relation to Sen's entitlement approach (1987, 1992). Entitlement analysis focuses on commodity markets. Entitlement refers to the bundle of goods over which a person can establish command using the rules which govern his or her circumstances. These rules encompass legal rights (rights to social services as well as property rights) and social norms. So, for example, as Sen (1987) has argued, famines arise because of entitlement failure and not because of essential food shortages. Certain sections of the population cannot command sufficient food. In a private ownership market economy the main elements of such entitlement failure are loss of assets or changes to wages and prices. But there can also be circumstances in which entitlement failures come from the inability of some people to exchange their entitlement bundle for adequate nutrition. Such inability may be due to certain personal characteristics but may also be due to lack of entitlement to other kinds of commodities, for example, medical attention, elementary education, clean water, living space and basic sanitation. The entitlement approach, as developed by Sen, pays considerable attention to the interplay between livelihood and citizenship rights and shows how, in a range of circumstances, individuals are excluded from commodity markets. Exclusion from basic goods and basic consumption can be analysed within this framework. There are many ways in which Sen's analysis of entitlement may be related to that of Sherraden (1995) who examines the significance of lack of assets to the continuing poverty of poor people. The essential difference between social exclusion and entitlement as concepts is that the exclusion approach puts far more emphasis on *agency* and the role of social institutions (Gore, 1993). The case studies demonstrate that social exclusion can go more deeply than entitlement analysis in looking at processes.

Exclusion from markets, for example, is examined in the study of Peru, where the point is made that there are two types of market, one from which people may be excluded if they do not have sufficient income or productive capacity, the other from which they may be excluded even when they are willing and able to participate. In Peru the potato market is of the first type, while the labour, credit and insurance markets are of the second. The Peruvian case points to the credit market as being particularly noted for exclusion. The market for credit is extremely selective and highly concentrated in Peru. Less than 5 per cent of firms borrow from the formal credit system; the top decile of debtors holds 74 per cent of total bank credit. These patterns, typical of many countries, reflect the fact that formal financial institutions are unwilling to deal with small producers, and that peasant households and urban microenterprises are

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regarded as bad risks. As a result of these exclusions a segmented credit market develops with very adverse consequences for those outside the formal market. For them interest rates are very high and informal financial arrangements are very precarious.

Exclusion is even more obvious in labour markets. Most of these case studies showed familiar patterns in which wage employment of the formal kind was expanding at an insufficient pace to absorb new entrants to the labour force, or to reduce the number of people working in vulnerable situations. The case studies also show that labour market exclusion not only has direct effects on livelihood but also makes worse many other processes of exclusion, such as those related to basic rights, social security and social identity. In many cases this labour market exclusion has been made even worse by falls in real income and deteriorating working conditions in the wage sector (Tanzania, Russia and Peru). These changes have involved an increasing proportion of jobs on short-term contracts and a decline in the coverage of labour protection schemes.

Exclusion from decent conditions of work and employment security is reported in most of the case studies. The process is not one of exclusion from employment – in fact, there is usually more intense work, but much of it unregulated. The problem is one of exclusion from reasonable jobs, particularly as the better parts of the labour market depend on access to secondary education as well as contacts. The case studies show strong patterns of labour market segmentation – both between the public and the private sector and within the private sector. Not surprisingly, there is a strong tendency for particular groups in the population to be subject to exclusion of this kind, for instance ethnic groups (Yemen, India) indigenous migrants (Peru, Thailand) and women.

In terms of citizen rights and the role of the state, these case studies generally adopt a perception of rights which focuses on the individual as a bearer of rights. The case studies vary in their approach to these issues, but most focus on inequality and the exclusion of large parts of the population from goods, services and power. The Indian study provides the most complete analysis of social rights, and, in common with many of the others, emphasises that many aspects of social support are linked with regular wage employment, which is enjoyed by only a small minority of the workforce. Thus in India the main social security schemes have been concentrated on 'organised workers' who number less than 10 per cent of the work force. In Peru only 42 per cent of the economically active population is affiliated to the social security system. Rural populations are shown to be particularly disadvantaged in a number of the studies in terms of inequalities in citizenship rights (Thailand, Yemen, India, Peru).

