

10 Patterns and processes of social exclusion in the Republic of Yemen

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This paper examines the nature of exclusion in Yemen at the macro and the micro levels. At the macro level, it seeks to define the concept of social exclusion in a way which relates to the historical, social, political and economic context of Yemen. At the micro level, it identifies the dimensions of exclusion, the groups most vulnerable to exclusion, and existing mechanisms that promote the processes of exclusion. Throughout the discussion, the concept of exclusion is related to poverty, unemployment, and social integration.

The analysis has two main objectives. The first is to illustrate that, although poverty and exclusion are interdependent, they are not the same. Poverty involves deprivations from goods and services. Exclusion encompasses these deprivations but also raises broader issues of citizens' rights in economic, social, and political participation. The second objective is to draw the attention of policy-makers and other social actors to the urgent need to design policies that prevent exclusion and emphasize integration in the development process.

The analysis is founded on the view that the application of ideas about social exclusion formulated in Western Europe and North America, on the basis of economic and social experiences in a post-industrial society, to the question of exclusion in developing countries has many pitfalls. There is a need to develop an approach to analysing exclusion which is appropriate to the experiences of the political, social and economic changes in the "pre-industrial" and newly-industrializing societies of developing countries.

This is particularly so in a country like Yemen. It has a dual economy rather than a market economy. The institutions that mediate moral norms for a "collective consciousness" are not the market and the economy.

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Structural differentiation is not as high as in industrialized societies. It continues to be based on cultural identities. A process of differentiation based on the division of labour and individualism is not well-developed. The economy remains strongly embedded in forms of cultural integration that limit the full development of private property rights and market individualism. People perceive the problem of their exclusion as a problem that involves the family and the community and not as a problem that is limited to the individual.

1. The concept of social exclusion in Yemen

Social exclusion in Yemen is associated with the marginalization of certain groups from social and economic development. As the process of development occurs, those that are left behind become trapped in a cycle of poverty and exclusion. Political history, geographic dispersion, cultural norms, and social and economic development are important factors in understanding the concept of social exclusion in Yemen. The dual nature of Yemen society gives rise to dual mechanisms of exclusion. On the one hand, exclusionary practices arise in social relationships based on traditional cultural values, i.e. structural norms which continue to influence social relationships. On the other hand, there are mechanisms based on national development policies that have not succeeded in distributing development benefits equally. Structural norms and development policies overlap in the exclusion process.

Yemen consists of a heterogeneous agrarian society. Social divisions have been defined by geography, tribal affiliations and religion. Social identity, solidarity and social order are largely based on these cultural structures. Genealogy defines social stratification and economic and political power. This process represents an important structural norm. These social structures represent closures which reflect an inclusion-exclusion process. A consequence of this type of exclusion is that individuals whose genealogy is not traceable are marginalized in social and economic participation. Access to land and employment are strongly influenced by social identities and networks based on kinship and friendship between equals. Consequently, those who lack these modes of access encounter barriers to the labour market. Although these perceptions are slowly changing in urban centres, they continue to be dominant among the rural population. The Government's objective of social integration entails challenging these structural norms to assert its role as the sole legitimate authority. This aim of replacing solidarities from the cultural

level to the national level has been a major challenge.

Social exclusion that results from social and economic development policies is more complex. Yemen is considered to be among the least developed countries of the world. It ranked 130 in the UNDP human development index. Although the government tries to provide all citizens with equal access to development benefits, this task is impeded by many obstacles. The major obstacles include political crises, a high rate of inflation, unemployment, a highly centralized bureaucratic system, high rate of population growth, and limited financial resources.

The ability to identify mechanisms of exclusion in the development process, and to reverse them to promote integration, are critical for the country's ability to achieve its objectives relating to economic development. Until this is achieved, the country will continue to be pulled apart by the two opposing dynamic forces: the efforts to transform the country into a modern market economy, and the acute problems of poverty and poor mobilization of human and natural resources.

II. Political and macro-economic change and exclusion

Yemen's economy is characterized by a weak domestic industrial sector, a strong dependency on imports for virtually all essential needs, and a large trade deficit. The GDP is \$5.3 billion and the per capita income is \$545 (1991). Although terms such as "economic growth" and "economic development" are used interchangeably, there is a significant difference between them, especially in relation to the study of social exclusion in developing countries. Economic growth is a function of a market economy, occupational diversity and institutional transactions. In this situation, as is the case in industrialized societies, social exclusion may result from the rapid economic changes and the breakdown of social ties. In developing countries, and Yemen is no exception, there is a preponderance of unskilled labour, a dual economy, inefficient infrastructure, and a lack of market and labour information systems. Social exclusion in this setting is related to the poor mobilization of human resources.

Unlike other developing countries, Yemen has been relatively spared from the effects of economic policies such as "structural adjustment" that have been imposed on many developing countries. The economy of Yemen, however, has been adversely affected by numerous political crises that have occurred since the beginning of the decade.

In May 1990, the Yemen Arab Republic (YAR), also known as North

Yemen, and the People's Democratic Republic of Yemen (PDRY), also known as South Yemen, united to become the Republic of Yemen (ROY). Sana'a was designated the capital of the new nation State (Sana'a was originally the capital of the YAR). The population of the new ROY was estimated at 12.4 million in 1992.² This consisted of 9.9 million from the YAR and 2.5 million from the PDRY.

Before the unification of North and South Yemen, the two countries had very different political and economic ideologies. The North was a free market-oriented State, while the South was socialist. Social services such as education, training and health care were provided free of charge in both countries. Both North and South Yemen suffered from a serious lack of resources. In spite of the different political ideologies, poverty was equally prevalent in the South and North. Both had been largely unsuccessful in integrating their populations in their development policies.

The unification of the two Yemens resulted in the unification of the problems of poverty and social exclusion. During this period of political transition, problems of poverty and exclusion were compounded by other internal and external political and economic factors. Internally, the expenses of unification resulted in a big financial burden on the country. South Yemen, which was the poorest of the two, made very little financial contributions to the unification process. North Yemen's limited resources had to be further stretched to accommodate another three million people. As a result, the satisfaction of basic needs became more difficult for some and totally unattainable for others. Following the unification and the economic and political changes that followed, the number of individuals and groups in the new Republic that are unable to participate in economic development increased markedly.

The outbreak of hostilities in 1994 between the Government and a faction which aims to secede will undoubtedly have dramatic effects on the economy of Yemen. The full effect this will have on people's livelihood remains to be seen.

Externally, a few months after unification, the Gulf War broke out. The political stand taken by the ROY during the Gulf War was resented by many donor countries, especially the oil-rich Arab countries. The consequences have been devastating for Yemen's economy. First, over one million emigrant Yemeni workers in the Gulf were forced to return to their

² Ministry of Planning and Development (ed.): *Population and development in the Republic of Yemen*. Proceedings of the First National Population Policy Conference (Sana'a, Ministry of Planning and Development, 1992).

country at very short notice. The Government was not prepared to provide housing, health care, employment and other social services for the emigrants. Furthermore, their annual remittances that used to contribute approximately 400 million dollars to Yemen's GNP were also lost. In addition, all aid from the oil-rich Arab countries was halted. Shanty towns consisting of emigrant families spread in and around the cities, schools became overloaded, and unemployment rates increased.

III. Patterns of social exclusion

Three types of exclusion appear to be particularly prevalent in Yemen: exclusion from basic needs, exclusion from livelihood, and exclusion from social participation and representation. These non-mutually exclusive processes interact in a dynamic cycle of poverty and downward mobility.

1. Exclusion from basic needs

The unfavourable ranking of Yemen on the human development index is a result of high illiteracy (62 per cent), a staggering population growth rate (3.8 per cent), high mortality of infants and children under five (109/1000 live births), a high fertility rate (7.5), and high maternal mortality. In addition, this ranking reflects the poor standards of health services, electrification, housing, tapped water and sewerage facilities, low skill levels and an undiversified labour force structure (Ministry of Planning and Development, *op. cit.*). These indicators underscore the urgent need for the provision of basic needs to provide an acceptable standard of living.

The exclusion of some groups from basic needs can be explained by a simple supply and demand equation. Although the equitable provision of social services to all citizens is a governmental priority, efforts to provide these basic services have been compromised by technical and financial limitations. As a result, many groups continue to be deprived from access to basic social services.

2. Exclusion from livelihood

This type of exclusion is reflected in unemployment and underemployment, insecure jobs, lack of wage protection, and lack of social insurance. This is compounded by a slow-growing economy and a large share of unskilled labour, lack of investment in industrial and modern sector activities, and conventional development planning which has also

contributed to a maldistribution of employment opportunities. That is, industries, services and utilities are concentrated in the major cities and their outskirts. Furthermore, the use of capital-intensive techniques has led to an increase in productivity with no additional employment opportunities.

The size of the labour force in Yemen has increased from approximately 2.6 million in the year 1988 to 3.5 million in 1991. This translates into an average annual growth rate of 9.9 per cent which is threefold higher than the growth rate of the population (Ministry of Planning and Development, op. cit. p. 103). This rapid increase in the size of the labour force has been a direct consequence of the Gulf War and the influx of large numbers of Yemeni workers who returned from neighbouring Gulf countries.

3. Exclusion from social participation and representation

Social participation and representation are influenced by social networks and social awareness. The lack of strong social networks inhibits the ability of the poor to organize. Their economic dependence makes them socially and politically passive. The constitution guarantees the right of people to politically organize. However, there is a general lack of confidence in the political system and in what the system can do. This has been compounded by political representatives at the community level who often fail to represent effectively the people's needs. Eventually, some people start believing that they have no rights and they isolate themselves from the mainstream of society.

IV. Excluded groups and mechanisms of exclusion

For the purpose of the ILS/UNDP project, the study on Yemen identified four groups as the most vulnerable to the dimensions of exclusion discussed above. These four groups are: the *akhdam*, the returnee emigrants, day labourers, and inhabitants of remote rural villages.

1. The *akhdam*

The *akhdam* provide a perfect example of a group caught in a vicious cycle of poverty and social exclusion. This is particularly evident in the northern governorate. Their social exclusion is a result of embedded cultural norms that define them as an out-group. Their poverty is due to marginal participation in the labour market. The dynamic process of

poverty and exclusion has pushed them to the fringes of society. The exclusion of the *akhdam* has been multidimensional: from livelihood, from social participation and from basic needs.

The physical features of the *akhdam* are close to those of Africans. There have been numerous studies that unsuccessfully attempted to establish a link between the *akhdam* and the Africans. The language of the *akhdam* and their religious practices, however, are the same as the rest of the Yemeni society. Their exclusion is reinforced by embedded cultural social norms that define them as outsiders due to their untraceable genealogy.

The continuing use of the term *akhdam*, the plural for *Khadem* which means servant, is clearly discriminatory. The *akhdam* tend to keep to themselves since they know they would not be welcomed if they try to mix with others in society. They live in closed ghettos of tin huts with no piped water, sanitation facilities or sewage systems. Although, demographic data on the *akhdam* is scarce, it is widely believed that the majority are illiterate. Their children are frequently not sent to school since their parents cannot afford school expenses. In addition, children may be called upon to participate in work that will add to the family's income. Those that go to school drop out in some cases as a result of discriminatory practices. The racial and emotional uneasiness and uncertainty in dealing with the *akhdam* is best characterized as "aversive racism". This is a more hidden form of racism which is expressed in simple avoidance. Social distance is maintained separating this minority group from the rest of society in relation to work, neighbourhood, and friendships and marriage.

Economically, the *akhdam* are employed in jobs that are considered "degrading" in Yemeni society. They make up the majority of the city street cleaners and waste collectors. In rural villages, the *akhdam* are hired to work on the farms but are not always paid in cash nor do they have a say in how they get paid. Instead, they may be given crops, food or temporary housing.

Politically, they are weak and subservient. Although they have community representatives, these representatives merely serve as arbitrators in their internal community disputes.

2. Day labourers

Day labourers in Yemen are referred to as *al-mouhamashine*, or the marginalized. In general, the term *mouhamashine* could refer to any under class group in Yemeni society. Recently, this term has been widely used to describe poor casual labourers who seek work on a daily basis and gather in several locations in the major cities. They are primarily landless

workers and marginal landowners who migrate to the cities with expectations of improving their economic status. Instead, they arrive in urban centres that are unable to absorb them. In addition, they have no existing social networks or skills that could help them. The day labourers primarily encounter exclusion from livelihood. Their exclusion represents a temporary type of exclusion, i.e. one that is dependent on the state of the economy.

Their migration to a new city and their marginalized participation in the labour market contributes to their exclusion. The problem is compounded by their weak social interactions that result from the lack of housing and the lack of permanent employment. Thus, besides being poor and living in urban zones deprived of both residential security and other basic services, their livelihood is always at risk. At present, there is no labour legislation (such as a minimum wage) or social insurance to protect such marginalized groups in the labour market.³ There is also a domino effect that is set in motion when poor men emigrate and leave their families behind in the rural villages. In addition to breaking up the family, the elder sons are often taken out of school to take over the responsibilities of the family in the absence of the father. This includes looking for additional work to supplement the family's income. Consequently, the sons, like their fathers, grow up with minimal qualifications and skills. This deprives the younger generation of the chance to improve their own quality of life. Plans have just been completed for major investment in vocational centres. These centres, however, are primarily targeted for high school students. The high percentage of unskilled labourers also raises the issue of gender exclusion. Poor landless men have been overlooked in many development projects. There are few or no rehabilitation programmes linked to the needs of the labour market that would train men in income-generating skills. Many foreign government donors and international organizations have designed projects for poor women relating to literacy, health and training in income-generating skills. Poor men have largely been overlooked in these efforts.

3. *The returnee emigrants of the Gulf War*

Six months after Yemen's unification, the Gulf War started with the Iraqi invasion of Kuwait. As a result of Yemen's stand in the war, over one million Yemeni emigrants in Kuwait, Bahrain, Saudi Arabia, the United Arab Emirates and Iraq were forced to go back home. According

³ Ministry of Planning and Development, op. cit., p. 110.

to estimates of the Central Statistical Organization (CSO) in 1991, this represented an 8 per cent increase in the population of Yemen.

Four years after the Gulf War, about 75,000 families of returnee emigrants continue to live in camps in pathetic conditions on the outskirts of major cities. The difficulties of camp life include lack of electricity, uncertain water delivery, lack of privacy and unpredictable food supply. Malaria and other diseases are widespread in these camps. Although most of these emigrants had previously been able to establish themselves elsewhere, the consequences of their unexpected return have been devastating to them and their families. The adverse combination of their return to Yemen during an economic crisis and the lack of belonging to a village or patronage have made it very difficult for them to integrate back into their own country.

A recent CSO survey provides some information on the characteristics of these returnees.⁴ The largest group of returnees (92 per cent) came from Saudi Arabia. The majority of returnees (65 per cent) have been out of the country for more than ten years. Seventy four per cent of them are between the ages of 15 and 45 years. Almost half are illiterate and only 18 per cent have some formal education. Fifty one per cent were employed as skilled labourers. Only 13 per cent had found employment when the survey was conducted. The CSO survey shows that 10 per cent of the returnees were born outside Yemen and 74 per cent did not own land or houses in Yemen.

The unexpected return of these emigrants became a nationwide crisis. Unemployment in Yemen increased from 7 to 25 per cent. Shortages and inflation pushed food prices up by more than 200 per cent between 1990 and 1992 (*Yemen Times*, 11 March 1992, p. 6). Demonstrations erupted frequently in different parts of the country protesting about lack of jobs, inflation and increasing poverty.

The exclusion of the returnees has been multidimensional. They have been excluded from basic needs since basic services have not been extended to them. They have been marginalized from the labour market due to the glut of manual labourers and lack of economic growth. They have been deprived of effective social representation because of their weak social networks.

The Government and several international organizations have attempted to develop relief programmes for these returnee emigrants of the Gulf

⁴ Central Statistical Organization: *Al-Mongtaribonn* [The emigrants] (Sana'a, Ministry of Planning and Development, 1990).

War but these efforts have been largely insufficient. As a result of the ongoing political and economic crises in the country, their situation is no longer considered an urgent priority. Thus, their exclusion may eventually be transformed from a temporary situation to one of a more permanent nature.

4. *Inhabitants of remote rural villages*

Rural villages in Yemen are dispersed in areas ranging from rocky mountains to semi-desert plains. The exclusion of these villages is primarily territorial exclusion. This exclusion is also multifaceted, i.e. geographic, social, economic and political. The people in these villages live in impoverished conditions. They are under the impression that the Government is not interested in including them in the overall social and economic development of the country. The Government, on the other hand, has always considered the social integration of these inhabitants a vital objective. The provision of basic services to the inhabitants of these villages that are geographically distant and where traditional social structures are dominant has been a complex and costly endeavour.

Although agriculture is the predominant employment sector (77 per cent),⁵ cultivable land makes up only 9.5 per cent of the total area of Yemen. In the past few years, the Ministry of Planning and Development reported a progressive reduction in the land that is cultivated annually. This has been attributed to meagre water supply, deteriorating production levels as a result of migration to urban areas or abroad, the limited availability of production inputs, and rising production costs. The efforts to promote economic development in remote rural villages have been hampered by shortages of capital investment, meagre private sector investment, low level of technology, labour shortages, lack of basic infrastructure (e.g. roads, storage facilities, energy) and land ownership.

Growing traditional crops, especially grains, is no longer profitable since the market value is frequently less than the cost of its production. The transformation of agricultural production to meet the needs of a market economy is evident only in rural villages that are closer to major cities. While some of the rural villages in marginal areas are being abandoned, the rich lands which have access to water and whose owners are capable of investing in modern agricultural machinery such as tractors are heavily farmed. This intense exploitation of the good land has only been possible for farmers who have liquid assets available to them.

The marginalization of some rural communities from social and

⁵ Ministry of Planning and Development, op. cit., p.107.

economic development reflects institutional development strategies that fail to provide all citizens with equal access to these resources. Disparities between the rural and urban areas, and also within rural populations, are increasing. The consequences of the exclusion of remote rural areas has compounded the problem of rural-urban migration and impeded the transformation of the economy from a subsistence to a market economy.

V. Policy issues and the role of social actors

Development policies should emphasize social integration and should be sensitive to problems of exclusion. In order to fight social exclusion in Yemen, it is important to overcome traditional structural norms and to implement development strategies which overcome mechanisms of exclusion. This task should ideally be undertaken jointly by international and national (government and non-government) agencies with the participation of the communities involved.

Society itself is predominantly responsible for social exclusion based on structural norms. None the less, this process of exclusion could be combated by affirmative social policies. The success of such a strategy has been demonstrated by the experience of the *akhdam* in South Yemen. The Government developed specific policies to prevent social discrimination against the *akhdam*. For example, the use of the term *khadem/akhdam* was forbidden since it referred to a social status. The *akhdam* were encouraged to seek education and training. Most importantly, in both rural and urban areas, they were given equal employment opportunities. As a result, in the 1980s, the *akhdam* of the Southern governorate were able to find employment in different administrative positions such as civil servants, teachers, policemen and soldiers. These policies proved to be successful in promoting the upward mobility of the *akhdam* and freeing them from the social stigma that was previously attached to them. Currently, there are no active policies to integrate the *akhdam* into society.

Future development programmes should make it a priority to attack mechanisms of exclusion. Such policies should be incorporated in the overall framework of development. There are several development policies that should be reconsidered in the light of the ongoing problems of exclusion. Privatization of social services such as health care and education is currently being considered as a potential new strategy. Although this may alleviate some of the Government's financial burdens that result from the provision of social services to the population, it represents a major threat to vulnerable groups that may find more barriers to such social services. This is already

taking place in the education sector. The registration fees in public schools have recently been increased. Although this increase was modest, many lower-income families had to withdraw their children from the schools. To them, even such a modest increase made schooling not affordable. A risk of privatization of the health system is that the cost of medicine may increase. This is particularly serious since medicine is already beyond the reach of the poor. Promoters of privatization argue that safety-nets will be instituted to ensure the access of all citizens to these services. It is still not clear, however, how these safety-nets are going to be designed and implemented.

Other development strategies that should be reviewed in the light of the existing mechanisms of exclusion include those that relate to the involvement of inhabitants of remote rural villages in social and economic development. For example, the current policies for rural areas are designed to increase agriculture production.⁶ In a list of strategies for the implementation of this objective, the only one that relates to improving the livelihood of small farmers is improving small farmers' standard of living through increased production. There do not appear to be any specific plans for human resources development. Instead, the emphasis is primarily on the industrialization of agricultural production.

The international community plays an important role in the exclusion-inclusion process. Yemen depends heavily on multilateral and bilateral aid in its programmes of social and economic development. Foreign-sponsored development projects can alleviate the marginalization of certain groups from basic services and catalyze the development process. Unfortunately, the international community has recently compounded the problem of poverty and exclusion in Yemen by decreasing financial assistance in the wake of the Gulf War. These measures were primarily directed against the Government but they exerted their heaviest toll on the poor and vulnerable.

Non-governmental organizations (NGOs) can also play an important role in eliminating social exclusion. Many of their projects provide deprived groups with social services such as literacy programmes, primary health care and training in income-generating skills. In the last few years, the number of local NGOs increased significantly. The Ministry of Insurance and Social Affairs has supported local NGOs by making yearly financial contributions to them. International and bilateral donors have also provided them with financial and technical support. NGOs should be used to help identify exclusionary process. They should also be encouraged to function as effective representatives of the excluded groups.

⁶ Ministry of Planning and Development, *op. cit.*, p. 7.

11 *Patterns and processes of social exclusion in Tanzania*

Anna Tibaijuka and Frederick Kajjage

I. Introduction

Social exclusion is so far not part of political language or of the conceptual baggage of social science discourse in Tanzania. The related concepts which enjoy currency in Tanzanian social science literature and political discourse are national unity, equality, popular participation, basic needs and poverty. The pressures on the social programmes instituted during the Nyerere era, and the growing problem of urban and rural poverty in the present period have engendered a certain disquiet about the welfare of the nation as a whole.

Since independence, a national ethos has evolved according to which a quest for minimum standards of material welfare and social rights for every citizen in the context of a “united” nation is taken for granted. In current political discourse these issues are linked to the question of democratization. Social exclusion as a concept is therefore relevant for the current political and scholarly concerns in Tanzania.

In our study we have isolated critical economic and social processes which have an important bearing on the concept. We analyse acutely disadvantaged social groups in rural and urban areas, and discuss the question of exclusion from land and the plight of AIDS orphans. Discussion of the macro-economic and social policies provide a setting for the study.

II. The macro-economic and social policy framework

In Tanzania, the State has played such a conspicuous role in determining the fate of the general populace that we think a grasp of government economic and social policies is essential for understanding the process of social exclusion. Needless to say, such policies need to be

examined in the context of their interactive relationship with other historical, cultural and social forces which are at play in Tanzanian society.

Three distinct phases in the evolution of post-independence Tanzania's economic and social policies are easily discernible. The first begins from independence in 1961 to the adoption of the policy of "socialism and self-reliance" in 1967. The second is the "socialist" phase from 1967 to the end of Julius Nyerere's presidency in 1985. The third is the "structural adjustment" era which dates from 1986 to the present. The latter period is marked by Tanzania's adoption and implementation of economic stabilization measures under the tutelage of the International Monetary Fund (IMF) and the World Bank (IBRD).

Economic development and growth was the paramount consideration during the first phase. In industry, the strategy was to encourage private foreign investment mainly in import substitution industries. In agriculture, government pursued a dual policy signified by the "improvement" and "transformation" approaches. The improvement approach was a frontal policy aimed at raising the quality of peasant farming through cooperative marketing and promotion of community development activities in ways that would inculcate in the majority of the peasantry attitudes conducive to "modern" living. The transformation approach was a crash programme of "modernization" which sought to resettle select groups in "modern" villages in which production was based on capital-intensive agriculture, with hopes of a demonstration effect on the larger rural population. Relatively little consideration was given to issues pertaining to equity and distribution during this phase.

During the socialist phase, the Government pursued both growth and equity, using State intervention as its main vehicle. In industry and trade, State enterprise played a conspicuous role following nationalizations of private companies. Resettling peasants in nucleated villages and encouraging collective farming constituted the central strategy of rural development. Villagization, as the policy is popularly referred to, aimed to enhance the productivity of agriculture and to make it possible for government to provide social services to the rural masses.

A serious attempt at addressing poverty and redistributing resources in favour of the popular masses is a notable feature of the socialist phase. A wages and incomes policy was pursued which sought to protect the underprivileged through price controls, imposed a minimum wage and restricted wage rises for the highly paid. A generous system of State-sponsored social services was instituted, leading to the introduction of universal primary education, provision of free secondary and tertiary

education on the basis of merit, and improved access to free government-sponsored medical services and rural water supply.

Unfortunately, the foregoing measures of "inclusion" were progressively eroded by the poor performance of the economy, characterized by a balance of payments crisis, declines in agricultural and industrial production, and chronic shortages of essential goods. Educational standards declined for lack of basic facilities in the school system. Shortage of drugs and other essential supplies and equipment at government hospitals and other health facilities was proverbial. Rural water pumps fell into disrepair for lack of proper maintenance. Tanzania's economic misfortunes not only impaired the existing social services but also led to a decline in rural and urban incomes and therefore a general fall in living standards.