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In Siberia, the focus of the Russian study, we see dramatic evidence of the transition from a socialist command economy to a free market economy. The breakdown of social institutions which in the past provided goods and services outside the market dominates the case study. In the rural areas of Siberia, access to housing, healthcare, child care facilities and many other social services was previously linked to participation in collectives or state farms. The breakdown of the old system had led to a growth of patronage, and a race for personal economic success based on formally collected resources. This leads to situations of extreme deprivation and insecurity, with rights to housing a critical issue. The discussion in the Russian case study has very many echoes in contemporary analysis of economic and social change in China, where transition to a 'socialist market economy' is bringing many of the same problems (Wong and MacPherson, 1995).

An extremely important element in the application of the social exclusion concept is the relationship between exclusion and civil society. The situations of civil society, together with market and states, reinforces social exclusion. People respond to social exclusion in various ways. These can range from passivity, shame and despair on the one hand, through to group action to reverse the process of exclusion, or to alter political circumstances. The cases show, in many and varied ways, how these responses are rooted in everyday experience: the different perceptions by people of their particular circumstances, their differing expectations of the effectiveness of political action, and the existence or otherwise of different organisational capabilities. The most common response is passivity. In many of the studies socially excluded groups experienced a sense of worthlessness or impotence which makes their social exclusion even more complete. In the Russian case, for example, many of the long-term unemployed had previously worked as professionals, and now had a sense of shame associated with their transition in status from wage earners to social dependants. Feelings of uselessness and inferiority were reported in most of the studies. Also widely reported in very many studies was a sense of isolation and separation from society, associated with long-term unemployment. In some of the studies, particularly in the least developed countries, people living in extreme poverty did not necessarily see themselves as socially excluded or marginalised. The Tanzanian case is an example in which it is suggested that many people are so used to material deprivation, and hard lives, that they do not necessarily see their own exclusion. In general the case studies report social exclusion as most often associated with resignation and a sense of worthlessness, which paralyses action rather than producing resistance.

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The commonest action in response to exclusion is action of the kind which seeks to improvise survival strategies for the household. Several of the studies showed a related trade-off between democratic politics and everyday survival. Excluded groups cannot develop long-term political strategies to alter their conditions and the structures which have excluded them, because of the unrelenting compulsion to find work and food. Overall these reports provide us with an invaluable source of detailed information of the working out of the social exclusion process in very different settings. The market, citizenship and civil society interact in the process of social exclusion. For example, one obvious consequence of exclusion from property rights is that the poor cannot use property to gain credit.

Four basic issues inform the discussion in these very different case studies. First, the increasing globalisation of social and economic life in which capital, labour and ideas flow even further and faster than before. This trend is associated with a loss of decision-making capacity by individual nation-states. Clearly the process takes different forms and occurs to a different degree in different countries, but, in general, the policies and situations of the rich countries are having increasingly intense economic effects on less industrialised countries. In this regard the case studies have a profound and distressing echo of the underdevelopment analysis of the 1960s and 1970s. The second issue is the availability of assets. Assets are more unequally distributed and increasingly scarce due to growing population, economic transformation, and in recent years widespread recession, or even economic decline. The case studies underline the importance of recognising assets other than economic assets – political assets or access to rights, and cultural assets which are defined by the social values attached to the personal characteristics of individuals – gender, race, religion and education.

The third general issue is that of social and political structures, which determine how power is exercised and how specific cultural values will determine the status of social groups. Such structures will depend on the dominant paradigms of social integration which exist in particular societies. Thus different societies themselves understand exclusion differently. Fourth, there is the issue of the nature of the development approach adopted by national governments. This includes in particular the relative roles of state and markets in allocating and accumulating. Of particular relevance are policies for economic growth, poverty reduction and structural transformation.

The significance of markets dominates the case studies although many other factors are considered and are important. Across the world of glob-

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alisation of economic relations, together with the transition to different forms of market economy of virtually every society, has brought markets to the forefront in all considerations of development. As the Peruvian case study suggests:

> history shows that the economic performance of a society depends upon its institutions. In some, the exclusion of the poor from the basic markets can be reduced by institutional innovations and by the supply of more public goods. The role of the State is fundamental in these tasks...our analysis suggests that the problem of social exclusion must be attacked simultaneously from both a global and systemic perspective and from the perspective of the social actors themselves. The systemic perspective implies co-ordinated action in the primary markets, the political institutions and cultural values. In each case it is important to strengthen the capabilities of the under-privileged social actors. (Figueroa *et al.*, 1996; 89, 92).

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