In the political sphere, an elaborate system of popular participation was put in place, especially after the introduction of "decentralization" in 1972. Although this system appears "inclusionary" on the surface, the doctrine of party supremacy which underlay its implementation engendered a top-down system of communication and power relations whereby the party oligarchy monopolized the decision-making process.

The advent of the structural adjustment era in 1986 was a result of a deepening economic crisis even as the government was pursuing home-grown stabilization measures between 1981 and 1985 in the wake of stalled negotiations between Tanzania and the IMF. Pressure from bilateral donors gave an extra impetus and the country accepted an IMF/IBRD-imposed stabilization package whose essential features were: restrictive monetary and fiscal policies, government decontrol of the economy and exchange rate adjustments. Although there were positive indicators, especially in the initial period, in terms of GDP growth, production of agricultural staples, availability of consumer goods, and a modest drop in the rate of inflation, the programme has had differential effects on the various social groups, creating conditions for intensification of the process of exclusion.

Agricultural output has been adversely affected by rising production and marketing costs due mainly to the effects of devaluation. Manufactured goods imported in response to the liberalization of trade have out-competed the products of local industries, leading to declines in industrial employment. The restructuring of the civil service and the privatization of the public enterprises have compounded the unemployment problems in the short term, if not in the medium, or even long, term. The intractable problem of inflation has continued to erode living standards, especially for the more vulnerable social groups. And the cuts in government budgetary allocations to the social sector have served to limit access to social services and led to further deterioration in the standards of these services.

The "Priority Social Action Programme" (PSAP) launched in 1989 and incorporated into the second and third phases of the stabilization measures was meant to avert a further deterioration of the social sector, steer the country towards a sustainable social service delivery system, ensure greater food security and increase levels of employment. The central concern was the welfare of the low-income groups: those either already, or in danger of becoming, socially excluded. But because, in its design, the PSAP envisaged dependence on donor support in these times of donor fatigue, the programme was apparently still-born. As a result, the social sector is in danger of falling into atrophy. The programme's only achievement so far is the introduction of cost-sharing in education and health which has further disadvantaged the poor.

Other issues bearing on social exclusion have hardly been addressed in government policy-making. The most troubling ones include inequitable allocation of development resources to the different geographical regions, and discrimination on the basis of gender, age and ethnic or cultural affiliation. Our analysis in the next section on marginalized groups in one rural and two urban locations indicates that these issues, among others, are manifestly at work in the process of social exclusion.

III. Study of marginalized groups

Six urban and three rural categories of marginalized people were identified and studied between March and July 1994. The urban-based groups consisted of beggars, stone-crushers, peddlers and street traders, open-air food vendors, casual labourers and fresh fish dressers. The rural groups were the landless, the near-landless and those without access to fertilizer, an important agricultural input in the respective study area.

The study started with a listing exercise, or reconnaissance survey, followed by a detailed survey. The reconnaissance survey was the basis of our sampling frame. A total of 300 individuals (100 from each location) were studied in groups of about 20 from each cluster. The three study locations were Dar-es-Salaam city, Mwanza municipality and three villages in Arumeru district. Dar-es-Salaam, the national political, commercial and industrial capital, has a population of about 1.8 million. Mwanza, with a population of 250,000, is the second largest town after Dar-es-Salaam and is the commercial and industrial centre of the lake zone. Arumeru district is a relatively well-watered area in an otherwise dry part of Arusha region. It is densely populated and has a history of land alienation related to

colonial white settler farming. Land scarcity in the district is therefore proverbial.

Central to the process of marginalization among the groups studied is the plight of peasant agriculture. Always prone to the vagaries of weather, peasant production is now also beset with diminishing access to good land, ecological stress and declining soil fertility, rising costs of agricultural implements and farm inputs, poor producer prices, and marketing problems due to the endemic difficulties of the marketing cooperatives and to a lack of dependable rural roads. These problems constitute the major push factor that have engendered the current phenomenal rural-urban migrations. The situation would not be so bad if the urban economies could gainfully absorb the rural migrants. The best option for most rural migrants is to seek entry into the already glutted urban informal sector or simply to join the ranks of the unemployed. The failure of social provisioning only serves to aggravate a hopelessly bad situation of social exclusion.

A number of common features characterize the different marginalized groups. Basing itself on Peter Townsend's¹ indices of material and social deprivation, the study was able to highlight a number of areas in the process of exclusion. Education comes out as a major factor in social exclusion. In general, individuals among the studied groups either have no education at all or, in the majority of cases, have only a primary education. It is certain that lack of education limits their chances of employment and other opportunities.

The predominant majority of the marginalized live on very low incomes. On the basis of expenditure data, 64 per cent of the respondents in Dar-es-Salaam are below the poverty line. The corresponding percentages for Mwanza and Arumeru are 74 per cent and 82 per cent, respectively. Inadequacy, or in some cases a total lack, of income limited access to such important items as diet, housing and medical care.

A high degree of dietary deprivation in both quantitative and qualitative terms was noted. Such deprivation affected between 57 and 70 per cent of the respondents in the three study locations. Housing was also a major problem. Of the entire surveyed sample, 15 per cent had no access to living accommodation. In Dar-es-Salaam, 21 per cent of the sample had nowhere to live and 38 per cent lived in shared overcrowded units which are deprived of the most basic of facilities, including water and sanitation. Homelessness is highest among the beggars, affecting all except two in

¹ P. Townsend: *The international analysis of poverty* (London, Harvester Wheatsheaf, 1993).

Mwanza town. Access to medical care among the studied groups is quite limited, especially after the introduction in 1993 of medical user fees. Some 20 per cent of the respondents failed to attend hospital for lack of money. Another 20 per cent who went to hospital had no money to purchase the prescribed medicines.

Different factors at play in the process of exclusion apply across the board to all the studied groups. Family circumstances is one such factor. A sizeable proportion in the sample, especially among the urban dwellers, was deprived of normal family life. Cases of broken marriages, single mothers or infirm and vulnerable people living on their own were considerable. Also, there were numerous complaints concerning denial of access to employment on grounds of race, gender and ethnic background. It is noteworthy that a significant proportion of those participating in the urban informal sector (UIF) do not regard themselves as employed. Some 59 per cent of the UIF respondents stated that they had "no work". More likely than not, this perception is a reflection of objective reality in terms of the precarious living of most participants in the sector.

A close scrutiny of the circumstances and personal histories of the marginalized people reveals the multifaceted nature of the process of social exclusion in Tanzania. Among the beggars of Dar-es-Salaam and Mwanza the most important factors underlying their social status are education, health status, age, geographical origin and, to a lesser extent, gender. In Dar-es-Salaam, only 2 per cent of the beggars had any formal education. In Mwanza the proportion of beggars with school education, though rather low, was better at 23 per cent. Poor health is a major determinant in begging. The most common disease was leprosy which affected 60 per cent and 90 per cent of the Dar-es-Salaam and Mwanza samples, respectively. Other fairly common disabilities among the beggars were blindness, epilepsy and mental illness. The mean age of the beggars was the highest among the studied groups, indicating the absence of social provisioning for the aged. Most of the Mwanza beggars originated from the contiguous rural districts, but in cosmopolitan Dar-es-Salaam they originated from different locations, especially areas where food security is precarious because of drought conditions.

Grinding rocks with a hand hammer to supply gravel to the buoyant urban construction industry has attracted many, mainly young, town dwellers on the margins of the urban economy. It is a physically strenuous and low paying activity which people engage in for lack of better alternatives. Most stone crushers are in their prime. A sizeable presence of females in what is otherwise a masculine occupation is a telling commentary on the process of social change. Here, there is a difference

between Mwanza and Dar-es-Salaam. In the Mwanza sample the women constituted 20 per cent; in the Dar-es-Salaam sample, however, they accounted for 52 per cent. An overwhelming number of the women were single, divorced or widowed mothers with young children to support. As in the case of the beggars, ethnic groups from either geographically remote or arid and semi-arid areas were over-represented.

The self-employed open air vendors of cooked food (*mama Ntilie*) in Mwanza and Dar-es-Salaam were, in keeping with tradition in households, predominantly women. The proportion in the Dar-es-Salaam and Mwanza samples were 78 and 79 per cent, respectively. Age was less of a factor than education and geographical origin. Consistent with other marginal groups, the food vendors tended to be either uneducated (25 per cent) or had at best a primary education (74 per cent) and tended to come from economically disadvantaged rural areas.

Fish dressing in Mwanza and casual work at construction sites in both towns is work of the last resort for town dwellers. Their earnings very much depended on chance, especially for those at construction sites. Almost all of them were in their prime in the 18-40 age range. The Dar-es-Salaam cluster was dominated by people from the least developed part of southern Tanzania.

With the liberalization of trade, the bigger towns, including Dar-es-Salaam and Mwanza, have been inundated with street traders and peddlers. Most of them are acting as agents for Asian shopkeepers who, through them, are trying to outdo one another in their efforts to reach customers in an intensely competitive retail business environment. The street traders are paid a commission on the basis of sales results, and our findings indicate that their economic lives are characterized by extreme uncertainty. Nevertheless, peddling and street trading have become the refuge of many rural migrants in towns where industrial unemployment is hardly ever obtainable.

Street traders and peddlers were studied only in Dar-es-Salaam. In the sample none of them was above age 30 and all, except one, had a school (mostly primary) education. It seems that networking is important in enabling one to obtain the necessary wares. It is no wonder, therefore, that the group is dominated by specific ethnic groups, especially those from Mtwara region in the south.

In the rural study, age, gender and, to a lesser extent, education proved to be the main factors at play in determining access to productive resources: land and fertilizer. In the landless category, the mean age was 38, with 82 per cent of the sample falling below 40. In the near landless category (those with less than 0.5 ha.) the average age was 32 years. Most

were either rural labourers or tenant farmers, waiting for their fathers to die before they could inherit land. Female-headed households constitute between 21 and 25 per cent of the households which are landless, near landless and have no access to fertilizer. Given the patriarchal set-up in Arumeru households, this means that women were relatively far more disadvantaged than men in terms of access to productive resources. The main factor here is customary laws relating to land inheritance which discriminate against the female gender. The low education of those studied (primary school or none), meant that they had no access to well-paid jobs which would have enabled them to buy land or fertilizer. In the next section we explore further the issue of exclusion from land in the country as a whole.

IV. Exclusion from land

In Tanzania, land is the most important productive resource as more than 80 per cent of the country's population derive their living from it. Although, at 29 people per sq. km., the country's population density is quite low, settlement patterns are skewed because of the fact that most of the country suffers from shortage of rainfall, surface drinking water and infestation with *tse-tse* flies. The population is therefore concentrated in no more than 20 per cent of the total land area, especially in well-watered elevated parts of the territory where pressure on land is critical. In some other parts, the nucleated villages created during the "socialist" phase, have added to the land problem. The question of access to land in Tanzania is therefore a subject of extreme importance.

The factors which govern exclusion from land are many and complex. The most critical are: State-civil society relations, differential tenurial regimes, gender discrimination, development of the land market, and competing demands between agriculture and other forms of land use.

Under the 1923 Land Ordinance, the principal land law, all land in Tanzania is "public land" whose control is vested in the State through the President who owns the radical title. The administrative agencies authorized by various subsidiary legislations to act on behalf of the Head of State in land matters include the Ministry responsible for lands, the district and urban councils, and the village governments.

The nationalization of land has served different purposes since the Land Ordinance was passed. In colonial times, it mainly served to sanction the alienation of native land to colonial settler farmers and planters. For a good part of the post-independence period, the State endeavoured to protect

ordinary land users, subsistence farmers in particular, from the spectre of landlessness, especially as a result of land grabbing and speculation. In the more recent period, however, State intervention in land matters has sometimes constituted an accessory to exclusion from land, especially for those with neither money nor political connections.

During villagization, district and village authorities confiscated and allocated land plots with extreme arbitrariness. In the Mbulu, Hanang and Babati district of Arusha region, district leaders dispossessed hundreds of landowners and redistributed land on the basis of equal acreage, regardless of customary rights in land. More recently, numerous complaints were made before the 1991-92 Presidential Commission of Enquiry into Land Matters (hereafter the Shivji Commission) concerning corrupt practices on the part of village governments (especially the chairmen) in their allocation of village land. At Ifunda, for example, villagers complained that their leaders were corruptly allowing rich town dwellers in Iringa to buy village land. For quite some time now, the news media has been replete with complaints about alleged corrupt practices by land officers in the allocation of urban plots.

In Tanzania, land is held under either a "granted right of occupancy" or an "deemed right of occupancy". The former allows one to occupy and utilize land for a fixed term not exceeding 99 years, while the latter allows one access to land "in accordance with native law and custom". The first, because it involves payment of fees, is usually associated with the well-to-do, for example commercial farmers. The other is the usual mode of land ownership among the peasantry. In actual practice, granted rights of occupancy are superior to deemed rights of occupancy. From colonial times, customary land rights have been taken to be "permissive" and therefore subject to loss, especially in the absence of "effective occupation". As the Shivji Commission observed, peasants holding land under customary law live under "perpetual fear of alienation, expropriation and encroachment". There are innumerable cases of State-sanctioned loss of peasant land to commercial developers, tourist operators and even speculators.

Some people are excluded from land not so much by the State as by tradition and custom. Prominent among these are women who cannot inherit or own land according to most customary laws. In Kilimanjaro and Kegara regions, for example, such lucrative permanent crops as bananas and coffee are appropriated by husbands and fathers who own the land, despite the fact that it is the women and children who provide most of the labour for their production. The areas which grow annual crops are no different. In the testimonies to the Shivji Commission, many female witnesses in different regions complained of being denied access to land

ownership on grounds of their gender. Such a situation renders the lives of widows and single mothers quite precarious.

Many of the land disputes in contemporary Tanzania represent a rising value of land due not only to its scarcity but also to the new prominence of the land markets. In areas with a long history of cash crop production, landlessness due to land sales dates back to the 1920s. The phenomenon has intensified due to the liberalization of crop marketing which has lent a new significance to commercial farming, especially production of maize, rice and beans for the urban market. More land is changing hands than used to be the case and in the process, some people, especially among the cash-strapped peasantry, are losing access to land for their own subsistence. Arumeru is a case in point.

Land pressure is probably worst among the pastoralists and hunter-gatherers, especially in the Arusha region. Both pastoralism and foraging are land-intensive economic activities owing to the need to move over large expanses of land in search of pasture, water or, in the case of hunter-gatherers, forest products in accordance with the seasons. Because land use is in the form of deferment rotational systems, pastoral and foraging land has frequently been grabbed by other users on the assumption that it is idle. What is more, government development policy has demonstrably given priority to agriculture, relegating pastoralism to the role of an appendage.

The net result is that pastoralists in Arusha region have lost much of their land to outsiders. Partly as a result of villagization, the Barbaig people of Hanang have been edged out of the plateau by agriculturalists and forced into valley land where access to water, schools and health facilities is extremely limited. Others fell victim of a State-owned large-scale wheat scheme. Agriculturalists from Kilimanjaro region or Arumeru district and other areas have taken over Masai pastoral land in Kiteto and Monduli districts. There are numerous allegations against local Masai leaders, who are accused of earning rent by facilitating transfers of Masai land to land speculators and commercial developers. Game conservation policy has also exacerbated the exclusion of the Masai from land. The Game Park Laws (Miscellaneous Amendments) Act of 1975 completely bans cultivation within the 8,292 sq. km. Ngorongoro Conservation Area. But the 23,000 inhabitants of the area can no longer survive on pastoralism alone as their herds have been afflicted by a number of diseases. Their plea to government to allow them to cultivate at least around their homesteads has so far fallen on deaf ears.

There is every indication that Tanzania's hunter-gatherer community, the Hadzabe (or "Tindiga") of Mbulu, Iramba and Meatu districts are

being slowly but surely excluded from adequate access to their resources. It is estimated that in three decades (i.e. since independence) this group has lost about half its land to commercial developers and, especially, cultivators. Most of the encroachment has been gradual and therefore imperceptible.

Because the Hadzabe are constantly on the move in their food procurement endeavours, they are usually not there to defend their resources against external intruders. By the time they realize that their land has been colonized, it is usually too late. Their ecosystem has been seriously tampered with and their very survival is at risk. Government attempts to convert them to a sedentary way of life has failed because they have not been receptive to an externally imposed model of existence.

V. The crisis of AIDS orphans

Our survey of marginalized groups in Mwanza town indicated that a significant proportion of street children are orphans, a good number of them due to AIDS. An interview-based study of orphans in one urban and three rural locations in Mwanza region revealed that this is a rapidly increasing population whose plight epitomizes a process of social exclusion underlain, in part, by long-term, almost imperceptible, changes in the nature of the African family as a social safety net. The kinship or extended family system under which orphans have traditionally been absorbed into normal family life is under such stress that orphans are facing untold difficulties.

The study was conducted in Yitwimila and Kahangara villages in Magu district, Nakatunguru village in Ukerewe district, and in the urban district of Mwanza. The presence of AIDS in these locations was acknowledged, especially in Mwanza town. In 1992 it was estimated that about 10 per cent of the region's population was HIV positive. Hospital-based cumulative AIDS cases in the region by that time were 130.3 per 100,000. There are so far no reliable statistics on orphans but a headcount of orphans in the five primary schools visited indicated proportions ranging from 5 to 10 per cent of the school populations. Given the fact that the figures exclude orphans of pre-school age, the problem is certainly serious. A group of ten AIDS widows whom we met in a focus group discussion had between them a total of 55 paternal orphans.

All the communities in Mwanza region traditionally make arrangements for orphan care after the period of mourning in a meeting of clan elders. Bilateral orphans are entrusted to paternal uncles or, in their

absence, any close male blood relative. Paternal orphans will essentially remain under the care of their mother who, in most traditions, will be inherited in marriage by one of the deceased's brothers. Maternal orphans will remain the responsibility of the father who will invariably remarry and bring them up with the assistance of the stepmother. Traditionally, orphans are supposed to be fully integrated into their foster families without any discrimination in relation to biological children. This is seldom the case.

The traditional system of orphan care functions quite imperfectly. Many relatives are refusing to take on care-giving responsibility. Others might accept do so in order to save face and, as we discovered, many orphans have consequently to endure numerous hardships inflicted by their care-giving relatives. It is mainly grandparents who readily accept responsibility, because they usually do not have young children of their own to take care of.

The most common forms of orphan mistreatment that we came across included denial of love and affection, verbal and physical abuse, exploitation of child labour, denial of food and clothing, denial of educational opportunities, and squandering of orphan's inherited property. The main reason underlying these problems is the pressures on the family budget. In the rural areas, these relate to drought-induced shortages of food and to a high cost of living. In the urban areas, economic hardships mainly relate to lack of employment opportunities, shortage of housing and inflationary pressures on household budgets. Now there is the question of user changes in health and education. Under such adverse circumstances, the concept of family has undergone a redefinition in which it is increasingly viewed in terms of the nuclear family.

Grandparents and widowed mothers, who readily accept care-giving responsibility, are in most cases either too infirm or too economically deprived to face up to the challenges of this task. The best they can offer the orphans is affection. Most of the widowed mothers surveyed in Mwanza town had been full-time housewives prior to being widowed. A number of them had even been dispossessed of family property or evicted from their marital homes by their husbands' male relatives because of customary inheritance laws which discriminate against women. The best that most of them could do was eke out an existence for themselves and their children from petty street trading.

Orphans have been sent away from school for lack of money for school fees and other compulsory contributions — uniforms, pens and notebooks. Others have withdrawn of their own volition or played truant in order to seek casual employment in an attempt to alleviate their suffering.

So far the Government is doing precious little about the plight of orphans apart from supervision of two orphanages in the region which are financed and run by religious organizations. There are orphan care programmes in education, income-generating projects, food relief and apprenticeship training conducted by non-governmental organizations. These are generally patchy and underfunded and so leave the majority of orphans without cover.

As children whose early lives are deprived of family affection, educational opportunities and minimal material satisfaction, orphans in our area of study are growing up without hope and their exclusion from mainstream society is almost total. The plight of AIDS orphans is an eloquent testimony to the dismal failure of the customary safety nets and government social provisioning in Tanzania.

VI. Policy implications

The evidence from the study has shown that current orthodox adjustment policies aimed at generating general economic growth have proved ineffective in promoting integration. Where growth has occurred, it has failed to trickle down to different layers of society. A profile of poverty, inequality and social exclusion in Tanzania has revealed that, in both rural and urban areas, some groups are being systematically marginalized and are entrapped in chronic deprivation.

The foregoing findings call for a five-pronged approach to promoting integration:

- (a) Launching broad-based interventions to strengthen agricultural technical services and infrastructure, raise productivity and therefore rural incomes and living standards. This would go a long way in arresting current high rates of rural-urban migration.
- (b) Creating off-farm employment opportunities in rural areas which would absorb surplus rural labour in the course of structural transformation.
- (c) Improving urban employment opportunities by reviving industrial activity using appropriate technology. The priority is financing programmes for the redeployment of the retrenched and the unemployed, particularly the visibly excluded groups.
- (d) Improving access to social services and basic welfare provisioning by allocating adequate resources and restructuring modes of delivery in

such a way that the socially disadvantaged who are unable to share the costs of such services are protected. As traditional safety nets become overloaded by both structural and contingent factors, vulnerable groups should be guaranteed social protection. AIDS victims, orphans and the elderly are a case in point.

- (e) Creating a legal and institutional framework for the promotion of integration. Both statutory and customary laws as well as administrative practices, especially those relating to access to education and productive resources, need to be revisited with a view to empowering the socially disadvantaged. Women in particular, being the principal farmers in Tanzania, should be entitled to full land rights.

A successful implementation of the above, essentially inward looking, strategy requires the active participation of the Government, the local communities, including private economic agents, as well as the international community. Ability to break the current gridlock and get the country back on a sustainable development path will require both political will and accountability on the part of the Government, and commitment on the part of the donor community.

12 Social exclusion and social inequality in Peru

Adolfo Figueroa, Teofilo Altamirano, Denis Sulmont

Peru is one of the countries with the highest degree of economic and social inequality in the world. This paper examines factors which explain these inequalities. It develops a new theoretical approach, which focuses on social inequality and introduces the concept of social exclusion into the analysis. In so doing, it specifically addresses the question: is inequality a result of some peculiar form of social integration, or rather a result of some exclusions taking place in the social process?

Social inequality is conceived in this paper in broader terms than income inequality. The social process is, for analytical purposes, divided into three components: economic, political, and cultural. Social inequality refers to the aggregation of inequality on these components.

Social exclusion is also considered in a particular way. As a fact of life, we know that the same group of people who participate in some social relations may, at the same time, be excluded from others. Hence, to say that a person is excluded from something is a purely descriptive statement, with no analytical value. In analytical terms, the question is whether there are *some exclusions* that have important effects upon social inequality. Which are these exclusions in a particular society? *Who* is excluded and from *what*? *Why* do these exclusions take place?

Social exclusion is evident in each of the three components of the social process which contribute to social inequality, and the paper analyses each case independently. However, this separation has been made for purely analytical reasons. We understand that the overall exclusion of a social group may be more, or less, than the sum of these independent exclusions. Therefore, an integration of our independent results has also been attempted. In this sense, this study intends to be truly interdisciplinary.

1. The concept of social assets

Our study deals with a society which is organized as a capitalist democracy, and which is “over-populated” in the sense that there is signi-

ficant surplus labour. In a capitalist democracy, individuals participate in economic and social exchange endowed with a given set of assets. We consider here three types of assets: economic assets, which refer to productive resources, such as land, physical capital, financial capital and human capital; political assets, which refer to the access of people to the rights established by the society; and cultural assets, which refer to a system of social evaluations of the personal characteristics of individuals, such as their language, race, sex, kinship, education, occupation, religion and geographical origin. The hierarchy of these values is established by the cultural values of the society, which we assume as given.

While economic assets indicate what the person *has*, political and cultural assets indicate who the person *is*. In these terms, citizenship is a political asset; and the individual's personal characteristics (identity) are his or her cultural assets, which give the individual either social prestige or social stigma, leading to discrimination and segregation. Clearly, an individual with the same set of personal characteristics would have a different mix of cultural assets if the system of cultural values changed. Political and cultural assets are intangible; they are not tradeable, so they do not have market values attached. However, as we argue below, they play a significant role in the social process.

At any given point in time, individuals are endowed with different amounts of these assets. Economic inequality is the inequality in economic assets, whilst social inequality is a combination of inequality in economic, political and cultural assets. In a capitalist democracy, political rights tend to create a homogenous society ("all men are equal"), cultural assets may also tend to be equalizing, but economic assets tend to be distributed unevenly among the members of a society.

A society where the only source of inequality is economic assets could be called a "liberal society." Political and cultural assets would be evenly distributed. In this society, "the only difference between the rich and the poor is that the rich have more money".

II. Social exclusion and social inequality: A theoretical framework

What is the role of social exclusion in the observed social inequality in Peru? In order to answer this question, we propose a theoretical framework for analysing the mechanics of inequality.

1. *Dimensions of exclusion*

This framework separates exclusion into three categories: (i) economic; (ii) political; and (iii) cultural.

Exclusion from the economic process means exclusion from market exchange. Conventionally, it is assumed that markets are "Walrasian", in the sense that individuals can buy or sell a good or a service as much as they want at the prevailing market price. In such markets, rationing operates through prices, and the amount to be exchanged is just a matter of money. In these markets no-one willing and capable of buying or selling could be excluded from exchange. People are excluded from exchange because their real income, or productive capacity, is too low.

However, some markets operate with quantitative rationing. These "non-Walrasian" markets share the property that the expected *quality* of a commodity or service demanded or supplied is a function of its price. In this type of markets, some people will be excluded from exchange in spite of having sufficient real income or productive capacity. The economic literature suggests that the labour, credit and insurance markets may be "non-Walrasian". This is significant in that these markets can be regarded as *basic markets*, in the sense that they are fundamental for livelihood and security.

Exchange in non-Walrasian markets is carried out under conditions of imperfect competition and uncertainty, and it is then based on *promises* (to repay a loan, to work hard). In this context, asset endowments play a role in providing signals for the rationing process. Exclusions from non-Walrasian markets are not random; they depend upon the social asset endowment of individuals. Individuals who are poorly endowed with assets will be more likely to be excluded from basic markets. Also the individual's asset endowment will determine in which of the segmented markets he or she can participate.

Exclusion from the political process, in the context of democratic capitalism, means exclusion from citizenship rights. Democratic capitalism functions with a system of rights which, amongst other things, acts to set limits to the inequalities generated by the market system, and thus makes society viable. The factors which determine the set of rights in a particular capitalist democracy are various, including: on the demand side — social pressure, tolerance to inequality, the culture of inequality, degree of democracy, and level of income amongst the poor; and on the supply side — the production capacity of the economy, the preference of the ruling classes to allocate scarce resources to the production of rights in the form of public goods, and international agreements. In the short run, State

policy to manage aggregate demand is the most important variable explaining changes in the *effective delivery* of a given set of rights. Periods of economic growth will be favourable and periods of recession unfavourable.

All citizen rights are not universal, and even universal rights are not equally realized. When rights are non-universal, or when formally universal rights are not effective in practice, some people are excluded from some rights: participation in the administration of political power (the right to elect and be elected), the right to property, to justice, to social protection, and to basic services. Different categories of citizenship will then be created.

Exclusion from the cultural process has to do with the individual's exclusion from participation in particular social networks. Because of differences in cultural values, some people will be excluded from participating in some social relations.

2. Exclusion from basic markets

In the particular case of Peru, the basic hypothesis is that the labour market (a non-Walrasian market) operates as the primary mechanism of social exclusion. In this market, the following variables are determined: the quantity of wage employment, real wages, and profits. Given the labour supply, the total quantity of surplus labour is then determined. In an overpopulated economy, the amount of surplus labour takes the form of unemployment and self-employment.

In our view, the incomes of the self-employed must be lower than wages. This income difference among workers is necessary for the functioning of the system because it creates an incentive system by which workers prefer and seek wage employment. The logical consequence is that those excluded from the labour market become the poorest. Among the surplus labour we also find superfluous labour.

Who are those excluded from the labour market? For a given type of labour, workers with the lowest cultural assets will be the most likely to be excluded. Social groups that belong to different subcultures inside the society will be viewed by employers as the least reliable workers. Due to language and cultural barriers, employers may also expect that the cost of extracting economic surplus from this type of labour will be higher. Thus, through the workings of the labour market, people bearing a social stigma for the capitalist class will be placed at the bottom of the income pyramid.

Most of the surplus labour will also be excluded from the credit and insurance markets. Banks and insurance firms do not expect to make much profit by doing business with peasants or the urban self-employed. For the

surplus workers, this is the secondary mechanism of market exclusion. They cannot escape becoming the poorest. Also, the surplus workers will be the most likely group to be excluded from political and cultural processes.

3. Exclusion from rights

Most universal rights are distributed through the fiscal budget. This is clearly the case with economic rights, which take the form of goods and services that are supplied free of charge by the State as public goods (schools, health service, food, shelter). But some non-economic rights, such as the right to vote, the right to justice, the right to protection, are also financed through the fiscal budget as public goods. These goods and services are taken out of the market and delivered to the population in the form of rights. The objective is that money should not buy everything in society. However, this objective is not always achieved because of the influence of money on the delivery of rights.

Are there theoretical reasons to believe that those excluded from some rights are the same social groups that are excluded from basic markets? Here the issue is the effective exclusion from a right, instead of the formal inclusion. We postulate that effective exclusion from rights depends on the set of State policies. Although the elites seek political legitimation through the establishment of some formal rights, we also postulate that political elites have an incentive to exclude people from rights. In the absence of universal rights, government expenditure will be used to gain political support, in a clientelistic relation.

The right to participate in the political process of elections is now universal in Peru. However, some groups are excluded from property rights, social protection rights and basic public services (health, education, justice). They tend to be the same groups as those excluded from basic markets.

Property rights are essential to the efficient functioning of the market system. Besides, property rights are also essential to the understanding of social inequality. If legal rights on private property are not guaranteed, exchange contracts cannot be legal. As a result, "informal contracts" and "informal markets" will arise. Market segmentation may be based in many cases on the lack of property rights. The credit market would be a case, as property cannot be used as collateral due to the lack of legal titles. We assume that the surplus labourers are the ones who mostly lack these rights because the relative cost of getting property rights legalized is larger for them.

Social protection or social security is another basic right in a capitalist system. People are granted some ways to insure risks associated with health and income streams in the form of access to health insurance, unemployment insurance and retirement pensions. However, these rights are not universal. The coverage is usually limited. Who is excluded from these rights? A common practice is to restrict these insurance programmes to wage-earners alone, so that employers can contribute to the financing of these rights. This has an economic logic: employers create an additional incentive system for workers to seek wage employment. Then, surplus labourers would also be excluded from these rights.

4. Exclusion from social networks

Exclusion from the cultural process has to do with discriminatory treatment in some social relations. In particular, it has to do with the membership of some social networks. Social networks can be thought of as “clubs.” Rights and duties determine the rules of a club membership. For instance, membership of “exclusive clubs” is very restricted. There is a hierarchical ordering of clubs, culturally determined. The ruling class social network is the “exclusive club” *par excellence*. Everyone wants to enter this network, but most are unable to do so. The restrictive conditions of membership create exclusion.

Why do “exclusive clubs” exist? The ruling classes set restrictive conditions for membership in order to block social mobility. Their logic is to maintain the privileges of a ruling class. Rules of discrimination and segregation, based on personal characteristics, will be applied to this end. Partial social mobility may take place in the rest of the income pyramid, but it will not challenge the privileges of the ruling class.

5. Mechanics of social inequality

The mechanics of social inequality can be viewed as a process. Initially individuals are endowed with social assets in different amounts. Initial social inequality is a result of the concentration in the initial distribution of these assets. Changes in the distribution of social assets through time will imply changes in social inequality. An increase in the amount of social assets of individuals depends upon the way national income (flows) are distributed, which in turn depends, among other things, upon social exclusions. The exogenous variables of this dynamic system include: State policies, the market structure (Walrasian and non-Walrasian mix), the political system, and cultural values.

Within this framework, social exclusion is a category of analysis. It is not a description of an *outcome* of a social process; it is rather a theory that explains that outcome. It is hypothesized that social exclusion is one of the basic mechanisms through which the exogenous variables generate social inequality.

It is this perspective which leads to the specification of those exclusions which are important. Exclusion from basic markets (labour, credit, insurance) is a cause of poverty; but exclusion from other markets, such as markets for consumption goods (cars, telephones, durables, tourism), is predominantly an effect.

III. Empirical evidence for Peru

Peru is a multi-cultural and multi-racial country. At least six ethnic groups may be distinguished: Indians from the Andes, Indians from the Amazonian region, blacks, whites, Asians and persons of mixed race. In addition to Spanish, several native languages are still spoken: *Quechua* and *Aymara* in the Andes, *Ashahinka* in the Amazonian region.

The national economy grew rapidly during the 1950s, 1960s and the first half of the 1970s and by 1975 per capita income was almost double the 1950 value. Since 1975, however, Peru has experienced a continuous decline in average income. In 1992, per capita income was only two-thirds of the 1975 value.¹

The national population has continued to grow, but average annual rates of increase have been decreasing — from 2.9 per cent in the 1950s to 2 per cent in the 1980s. At the same time a major transformation has occurred in the urban-rural composition of the population. The proportion of the population living in urban areas increased from 35 per cent in 1940 to 70 per cent in 1993.

1. Distribution of social assets

The distribution of *economic assets* is highly concentrated in Peru. Several studies showed that Peru was an oligarchy in the 1950s and 1960s. For the 1980s, the concentration of property was still significant: large firms were mostly in the hands of only 330 families, of which 80 constituted the major economic groups. The concentration of economic assets may also be approximated by the distribution of national income. In 1961,

¹ INEI, *Compendio estadístico 1992-93*, Tomo II.

the top 1 per cent of the population received 31 per cent of national income, whereas the bottom 30 per cent received 5 per cent. Although this concentration of income was already very marked, the degree of inequality has increased even more since. In 1989, for instance, 13 per cent of GDP was generated by 13 economic groups, composed of 11 families.

At the top of Peru's income pyramid are the capitalist class and "middle class" — professionals and business people. Measured by the number of households that own a private car and hire a domestic servant, this group represents 5 per cent of the population. The poorest groups in Peru's income pyramid are the indigenous populations of the Andes and the jungle areas, the so-called Andean peasant communities and the Amazonian native communities. This latter group is, however, very small.

The distribution of *political assets* has been measured in the case of the following categories:

(a) *Political participation*. The right to political participation is very old in Peru but it has become universal only recently. The right to vote was extended to women in 1955, and to illiterates and to people in the 18-21 age bracket in 1979. Peru has had several periods of dictatorships in which these rights could not be exercised.

(b) *Property rights*. Exclusion from property rights is more severe in the poorest groups of Peru. In rural areas, 37 per cent of the peasant families had no legal titles on their land in 1984; in urban areas, 43 per cent of the families living in shanty towns lacked land titling.

(c) *Social protection*. These rights are very limited in Peru. People under public programmes of social security also represent a small fraction of the total population of Peru. In 1986, only 42 per cent of the labour force, which represents 51 per cent of the wage-earners, were members of the Social Security System (*Instituto Peruano de Seguridad Social*). Urban-rural differences are very wide. Whereas 72 per cent of the labour force in rural areas is excluded from the system, around 60 per cent is excluded in urban areas. The fact that only half of the wage-earners are included in the Social Security System is a clear indication that wage employment is precarious in Peru. The coverage of the Social Security System in terms of pension for retirement is also very low. In 1990, two-thirds of the population above 65 years of age had no access to this right. Moreover, the amount of the pension per person is now ridiculously low. In Peru, there is no unemployment insurance.

(d) *Social services*. Public expenditure on basic social services (education, health, housing, and employment programmes) has fallen in

relative terms. As a proportion of the GDP, the expenditure on social services has also declined. While this proportion was 4.6 per cent at the beginning of the 1970s, it was 3.4 per cent at the beginning of the 1990s. As a proportion of the total government expenditure, the relative fall has been less marked. While 25 per cent of the government budget was allocated to social expenditures at the beginning of the 1970s, this proportion fell to 19 per cent in the first half of the 1980s, and then recuperated somewhat to reach 23 per cent at the beginning of the 1990s. But, the fall in public social expenditure has been more substantial in absolute terms. Since 1980, the level of real expenditures has continuously declined. As a result, the 1992 level represented only 49 per cent of the 1980 value. In per capita terms, the fall is even more substantial: the 1992 value is barely 30 per cent of that in 1980.² "Targeting the poor" was initiated in August 1990, as a means to compensate the negative effects of the adjustment programme on poverty. These resources amounted to around 1 per cent of GDP in 1991-1992. "Targeting the poor" is now the current government's main objective in the allocation of public social expenditures. This means that fewer resources will be allocated to the granting of universal rights. But "targeting" is consistent with the political logic of a clientelistic government.

In terms of *cultural assets*, we have measured those personal characteristics that clearly block individuals from participating in the process of modernization in Peru. Because modernization leads people to the aspiration for western values and culture, those with the lowest assets are the indigenous populations of the Andean and the Amazonian areas. They are mostly illiterates and non-Spanish-speaking groups. The most extreme cases of illiteracy among these populations are found among the women and the elderly.

According to census data, the rate of illiteracy in Peru was 27 per cent in 1972, 18 per cent in 1981, and 13 per cent in 1993; non-Spanish-speaking rates were lower, 12 per cent, 9 per cent, and 5 per cent, respectively. However, if we use less restrictive definitions, such as considering as illiterate anyone with less than three years of primary school, and defining non-Spanish-speaking by the language of communication within the family, the rates would be significantly higher. We estimate that illiterates and non-Spanish-speaking groups represent around 20 per cent of Peru's population today. In 1961, this figure was around 40 per cent. Migration

² Banco Central del Reserva del Perú, *Compendio Estadístico del Sector Público Financiero* (Lima, 1989); and INEI, *Compendio Estadístico* (various years).

to the cities has reduced the size of these groups and has been a means to reduce their cultural exclusion.

2. *Social exclusion and the mechanics of social inequality*

Peru's data seem to confirm the hypotheses put forward in this study. In fact, the structure of the economy shows a significant exclusion of the labour force from wage employment. Census data of 1972, 1981 and 1993 allow us to show the increase of the rate of exclusion from wage employment, measured as a percentage of the total labour force. For Peru, these rates were 54 per cent, 55 per cent and 57 per cent for the respective years; for Lima, they were: 35 per cent, 35 per cent and 44 per cent.³ The urban unemployment rate was near 10 per cent in Lima (the largest city in Peru) in 1993.

The size of the self-employed has therefore been stable at around 50 per cent of the labour force. With the process of internal migration, the proportion of the self-employed in urban areas has increased. The peasantry represented around 40 per cent of the labour force in 1972 and today this proportion is around 25 per cent.

Most of the surplus workers are in practice excluded from the credit and insurance markets. The incidence of poverty is very high among the self-employed and unemployed. Hence, the poor in Peru are those that are excluded from basic markets. The indigenous populations living in the Andean and Amazonian regions are the poorest and they are subject to the highest degree of exclusion from basic markets.

Surplus workers are also subject to the highest degree of political and cultural exclusion. This conclusion is derived from the data shown above on the distribution of assets. Thus, the hypothesis that the exclusion from labour markets operates as a primary mechanism of social exclusion seems consistent with the data in Peru. For the working class, as Joan Robinson said, it seems that not to be exploited is worse than to be exploited.

In Peru's multi-cultural and multi-ethnic society, the role of cultural assets is also significant. The indigenous populations are poorly endowed with economic and cultural assets and they are the group subject to the highest degree of exclusion. A significant proportion of the Indian peasantry in the Andes and in the Amazonian areas do not speak Spanish and are illiterates. They also live in remote areas with poor communication systems. In terms of rights, the peasant communities of the Andes received legal recognition in 1923, whilst the communities of the Amazonian region

³ These figures were taken from national census official publications.

did so in 1969. Before these years they were not considered citizens of Peru. They had no property rights.

Most of the indigenous populations may be considered as labour which is superfluous for the functioning of the capitalist system. The fact that the subversive groups (*Sendero-Luminoso* and *Movimiento Revolucionario Tupac Amaru*) have developed most of their war operations in the regions populated by the indigenous populations seems to indicate that there is a link between severe exclusions and political violence.

3. Trends

Poverty levels have increased since the mid-1970s. In 1970, it was estimated that 50 per cent of the population were below the poverty line. For the same definition of poverty line, these proportions increased to 57 per cent in 1985 and 60 per cent in 1991.⁴ Although overall income distribution estimates are not available for the last decades, it is clear from the available data that inequality between workers and property owners has also increased. The ratio of income per capita to real wages in the private sector, which in 1975 was equal to 100, increased to 258 in 1985, and further up to 278 in 1992.

How much of the observed increase in poverty and inequality in Peru in the last two decades can be explained by market exclusion? With regard to the labour market, as shown above, exclusion of workers from wage employment has increased, but the magnitude of this change is *not* very marked. What is really significant in Peru is the high level of exclusion of workers from wage employment, rather than the change. Hence, the rise in poverty can be explained only in part by changes in the exclusion rates in labour markets. The increase in poverty in Peru may be explained basically by the fall in real wages. During the period of economic regress in Peru, the major adjustment in the labour market has occurred in terms of drastic changes in relative prices and less in quantities.

Some evidence shows that the decline in the quality of wage employment has been another adjustment mechanism. For instance, the proportion of wage-earners with long-term contracts declined from 59 per cent in 1990 to 51 per cent in 1992.⁵ Wage employment tends to be more precarious.

⁴ The figure for 1970 was estimated by ECLAC and the other figures are estimated using two national surveys that are more or less comparable.

⁵ Data from Ministry of Labour, *Encuesta de Hogares*.

In sum, there is a relationship between poverty and exclusion: social groups with the highest degree of exclusion are the poorest. Poverty and social inequality are a result of both some exclusions *and* particular forms of social integration. In a dynamic view, however, the Peruvian society is tending to become more homogenous in terms of political and cultural assets. This is due to the expansion of citizenship rights and to the process of internal migration. The relative size of the indigenous populations has declined. What is becoming more significant now is the degree of economic inequality, which has even increased in the last decades.

IV. Conclusions and policy implications

Social exclusion is a mechanism built into the workings of capitalist democracy. The market system generates mechanisms of exclusion as a result of the logic of the owners of capital: to maximize profits and maintain privileges. The political system also generates mechanisms of exclusion as a result of the logic of the political class: to have clientelistic relations, instead of securing universal rights. These ruling classes (joined by the middle class) also generate mechanisms of exclusion through ideology, creating hierarchies in social values, which then become cultural values. The logic is to have higher social assets. The excluders are, in this theory, the ruling classes.

Exclusion theory is a theory about processes. The effect of exogenous variables upon social inequality operates through the mechanisms of the market, the political system and the cultural values. The exogenous variables include the initial distribution of assets among individuals and the set of State policies. As structurally given factors, we include the market structure, the political system and cultural values.

The theory of exclusion predicts that social inequality is not only generated through exploitation, surplus extraction, unequal distribution of initial endowments and a regressive tax system. All these factors count. But, exclusion from markets, from rights, and from social networks are also important mechanisms to generate social inequality. Social inequality is a result of both social integration *and* social exclusion.

With the framework of the theory of exclusion, we have been able to make a reinterpretation of the causes of social inequality in Peru. The empirical evidence seems consistent with the predictions of the theory. In fact, we have found that the poor are excluded from the basic markets (labour, credit, insurance), from rights, and from the cultural process associated with modernization. These exclusions are most severe for the

indigenous populations living in the Andean and Amazonian areas, which are Peru's poorest groups. In the last decade, some urban groups have also become part of this group for whom exclusion is "hard", such as recent migrants and those displaced by political violence. These social groups facing "hard exclusion" use their particular social assets to adapt themselves to this situation, mostly through collective action, using their culture of solidarity and reciprocity.

The approach developed here not only offers a re-interpretation of the causes of social inequality, but also leads to new policy recommendations. Policies must be addressed to change the market structure and the initial distribution of assets, which are the factors at the base of the exclusion mechanisms. If the significance of market exclusion is to be reduced, the policy prescription seems clear: the basic markets (labour, credit and insurance) should be *created* or expanded in the entire economy, particularly in rural areas.

In the case of exclusion from labour markets, the basic problem is how to substitute, or supplement, the logic of excess labour — as a worker discipline device — for another which could maintain some form of social integration. One possibility is to raise the degree of partnership between the employer and the worker. New forms of industrial organization need to be created and promoted.

In an overpopulated economy, the excess of labour supply will continue to take the form of self-employment. Here the challenge is how to increase productivity in this sector. But, as we have shown in this study, small producers are excluded from the formal credit market. The peasant family and the urban small producers have a demand for credit, but the formal financial system has no incentives to supply this credit. The reason is that transaction and information costs are too high for the formal financial system to lend money to small producers. The risks of activities are also high. Small producers would not be able to pay these costs. In order to reduce this exclusion, policies directed to reduce these costs need to be implemented.

How can these costs be reduced? Transaction and information costs depend upon some institutional factors, like legal property rights, the existence of small financial intermediaries, the existence of organizations of lenders, and so on. The development of these institutions depends, in turn, upon the supply of public goods, like communication systems.

In order to reduce the cost of risks, small producers should be able to shift their risks, either to other firms or, if this is not viable, to the rest of the society. As a consequence, they would have higher and more secure incomes. Today, small-scale producers self-insure. Insurance markets

should be developed. Non-measurable risks (weather and market contingencies) need to be transformed into measurable risks, so that the risk can be subject to actuarial calculations. Institutional innovations are needed to do this. In sum, the exclusion of the poor from 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.

Market creation policies should not be confused with market liberalization policies. The latter assumes that the market is already there. This confusion is precisely what has happened in Peru. Under the doctrine that State banks have had a "crowding out" effect on commercial banks, the Government closed the Agrarian Bank in 1991 and expected that commercial banks would take over. This has not happened so far. This result is consistent with our theory, which states that what is needed in rural Peru is the creation and development of credit and financial markets.

In order to reduce the role of the initial distribution of assets on social inequality, new economic assets must be redistributed, universal rights and duties must be effectively secured, and cultural values must be changed. As to the first component, education seems the best candidate. In terms of political assets, rights should play the role of setting a limit to social inequality. But rights are not costless. Therefore, rights should be established and guaranteed according to a well-defined hierarchy of social needs. Maslow's pyramid of human needs could serve as a criterion. In any case, the distance between "formal rights" and "effective rights" should be reduced.

As to the question of cultural values, change is a long-term process. The school system is here the best channel. However, some actions can be taken now. Two areas that appear promising in this respect are: the use of the mass media to change the values that lie behind the present culture of inequality; and the use of "ethnic commodities" to integrate non-Western cultures with Western culture. In any case, the distance between "ideal values" and "real values" should be reduced.

Economic and cultural assets can be redistributed through the promotion of rights. Rights that help to increase other assets should have priority. This is the case of economic rights (education, health), which can increase both the human capital and social prestige of individuals. But the realization of some rights may be endogenous, that is to say, it may depend upon the individual's income. For instance, the right to justice is usually violated by the power of money; corruption in judiciary systems plays against the poor. In this case, new institutional forms of collective organizations, that could secure access to rights through the free play of democratic forces, should be promoted.

13 Economic restructuring and social exclusion in Mexico

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This paper examines the relationships between economic restructuring and social exclusion in Mexico. Its general argument is that current exclusion processes are related to the breakdown of the inclusive development model, based on a corporatist social covenant, which prevailed in the country from the 1940s to the early 1980s, and its replacement with a neo-liberal project which is being implemented through structural adjustment programmes. At present the Mexican economy is undergoing fundamental changes in its productive structure and its relationships with the rest of the world. With these changes, both the mechanisms and forms of the regime's socio-political integrating processes are being transformed. The inclusive development model was imperfect in that it was unsustainable and, ironically, its social aims of integrating the mass of the people into the benefits of development were induced by political tendencies which actually gave the model characteristics which meant that it excluded certain sections of the population. But the strategy of economic liberalization which the government is now using to regain post-war dynamism is leading to a growing social exclusion. These trends may be explained by mistakes in the design of adjustment programmes, but more fundamentally they appear to be built into the nature of the new development model.

The paper develops this argument by focusing on the relationship between economic restructuring and employment trends. This poses some problems because various sources of employment data are not completely compatible. However, this focus is necessary because in capitalist economies where wealth is concentrated, the vast majority of people have to find employment in order to get an income, and thus social exclusion is linked to access to employment and levels of income derived from work.

1. The inclusive development model and its breakdown

From the early 1940s to the late 1970s, the Mexican government launched a project whose main goal was to promote development, to provide health and education services, and to generate employment for all inhabitants of rural as well as of urban areas. Up to the late 1970s, the socio-political regime of integration aimed to include various sectors and social groups into official organizations. Sectoral groupings — workers, farmers, bureaucrats, etc. — were linked to the official party (Revolutionary Institutional Party, PRI) and to the government, and by this means the State played the role of mediator of the demands of members of these groups and, at the same time, exerted a strong hold upon them. The State established strong commitments with sectoral interests, but these commitments were based on the demands formulated within the framework of great official organisms (the Mexican Workers' Confederation, the National Farmers' Confederation, the State Workers' Union Confederation). As some analysts have suggested, the regime was the outcome of a covenant agreed upon by various social forces and superintended by the State.

This model, whose main goal was to establish relationships that could effectively integrate the population into the social and economic benefits, was based upon a State mainly concerned with its protector role. That is to say, it gave a great relevance to the collective interest and declared itself the main promoter of economic development. Also, there was established a strong relationship between economic and the social policies. Social expenditure was conceived as a part of the development project, since under the import substitution model, consumption was supposed to be promoted in order to expand the domestic market. At the same time, a protectionist policy guarded industry against the pressures of international competition. This allowed the government to foster social cohesion and to assert the State's legitimacy.

The social policy had as its main purpose to give welfare benefits to as many people as possible, but no attempt was made to set up a fully established and comprehensive welfare state apparatus as this would have involved a wide taxation programme in order to finance the provision of services. In spite of its comprehensive aims, its stratified implementation (according to the membership of certain organizations) produced an outcome in which there was increased inequality and access to certain benefits was a privilege rather than a right. This form of social organization was

a selective and vertical way of promoting social integration in which the inclusion patterns actually meant segregation and discrimination.

As a consequence, the State's goal of providing collective benefits and its inclusive development model did not manage to put an end to poverty. But even so, up until the late 1970s, the model increasingly included certain population nuclei.

The unsustainability of this imperfectly inclusive development model first became apparent in the 1960s. From 1940 to 1965, the industrialization of the country was based on agriculture, which financed capital goods imports (through meeting domestic demand for foodstuffs and exporting surpluses), supplied cheap raw materials to industry, and reduced the reproduction costs of the part of the labour force required by industrial and farm capital. These functions were successfully achieved until the mid-1960s. But the agricultural sector was strongly polarized between: (a) capitalist businessmen (who owned most of the irrigated land, used modern technology and hired seasonal and cheap labour from peasant communities), together with agro-businesses and agro-industrialists who controlled the financing, marketing, and processing of the marketed output of small and middle farmers; and (b) a mass of small and middle farmers (who owned little land, had limited productive resources and cultivated crops seasonally for their own consumption and sale), together with day-workers hired seasonally in capitalist projects. In the 1960s growth of agricultural output slowed down and by 1974 the country had switched from being a net exporter to a net importer of agricultural goods. The demand of the industrial sector for imports could only be met by growing foreign debt.

In the 1970s, the agricultural crisis became a political and social one as peasants demanded that the government would keep on giving them lands to work, better prices and labour conditions, and democracy. The State responded by increasing its participation in financing, marketing and processing (to counteract the role of "middlemen"), and through fostering new organizational forms amongst peasant farmers based upon the collective working of the communal property (*ejido*). These measures brought about a greater involvement of the State in the economic activity, by means of regulating institutions like the National Institute for Coffee (INMECAFE) which took over the credit, collection and exports. They also made the peasantry even more dependent on the State, a situation which, in turn, became even more serious when the latter withdrew from certain forms of involvement. Whilst these measures contained the peasant struggles by incorporating them in "officialist" or in State-recognized associations, they did not promote agricultural growth and exacerbated the fiscal crisis of the State.

In the 1980s, the imperfectly inclusive development model based on a corporatist social covenant, which had been the mechanism of social integration in Mexico since the 1940s, was abandoned and a neo-liberal project initiated. This shift occurred at a moment when most of the world was in recession and Latin America as a whole was facing its biggest economic crisis since the 1929, the debt crisis. For Mexico, the stabilization and adjustment programmes which were launched by the government were the immediate result of the need to redesign the terms of the foreign debt with the World Bank and Inter-American Development Bank in order to get more credits. But the impetus for change was also associated with emerging global economic trends, in which competition for markets increasingly transcends national frontiers, financial and productive capital are increasingly mobile, the diffusion of technical progress is accelerating, and new organizational forms, notably flexible specialization, are being adopted.

The neo-liberal project initiated in 1982 is an export-oriented industrialization strategy based on market mechanisms and private sector activity. Policies adopted include: the reduction of public spending and the fiscal deficit; the elimination of trade protection which, after the unilateral trade liberalization carried out in 1985-87 has been carried out within the framework of the North American Free Trade Agreement (NAFTA), thus combining the opening of domestic markets to increased international competition with guaranteed access to external markets to the north; massive privatization of State-owned enterprises; the facilitation of foreign direct investment; and the downward adjustment of real wages and devaluation of the exchange rate. Within the agricultural sector, parastatals have been dismantled or transformed; subsidies have been phased out (although, at the end of 1993, measures were introduced to compensate producers for the loss of income due to the equalization of domestic and international prices); and public expenditure has been reduced (by 51 per cent from 1980-90). No selective industrial policy has been implemented, but from 1985 a number of instruments have been introduced specifically to promote exports.

Implementing this new model involved a transformation in the regime of socio-political integration in Mexico. The involvement of the State in the economy and society has been reduced, and its role has changed from protector to regulator. The expansion of the domestic market, and thus domestic consumption, is no longer integral to the growth model. Instead, the guarantee of cheap labour constitutes a crucial element of the strategy. Finally, the agricultural sector has been exposed to international compe-

tion and is expected to re-orientate production according to the dictates of comparative advantage.

II. Economic performance under structural adjustment

The World Bank, the IMF and the Mexican government claim that Mexico's performance in implementing structural adjustment policies make it a model to be followed. But on balance, after more than ten years of structural change, adjustment in Mexico has not achieved the two objectives which were claimed to be its principal aims: sustained economic growth and better living standards.

The adjustment policy has been successful in restraining inflation, which decreased from 159 per cent in 1987 to about 10 per cent in 1993.¹ It also succeeded in attracting foreign investment and increasing the exports of a few manufactured products in 1987-91, notably beer, glass, petrochemicals and automobiles.

However, economic growth was not consistently reactivated. While the average annual growth in the economy was 4.9 per cent in 1970-81, between 1982 and 1992 it was only of 0.7 per cent. From 1987 to 1991, the GDP growth rate has increased to an annual average of 2.8 per cent [ibid.]. But, the economy still fails to generate sufficient jobs for the increasing population. Most recent estimates suggest that the economically active population increased by 1.2 million people annually during 1990-92, but only 28 per cent could find formal wage employment.

Over the period of adjustment policies, the number of poor people has continued to rise and income distribution has worsened. As measured by the Gini coefficient, income inequality grew between 1984 and 1992, from 0.450 to 0.475. From 1984 to 1989, the highest income decile increased its share from 32.7 per cent to 37.9 per cent.² According to the latest figures for the period from 1989 to 1992, the mean income of families within the lowest levels of income fell by almost 7 per cent, whilst the income of the families at the top of the income pyramid grew by 11.3 per cent. Only 21 per cent of Mexican families have a mean income above three minimum wages per month (about US\$ 405), whilst 54 per cent of

¹P. Aspe: *El camino mexicano hacia la transformación económica* (Mexico, Fondo de Cultura Económica, 1993).

²Grupo Financiero BANAMEX-ACCIVAL: *México social 1992-93* (Mexico, División de Estudios Económicos y Sociales, 1993).

families have monthly incomes below one minimum wage (about US\$ 135). Research studies carried out in Mexico City, Monterrey and Guadalajara show that the percentage of the labour force with these very low incomes is lower in major urban centres. The working population earning less than the minimum wage was 31 per cent in Mexico City, 29.3 per cent in Guadalajara and 20.5 per cent in Monterrey. But for the illiterate population, the proportion of workers earning less than one minimum wage is higher. They numbered about 50 per cent in Monterrey and Guadalajara; and 60 per cent in Mexico City.³

Real wages began falling in 1976, but steeper declines have occurred since 1982, with only the section of the population in formal employment in large industrial enterprises experiencing a recovery in their wages. Persons in formal employment in trade and services receive on average wages that are lower than those in manufacturing; wages in *maquiladoras* are lower than those paid in the rest of the manufacturing sector; and those who work in small establishments earn less than those who are contracted in larger establishments. About 50 per cent of formal sector workers receive incomes below two minimum wages, and this is the situation of those employed in *maquiladora* activities and of the average contractual wage. To put this figure in perspective, in 1988 it took 4.78 minimum wages to cover the cost of the standard basket of basic needs, while in 1994 it took the equivalent of six minimum wages.

Within the agricultural sector, which directly provides a livelihood for around 20 million people, the polarized bimodal production structure has been reinforced. The contribution of agriculture to the GDP decreased from 8.1 per cent in 1981 to 7.5 per cent in 1989. Moreover, with the exception of corn (for which guaranteed prices were maintained) both the output and the cultivated area of domestic crops decreased between 1990 and 1993. Rural wages (in real terms) fell by 38 per cent from 1982 to 1987, and even the optimistic estimates of the Economic Commission for Latin America and the Caribbean (ECLAC) and the *Instituto Nacional de Estadística, Geografía e Informática* (INEGI) suggest that there was a more than 50 per cent fall in the purchasing power of rural incomes in the 1980s. Unemployment and migration has increased and plots of land abandoned. Particularly affected groups have been indigenous peoples, women, children and day labourers. The last group numbered 3.6 million in 1993, and amongst them 1.7 million lived exclusively from wage labour

³ G. H. Muñoz and H. Suárez Sozaya: *Educación y empleo: Ciudad de México, Guadalajara y Monterrey* (Centro Regional de Investigaciones Multidisciplinarias (CRIM), UNAM, 1990).

whilst 1.9 million sought a livelihood combining wage labour and subsistence cultivation.

The reduction in public expenditure in the 1980s has had a severe and negative impact on the delivery of social services. Federal spending on social development (which includes health care, education and the social investment fund, *Solidaridad*) fell sharply between 1982 and 1988. In the education sector, for example, public expenditure (both federal and State) decreased by 35 per cent (at 1982 prices) from 1982-88, a period in which the children registered in educational establishments increased by almost two million pupils, with 91 per cent of these being absorbed by public sector institutions. Public expenditure on social development has increased since 1988, but it is still under 1982 levels.⁴

III. Employment trends and economic restructuring

Mexico is now in transition towards a new form of capital accumulation which, in contrast with the past, cannot be sustained exclusively through the domestic market. The development path is not yet fully defined, but some of its features are beginning to appear.

1. General employment trends

The principal observed changes in employment in Mexico since 1980 are:

- (a) a decline in the relative capacity of the manufacturing sector to create new jobs;
- (b) a constant share of wage-paying jobs in total employment;
- (c) an increase in small-scale economic activities;
- (d) an accelerated growth of service and retail employment;
- (e) an accentuated feminization of the labour force;
- (f) major changes in the regional distribution of economic activities.

⁴ See Centro de Estudios Educativos A. C.: *Educación y pobreza* (Mexico, Consejo Consultivo del Programa Nacional de Solidaridad-El Nacional, 1993); and E. Hernández Laos: *Crecimiento económico y pobreza en México* (Centro de Investigaciones Interdisciplinarias en Humanidades, UNAM, 1992).

Best estimates from various data sources suggest that, during the 1980s for the national economy as a whole, paid employment (including both wage-earning and self-employment) increased by around 400,000 jobs each year. New jobs were generated, in particular, in the trade and services sector. Mexican agriculture exhausted its capacity to create new jobs more than two decades ago, and between 1979 and 1990 its share in wages paid was reduced from 25 per cent to 21 per cent.⁵ About 70 per cent of the paid labour force were wage-earners and, during the 1980s there was a slight change in overall composition of the labour force towards wage-earning work. But in non-farming activities, the growth of wage employment slowed down in the late 1980s whilst the growth rate of non-wage employment increased.

Data from economic censuses of the labour force employed in fixed establishments in manufacturing, commerce and services for 1981, 1986 and 1989 (compiled by INEGI) suggests that in these sectors the net increase in employment between 1980 and 1988 was 1.7 million. But the relative contribution of the manufacturing sector to the growth of total employment has declined with the acceleration of trade liberalization since 1985, and with it there has been a fall in the rate of growth of total employment. Between 1980 and 1985, more than one-third of the growth in total employment (370,000 out of 1,077,135 new jobs net) can be attributed to manufacturing activity, but from 1985 to 1988 this sector was responsible for less than 15 per cent of net job growth (90,000 jobs net). In contrast, services and commerce were responsible for over 550,000 out of 640,834 jobs net created in the period 1985 to 1988. Almost 60 per cent of the jobs created in services and commerce were wage earning.

Within the manufacturing sector, the employment trends reflect the net balance between growth of *maquiladora* (in-bond) economic activities, mostly located along the Mexican border with the United States of America and based on foreign direct investment, and the decline associated with the losses and closures in numerous sectors of the economy oriented to the domestic market. During the 1980s, job losses in the manufacturing sector alone were around 500,000. Job losses occurred in almost all areas of manufacturing outside the *maquiladoras*, including those with modern and backward technology. The most affected sectors were the basic metals industry, the textiles, apparel and leather industry, and the metal products and equipment industry. The *maquiladora* industries, which acted to offset this decline, were export-oriented and strongly dependent on processing

⁵ This estimate does not include peasant's earnings which often are in kind.

imported inputs. Imported inputs contributed about 98 per cent of all inputs to these industries in 1981 and the same proportion prevailed in 1993.

During the period 1980-90, almost 75 per cent of the jobs created in manufacturing were in *maquiladora* firms, and employment in these activities increased 2.7 times from 1980 to 1991. In 1991, the *maquiladora* activities employed more than 460,00 workers, almost 20 per cent of the labour force employed in manufacturing. The persons employed in *maquiladora* industries tend to be young and female. One survey of *maquiladora* plants carried out in three northern cities revealed average ages of between 22 and 24.2 years. In 1981, 77 out of every 100 workers were women. But in 1992, this had fallen to 59 out of 100 workers. This shift was associated with diversification of *maquiladora* industry, and especially the greater importance assumed by the construction, repair, and assembly of transport equipment, a branch traditionally associated with male labour.

The economic censuses of manufacturing, services and commerce indicate the extent of the feminization of the labour force. Between 1981 and 1985, 70 per cent of the net new jobs in these sectors were occupied by men, but between 1985 and 1988, they occupied only 46 per cent. Within the manufacturing sector, the average growth rate for numbers of female workers increased between these two intercensal periods, whilst the growth rate for numbers of male workers fell from 2.24 per cent in the period 1980-85 to 0.01 per cent from 1985-88. Greater participation of women in wage-earning employment reflected the combined effect of the *maquiladorization* of industry and the tertiarization of the economy, and occurred in spite of a trend towards defeminization in the *maquiladora* sector.

The growth in the labour force participation of women could have some positive features. However, it should be noted that the feminization of the labour force is the result of a worsening of labour conditions for men and not because women are becoming better off. Women have to enter the labour market to sustain household incomes in the face of declining real wages. Moreover, although a measure of occupational segregation by gender suggests that such segregation is declining, women are still poorly represented in professional, managerial and supervisory positions. Even if not all women hold low pay or bad quality jobs, greater participation of women in the labour force has happened in precarious, part-time activities.

The accelerated growth of employment in services and commerce has the concomitant that more and more people are finding employment in

small-scale activities.⁶ In 1988, the average number of persons employed per establishment was 2.8 persons per establishment in commerce; 4.9 persons per establishment in services; and 18 persons per establishment in manufacturing. Defining "small establishments" as those that have five or less employed persons for units in commerce and services, and 15 or less employed persons for manufacturing units, it is apparent that in 1988, 90 per cent of the establishments in services and 94 per cent of the establishments in commerce were in small units (accounting for 41 per cent and 56 per cent of sectoral employment, respectively). For manufacturing, small establishments represented 84 per cent of establishments, but only contributed 14.7 per cent of employed persons.

The greatest proportion of non-wage-earning work exists in small enterprises. Some of these enterprises combine wage-earning and non-wage-earning work, whilst others have no wage-earning work. The National Survey of Very Small Businesses (ENAMIN) carried out in early 1992 and using a sample which was representative of all urban areas with over 100,000 people, found that the labour force in very small economic units (defined as establishments in manufacturing, commerce and services with fewer than seven people employed) was 4.8 million persons, of whom 2.3 million were owners without help (one man/woman units) or with non-paid help, and 857,000 were unpaid subordinate workers.

Small establishments are found in activities where big capital, national and transnational, has a small presence. Production is usually not tradeable at the international level and therefore these activities appear to be secure from trade liberalization. But this type of employment can be precarious. The expansion of employment in small-scale activities reflects the increase in the gap between the expansion of wage employment and of the economically active population and the fact that more and more people are ending up in small-scale activities as a means of survival.

One puzzling feature of the employment trends in the 1980s is that official unemployment rates have been very low, falling during the deep recession of 1986 and the subsequent three years, and then rising to 4 per cent by 1993. These figures have not been "massaged" to understate the economic crisis, but they underestimate the numbers of the involuntarily unemployed. As there is no unemployment insurance, to be unemployed is, to use a phrase of Gunnar Myrdal, a luxury which few can afford. This is one of the reasons for the upsurge of very small economic units,

⁶ The economic censuses provide information on the size of establishments in the manufacturing, commerce and services sectors.

including one-person units. The published unemployment statistics reflect, in part, the levels of "frictional" unemployment, that is the relative number of unemployed people who know for sure — or firmly believe — they will get a job in the short run.

2. Sectoral shifts in formal employment

Statistical analysis was undertaken to construct a more disaggregated view of trends in formal employment using data from the National Accounting System of INEGI which divides Mexico's economy into nine sub-sectors (*divisiones*) and 73 branches (*ramas*). All 73 branches were classified into three groups according to their average annual growth rate of wage employment during the period 1987-92. Group I consisted of branches in which the employment growth rate exceeded 5 per cent per annum, that is the rate required to absorb all new entrants to the economically active population. Group II consisted of branches in which the employment growth rate was between 1.18 per cent per annum (the average for the economy as a whole) and 5 per cent. Group III consisted of branches with an employment growth rate below the national average.

A first significant feature of this classification is the relative importance of the different Groups. The dynamic Group I consists of three branches — automobiles, other manufacturing, and construction — which together consisted of only 10.5 per cent of total formal employment during 1987-92. At the other extreme, Group III consisted of 41 sluggish or declining branches. They accounted for 50.4 per cent of formal employment during 1987-92, and employment growth was on average -0.4 per cent per annum. The most important branches in this group are agriculture (22.5 per cent of total formal employment), other services (10.8 per cent) and public administration and defence (4.7 per cent). Group II, consisting of branches which experienced employment growth above the national average but below 5 per cent, consisted of 29 branches, including notably trade, education services and transportation. These branches had 39 per cent of total formal employment during 1987-92 and grew on average by 2 per cent per annum.

There are also significant associations between employment growth patterns by Group and other economic variables. Notable associations are:

- (a) Output growth is greatest in Group I, though these branches only contributed 6.8 per cent of total GDP in 1987-92.
- (b) Real wages per worker fell on average by 2.0 per cent per annum during the period 1982-92, but a recovery occurred after a drastic fall

during 1982-86. However, the most dynamic branches regarding employment and GDP growth had the least recovery in real wages. In 1992, real wages in Group I branches were only 63.8 per cent of 1980, whilst in Group II they were 77.1 per cent and in Group III, 91.4 per cent.

- (c) Only Group I shows a significant increase in capital productivity, the other two Groups exhibiting an increase in capital productivity through falling capital stocks. All Groups experience a fall in labour productivity during 1982-86 and a recovery in 1987-92, but for Groups II and III the improvement in labour productivity is "perverse" in the sense that it is caused by a slight increase or fall in GDP accompanied by a lower rate of employment change.
- (d) Group I branches have exhibited the most dynamic performance regarding exports, with exports growing at 45.7 per cent per annum during 1982-86 and 25.4 per cent per annum during 1987-92. But this Group contributed only 5.7 per cent of total exports during 1987-92, and high export growth rates were associated with high import growth rates.

Simple econometric models were constructed to estimate the elasticity of employment-GDP, employment-real wages, and employment-exports. The results suggest that output growth is important for the generation of employment except in Group III branches, and agriculture and mining in particular, which contain the branches with the highest propensity to expel labour. They also indicate that in the manufacturing sector, which has the highest elasticity for employment-GDP, an increase in real wages is associated with a decline in employment. Finally, export growth is not related with a significant expansion of employment.

The models underline the importance of economic growth for employment generation. They suggest that, given the current development pattern, a GDP growth rate of over 10 per cent per annum is necessary to generate sufficient formal employment to absorb all new entrants to the labour market.

IV. Conclusion

Mexico has made a transition from an inclusive development model to a development model which is causing greater levels of social exclusion. These exclusionary effects arise because the neo-liberal project has failed thus far: to create new jobs at the rate required to absorb new entrants to

the economically active population; to offset job losses associated with the continued expulsion of labour from agriculture and the contraction of manufacturing activities established under the old development model; and to prevent real wages from falling. The old inclusive development model was imperfect, and characterized by various inequalities and discrimination. But with the adoption of structural adjustment programmes, new patterns of exclusion are being added to the old inequality and discrimination. Middle-aged men (25-55 years), as well as older men, have suffered the impact of economic restructuring, whilst labour force participation rates have grown substantially for women and young men.

The low generation of employment since 1982 is directly related to the weakness of the economic growth process under structural adjustment. The increasing employment crisis reflects the failure of the government to address the employment dimension of the adjustment process, and the failure to coordinate macro-economic policy with sectoral policies and micro-economic restructuring policies. Some new industrial, labour, agricultural and other policies have been initiated in the 1990s after the recognition of some of the negative impacts of liberalization. But the time-lag between trade liberalization and these policies has already had dramatic social and economic effects.

The exclusionary nature of the new development path can be attributed to poor policy design. But more fundamentally, exclusionary effects may be built into its nature. The guarantee of cheap labour constitutes a crucial element in the new strategy, and there has been a high degree of State intervention to keep real wages low. Institutional mechanisms include several *Pactos Economicos* since 1987 and the recent *Pacto para la Estabilidad, la Competividad y el Empleo* (PECE), which establishes nominal wage growth ceilings in order to maintain low inflation rates. The growing importance of small-scale activities and *maquiladora* industries is strengthening the segmentation and heterogenization of industrial structure and employment structure. Moreover, industrial restructuring has been associated with a radical transformation of traditional corporatism. The increasing informalization of labour, which is occurring in *maquiladoras* and in key sectors of the Mexican industry such as TELMEX, PELMEX, Ford/Volkswagen, has depended on the (sometimes violent) dissolution of collective contracts, and the break-up of regional and national trade unions and their replacement with firm-level unions.

Respective administrations since 1982 have reinforced the authoritarian character of Mexico's government, assuming that economic freedom will probably lead later to political freedom. This has led to the exclusion of vast segments of Mexico's population from participating in and debating

the adjustment process itself, as well as other issues that will change Mexico substantially, such as NAFTA. However, recent events, particularly the uprising in Chiapas, have shown the limitations of this policy and might indicate profound political changes that will also affect the current adjustment process and its exclusionary effects.

14 *Ethnic solidarity and social exclusion in Cameroon*

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This paper examines the way in which group solidarity, which is a basis of integration and inclusion, can lead, at the same time, to social exclusion. It focuses in particular on the micro-dynamics which relate ethnic solidarity to lucrative employment opportunities. This focus is selected because ethnicity is one of the key bases for both social integration and exclusionary practices in Cameroon.

1. Conceptualizing the relationship between social exclusion and ethnic identity

An ethnic group may be defined as a group of people speaking the same language and living in (or saying that they are from) a common area, who believe themselves to be descendants from the same ancestors, with whom they have either a real or mythical relationship. Within the national territory of Cameroon there are over 200 ethnic groups, some of which existed prior to the colonial period, and some of which were reinforced through colonial rule. Their ethnic identity is the product of a social memory, customs, attitudes and cultural behaviour held in common. The members of each ethnic group differentiate themselves from the members of other groups by: their spatial localization (in several towns there are Hausa quarters and Bamileke quarters, for example, and the latter are even subdivided by village of origin); the language they speak; their physical traits; their values and ideologies; and the rules regulating their relationships with other groups. Ethnic membership dictates, through the process of child socialization, the rights and obligations of an individual throughout their lives.

When individuals meet for the first time they tend to make a mental identification of the other's ethnicity, and individuals from the same ethnic

group (sharing so many cultural elements in common) tend to develop a sentiment of "Us". This sentiment is held reciprocally by members of other ethnic groups, and it translates into a tendency to accord priority to members of one's own ethnic group in the relationships which bring advantage.

This "original" form of exclusion, based on the culture of each ethnic group in its relationships with other ethnic groups, has been reinforced by changes during the colonial period and after independence. Responses and reactions to the sentiment of division between "Us" and "Them", and the perception that advantages are being distributed according to ethnic membership, have led to reactions and responses. Those excluded adopt strategies of adaptation which create inclusion, but the formation of new groups, at the same time, excludes others. Thus, on top of the "original" form of exclusion, there develops a second form, which is brought about by integration strategies which have been deployed to deal with the "original" exclusion. In some cases, this exclusion is deliberate; in others, it arises in a spontaneous, involuntary manner.

Exclusion on an ethnic basis arises in diverse ways and it occurs as an outcome of the reinforcement of group solidarity, as the product of evolving specialization and the development of an ethnic division of labour, *and* through deliberate monopolistic practices.

A whole set of structures and institutions has developed to support and develop group solidarity, including: village associations, reunions, credit associations, and the collective promotion of infrastructure and support in case of sickness. The *tontines* are particularly important in enabling their members to acquire different goods, rights and services which they could not normally acquire. Through them, the ethnic group finances, or grants loans at a favourable interest, to individual members of the ethnic group who want to invest or to consume.

Ethnic specialization is encouraged through the process of acquisition of professional skills, and particularly a system of apprenticeship within family structures. Bamileke traders teach their sons and cousins how to trade; *peuhl* shepherds teach them how to tend sheep; and, with formal education, parental and ethnic affinities are promoting ethnic specialization even among salaried workers. Different jobs have different ideological values attached to them, and this valorization is also part of the way in which groups mutually exclude each other through specialization.

Finally, access to certain very privileged positions is protected through monopolistic behaviour. This is apparent, for example, in certain trading activities. The process of exclusion in such cases is analogous in its operation to that of a monopolistic enterprise which erects entry barriers

to maintain control of acquired positions and acts to prevent other enterprises usurping its position.

The relationship between social exclusion and ethnic identity is thus very complex. Mechanisms include the formation of voluntary associations, the establishment of clientelistic networks of relations, and the everyday functioning of social norms, taboos and customs held in common.

II. Historical and macro-economic context of social exclusion

The colonial period is extremely important for understanding present patterns of social exclusion on ethnic lines. Colonial authorities not only reinforced some latent tribal identities, but also mapped out the localization of ethnic groups. With the development of an economy based on the export of raw materials and import of consumer goods, ethnic specializations began to emerge, creating a spontaneous form of exclusion. In the southern forest areas, land was rarely passed to an individual outside the clan or ethnic group, but particular areas were most suitable for the cultivation of export crops. Certain ethnic groups were also the early beneficiaries of a school education. They soon formed an elite who became clerks and employees of the colonial administration or colonial institutions, and at independence they constituted the Government and administration.

The Bamileke were in a position in which they were poorly represented in salaried employment in the administration on account of late education, and initially they were excluded from this sphere of activity as senior administrators preferred to associate themselves with persons of the same ethnic group. But, on the other hand, they increasingly monopolized trading activities, a process which was reinforced by the apprenticeship system and the associational tradition of the Bamilekes, which has been particularly important for informal financial arrangements.

In the economy which developed up to the 1980s, approximately 80 per cent of the population continued to earn their livelihood from the land. But the two most lucrative activities were import-export trading and employment in the civil service. In the 1960s and 1970s, commercial activities accounted for about 40 per cent of the GDP, and 55 per cent of the wage bill of the country consisted of civil service salaries. Private trading houses and public marketing boards were central to the process of the division of the social product in the country.

Employment and livelihood opportunities are closely linked to ethnic identity. Access to agricultural land is particularly difficult for "strangers"

to an area, who are not part of the indigenous community of that locality. It is possible to buy and sell land, but a rural survey showed that the Betis had a higher propensity to buy and sell land than the Bamilekes and Bamouns.

Bamileke predominate in commerce. Recent statistics (1994) also show that Bamilekes and Betis together occupy 56 per cent of the posts of responsibility in the Cameroon civil service, a significantly greater proportion than one would expect given their numbers (38 per cent of the total population in 1987).

With the implementation of structural adjustment programmes, the GNP has fallen and it is estimated that there have been 24,000 job losses. Civil servants and other State agents, who were hitherto protected social classes, have experienced the most serious deterioration in living standards, following redundancies and also dramatic declines in real wages after the devaluation of the currency (CFA). Surveys show that civil servants have reduced their expenditure on health care by 20 per cent and on children's education by 33 per cent. However, some have responded to the situation by engaging in private trade of public goods, to the detriment of the majority.

The adjustment programmes have raised prices for farmers producing export crops. But a rural survey showed that, with regard to basic needs, many of the rural population are still very poor. The rural households in the sample purchased secondhand clothing one-and-one-half times per year on average; 82 per cent had no electricity; 30 per cent did not have rough-cast housing; their revenues were sufficient to cover 50 per cent of their education needs; and 82 per cent of health cases were handled by traditional healers. Many farmers cannot gain productive inputs, and illiteracy rates are high.

III. Ethnic solidarity and the micro-dynamics of exclusion: Findings from surveys

In order to clarify the micro-dynamics of social exclusion in relation to ethnic identity in the current economic situation, various small surveys were conducted in the frame of the IILS/UNDP social exclusion project. They included: (i) 102 households heads in Yaoundé, including 40 which had been surveyed in 1990-91 as "vulnerable"; (ii) 52 traders in markets in Yaoundé; (iii) 62 heads of voluntary associations; and (iv) 104 households heads selected from 3 rural zones (two in the West, one in the Centre). The present section summarizes the findings of the first three

surveys, which illustrate particularly well the relationship between ethnic solidarity and social exclusion.

1. Urban households

The survey of urban households indicated the very difficult living conditions facing many people at the present time. Ninety-five per cent of household heads who were working did so without contracts or institutional social protection. Twenty-eight per cent were unemployed, and for these, only one-third had been unemployed for less than 10 months. Households were large (eight members on average), reflecting a strategy of household grouping to ensure that at least one person is still economically active. But household income permitted only 2 per cent of the households to satisfy all their basic needs.

Twenty-one per cent of households were identified as poor, defined as eating meat less than twice per week, having fewer than two meals per day, and not having water installed. In these poor households, the majority of children were not sent to school on financial grounds. The poor households also tend to have precarious lodging arrangements. Significantly, poor households are also much more likely not to participate in voluntary associations. Over one-third of poor households do not participate in such associations, whereas for non-poor households the proportion is only 11 per cent.

Various correlations are found between ethnic identity and living conditions. But it is notable that, amongst the household heads, the majority of the unemployed (65 per cent) are Betis, and that one Beti household head in two is unemployed. Similarly, the majority of the poor and the very poor are Betis or other ethnic groups. The relative advantage of the Bamilekes reflects the emphasis on private sector activity in the current reform programme and the dominant position which the Bamilekes have in trading, the reasons for which become clearer in the trader survey.

2. Traders

The survey of traders sought to understand the reasons why Bamileke are predominant in commercial activities, and to do this it focused on the ways in which traders financed their business and gained access to merchandise. Only nine persons in the sample were non-Bamileke, but some significant ethnic differences emerged.

With regard to initial finance capital, all groups tended to rely in the first instance on their own savings. But for the financing of on-going activities, 63 per cent of the Bamileke had recourse to finance from a

credit union (*tontine*) as against only 11 per cent of the non-Bamileke. Only two traders in the whole sample sought finance from the formal banking system. For the Bamileke, this reflects a preference for informal finance, as access is simple for credit union members, even though loan terms may be more onerous than in the banks. The *tontines* are organized for the most part on the basis of kinship and ethnic identity, however, and work by excluding non-members.

Most traders have regular suppliers of merchandise. But there is a much greater tendency for these relationships to be based on ethnic affinities and common membership of a voluntary association amongst the Bamileke than amongst the non-Bamileke. Also, the practice of taking merchandise on credit, which allows engagement in commercial activity without much capital, is much more common amongst the Bamileke. It is through such preferential commercial relationships that non-Bamileke come to be excluded from spheres of trading, particularly wholesale trade.

The associational life of the Bamileke traders is more well developed than that of the non-Bamileke; the associations in which the Bamileke participate tend to be associations in which ethnic identity is a condition of membership; and whereas two-thirds of the Bamileke traders saved in associations in order to expand their commercial activities, only one-third of the non-Bamileke traders do so.

The size of the sample means that the patterns identified should be seen as tendencies. But it appears that the quasi-exclusion of non-Bamileke from commercial activity is founded on the superior ability of the Bamileke to mobilize savings through informal associations and the superior development of practices of ethnic solidarity in support of business expansion. Social exclusion is entrained in an indirect way owing to the inability of members of other ethnic groups to use or to master these procedures.

3. Associations

These findings were confirmed in the surveys of the 62 associations. The associations covered included ethnic associations, which were most numerous in the sample; professional associations; and religious and other associations (such as former pupils from the same school). About half the associations operate only at the regional level, and the majority of those with national representation tend to be ethnic associations. Three-quarters of the associations have savings as their main objective. For the Bamileke associations, these savings are oriented to commercial purposes, whilst for non-Bamileke associations, these savings are oriented towards educational

expenses. The professional associations aim to promote their profession and protect members, whilst religious associations are often interested in the instruction of their members. Solidarity is shown and enacted by almost all associations at times of funerals.

Ethnic associations have ethnic identity as a condition of membership, and sponsorship is also often necessary, acting as a guarantee that loans will be reimbursed. Professional associations are naturally open to those who practise the same profession. An important condition of membership of all associations, except the professional and religious ones, is participation in the assistance funds to which members have access in case of sickness and death.

From these facts it is apparent that the associations act as a kind of informal social security system for persons excluded from official networks and rights, and as a kind of parallel finance system to the official banks and post offices, which are unattractive to the majority and which have exclusionary administrative practices. In short, many associations support individuals excluded from several economic resources and certain social rights. These associations are the most effective system of social integration in the country. But, in regrouping the excluded, the associations also exclude. This exclusion is not always organized. Often, for example, associations were started in a particular locality and, as they grow, their solidaristic practices take on a more exclusionary character. However, it is significant that as they work on the one side to promote social integration they create, at the same time, on the other side, other categories of excluded persons.

IV. Conclusion

From the analysis it is apparent that the relationship between ethnic identity and social exclusion is very complex, with group solidarities both integrating individuals positively at the same time as they exclude them. The task of drawing policy conclusions from this evaluation remains to be made. But a significant feature which this study highlights is the importance of the capacity and the skills for creating and developing associations as a major asset to escape poverty, an asset which could, through supportive programmes, be more widely applied.

15 Social exclusion in respect of basic needs in India

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I. Introduction

Social exclusion is a process which restricts the access of certain social groups to valued resources and entitlements, relegating them to the status of social outsiders. It is a multi-dimensional concept, conceived to capture different forms of social disadvantage — economic, social, political and cultural — that persist, in multiple variants and with different intensity, across nations. Consequently, in its widest connotation, the concept encompasses theories of poverty, inequality, racial/ethnic cleavages, long-term unemployment and citizenship.

Every difference or distinction does not, however, imply exclusion. The extent to which differences produce exclusion depends on the permeability of social boundaries. Exclusion presupposes an active process of social distancing — covert or overt; it attributes agency to groups that closely guard their domain of privilege and profit from exclusion. Thus, social exclusion is a condition/outcome as well as a dynamic process. And the mechanisms of social discrimination vary from nation to nation, and over time. Moreover, the concept seeks to explain the condition of the social outsiders not in terms of their personal characteristics, but in relation to the prevalent economic, social and political conditions. In other words, they are not excluded because of their cumulative individual failings. There are no flatly incompetent people in all spheres. Rather, structural factors cause the reiterated losses whose sum is exclusion itself.

The concept needs to be contextually embedded. In the West, for example, the focus is on the inadequacies of the current welfare state in post-industrial societies and the corresponding changing nature of social disadvantage. Accordingly, the relevant focus groups are the “new social groups”, including the “new industrious poor”, “immigrants”, “ethnic groups”, and “single parents”, among others. By contrast, in the Indian context and in most developing poor nations, the problem is one of the persistent, chronic and multiple disadvantages of certain social groups in their inability to satisfy basic needs resulting in basic capability failures.

Consequently, the scope of the present study is confined to the extent and nature of exclusion from the satisfaction of basic needs and, more specifically, patterns of deprivation with regard to elementary education; health; water supply and sanitation; and social security. The motivation for focusing on basic needs arises from (a) the general acceptance of the notion that a civilized society in modern times has the obligation to ensure fulfilment of these needs for all segments of the population; and (b) the recognition that basic needs, even modestly conceived, are still not satisfied for an unconscionably large number of the people in the country.

Besides reviewing the policies designed to address exclusion in each of the selected basic needs areas, we present a brief overview of the general factors affecting access to basic entitlements and a critical assessment of India's socio-economic policies aimed at promoting inclusion in respect of these needs.

II. The approach of Indian plans to basic needs provision

That the removal of poverty, illiteracy and disease, and discrimination based on caste and community, must be among the central concerns of society, was widely accepted within and outside the Indian National Congress, even in the pre-independence days. These concerns were subsequently written into the Constitution of the Indian Republic as Directive Principles of State Policy. These Directive Principles enjoined the State to promote distribution and control of material resources to subserve the common good; to prevent concentration of wealth and the means of production which would be detrimental to popular welfare; to ensure a decent standard of living and, within the limits of economic capacity and development, to make effective provisions for the right to work, to education and public assistance in the case of unemployment, old age, sickness, disablement and in other cases of undeserved want; and to protect the interests of "backward classes". Whilst the Directive Principles, being non-justiciable, are not legally binding (as the Provisions on Fundamental rights are), they have shaped successive governments' development policy and the allocation of resources during the last five decades.

Broadly speaking, Indian plans have followed a four-pronged strategy in pursuit of the above broad aims. First, they have consistently seen sustained rapid growth and diversification of economic activity as a fundamental prerequisite to eliminate malnutrition, illiteracy, poor health and poor housing. Rapid growth increases employment and incomes all round, thereby progressively augmenting the ability of all classes to secure

their basic needs.

Second, while rising incomes resulting from the growth process are expected to make the mass of the people better able to afford education, health care and a better physical living environment, the State was seen to have the primary responsibility for providing universal elementary education, basic health services and protected water supply for all sections of the population. Accordingly, the government has invested substantial resources in creating the necessary physical infrastructure and in providing these services free of charge in many cases (and at highly subsidized rates in others) to all segments of the population.

Third, overall growth, while necessary to increase the ability of people to meet their basic needs, may not be sufficient in so far as it is not fast enough relative to population growth, nor sufficiently diffused in space and across social groups to ensure that all classes and regions automatically benefit more or less proportionately from the rising employment and incomes. Therefore, state intervention aimed specifically at stimulating development of relatively backward regions and segments of the population, and providing wage employment, has become an integral and increasingly important part of the plans.

Finally, there are interventions designed to tackle "exclusion" reflecting systematic differences between social groups in the opportunity to satisfy basic needs due to social and cultural factors. In the Indian context such differences exist on account of the institution of social hierarchy based on caste. Recognizing that certain castes, especially the "untouchables" and indigenous people (referred to in India as Scheduled Castes and Scheduled Tribes), suffer from the cumulative effects of systematic exclusion from land ownership, education, access to common sources of water, and various types of work, the Constitution mandated positive discrimination in their favour. This has resulted in reservation of specified proportions of membership in legislatures, public sector jobs and higher education for these groups, as well as development programmes and assistance meant specifically for their benefit. Though not mandatory, the scope of positive discrimination in public jobs and education have been extended to cover the "Other Backward Castes".

More generally, compulsions of electoral politics in a system based on an universal adult franchise, have gradually led to a situation in which all political parties find it necessary actively to woo the votes of the poor by promising to address their needs. This has increased the awareness among the Scheduled Castes, Scheduled Tribes, and "Other Backward Castes" of the potentials of the political process to secure benefits from the State. Political articulation of their concerns and interests, and their fight against

discrimination, has therefore become progressively stronger. The resulting sharpening of conflicts in society does increase pressures for reform to address the problem of social exclusion.

III. General achievements

These policies have yielded mixed results. In terms of overall growth, between 1950 and 1990 India's GDP has nearly quadrupled and per capita income has risen by about 70-75 per cent. The overall growth rate quickened appreciably during the mid-1970s and 1980s. Since this was also a period when the rate of population growth slowed down somewhat, per capita income growth also recorded a significant improvement. Nevertheless the fact remains that the pace of growth — in both aggregate and per capita terms — is low compared to the attainment of many other developing countries, especially in east and south-east Asia. Also, in absolute terms, India's per capita income remains low.

Evidence on distribution of income and inequality in living standards is patchy and somewhat contradictory. There is evidence of a trend towards greater concentration of land and other productive assets in agriculture and growing informalization of the economy — all of which suggest increased inequality. Inter-regional disparities in per capita output have also increased. However, the extent of inequality in consumption does not show any sustained or significant trend. Since per capita real consumption has risen, the proportion of the population below the generally-accepted poverty line has declined, especially in the last two decades. The extent of reduction in poverty incidence across different regions has, however, been quite uneven. Moreover, the fact remains that a sizeable portion of the population (some 40 per cent) still cannot afford the rather modestly-defined level of the minimum living standard.

We do not have data for assessing trends by socio-economic groups. But there are indications that, while the process of growth along with state intervention (especially affirmative action) has widened the access of disadvantaged groups to assets, public sector jobs and higher education, the extent of disparities between these and the rest of the community remains unacceptably large.

IV. Nutritional status

The improvement in per capita real consumption has led to little improvement in the overall intake of staple food grains or of calories and protein. Moreover, despite the reduction in overall incidence of poverty,

the proportion of people with less than the prescribed norm in 1987-88 is reported by the National Sample Survey to be higher than in 1977-78. In rural areas, the proportion of the population below the poverty line is estimated to have dropped from 58 per cent to 32 per cent between 1977-78 and 1987-88, whilst the proportion below the prescribed calorie norm rose from 58 per cent to 66 per cent. In urban areas, a similar pattern is found. The proportion living below the poverty line fell from 51 per cent to 21 per cent over the same ten-year period, whilst the proportion below the prescribed calorie norm rose from 49 per cent to 57 per cent.

Improvement in average calorie intake is much less than one might expect even with the modest increases in per capita real income during the past 20 years. In large part this seems to reflect shifts in consumption patterns from food to non-food items, from staple grains to subsidiary foods (like fruits and vegetables, oils and fat, milk, etc.), and from coarser grains (which have been and remain one of the cheapest sources of calories) to finer grains (which cost more per unit of calorie). The shift seems to be occurring in all classes, including the poor groups. Increases in income alone may not therefore automatically lead to the eradication of deficiencies in the consumption of basic food and perhaps other basic needs. The public distribution system, meant to provide basic needs at subsidized prices, has only a limited coverage and fails to ensure that the benefits accrue mainly to the poor, especially in rural areas.

Given that food intake of those on average income is well below the nutritionally satisfactory level, one would not expect significant improvements in nutritional status, especially among the poor. Better control of communicable disease, improvements in curative health services, availability of antibiotics and water supply may have contributed to more efficient use of food consumed. But their overall impact is rather modest and the impact on the poor even more so. Unfortunately, data necessary to assess the various manifestations of nutritional status (such as nature and intensity of activities, body weight and morbidity) for different socio-economic groups are either not available or inadequate.

V. Elementary education

Nearly half the Indian population is illiterate; about 45 per cent of the children in the age group 5-14 are not currently attending school; and nearly 44 per cent of rural children in the age group 6-11 have never enrolled in schools. These simple but starkly disconcerting statistics expose, perhaps only partly, the magnitude of persistent educational deprivation in the country. Indeed, the constitutional imperative of

universal elementary education notwithstanding, elementary schooling, in theory open to all, in practice remains inaccessible to a large section of disadvantaged social groups. This has long-term consequences. Children who are “drop-outs” from the educational system in the early years of their lives eventually grow up to become “social drop-outs”, unable to enter the mainstream of society and enjoy the status of full citizenship, and children of these families in turn tend to be educationally deprived.

There are systematic differences between socio-economic groups both in overall literacy and enrolment of children in elementary education, and multiple socio-economic handicaps converge to find cumulative expression in educational impoverishment. Females are in general more disadvantaged than males. Rural literacy and enrolment rates are everywhere lower than in urban areas; this disparity compounds the gender disparity. In 1986-87 nearly 55 per cent of the female children in the 6-11 age group in rural areas were reported to have never enrolled in schools, as against 23 per cent in urban areas. The comparable proportions for males were 35 per cent and 16 per cent, respectively. Disadvantaged social groups, especially Scheduled Castes and Scheduled Tribes (SCs/STs), are also educationally more deprived. Scheduled Caste literacy in 1981 was about half the level attained by non-SC/STs, and that of Scheduled Tribes was even lower. There is also a systematic relation between per capita income and educational participation. In 1986-87, for example, the poorest quintile households in rural India in terms of total monthly expenditure accounted for a third of non-enrolment in the 6-11 age group in school compared to a mere 5 per cent in the richest quintile. In sum, multiple forms of inequality — market inequality (poverty), status inequality (membership of a “backward” caste), gender, and spatial disparity — render certain social groups incapable of achieving freedom from illiteracy and innumeracy.

Policies aimed at limiting exclusionary outcomes in the field of education have effected some positive changes. Over the years, literacy rates have shown a rise for all categories of people. More encouraging still, relevant statistics point not only to a considerable improvement in the general situation of literacy and education, but also to a narrowing of disparities between rural and urban areas, between males and females, and between SCs/STs and other, “forward” communities. All this suggests that inter-group differences in the degree of educational disadvantage are diminishing. Alternatively, the incidence of disproportionate exclusion of vulnerable communities from educational assets is becoming less severe.

This modest progress notwithstanding, educational accomplishments of marginalized social groups in the country remain far from satisfactory. The forces that have worked to depress the pace of progress in combating

exclusion from basic education are complex and defy easy description. They range from strong social and economic disincentives to feeble political commitments and to wasteful use of already limited resources. In broad outline, three issues are relevant here: (a) *the timidity of effort* on the part of the state; (b) *the so-called lack of demand* for education among the excluded; and (c) *the political economy of public spending* on education.

While the Indian Constitution calls for compulsory elementary education, the State has not taken any legislative action to make elementary schooling compulsory. On the contrary, *persuasion* and not *compulsion* has been the primary policy strategy, relegating to the parents the ultimate right to either sell the labour of their children or to forgo such earning through children's schooling. Since the State has not been bold enough to impose a *duty* on parents, irrespective of their economic circumstances, to send their children to school, the already vulnerable social groups have been neither prodded, nor aided by legal instruments, to overcome the barriers to educational participation. It is hardly surprising that, in the absence of any legal compulsion, economic disincentives for children's schooling (which also involves substantial private expenditure) appear formidable to poor parents in perpetual need for extra income. Simply put, the State's failure to generate demand for education through legislative means has worked to reinforce, and not to weaken, the other formidable constraints yielding exclusionary outcomes.

One popular thesis about the "perception" of the excluded groups themselves needs mention in this respect. It is often argued that the educationally deprived groups do not strongly react to their exclusion and that it indicates their satisfaction with their current educational status. What this desire-based approach unfortunately ignores is the fact that the deprived frequently adjust their aspirations to the low level of life they have known. The absence of any information or idea of an alternative way of life, compounded by cultural disincentives, prevents formation of the desire for education.

Finally, the pattern of public spending on education has further worked to limit the scope of educational participation for the poorer sections. On the whole, inter-ectoral allocation of the educational budget has been disproportionately favourable to higher education at the expense of elementary education. Given that the beneficiaries of higher education are primarily upper-income families, more investment in higher education at the cost of elementary education has had regressive redistributive effects, which in turn have further jeopardized the chances of excluded groups to enter the world of education. Only recently are possibilities being explored to expand the level of expenditure on elementary education by economizing

on wasteful investments in some branches of higher education. Policies designed to promote vigorous expansion of elementary education will undoubtedly make a significant contribution by quickening the pace of inclusion of the social outsiders.

VI. Basic health care

The overall health policy has focused on eradicating communicable diseases, improving water supply and sanitation, and providing a network of health centres easily accessible to the people, especially in rural areas. There has been an impressive growth and coverage of health-care facilities. But rural locations remain much poorer compared to the urban locations. This is evident from the fact that about 30 per cent of the registered doctors, 42 per cent of the hospitals and dispensaries and 18 per cent of hospital and dispensary beds in the country serve about 75 per cent of its population that lives in rural areas. The overall indicators of health status are still low, and there are wide disparities between classes and regions. There is still a long way to go in providing adequate basic health care for all.

Mortality rates (infant and crude death rates) are higher in rural areas than in towns. While females have a higher life expectancy at birth, rural infant and child mortality rates are much higher for females than for males. Inadequate allocations for nutritional and medical care for female offspring, and social factors leading to female infanticide may be responsible for this.

We have little data on mortality levels by income or social group and nothing on trends. It is, however, reasonable to suppose that the reduction in mortality due to control of communicable diseases has benefited all classes, including the poor and disadvantaged social groups like the Scheduled Castes and Scheduled Tribes.

Estimates from the National Sample Survey (NSS) indicate that the incidence of morbidity is higher in rural than urban areas, but a smaller proportion of ailments result in treatment and hospitalization. About 82 per cent of all reported ailments in rural areas and 89 per cent in urban areas are treated (without hospitalization); at the same time, one in every 29 ailments in rural areas and one in 24 in urban centres receives in-patient treatment.

The poor, which includes the socially disadvantaged, less educated groups, resort to government rather than non-government hospitals much more than others. Poverty prevents people from attending to their ailments as fully as the well-to-do and (where hospitalization is involved) makes them use relatively less expensive sources of care. And yet, relative to their resources, the burden of health care is higher for the poorest quintile

compared to the richest quintile. Rural groups spend a higher proportion of their monthly per capita income on treatment of illnesses compared to urban groups, and this burden of expenditure is higher for lower-income groups in both rural and urban India. The per capita financial expenditure on medical treatment in a year (for both hospitalized and non-hospitalized cases) in rural areas is on average about one-and-a-half times the urban, and as a proportion of total annual per capita expenditure, the rural figure (5.96) is two-and-a-half times the urban (2.29).

In sum, the rural Indian population in general and the low-income (expenditure) groups are at a definite disadvantage regarding access to curative health care facilities. This differential access to health care and the attendant economic burden has to be viewed in conjunction with the fact that the economically and socially disadvantaged groups are also poorly placed in terms of food intake, access to safe drinking water and sanitation, all of which have a bearing on health status. The marked preference for non-governmental sources of outpatient treatment and the relatively high economic burden of health care in rural areas and for the poor suggest that government policies in respect of health care have not quite accomplished their goals.

Improvement in the efficacy of basic health care must necessarily be the responsibility of the State. Inadequacies are only partly the result of shortage of funds. A great deal can and should be done to ensure that staff are in position to attend to their duties. There is also considerable room for better targeting of subsidies to the really disadvantaged sections; better financing of health care delivery mechanisms that would bring down "transaction" costs for users; and reallocation of budget provisions so as to remove subsidies from medical education, high cost tertiary care and so on to provide more resources for cost-effective basic health care.

VII. Access to housing, water supply and sanitation

Exclusion of disadvantaged groups from the Indian mainstream is most apparent in respect of housing. The proliferation of squatter settlements and slums in all the major urban centres of India and the segregated settlements of the Scheduled Caste/Scheduled Tribe populations of rural India are a visible reminder of their physical exclusion. Ironically, government policies and programmes have accepted the status-quo, namely, physical exclusion or clustering of the poor in separate settlements both in urban and rural areas. Since housing is largely a private sector activity, government policies have been restricted to a large extent to providing tenure, services, etc. Despite vigorous efforts by the National

Campaign for Housing Rights, de facto government policies have not been able to guarantee decent housing as a "social right". Data collected by the National Sample Survey and others only serve to confirm the depressing state of affairs in this sector. Thirty-nine per cent of rural households and 11 per cent of urban households live in temporary structures — much of it in poor condition and unsuitable protection against rain, wind, etc., and 89 per cent of rural households and 31 per cent of urban households lack latrine facilities. Inadequate waste disposal facilities contribute to communicable diseases. Seventy-two per cent of households in urban areas supposedly have access to safe drinking water, but in rural areas the proportion is less than half.

The recent outbreak of plague in the city of Surat, and the numerous epidemics of water-borne diseases such as cholera, gastro-enteritis, malaria, in the major metropolitan centres of India soon after the monsoon, clearly indicate the unsatisfactory state of affairs with regard to urban water supply and sanitation. The largest casualties are those who live in the shanty towns and squatter settlements. The poor are also the most vulnerable to industrial accidents, as was evident in the Bhopal gas disaster.

Why does such exclusion take place? In rural areas, caste-based *discrimination* is an explanatory variable. There is not only segregation in housing, but also in terms of access to water supply. In many villages, the Scheduled Castes have separate water supply sources; while in villages where water is shared, they must either have the water poured out for them or draw water at different times of the day. Despite various attempts to end the sickening practice of "scavenging", it is carried on in many villages and towns because those involved in this occupation have no other means of livelihood.

In urban areas, the poor are priced out of the land and housing markets. Since the settlements are often "illegal", they are not provided with services such as water supply, sanitation and garbage disposal. Urban development programmes, such as slum upgrading, accept the physical clustering (except in hazardous areas), but seek to provide better services.

Despite all these shortcomings, these excluded groups have used various survival strategies. The Indian political system confers one major benefit to all, namely, the right to vote. The urban poor in particular have used this right to extract some benefits for themselves — land tenure, food, and some urban services. The Scheduled Caste population of rural areas has tended to migrate to urban areas not only in search of employment, but because they can merge into the urban "melting pot" and thereby avoid overt exclusion. But their poor economic status may still exclude them from full participation in the benefits that urban areas provide.

VIII. Social security

India has built up a formal social security system in a series of phases. The earliest legislation was the Fatal Accidents Act of 1885 which, having proved ineffective, was replaced in 1923 by the Workmen's Compensation Act. A Maternity Benefit Act was pioneered by the State of Bombay in 1929 and was followed by similar legislation in a number of major states in the 1930s and 1940s. It was only in 1961, however, that a Central Maternity Benefit Act was enacted. Health insurance was introduced in 1948 through the Employees State Insurance (ESI) Act. Along with institutionalized medical care, the ESI provides sickness, maternity, disability and employment injury benefits. The Employers Provident Fund Act was passed in 1952 and was supplemented in 1978 with a family pension scheme and in 1976 with insurance linked to deposits in the Fund. The Payment of Gratuity Act 1972 provided supplementary retirement benefits.

These schemes have been legislated in accordance with ILO recommendations and are confined to the "organized sector", that is, public services (in government, public enterprise, local authorities and quasi-government bodies) and non-agricultural establishments in the private sector employing 10 or more persons. Employees in this sector comprise not even 10 per cent of the total labour force and, even within the organized sector, public employees are much better placed in access to social security and levels of benefits than workers in the private sector. However, there has been no serious policy approach for social security provision to the unorganized sector of the workforce, the unemployed and the unemployable (such as the old and the handicapped). The size of the excluded population (well over 90 per cent of the population) makes this inexcusable while the daunting magnitude and complexity of the problem also in part explain the policy blindness. While there has been no nationwide approach in terms of policy or programmes for extending social security to unorganized workers, or more widely to poor households, in practice a patchwork of schemes which provide different types of social security entitlements to the poor have come into being at the national and state levels. They can be grouped into: (a) insurance schemes; (b) promotional schemes which seek to prevent or ameliorate contingencies requiring relief; and (c) specific protective schemes.

The most direct form of social security available to the poor consists of social assistance schemes implemented by state governments. The most important of them are old-age pensions for the "destitute" poor. In addition to general old age pension schemes, many states have more liberal schemes for agricultural labourers who are likely to be the poorest among the

elderly. Pensions have also been provided to widows and to the physically handicapped constituting forms of survivor and disability benefits. Some states provide survivor, disability and employment injury benefits to families or victims involved in specified high-hazard occupations. There is wide variation in the coverage, benefits and eligibility conditions among the States and also in implementation efficiency, take-up, and levels of budgetary expenditures.

Table 1 (p. 250) summarizes the gross availability of standard social security entitlements to various segments of the population in India. It clearly brings out that a very large proportion of the population is excluded from most benefits and that social security provision is extremely skewed towards a small class of the workforce, with public employees being the most advantaged. As far as social security is concerned, exclusion thus is the rule rather than an exception.

At a second and further level, exclusion arises from several other factors, administrative and otherwise. While the actual degree or magnitude of such exclusion in effective access is difficult to quantify, available evidence from scattered studies indicates that it can be quite serious.

To sum up, a very large proportion of the Indian population consisting of workers in the unorganized sector, the unemployed and the unemployable is excluded from social security. The characteristics of the Indian labourmarket and financial and administrative constraints would make it unfeasible for the formal social security model to be extended to them. However, a sizeable dent on exclusion can be made through a combination of promotional measures, the insurance market and social assistance. The financial cost of a reasonable social assistance package is entirely affordable and sustainable in budgetary terms. Since the excluded are politically powerless and the establishment is elite-oriented, sustained and reasoned advocacy at the national and international levels will be important in breaking the barriers to exclusion.

IX. Conclusion

To sum up, despite progress over the past five decades, a sizeable segment of the Indian population continues to be experience basic needs deprivation. Some segments of the population are more deprived than others. The factors contributing to exclusion from basic needs range from inadequate private incomes on the one hand, to socially constructed barriers on the other. Among others, income level and caste status appear to be the two most important factors in determining the ability of social groups to achieve a certain basic standard of living. What is more, the

caste factor and income factor are correlated to a considerable extent: groups with low caste status typically belong to low-income groups and, on that account, become doubly excluded from social rights of citizens. While the relationship between private income or caste position and the quality of life is quite strong, it is not immutable. For example, the nutritional or educational status of a child is not just a question of household income, but also one of consumption patterns, intra-family distribution of resources and parental education.

The State has played an active role in ensuring wider basic needs satisfaction and mitigating exclusions by measures to promote general development, taking responsibility for providing basic social services, and trying to correct social and political discrimination in access to such services. These policies have undoubtedly contributed to making basic needs more easily accessible to the disadvantaged groups. But significant disparities remain.

The current policy reforms of the Indian government are aimed at unshackling the economy's growth potential. More rapid growth, it is claimed, will make it easier to provide basic needs to everyone. But there are legitimate fears that public provisioning of basic social services, affirmative action and targeted poverty alleviation programmes will bear the brunt of the squeeze on public expenditure. There are, of course, possibilities for getting more from current spending by enforcing greater accountability in the working of public agencies, by reallocation of resources in favour of basic needs programmes, and by rationalizing the disposition and use of poverty alleviation programmes. But even though these aspects should receive much greater attention than at present, the disparities in coverage and quality are so large that the level of allocations for basic services and a minimal social security to the vulnerable poor will need to be increased. Ensuring this should be a matter of high priority in the reform process.

Table 1: Gross availability of social security in India

Contingency	Public employees	Workers in private sector to whom social security legislation is applicable	The general poor
1. Medical care	Free treatment in government hospitals; reimbursement of treatment costs and drug costs	Treatment costs and drugs costs under ESI	Treatment in public hospitals
2. Sickness benefit	Medical leave on full pay	Sickness leave under ESI	Nil
3. Maternity benefit	Maternity leave on full pay	Maternity benefits under ESI or under Maternity Benefits Act	Social assistance schemes for maternity assistance in certain states
4. Unemployment benefit	Retrenchment benefits under National Renewal Fund for employees of public sector enterprises	Retrenchment benefits under Industrial Disputes Act	Public employment generation schemes limited schemes in certain states for educated unemployed
5. Employment injury	Ex-gratia relief	Benefits under ESI or under Workmen's Compensation Act	Social assistance from welfare funds for those engaged in hazardous occupations in certain states
6. Invalidity benefit	Ex-gratia relief	Benefits under ESI or under Workmen's Compensation Act	Pensions for physically handicapped in certain states
7. Old-age benefit	Pension and gratuity or contributory provident fund and gratuity	Payments under EPF and under Payment of Gratuity Act	Old-age pensions provided by state governments for the destitute poor
8. Survivor benefit	Subsidized group insurance for death while in service; family pensions in the case of death after retirement	Deposit-linked insurance and family pensions under EPF	Subsidized life insurance and accident insurance to the extent available; survivor benefit and accident relief schemes in certain states; pensions for widows in the states; compensation under the Motor Vehicles Act

***Part III:
Policy issues***

16 *The design of policy against exclusion*

*Gerry Rodgers*¹

Policies intended to prevent, reduce or eliminate social exclusion cover a lot of ground, because of the different conditions under which exclusion occurs, because of the variety of sources and patterns of exclusion, and because of the diverse ways in which the problem can be approached. However, as noted above, the concept of social exclusion has been relatively little used in low-income settings and, as a result, this terminology is rarely found in policy debates. Instead, the main relevant policy issues come up in the context of strategies against poverty, affirmative action for vulnerable groups, provision of public goods, employment creation programmes, social security and the like. Most of these would have a place in a comprehensive strategy against social exclusion. But because they are not explicitly designed to overcome social exclusion, such policy measures are rarely integrated into a coherent framework. Moreover, they generally fail to address the specificities of the issue of exclusion, particularly its multidisciplinary, and its focus on agency and process.

In order to reflect on the design of policy against exclusion, then, it is preferable to start not from conventional policies against poverty in low-income settings, but by examining some of the experiences in industrialized countries where eliminating or preventing exclusion has been an explicit objective. While such policies have been implemented in many settings, it is in France that the vocabulary of exclusion has been used the longest in the design of policy; the ideas have now spread more widely in the European Community. Below we summarize some of the more prominent policies of this type and discuss the role of different social actors in their implementation, before returning to the issue of similar policies in low-income settings.

¹ This paper regroups parts of a paper prepared by Gerry Rodgers [1994], including contributions by José B. de Figueiredo, Charles Gore, Frédéric Lapeyre and Hilary Silver. But many other project participants, who are undertaking empirical studies in countries around the world, have contributed directly or indirectly to this work.

Throughout the discussion reference will be made to different ways of understanding exclusion, which in turn lead action against exclusion in quite different directions. These approaches are founded, as Silver (Ch. 2) argues, on different ways of thinking about the structure of society and the relationship between citizens and the State. The most important ways may be labelled “solidarity”, “specialization”, “monopoly” (the three mainstream paradigms according to Silver), and “organic”. A *solidarity* model sees society as a “moral community” with a core of shared values and rights and interprets exclusion as a breaking of the social tie, a failure of the relationship between the society and the individual. The *specialization* model sees exclusion as resulting from individual behaviours and exchanges. Individuals may exclude themselves by their choices, may be excluded because of patterns of interests or contractual relationships among other actors, or their exclusion may occur as a result of discrimination, of market failures or of unenforced rights. The *monopoly* model views society as hierarchical, with different groups controlling resources. Insiders protect their domains from outsiders, constructing barriers and restricting access to occupations, to cultural resources, to goods and services. *Organic* notions of society, which take a variety of forms, see society as composed of groups, which may be functional, regional or ethnic in character. Exclusion in such systems arises where not all groups are players in the game, where political or economic power becomes concentrated, and when individuals are not well integrated into the mainstream groups around which society is constructed.

1. Policy experiences in Europe: The interventions

1. Labour market interventions

Long-term unemployment is at the centre of the debate over exclusion in Europe. The expression *chômage d'exclusion* captures this well. The problem is the risk that those who lose their jobs enter a spiral of cumulative exclusion. The labour market provides not only income but also the social and symbolic values which tie the individual to society. The longer unemployment persists, the more these values are put at risk.

As a result, much of the action against exclusion has been specifically aimed at the unemployed. The most obvious way to reintegrate the unemployed, of course, is to create jobs, but European economies have been increasingly unable to do this. Moreover, the variety of State job-creating programmes that have been put into effect, for instance of the public works variety, have either (a) created new forms of precarious labour market insertion, because they do not offer long-term employment possibilities, or

(b) as a French report puts it, “experience shows that all the specific measures for employment created in recent years for the most disadvantaged population groups have tended to mainly benefit the less poor among the poor, or even the non-poor” [DRTE, 1993]. However, there are important and successful experiences in this domain. A recent report by the *Centre d’Etudes de l’Emploi* in France, discussing a form of job creation for the unemployed called *contrats emploi-solidarité*, concluded that a million people had benefited over three years, and that while the jobs created were temporary they helped many people back into the labour market.

If the total number of jobs in the economy is not increased, then for every unemployed person who finds a job another person loses one. This is clearly a severe constraint on policies aimed at “integrating” the unemployed without a corresponding macro-economic policy. Nevertheless, several approaches to overcoming labour market exclusion have developed in recent years, with mixed success.

First, there are policies which increase the capacity of the unemployed to organize and to participate in society. An example is the proposal from the *French Commissariat au Plan* to offer a *chèque associatif ou syndical* to the unemployed [de Foucauld, 1992] — a sum of money which they spend on membership in the organization of their choice. Another is the “Unemployed Centres” which have been created by the Trade Union Congress in the United Kingdom. These centres provide advice, legal aid and information to the unemployed and access to the trade union movement, and they constitute an active political lobby. A “European Network of the Unemployed” has been formed in order to distribute information and lobby on behalf of the unemployed. Note the difference in approach — the *chèque syndical* linking the unemployed to mainstream organizations in a republican fashion, the unemployed centres helping the unemployed to defend their interests with an underlying monopoly paradigm.

Second, there are broader State policies aimed at labour market insertion. Of course, employment exchanges play this role. In the specialization paradigm this is sufficient, but it is generally agreed that more active programmes are required. Many such programmes can be enumerated. They include the development of new types of service enterprises, financial incentives to enterprises to recruit among the long-term unemployed, improvement of the management of the low-skill labour market where many of the excluded can hope to find work (this is often regarded as a low-skill job in national employment services), *stages d’insertion* (which includes temporary employment intended to generate contact between the unemployed and potential employers), and other such detailed policies. Labour market policies dealing with the particular needs

of women — child care, maternity leave, return to the labour market after child-bearing — are also important in preventing exclusion. There are also policies aimed at promoting self-employment, through the development of appropriate skills and access to credit, information and markets (e.g. the *Association pour le droit à l'initiative économique*) [Yépez, 1994]. A detailed analysis of labour market integration policies by the French *Commissariat général au Plan* concluded that on the whole the results were disappointing [CGP, 1993]. The main problem with most of these programmes is not their content or their intentions, but the fact that they create labour market opportunities in the thousands or tens of thousands, when the problems are in the millions.

Third, many other labour market interventions may be designed to prevent unemployment and exclusion, by discouraging lay-offs, supporting labour-intensive forms of production, developing work-sharing and other new work formulae, developing coordination between employers and employees.

But the problem of unemployment is not the only facet of labour market exclusion. Exclusion within the labour market arises out of the dualization or segmentation of the market, the growth of a range of precarious or unprotected jobs. There is a distinct risk that policies to reintegrate the unemployed aggravate this phenomenon, overcoming exclusion from the labour market by increasing exclusion within it (a problem highlighted by the French *Commissariat au Plan*). Diametrically opposed policies are suggested by the different paradigms of exclusion: the monopoly paradigm suggests a need for the effective extension of regulation, the specialization paradigm the abandonment of regulation, the solidarity and organicist paradigms the building up of institutions to establish partnership and concertation.

2. Raising capabilities

Among labour market interventions against exclusion, those designed to increase capabilities are sufficiently important to be treated separately.

Training programmes invariably form part of policies against exclusion. They may be simply part of the regular programme of support for the unemployed, or may be specifically designed to overcome exclusion, as in the experimental programme in France, *Contre l'exclusion, une qualification*. The latter attempted to deal with the tendency for the excluded to participate less in training programmes, and benefit less from them when they participate. This involved the development of particular institutional mechanisms (especially the active support of a range of social actors),

attention to the design of courses (and their alternation with work), career advisory services and, above all, an active involvement of representatives of excluded groups in the overall design of the programme. Although small, this programme has shown considerable promise. But it required much time and intensive efforts.

The general problem with using training against exclusion lies in demonstrating that these programmes do actually lead to labour market reinsertion when there are no jobs to be had. In the United Kingdom, the phenomenon of permanent training, simply to keep the unemployed out of the statistics, has been widely noted. The excluded drop out of such schemes when they realize that they lead nowhere. In France, there is a long experience in State support to training within enterprises in internships of one sort or another. The danger here is that such schemes end up merely providing enterprises with cheap labour in precarious jobs.

It can be argued that the basic problem is less one of training than one of education. Exclusion often has its roots in the educational system, and behind this in the problems faced by some households (single parent households with poor resources, households with strong conflicts between members, households with members subject to ill-health or to drug or alcohol abuse, etc.) which affect school attendance and learning ability. A strong case can be made that action against exclusion needs to be concentrated here, with direct attention to the situations which exclude from schooling. Where unemployment is high and expectations of income earning at the end of regular schooling limited, attention to the groups concerned — youths in their teens — is particularly important. These situations, neglected in the specialization paradigm, would be interpreted in terms of mobilization and the building of social relationships and networks in the monopoly and solidarity paradigms.

3. Social security, social assistance and social integration

Traditional social assistance is aimed at providing a safety net for those unable to obtain a decent income through the labour market, while social security covers health risks and old age and provides for particular vulnerabilities (including, of course, unemployment). On the whole, such policies have been regarded as a complement to or a substitute for social integration policies, and attempts to promote the extension of social security systems to provide a “citizenship” or “basic” income to all are based on the same logic. There is, however, at least one exception — a programme in France aimed specifically at linking the provision of basic income support to a more systematic mechanism for social and economic

integration. This is the *revenu minimum d'insertion* (minimum income for integration – RMI), which merits some discussion.

The adoption of the RMI in December 1988 was a very important step in the design of policies to promote social integration. The fundamental goal of the law was to link the right to the satisfaction of basic needs with the aspiration for social and professional insertion. The RMI in part responded to the growth of “new” poverty, and in particular to the perception that groups were emerging which were not covered by existing social services and thus were excluded from the social security net. While the population benefiting from the RMI is very heterogeneous, it is generally an underprivileged population which is characterized by low income, low educational level and unemployment. However, if the decision-makers were aiming at a target group consisting of the marginalized population living in the “fourth world”, it appears that most of the RMI recipients do not belong to this group; they are mostly young and isolated individuals, who have suffered schooling failures and who are looking for a job.

The RMI combines an income allowance with an “insertion contract”. While the income provided is low (an average of FF 1,800 per month per individual), it allows recipients to satisfy some basic needs. Moreover, the regularity and the stability of this income permits longer-term planning by recipients and so gives them a chance of social insertion. Through the RMI, individuals regain their dignity and are stimulated to undertake actions aimed at their social insertion. Several means for insertion are proposed: (i) actions aimed to help recipients to develop their social autonomy — shelter, health, education, culture; (ii) training oriented to professional insertion; (iii) a period of instruction in enterprises through, for example, *emploi-solidarité* contracts; and (iv) collective interest activities in public administration or NGOs. The “insertion contract” is the main innovation; signed by the individual and the administration, it is, from an individual point of view, the formalized means to guarantee the link between income allocation and the actions for integration to be undertaken by the individual and the State. Without this fundamental goal of integration, the RMI would just be a new mechanism leading to a classic assistance relationship between the recipients and the State. But by establishing a linkage between the rights to basic needs satisfaction and to social insertion, the RMI is a revolution with regard to social aid which opens up a new route to fight exclusion.

The RMI has clearly played a major role in French social policy. In recent years, between 500,000 and 1 million persons were receiving this allocation at any point in time, and while there is of course a stigma

attached to the RMI its income support role has been undeniable. The "integration" aspect has been somewhat less convincing. While substantial numbers of RMI receivers have found their way into the regular labour market, success is biased towards the young and the better educated. Many RMI receivers do not have a meaningful "integration" contract, especially those over 40. The RMI has a tendency to create a limbo between inclusion and exclusion, but cannot overcome the fundamentally poor labour market prospects in the present-day French economy.

4. Territorial approaches

Given the wide-ranging nature of social exclusion, cross-sectoral and interdisciplinary approaches appear to be important. One route is the RMI. Another is to use the geographical zone as the basis for action against exclusion, trying to build up coherent strategies at the level of the locality or the community. The idea is that particular urban slum areas, or deprived regions, require broad-based action on economic, social and infrastructural fronts. This is, of course, a very solidaristic notion.

Yépez [1994] reviews a number of experiences of policy against exclusion which are based upon deprived areas and zones. She argues that such policies are more readily cross-sectoral, make it easier to take account of infrastructural needs (e.g. educational facilities), and can more readily stimulate collective initiatives. The components of such initiatives include local labour market policies of the type discussed above, the provision of public infrastructure (schools, roads) and community services, the development of community activities, the development of incentives for enterprises, shops and agencies to start activities in the zone, improvements in housing and the like. What is important is the institutional base of such initiatives, involving partnership and cooperation between the central government and local administrations, local associations, trade unions, enterprises and various other non-government bodies. The local nature of the initiative makes it easier to build the networks of personal relationships between the actors which such coordination requires.

Yépez reports on an experience in Charleroi in Belgium. The main source of exclusion was the decline in the heavy industries on which local economic activity was based. Some 60 local associations developed a range of projects for housing, occupational reinsertion, cultural development, and other domains with national State funding support. These programmes appear to have some impact, but in the job market the effects were estimated at 100 to 120 jobs per year, while local unemployment stood at 62,000. It also has to be pointed out that, if local areas compete with each

other to attract enterprises, the net job creation in the economy as a whole is overestimated by local estimates.

5. *The legislative route*

Whatever the paradigm, the legislative route is valid. Even in the specialization paradigm, equal opportunities legislation controls any tendency for discrimination to emerge. Indeed, in the specialization paradigm, legislation to control the excesses of individual behaviour (when they threaten the rights of others) is the only accepted form of intervention. However, in practice, legislation alone is rarely enough; social legislation is difficult to implement and enforce, and affirmative action in favour of vulnerable groups is invariably needed to counter the effects of past discrimination. The French Commission on Social Cohesion noted the limits to the possibility of action through legislation alone, and argued strongly in favour of forms of partnership.

But the reference point provided by legislation offers essential support for more direct forms of action. This is as true for legislation aimed at protecting workers, of the type discussed below in relation to ILO action, as it is of more general legislation designed to prevent racial or gender discrimination. The need for such legislation is generally accepted, and has not emerged as a result of a growing perception of economic exclusion. But the design of legislation to provide social rights and, above all, the strategy for giving effect to such legislation, fits logically into more general strategies against exclusion.

II. *Policy experiences in Europe: The actors*

Policy analysis is not merely a question of the State intervening in the public interest, but involves a wide range of social actors.

1. *Trade unions*

Trade unions are widely concerned about exclusion. Much exclusion is in direct contradiction with the rights of workers, and the fight against unemployment is, of course, central to trade union action. There is therefore little need to convince trade unionists of the importance of the question. The problem, however, is that the excluded are often excluded from the labour market and from effective representation in the trade union movement. It is often argued that for this reason trade unions cannot fully defend the rights of the excluded. They tend to focus on the needs of their members, who on the whole are in work. This leads to a stress on defending

the rights and preventing the exclusion of those in work, rather than on finding new routes into the labour market for those who are excluded.

This being said, in Europe a very wide range of actions against exclusion has been undertaken by unions, on their own or in co-operation with others. The *Confédération française démocratique du travail* (CFDT) in France, for instance, has been active in local level policies of the type discussed under the territorial heading above, both within and beyond the labour market. Yépez [1994] describes several actions of this type. The European Trade Union Confederation has reported diverse trade union actions in the countries of the European Community, involving demands for minority rights and campaigns against racism, development of capabilities (training gets high priority), institutional development, development of "insertion enterprises" which help the excluded back into the labour force, and participation in local development. They also aim at a wide range of target groups, including women workers, youth, and a variety of specific vulnerable groups ranging from seasonal workers to drug abusers. Trade union action often falls within a monopoly paradigm, but there is a strong current aiming at solidarity with the State and other social actors, and corporatist mechanisms involving trade union participation are widespread.

The advantage of trade unions would appear to be that they are solidly implanted at the local level but, through their federations, they also have a powerful influence at the national level although this is, of course, contested in countries where the specialization model dominates such as the United States and the United Kingdom. Their main disadvantage would appear to lie in situations where the interests of those in regular work are at variance with those of the excluded.

2. Enterprises

The employment and income aspects of social integration necessarily involve enterprises. In discussing the role of enterprises in exclusion policy, the French Commission on Social Cohesion and the Prevention of Exclusion highlighted two views: one in which firms will necessarily try to "export" the social costs of their activities — virtuous behaviour by firms then requires external compulsion; and a second (supported by a majority of the Commission) in which firms can be mobilized because participation in policies against exclusion is in their own self-interest, provided the appropriate institutional framework can be provided. We can recognize "monopoly" in the first of these and "solidarity" in the second. In fact, casual observation strongly suggests that both types of behaviour are very widespread, and that this depends on a range of factors: the

intensity of competition, the moral values of the owners or managers of the firm, the nature of the labour force, the degree of local integration, no doubt the type of production process as well since some forms of production require workplace consensus and concertation whereas others appear to function efficiently with intense labour coercion.

Although some enterprises have been specifically created to provide a mechanism for labour market access for the excluded, the more typical and more important issue concerns how normal enterprises behave, faced with choices in terms of who to employ, and what options to provide them at the workplace. Within a solidarity model, it seems normal that enterprises should participate in a partnership between different actors, and should have a direct and active role in social policy. In 1992, in France a manifesto was prepared, entitled "enterprises against exclusion". This manifesto, initially signed by some 30 employers from large French firms,² identified a number of actions that enterprises could undertake: avoid unstable and precarious employment; take social criteria into account in recruitment (bias recruitment towards groups at risk of exclusion); if necessary undertake complementary training; ensure that unskilled workers can participate fully in the life of the enterprise; contribute to the social insertion of employees; contribute to community development activities in the areas where the firm is implanted. The European Commission has documented many cases where firms have successfully undertaken actions of this sort.

There are also many actions which the State and other actors can undertake to promote such attitudes among employers. A wide range of incentives in tax and social security payments can be devised; rules for collective bargaining may be relevant; human resource development activities may be particularly important, because of the direct interest of firms in the skills of their workforce. Agreed standards, along the lines of those governing conditions of work, may also be applied to actions and orientations aimed at social integration.

A particularly difficult area involves small and medium enterprises. Many such enterprises operate on the basis of local or family solidarity, but building their actions into wider coalitions seems difficult. At the other extreme, international firms with mobile capital may have little interest in local development, and merely wish to exploit local resources, including human resources. And in countries where there is less of a tradition of the

² Apparently other firms joined this movement subsequently. No details are available at the time of writing.

socially conscious enterprise, such as the United Kingdom, a considerable educational effort may be required. But the situation does not seem hopeless.

3. *Associations, interest groups and other non-governmental organizations*

Beyond the ILO's traditional partners there is a wide range of associations and organizations active in the fight against poverty and exclusion. These include broad-based groups such as *ATD Quart Monde*, Emmaüs International or the European Anti-poverty Network; focused groups such as Shelter acting against homelessness; bodies whose existence has another purpose but which undertake important social activities — particularly religious and political groups; and many local associations and community groups. Often such groups are much more effective actors at the local level than are official national organizations or State bodies, because they are built up from the local community, which is better represented and participates directly in the actions concerned. This is, for instance, the logic behind the action of *ATD Quart Monde*. One finds similar notions behind popular economic organizations in Chile [Quiñones Escobar, 1993] and elsewhere. Such groups are also prominent in debates and in the raising of public consciousness. On the other hand, they rarely have the resources needed for a major impact at the national level, and their action can rarely be carried out directly contrary to major economic interests, nor is it easy for them to construct sustainable institutional structures to maintain any social gains after a particular action is completed.

Despite their weaknesses, it seems to be vital for groups of this sort to be at the core of action against exclusion, for it is through this type of structure that the excluded can most effectively organize and present their demands. After all, virtually by definition, the excluded do not participate effectively in the mainstream organizations of society.

4. *The State*

Despite the pressure to roll back the frontiers of the State, it is obvious that the State has to play a major role in actions against exclusion. The various policy options outlined above often involve other social actors as well, but few are likely to go very far without the commitment and participation of the State.

A first point, however, is to assess the extent to which the State is responsible for exclusion, notably in its own employment policies. A recent tendency in many industrialized countries has been for the State to colla-

borate in the creation of precarious employment conditions in privatized services linked to State activity (cleaning is the classic example). More fundamentally, State actions may tend to create sheltered groups among the population, contributing to the dualization of society. Unless the State has the capability to regulate the society as a whole, it becomes the instrument of a part of society which is able to ensure that the rules are enforced in their interest, but possibly against the interest of others.

Governments are heavy, fragmented and bureaucratic. The French Commission on Social Cohesion devotes a great deal of attention to the restructuring of the State with a view to making it a more effective actor against exclusion. In particular, effective action against exclusion requires coordinated cross-sectoral interventions. In most countries, this is difficult to achieve because of the territorial claims of different ministries. Often training, social security, macro-economic policy, education, labour market interventions and urban infrastructure, all important elements in the design of policy against exclusion, will be spread across four or five ministries. And the financial decisions are taken elsewhere. So the institutional structure of the State has to be reconsidered, innovations are required in the way in which domains of activity are defined and in the ways in which partnerships are created between different State agencies. This also applies to the division of labour within the State between centre and local activities, and to the rules governing contractual relationships between the State and other actors at the local level. The vision which the Commission proposes is one in which the State is active in implementing policy but also acts as the guarantor of social cohesion, the referee of the game in which other actors also participate.

5. *The institutions for dialogue and action*

Implicit in much of the foregoing is the idea that coalitions of social actors are likely to be much more effective than individual interests operating alone. This is clearly a corporatist vision, based on the idea that the interests of different social groups are different and potentially in conflict, but that accommodation can be reached. But, even in the specialization model, one important means of overcoming exclusion clearly lies in the institutional mechanisms by which societies control the adverse side-effects of the pursuit of self-interest. Regardless of the paradigm of social integration, the institutional structures within which actors operate are central to the effective implementation of policy against exclusion.

The European Commission's Poverty 3 Programme, involving pilot actions at local level in different countries of the European Community, is

an example of an attempt to systematically build up programmes involving the cooperation of several actors, bringing in partners from both public and private sectors [EC, 1991]. This sort of approach is easiest in a "territorial" framework, where enterprises, unions, State bodies and local associations and solidarity associations can work on different aspects of exclusion in a coordinated framework, e.g. in deprived urban zones. But the European Commission's programme also illustrates the political difficulties of working with local actors, for the follow-up programme (Poverty 4) now appears to be seriously threatened by a refusal to make the necessary financial allocations.

This point apart, often the institutions, and especially the rules governing State action, are inconsistent with partnerships in which the excluded themselves can participate effectively. New rules may be needed, and this in turn may involve the creation of new and autonomous entities within the public sector. In this the notion of a social contract seems useful — an institutional mechanism which spells out the terms of intervention of different actors, and which can make clear the rights, obligations and benefits of each. Making commitment public and mutually interdependent seems likely to reinforce action.

It is not only at the local level that institutional innovation is likely to be useful. In many countries, institutions for dialogue between different actors are sadly lacking at national level, too. If institutions are built at several levels, they can reinforce each other.

III. Policy against exclusion in low-income settings: The relevance of the European experience

This brief review of policy against exclusion in industrialized countries suggests that success has been uneven, to say the least. Many interesting routes have been explored, but a range of institutional obstacles remain to be overcome, and it seems to be difficult to move from experimental policy to full-scale intervention without diluting the impact. Nevertheless, a great deal of experience has been acquired. Is this relevant and helpful in low-income settings? The answer depends on whether the patterns of exclusion in developing countries are similar to those in industrialized countries, for it is this which sets the policy agenda.

What is the significance of low income as such? It is mainly that the issues of exclusion and poverty are more closely intertwined, since low incomes imply that the absolute subsistence threshold is that much closer. As a result, exclusion is more likely to result in poverty. There is clearly a difference in kind between situations where a majority of the population

are excluded from adequate livelihood, as in much of Africa, and industrialized country situations where exclusion concerns perhaps 10 or 20 per cent of the population. And the nature of exclusion, as country studies show, also varies greatly from one low-income country to another.

Nevertheless, most of the policy issues discussed above are also important in low-income settings. Unemployment, for instance, and especially unemployment leading to social exclusion, is of growing importance in many cities of Latin America, Africa, and West and South Asia. Labour market measures aimed at the integration of the unemployed are a constant concern of policy-makers. The problem is that, while labour market intervention in industrialized countries is generally small in scale in relation to the problem, this discrepancy is still greater in most low-income situations. Policies aimed at organization of the unemployed and labour market insertion are also highly relevant, but they require formal mechanisms and institutions which are often lacking in low-income settings, making them difficult to implement. On the other hand, capability building is crucial at any level of income or industrial development. As far as social security and social assistance is concerned, few low-income countries have universal income support mechanisms, although policies such as the RMI might be relevant in some higher-income countries in Latin America and East Asia, where meaningful "integration" contracts might be designed. The territorial approach is highly relevant, and indeed already forms the basis for much State action against poverty. Finally, the legislative route is also valid regardless of income level, although the resources for effective inspection and enforcement may be lacking in many low-income situations.

So some of the items on the industrialized country policy agenda are relevant, but not all. What is more, there are many additional policy issues which come up in thinking about social exclusion in developing countries, including:

- (a) land reform, and access to credit and productive assets in general;
- (b) adult literacy programmes;
- (c) legislation and/or action against child labour;
- (d) provision of basic social infrastructure (drinking water, sanitation, primary schooling, basic health care);
- (e) the social integration of the informal sector;
- (f) exclusion from modern consumption goods;

(g) exclusion from international markets.

These differences in policy priorities are reinforced by differences in the roles and importance of the various actors concerned: States which are often highly visible in the economy but which lack an adequate resource base or sufficient autonomy to implement redistributive policy or enforce legislation; trade union movements which can organize only relatively small groups of workers; relatively weak intermediary institutions.

So the industrialized country experience has to be used with care. Nevertheless, it is important not to become locked into an opposition between industrialized and developing countries. Low-income settings are themselves highly diverse. In much of South America, broad-based industrial systems and powerful formal institutions comparable with those in Europe coexist with extensive poverty. In Africa, rural institutions which are entirely different in nature dominate. There will be situations in which the design of policy against exclusion can profit extensively from European experiences, and others where this approach would be quite inappropriate. And underlying the issue of exclusion at the national level are international exclusions which provide a linkage between experiences and policies in different parts of the world. In the next section we offer a framework which tries to take this into account.

IV. A framework for developing policy against exclusion

In order to discuss policy it is convenient to distinguish four levels at which intervention against exclusion may occur: the global or international; the national; the local or regional; and the social group. At each of these levels, a variety of types of exclusion can be identified. We give priority to two broad categories: exclusion from livelihood, and exclusion from basic rights. It is important to differentiate, within these categories, between what might be regarded as transient or conjunctural, and structural and inter-generational aspects of exclusion or, more generally, the pattern of exclusion over time, itself linked to the notion of exclusion as a process. Finally, a wide range of agents need to be considered at each level, agents who act as excluders and need to be controlled, or who may contribute to a strategy to overcome exclusion and need to be mobilized. Each of the spaces defined by positions within this framework gives rise to specific policy issues, and particular possibilities or demands for intervention.

1. *The international and global level*

The increasing internationalization of economic and social relationships is responsible for both inclusions and exclusions. Important exclusions include those from international commodity markets on acceptable terms; from high-wage labour markets; from the benefits of transnational company operations; from security; from global resources. These affect entire nations and so contribute in important ways to global inequality. But they also affect the structure of exclusion within nations, as when the demands of the international trading system lead investment, employment and wealth to be concentrated in small parts of the economy, or when elites participate in an international consumer society from which the bulk of the population is excluded. Capital may also be difficult to attract to countries where social policy objectives are imposed, forcing a trade-off between exclusion within countries, and exclusion between them. Both structural and conjunctural effects are present — conjunctural in so far as burdens of economic adjustment are shifted onto particular countries, and within those countries onto particular groups. Structural effects include inter-generational transmission of exclusion linked to the unsustainability of global consumption style and resource use.

The agents of exclusion and inclusion at this level include inter-governmental organizations; transnational companies; the media; international coalitions (of unions, of NGOs, of academics); powerful States. At the international level, agreements on universal rights and global social policy objectives exist, but the institutions for enforcement are weak and effective mechanisms to provide accountability are rare. Redistributive goals are notably weak in the use of international resources. There are fundamental difficulties in promoting effective policies at this level, and this is a major challenge for the international community.

Examples of policy issues and interventions:

- (a) International migration. Countries may export exclusion by closing off opportunities for migration, or migration on unfavourable terms may lead to exclusion in the countries of destination. Restrictions on labour mobility contrast sharply with the free flow of capital. Large-scale forced migration movements lead to particular vulnerabilities. Exclusion of labour from high-income labour markets needs to be combatted by insisting on the moral responsibility of high-income states and consumers to help raise the livelihoods and extend the rights of the workers concerned. Simultaneously, transnational coalitions of unions and NGOs should press for the improvement of

wages and conditions in less developed countries.

- (b) Increasing international competitiveness discourages employers from internalizing social costs. There is a need for international codes in order to control the tendency for this to lead to exclusions of workers from social protection, or of rural populations from land. Many ILO standards are relevant here.
- (c) Globalization generates both opportunity and exclusion. Global agreements and charters, e.g. guaranteeing livelihood and basic rights, need to be linked to appropriate international policies in the areas of official development assistance, trade and finance to promote equality of access to global markets. Such agreements need a resource base and enforcement mechanisms. They need the active participation not only of States but also of other powerful actors.

2. The national level

The exclusions at this level include exclusion from the labour market; from land; from decent wages and safe jobs; from public services (health, education, public safety, justice); from social protection; and from basic rights (such as equality before the law, freedom of association, freedom from discrimination, right to livelihood). The dominant problem is one of the structural exclusion of many from livelihood, because their rights are not recognized or their economic and social assets are insufficient. In addition, individuals become trapped in downward spirals, moving from vulnerability to dependency to disaffiliation or marginalization. Intergenerational transmission occurs through insufficient education, poor health or child labour. National development patterns create exclusions either by creating new inequalities, or by actively excluding groups from livelihood in order to integrate them in the dominant mode of development.

There are many national agents of both exclusion and inclusion, some of which were discussed above in the review of industrialized country experiences. They include:

- (a) different components of the State: central and local government, public enterprises, parliaments, the courts and the judiciary;
- (b) political organizations;
- (c) the military;
- (d) private enterprises, industrial groups and associations of enterprises or employers;

- (e) trade unions and other associations of workers;
- (f) community or ethnic associations;
- (g) action groups, rights movements;
- (h) philanthropic groups;
- (i) religious bodies;
- (j) the media;
- (k) “think tanks”;
- (l) educational bodies.

The State is important both as excluder and includer; excluder because it operates in the interest of dominant groups, because it may promote an economic policy which fails to integrate particular groups, or integrates them against their will, or distributes public goods and services unequally; includer through regulation of markets and employment practices, as guarantor of civil, political and social rights, as the primary agent of redistribution. The problem is one of identifying the points of pressure which can influence the behaviour of the State in the direction of inclusion. In many circumstances, the major policy issue is the promotion of intermediary institutions which may control the State and render it accountable. These may include formal structures such as the judiciary and parliaments, but also many of the non-government organizations listed above. The roles of these different groups and their interaction with the State are at the heart of the different paradigms of social integration. Each of these different agents may either itself exclude — one ethnic or religious group may exclude another, enterprises may discriminate or may take over resources — or may act against exclusion, either directly representing the interests of the excluded, or in alliance with the State as more general agents in favour of social integration. The basic problem is one of empowerment for, by definition, the excluded have little control over resources.

Trade unions constitute a particularly important agent of inclusion or exclusion. It is widely argued that in low income settings, they tend to represent a relatively small, protected elite among workers. While this is easy to contest, it is undeniable that it is very difficult for trade unions effectively to represent excluded groups in many developing countries, because the marginal self-employed, casual workers, rural labour and other insecure and unprotected labour categories are so numerous in relation to the more readily organizable formal sector workers. This renders the need for alliances between different groups all the more pressing. By the same

token, many more enterprises are small, and there is great diversity in conditions of employment. Enterprises nevertheless offer, as in industrialized countries, considerable possibilities for contributions to social policy – again, probably in alliance with other groups.

Examples of policy issues and interventions:

- (a) Perhaps the most fundamental issue is the control of market mechanisms: in the Peruvian study (Ch. 12), it is argued that the State needs not only to regulate, but also to expand markets if it is to overcome market exclusions. Here, the issue is one of promoting intermediary institutions such as collective bargaining institutions or lobbies on behalf of particular excluded groups, as well as some of the active labour market policies reviewed above for industrialized countries. Key questions include the extent to which enterprises will accept to internalize social policy, and the degree to which unions representing active labour can be mobilized in favour of excluded labour.
- (b) The development of coalitions between different actors with a common interest in inclusion may require institutions, legal structures and financial support. The basic question is one of the institutional framework for NGO access to resources and decision-making bodies. This applies both to demands for livelihood and to the defence of human rights, often against the State.
- (c) The balance between active (participatory, bringing people in) and passive policies (safety nets, social insurance) needs reflection. The active route is intrinsically more desirable, but is unlikely to be universal.
- (d) Dualistic or unbalanced growth paths are likely to cause exclusion, because they do not create enough opportunities for decent livelihood, and because inequality is endemic — growth depends on advanced technology which creates few jobs, or on growing demand for advanced consumer products which only the relatively rich can afford. Designing the institutions for inclusion in growth is an essential underpinning of any strategy against exclusion.
- (e) The importance of the design of new institutions for social policy is thrown into sharpest relief when the old institutions collapse, as was the case in Siberia (Ch. 7). There the abdication of the State led to the growth of local systems of patronage aimed mainly at the personal enrichment of those who control them, rather than at regulating

general access to public resources. Aspects of social insurance formerly organized by trade unions also deteriorated sharply because of the inability of the institutions in place to deal with new situations.

3. *The regional and local level*

The problems and types of exclusions which appear at the regional and local level are basically an extension of those at the national level to encompass spatial exclusion. This may take the form of exclusion from public goods and services, but also exclusion from economic and social opportunities. Spatially unbalanced development policies may lead to increasing deprivation of some areas. Labour market exclusions may be regionally concentrated, as industrial decline or resource depletion occurs. It is at this level that struggles over common property resources are most likely to occur.

The shift of focus from the national to the regional or local level may not substantially change the nature of the problem, but it offers a different perspective on solutions. The relative importance of the actors is not the same, for those which are closer to the grassroots — community groups, action groups, local enterprises, decentralized administrations — can play a more effective role. Thus the advantages of the “territorial” approach discussed above are reproduced here, offering the possibility of partnership between local actors with common interests. There is clearly scope for the development of local housing, employment, infrastructural and public service delivery and other initiatives within such a decentralized framework. The danger of this approach is that problems of exclusion will then be given less priority in national policy, leaving local policies as a palliative within in an exclusionary overall model of development. There is also the considerable risk that local actors will, as in the Siberian case noted above, capture the resources concerned in their own interests. Institutions for accountability are required here, too.

Examples of policy issues and interventions:

The key policy issue which is specific to this level is the formation of alliances and coalitions between different groups, including State agencies, in order to construct non-marginal interventions at the territorial level, or in order to establish a position of strength vis-à-vis other local actors. But many of the broad actions identified at the national level above, or at the group level (below), have to be put into effect at the regional or local level.

4. Groups vulnerable to exclusion

Most of the exclusions listed under the “national” heading above can also be viewed in terms of which social groups are excluded. Different situations can be distinguished: the systematic exclusion from livelihood or rights of all those with a particular characteristic or origin; a tendency for those with particular characteristics to be disadvantaged; and a process of exclusion in which the situation of exclusion defines the group — the unemployed; child workers — which then becomes a source of progressive marginalization. The nature of the exclusions vary from one group to another — an ethnic group may be excluded from public sector employment, but not from other labour market positions; another group may have access to economic opportunities, but be refused the right to cultural identity; refugees may be systematically excluded from society; women may be excluded from particular occupations or from training.

Thinking about exclusion in terms of the groups which are suffering is attractive from the point of view of policy because it makes it possible to be very direct and specific, identifying interventions which should reach particular groups and measuring their impact. It is possible to take either an active or a passive view — active, when social groups can become agents of their own inclusion, or passive, as a target group for policy. The diversity of these groups makes it difficult to talk of the issue in general. Some groups — religious or ethnic, for example — are clearly much easier to organize than are child labourers or the handicapped. In some cases the mobilization of excluded groups is aimed at influencing State actions, while in other cases the aim is to increase bargaining power vis-à-vis the agents of exclusion within society and economy, for instance by increasing the value of the group’s social assets or by imposing costs on excluders. But the agents of exclusion are diverse, and not always easy to identify, as when the structuring of traditional society excludes women from economic opportunities. The danger of this approach is that it becomes a palliative. If the real problem is the segmentation of market opportunities, or the capturing of the benefits of development by small elite groups, then focusing on the groups which are excluded and attempting to improve their lot will do little to tackle the underlying mechanisms of exclusion.

Examples of policy issues and interventions:

- (a) Affirmative action programmes are widespread and often effective instruments against exclusion. The most powerful example is intervention in favour of the Malays in Malaysia, covering reservations and quotas in education, labour markets, government posts

and corporate capital, but there are interesting examples from India (action in favour of Scheduled Castes; see Ch. 15), the former Peoples' Democratic Republic of Yemen (action in favour of the *akhdam*, see Ch. 10) and elsewhere. Such programmes require a powerful long-term commitment on the part of the State, and the included are likely to react if they see their interests seriously threatened. The success of the Malaysian policies was associated with the rise to political power of the excluded Malay groups (so the policy was controlled by those in whose interests it was effected). In such policies there are always losers, of course: usually relatively powerless groups (in the Malaysian case notably the Indian community).³ Affirmative action may therefore also exclude. In addition, there is evidence that it tends to promote inequality within the groups in whose interests it is implemented.

- (b) Policies to overcome the exclusion of women have probably received more attention than policies for any other group. This issue was identified as a priority in most of the case studies, especially Tunisia (see Ch. 9). Affirmative action programmes and many specific actions are widespread, though if they do not form part of a broader attack on exclusion this may limit their effectiveness.
- (c) If groups which are otherwise excluded from public services are well organized, they may provide such services within the group. An interesting example is mutual credit and insurance funds, which may substitute for State-sponsored security and insurance schemes. Funds of this sort are, for instance, organized by many ethnic associations in Cameroon (see Ch. 14). This raises several issues. Do such services in fact provide adequate support to all; and can all groups organize in such a way, or only the better-off among them?
- (d) An alternative to the mutual credit approach would be to build social security and social insurance in such a way as to compensate for, rather than replicate, existing patterns of exclusion. The Indian study (Ch. 15) shows how, in the past, social security policy has been "blind" to the needs of the excluded and has been concentrated on the included. By organizing insurance and assistance around the needs of different excluded groups, combining promotional and protective measures, a very considerable extension of the safety net should be

³ For a review of the literature on the Malaysian case, see Lim Teck Ghee [forthcoming].

possible. In this, the excluded groups provide an identifiable target which can render policy design much more efficient.

- (e) An important group for action against exclusion concerns child labour, because of the lifetime exclusions to which it leads. This is a case where the specific nature of exclusion demands particular policy interventions, involving labour market regulation, education, skill development and income support, and policies aimed at more effective labour market integration.
- (f) The possibilities for alliance between particular excluded groups and other social actors merit reflection. Important actors include the media, political parties, particular factions within the State, workers' organizations. New institutional links are required to give voice to the excluded. In this the role of the media is particularly worth investigating.
- (g) The risk should be noted that policies aimed at inclusion can become instruments of exclusion if forced upon groups that prefer to maintain a separate cultural or economic identity.

All of this offers a very wide policy agenda, and one which too easily can become fragmented, but the definition of coherent, integrated policy packages is only possible in specific contexts. However, it is worth making two points here about the design of such integrated approaches.

First, one can identify two basic strategic alternatives in the fight against exclusion, with different implications for social integration. One could be classified as "reactive" in the sense that it basically attempts to limit the adverse economic and social side-effects of economic policy. This would include, for example, interventions designed to reduce the socially negative repercussions of a particular economic growth path, or safety nets or programmes of social support for those excluded from economic benefits. The second alternative might be characterized as "proactive", in that the explicit objective is the promotion of social cohesion and the wide sharing of the benefits of development, and in which social policy is directly integrated into the design and implementation of economic strategy. The former approach attempts to limit the adverse effects of exclusion, whereas the latter attempts to prevent it from occurring. The former would tend to concentrate on the design of external interventions, the latter would try to effectively integrate the excluded not only as objects of policy, but also as actors defining the contours of their own integration.

Second, if we return to the different paradigms of exclusion discussed previously, they give rise to different policy visions. Solidarity is very

much concerned with building social ties with a unitary society; specialization with legislating limits to individual behaviour; monopoly with building countervailing power; organicism with the institutions for integration and consensus-building. Designing policies against social exclusion is not just a question of reversing exclusion; it is at the same time defining the terms of inclusion.

V. Social exclusion in the work of the ILO

What particular value does the notion of social exclusion have in the ILO?

The general philosophy of the ILO has elements of each of the different paradigms of social exclusion, but the solidarity model and the more voluntaristic among the organic models are most heavily represented. The idea that there are common goals for the social partners, which can be promoted through dialogue and agreement on general principles of behaviour, is one which, even if it does not go quite as far as a solidarity vision of society, nevertheless involves a belief in a core set of social values and rights which should be extended to all. It is also broadly consistent with the "Christian democratic" model of pluralism, based on consensus-building among autonomous groups. Tripartism, then, involves an organic or solidarity perspective much more than specialization or monopoly. But the ILO's model is not monolithic and notions of both specialization and monopoly are widespread in ILO analysis. In one sense, solidaristic ideals are reflected in many labour standards, but the standards are designed to overcome the evils arising out of specialization (e.g. discrimination) or monopoly (e.g. forced labour). What is clear is that the general philosophy of the Organization is one of inclusion: that there is a general right to the sharing of benefits, to protection, to participation. In this sense, much of the work of the Organization is in practice aimed at preventing or overcoming exclusion, although this language is not generally used.

A first aspect of exclusion and inclusion which directly concerns the ILO involves the constituents of the Organization: employers, governments and workers. Each have their own pattern of inclusion and exclusion, which affects the work of the ILO. The extent to which governments represent the population at large varies greatly. Democracies are as subject to this comment as dictatorships, for minority groups are often as effectively excluded from political participation in democracies as they are in dictatorships. Trade unions can represent the relatively more stable, better protected workers more easily than they can casual and precarious workers or the marginal self-employed. The representation of employers

suffers from somewhat different problems, but small-scale and informal enterprises tend again to be excluded from effective representation. In practice, action against exclusion, for instance in France, tends to involve coalitions between diverse actors, some of them active in the ILO, some not: local authorities, poverty action groups, religious groups, solidarity organizations, sometimes — but not always — acting in tandem with trade unions, enterprises and central government. Similar phenomena are often found in low-income countries too, where associations of small-scale producers, women's action groups, political organizations of rural labour, church-based solidarity groups and other national or international non-governmental organizations play an important role in action against poverty — a role which in practice is often aimed at social inclusion as an element in the fight against poverty. The ILO's success in participating in and promoting alliances with such groups has been patchy, precisely because they go beyond its traditional constituency. But this would appear to be an important future route for the Organization, and a focus on exclusion may help to promote it.

There are two rather distinct streams in the work of the ILO: one based on rights, which tends to find its expression in international labour standards; and one based on welfare, notably found in work on the promotion of employment or the reduction of poverty. In both cases, notions of exclusion can be helpful in identifying problems and target groups. There are legal instruments which are directly aimed at particular population groups: ethnic minorities, or the handicapped, for example. In addition, from a perspective which is more sociological than legal, it is useful to analyse legal instruments in terms of their effective coverage — who is included and who is excluded, both in theory and in practice. One of the basic problems of labour legislation in low-income settings is precisely the difficulty of applying it to the population as a whole. This is not only a problem of evasion by employers or slack implementation by governments, but also inability or unwillingness by workers to press for conditions which put their jobs at risk, or inconsistency between grand principles and the ways in which people actually run their lives.

The welfare and developmental side of the work of the Organization, notably with respect to work on poverty and employment, has in practice been to a large extent concerned with exclusion from livelihood and, to a lesser extent, social protection. Work on unemployment and underemployment is a case in point, and the current focus on active labour market policy, for instance, stresses heavily mechanisms for labour market access, e.g. through training. However, the exclusion from livelihood and participation in society which arises from long-term unemployment, or from a

life of peripheral, casual employment interspersed with days or months of joblessness, has perhaps received less attention than it merits. With respect to poverty, various policy approaches have been adopted, and were reviewed in a symposium in 1993.⁴ Among the policy concerns which can be visualized in terms of exclusion, important ones include access to land and other assets, access to skills, and access to social goods and transfers. Labour market policy against poverty is also most effective when directed towards the groups which are vulnerable to exclusion either from the labour market as a whole or from protection or decent working conditions when in the labour market.

The critique of ILO action against poverty developed in that symposium was that it lacked an integrated approach: that there were many elements which were successful in their own terms and domains, but which were not effectively linked together to form a coherent overall strategy. The design of such a strategy, however, requires a linking together of diverse ILO programmes which have traditionally operated in isolation. An example in the case of poverty is the ILO's work on social security, which has a great deal to say on the design and functioning of social security systems to provide pensions and health care, but on the whole has not integrated this with other approaches to poverty developed in other parts of the ILO, for instance through employment promotion. One problem is that poverty as such is not an economic category or an element in the analysis of economic systems — it is the result of diverse processes. An integrated approach must therefore encompass a range of different and perhaps initially unrelated elements. In this respect, an approach which starts from an understanding of exclusion may have some advantages. Not all of the processes underlying poverty involve social and economic exclusion, and so work on exclusion and work on poverty are not congruent. But there is a substantial intersection between the two domains, and it may be easier to develop an integrated approach in the case of exclusion than in the case of poverty. Different forms of exclusion are inter-related, and a focus on the mechanisms of exclusion makes it easier to identify the most useful forms of intervention, while at the same time permitting the identification of target groups for policy in terms of the groups which are most vulnerable to exclusion.

In the work of the ILO, the mechanisms of exclusion can be more clearly seen in most of the different domains of the Organization than can

⁴ They are discussed in more detail in the ILO background paper for that symposium published in Rodgers [1995].

the causes of poverty. Among the areas of ILO work where exclusion is a major issue, we can cite:

- (a) training and education (lack of access thereto);
- (b) labour markets (precarious employment contracts, minimum wages);
- (c) employment creation (unemployment, etc.);
- (d) the informal sector (access to credit, labour protection);
- (e) organization and representation (trade unions; collective bargaining);
- (f) labour legislation (national and international);
- (g) conditions of work (exclusion from adequate);
- (h) child labour;
- (i) discrimination in employment (race, gender);
- (j) social security systems (coverage);
- (k) disabled and handicapped workers.

For example, the issue of education and training can be expressed in terms of the factors determining exclusion from human development: discrimination against women or other groups, lack of resources, lack of facilities, lack of perceived benefits from training, etc. Labour legislation can be interpreted in terms of the extent to which it actually reaches and protects the populations concerned, so looking at the issue from the point of view of exclusion leads one to focus on the factors which render legal protection ineffective for some members of society. Social security can likewise be interpreted in terms of coverage — which groups fall outside effective provision for pensions, health care and other major aspects of social insurance and assistance. Action against child labour needs to try to reconcile the need for livelihood with the cost of exclusion (from personal development, from a decent career). Organization and representation are clearly central here: virtually by definition, the excluded are difficult to organize by traditional means — hence the various non-formal approaches to mobilization and participation noted above. In an ILO context, the problem is to properly provide for the effective representation in the ILO of groups who lie outside the economic mainstream. Much of the ILO's work still reflects a vision of the world which is, or should be, formal and regulated. As a result, the informal and unregulated tends to be under-emphasized.

This does not exhaust the dimensions of social exclusion, of course.

Other aspects, less directly linked to ILO work, include those involving housing and urban infrastructure, various public services, political representation, participation in community and cultural life, nationality and citizenship.

The important point is that there is correlation between exclusion in one dimension and exclusion in another. Sometimes, exclusion is sufficiently systematic that one can speak of marginalization. There are individuals and sometimes groups (often identified in ethnic terms, or based on particular handicaps), whose exclusion cuts across labour markets, housing, public services, social security and representation. Even in countries with formally universalistic social safety nets, such situations are present. But there is a more general and perhaps more pernicious linkage between different dimensions of exclusion, which does not necessarily totally marginalize, but which leads to deprivation and to poverty. Women may be excluded from labour markets and from effective representation, and subject to severe discrimination, without being necessarily excluded from livelihood (many are, but the point is that exclusion is important even when it does not mean poverty). Exclusion from training, from regular jobs, from effective coverage of labour legislation and social security are likely to coincide if they are due to discrimination or to poor social entitlements and assets. But those in such situations are not necessarily marginalized, indeed in some circumstances the majority of workers may be subject to such deprivations. These patterns become reflected in the structure of labour markets, which segment in such a way that different parts of the labour market offer quite different patterns of livelihood, inclusion and exclusion. Because these patterns and mechanisms cut across different technical fields within the ILO, they provide a challenge to the Organization, which has traditionally been rather compartmentalized, but also a means by which the different elements in a systematic attack on social exclusion could be developed. For, just as different aspects of exclusion reinforce each other in a negative sense, so also policies against exclusion may reinforce each other positively. This is recognized more overtly in some of the ILO's international standards, especially some of the more recent standards, than in specific programmes. For instance, Convention No. 169 on indigenous and tribal peoples, which in reality is largely concerned with the exclusion of these groups from representation and livelihood, explicitly recommends broad-based participation in decision-making, protection of land rights, equal employment opportunities, equal access to training and social security and other dimensions of social inclusion, and so recommends coordinated intervention across a range of ILO concerns. Table 1 (p. 282) provides a first,

and rather incomplete, look at some other ILO standards in terms of exclusion; a more systematic analysis would probably be worthwhile. It might well lead to new ways of thinking about how standards can contribute to a linkage of different technical domains of the Organization in action against exclusion.

To effectively attain such objectives requires alliances between the ILO's traditional constituents who clearly have a key role to play, but one which does not extend to the totality of the problem, and other social actors. If we return to the alternative models of exclusion, each offers a different route. The solidarity and organic models suggest the promotion of dialogue and consensus-building around common values; the specialization model the design of legal and institutional frameworks to direct individuals away from exclusionary behaviour; and the monopoly model the identification of common interests among different excluded social groups, which may enhance the power of those concerned. Perhaps all three approaches may be required, or the balance of the three will depend on the prevailing political and cultural systems of the countries and groups concerned.

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Table 1: Selected ILO Conventions and exclusion

Group-specific Conventions		
Convention No.	Title	Target (excluded) group
89	Night work of women employed in industry	Women workers
103	Maternity protection	Pregnant women workers
128	Invalidity, old-age and survivor's benefits	Invalids, retired, widows, children
159	Vocational rehabilitation and employment	Disabled
118	Equality of treatment of nat. and non-nat. in social security	Migrants
169	Indigenous and tribal peoples	Ethnic minorities
168	Employment promotion and protection against unemployment	Unemployed
138	Minimum age for admission to employment	Children
Universal Conventions		
Convention No.	Title	Mechanisms of exclusion
102	Minimum standards of social security (SS)	Conditional access to and/or insufficient or deficient provision of SS
117	Basic aims and standards of social policy	Absence or prevalence of economic over social goals
122	Employment policy	Lack of access to jobs; inadequate policies for specific sectors (informal, rural...)
131	Minimum wage	Exploitation through below subsistence wages; deficient enforcement and adjustment procedures
142	Vocational guidance and vocational training	Inadequate skills; obstacles in the access to and/or inadequacy of courses
111	Discrimination in respect of employment	Gender, race and other biased selection procedures; unbalanced bargaining power or capabilities
154	Promotion of collective bargaining	Institutional obstacles to presentation of needs and demands
155	Occupational safety and health and the working environment	Undue risks in the workplace; lack of control and enforcement of regulations

17 Policies to combat social exclusion: A French-British comparison

Hilary Silver and Frank Wilkinson¹

The multiple meanings of social exclusion give rise to different approaches to combat it. Therefore, it is not surprising to find national differences in insertion policies. This paper contrasts French and British insertion policies as exemplars of the solidarity and specialization paradigms of social exclusion.² It examines four types of national policy in particular: income support tied to social insertion; training programmes for unemployed adults and youth; insertion by economic means; and locality-based social integration policies.

Policies to combat social exclusion go beyond the traditional post-war social insurance and means-tested transfer programmes designed to address “poverty” and “inequality” through the passive receipt of assistance. In so far as eligibility for transfers is based on social categories or prior contributions, such policies themselves can be a source of exclusion. Since the mid-1970s, it is precisely those categories diverging from normative, standard career and family life cycles that have been growing: the long-term and intermittently unemployed, single-parent families, ethnic minorities, and the like. These populations are increasingly dependent on means-tested programmes once reserved for residual “deserving” categories of the poor, or are ineligible for assistance altogether. Such “excluded” groups are the target of new social policies introduced in France and Britain during the 1980s that require active participation in one’s own insertion.

Exclusion is a multi-dimensional phenomenon and therefore, requires multi-pronged policies to combat it. The French and British governments

¹ This is an abbreviated, revised summary of a paper to be published by the International Institute for Labour Studies [Silver & Wilkinson, forthcoming]. The full references upon which the argument of the paper is based can be found there.

² For a discussion of these paradigms, see Silver, Ch. 3.

have sought to address the problem in comprehensive, global, and individualized terms, "tailoring" and "targeting" multiple types of interventions to address what are often cumulative disadvantages. For example, urban policies may simultaneously tackle economic, political, and social as well as spatial aspects of exclusion. Nevertheless, national political debates have emphasized some aspects of exclusion over others. Institutional persistence grounded in different national social policy traditions and political ideologies has produced a certain degree of continuity between earlier French and British social policies and even the most innovative insertion programmes. Pre-existing programmes and agencies create policy and institutional legacies, creating a strong tendency toward sectoral differentiation in tackling exclusion. Both countries still make institutional distinctions among income, employment, training, and urban policies, reflected in the conventional classification of programmes used here. None the less, all these programmes may target the very same people.

The multi-dimensional nature of exclusion has pressured different professions, agencies, and levels of government to cooperate in administering insertion policies. Thus, in the fight against exclusion, interministerial bodies and regional or local partnerships have proliferated in both France and Britain. Unfortunately, rather than enhancing cooperation and coordination, evaluations suggest that the existence of so many new and different agencies of this sort, varying in composition and function, has increased complexity, opacity, and duplication of effort. Indeed, some policies may work at cross-purposes. Successive reforms have tried to address these problems, but often at the price of confusion. Moreover, with so many actors in the field, it is difficult to isolate and evaluate the effects of any given policy. None the less, this paper reviews some of the early evaluations of the new insertion programmes. Aside from the problems of administration and coordination, research suggests that some policies are more effective than others. It also reveals important national differences in approach and effectiveness at combating social exclusion.

1. Exclusion in France and Britain

There is little doubt that social exclusion is increasing in both France and Britain. Conventional indicators adjusted for comparability document the trend. Income inequality and poverty rose in both countries. Standardized OECD unemployment rates show that at the end of the 1980s, the British unemployment rate was 6.9 per cent, but remained higher in France, at 8.9 per cent [OECD, 1991, p. 208]. Indeed, France is the only

OECD country to have experienced a continuous rise in unemployment from 1970 to 1993, with the brief exception of 1988-90. Who bears the brunt of unemployment also varies cross-nationally. For example, youth suffer disproportionately in France. British men have higher unemployment rates than women, but in France, where the growth in part-time work had been regulated and generous child-care provision exists, the reverse is true. In 1990, long-term unemployment of over a year constituted 36 per cent of British unemployment, and 38 per cent of French unemployment, down somewhat since the mid-1980s [OECD, 1993, p. 196]. Finally, labour force participation and the number of "discouraged workers" who drop out of the labour force entirely after very long bouts of unemployment have risen more in France than in Britain, highlighting France's greater employment problem.

Not only did the composition of excluded populations differ cross-nationally during the 1980s, but the French conceptualization of these problems and the policy approach taken to address them differed considerably from the British. In line with the Republican ideology of solidarity, problems like long-term unemployment and rising poverty were construed as manifestations of "social exclusion" or "a rupture of the social bond". Thus, even the names of new French policies reflected the goals of "insertion," "integration," "cohesion," and "solidarity". While policies to fight exclusion occupied centre stage in French social policy reforms, "there cannot in any real sense be said to have been a general debate concerned with "social exclusion" in the UK" [Room, 1992, pp. S33-S35]. Except in academic circles, British social policy discourse used the terminology of long-term "dependency," "new poverty," and the "underclass", problems to be combated with "self-reliance", "enterprise," "opportunity," "citizenship", "partnerships" and "community".

These policies are the subject of the following sections. Before they are discussed, however, one caveat is in order. It is somewhat misleading to compare social insertion policies without placing them in the context of French and British macro-economic strategies. This is because fiscal, monetary, trade, and labour market policies may counteract social initiatives. Economic policy may itself fuel social exclusion which insertion policies are then supposed to address.

Space limitations preclude a full comparison of economic policies. In general, both countries deregulated the labour market, weakened unions and promoted flexible, precarious employment, although less so in France than in Britain. While France raised its minimum wage, Britain abolished its own. There, monetary and political pressure to curtail public expenditure, privatize assets and services, and reduce the size of government had

a strong influence on the funds available to combat social exclusion. Therefore, as one might expect from the predominantly liberal conception of exclusion in the UK, British policies increasingly targeted the most disadvantaged populations, relied much more heavily on the private sector, and used work incentives to promote social insertion.

II. Income support and insertion obligations

Throughout Europe, most of the expenses devoted to combating individual patterns of exclusion have in fact gone to income replacement; less money is spent on the prevention of exclusion or on insertion [Room, 1990]. In both Britain and France, as rising poverty, low wages, long-term unemployment, and precarious non-standard jobs increased the number of people whose social insurance benefits expired or who never qualified for them to begin with, many fell back on means-tested assistance. During the 1980s, both countries reformed these programmes and tied income support to the obligation to participate actively in social insertion.

However, the manner in which this was done and the interpretation of the required insertion activity differed sharply. In France, a new minimum income programme filled a gap for those excluded from existing "solidarity" allocations, eligibility for which is largely categorical. Existing transfer programmes were modified, but on the whole remained intact and were generous by British standards. Moreover, French insertion activities could take social as well as economic forms. In contrast, insertion in the UK referred largely to paid employment, mandated training, or active job-seeking, as in American "workfare" programmes. Not only were British social insurance programmes altered to shift people into less generous means-tested benefits, but the real value of those minimum benefits was decoupled from wages. Yet, two similarities between France and Britain were the rising number of people participating in the new insertion programmes and the prominent role played by new "partnerships" in executing them.

In December 1988, France belatedly introduced a minimum income, le *revenu minimum d'insertion* (RMI). RMI differs from the guaranteed incomes of many European countries in requiring the transfer recipient to sign a "contract" pledging to pursue some kind of insertion activity. In principle, the income grant is contingent upon moving toward a job or social insertion. While the RMI's income support has been effective in reducing poverty and the programme helped to extend health care and

housing assistance for which recipients are eligible, its impact on the insertion of recipients has been below expectations.

In 1992, even with the extra effort of the 900,000 Programme for the long-term unemployed launched that year, only a third of all RMIists ended up in unassisted or supported work or training, and some of those continued to receive RMI [Delahaye, 1994, pp. 260]. By mid-1992, only 44 per cent of RMI recipients had even signed a contract [ibid., p. 254]. After signing a contract, recipients waited six months on average to be offered an insertion action, twice the anticipated waiting period. In general, the contracts tilted toward social insertion more than professional insertion. Some express concern that without a successful insertion component, the RMI may devolve into a form of social control or an "Anglo-Saxon vision of insertion based on levels of consumption" [ibid., p. 265].

While the State pays RMI transfer benefits, insertion activities are a joint responsibility of the State and department, to which the department must devote a sum of at least 20 per cent of State RMI funds. The programme is administratively decentralized. Departmental and local insertion commissions are comprised of local politicians, representatives of relevant agencies, social workers, associations and the like. However, there is little coordination with education, urban, and other agencies charged with serving the same population as RMI. In some places, there was even local hostility to the RMI insertion mandate. These insertion commissions also faced political and technical problems: over-expansion, lack of consensus, absenteeism, declining participation, infrequent meetings, and the overwhelming number of cases to review. A subsequent *Commissariat général au Plan* (CGP) report by Fragonard proposed creating a Secretary General for insertion in each prefecture to better coordinate local insertion agencies. In response to a 1992 national commission evaluation of the RMI, a July 1992 law detailed and expanded the roles and practices of the departmental and local insertion commissions and Social Action. It also extended the types of insertion expected of recipients to include involvement in city or neighbourhood life, leisure, culture, and sport as well as work or job training.

By early 1994, there were 765,000 RMI recipients in France. Most RMI recipients are socially isolated: 77 per cent lack jobs and 76 per cent lack a spouse [Castel, 1991]. The largest group are single men. About a fifth of RMI recipients are single mothers and another fifth are married couples, but most live alone, are unemployed and live in cities. Indeed, there is a strong correlation between local unemployment and RMI rates. In line with their elevated unemployment rates, foreigners in a stable,

regular status account for 13 per cent of the recipients. RMI recipients also tend to have multiple disabilities [Delahaye, 1994].

Moreover, access to the RMI remains selective. It is only for those ineligible for some other programme: unemployment insurance, API, pensions, or old age minimums. Some groups — about 10 per cent of those financially eligible — are excluded from the RMI: those under 25 with no children, students, trainees, older detainees, and conscientious objectors. Foreigners can qualify only if their official status is in order. Some eligible groups, like independent workers and farmers, remain under-represented. It has been estimated that about half the homeless do not receive RMI because they lack papers, addresses, access, or patience with the system [André, 1994].

Unlike the French minimum income, Britain's national minimum dates from the Second World War. It is conceived more as an absolute level of subsistence than as a minimum right of citizenship [Walker, 1993]. That minimum has always been set at a very low level and excluded the cost of meeting social obligations or exceptional expenses. Recipients of British national insurance often had to seek supplementary benefits, rental assistance or discretionary allocations to address special needs, all distributed on a means-tested basis. By 1990, social assistance supported one out of every seven Britons.

Recent attempts to reduce public expenditure and work disincentives have caused British benefit levels to diverge increasingly from minimum subsistence levels. It is estimated that by the late 1980s "benefits were worth only about one-eighth of the average male earnings for a single person" [Glennerster, 1991, p. 54]. Moreover, since earnings rose faster than inflation during the 1980s, the income gap between the employed and those out of work increased. Also, "The national insurance system has been unable to offer security to new and growing groups of people who are unable to build up a sufficient insurance record" [Walker, 1993, p. 27] — the disabled, lone parents, unemployed youth, in brief, the excluded.

As unemployment and single parenthood climbed, the number of Supplementary Benefit recipients rose and changed the composition of the programme. The proportion of Supplementary Benefit recipients who were unemployed rose, as did the percentage of lone parents receiving Supplementary Benefit. However, in 1984-85, it was estimated that 840,000 families of the 5.25 million entitled to Supplementary Benefit did not claim it [ibid., p.152; Fry & StarK, 1989]. Although lack of information, complex rules, and eligibility for very low benefits may have deterred some, the low take-up rate may also reflect the stigmatization of means-

tested benefits. Thus, with respect to the lack of universal coverage by the national minimum, Supplementary Benefit resembles RMI.

During the 1980s, British social security and income maintenance policies underwent considerable change. A 1985 Green Paper proposed major reforms to address the rising share of the poor comprised by families with children, compared to pensioners; rising public social security expenditure; lack of choice; and administrative complexity responsible for the poverty and unemployment "traps", reducing the incentives to work. Many have noted that the reform proposals embraced contradictory goals. Freezing public expenditure levels while increasing "self-reliance", "independence" and work incentives required targeting benefits at families, in this case at the expense of pensioners. However, more reliance on means-testing would increase, rather than reduce, administrative complexity. While the reform would eliminate the "poverty trap" that made people on benefit worse off if they worked (unless child care and work expenses are included), it also shifted more people into means-tested programmes where they would be at risk of the slightly reduced work disincentives.

Despite much opposition, the 1986 Social Security Act, implemented in 1988, coordinated existing means-tested programmes. Income Support replaced Supplementary Benefit, Family Credit replaced Family Income Supplement, and Housing Benefit was consolidated into the system to eliminate the "poverty trap". Income Support replaced the distinctions between short- and long-term rates, between householders and non-householders, and between base premiums and special needs allocations with personal allowances based on marital status, number and ages of children, disability, and age. Family Credit supplements the incomes of low-income families working full-time, reducing the difference in benefits between working and unemployed families, seen as a cause of the "unemployment trap." The new Social Fund became responsible for special single payments, but recipients lost their rights to them. These discretionary payments are now provided primarily as loans instead of grants. Finally, the entitlement of 16- and 17-year-old school-leavers to Supplementary Benefit was withdrawn in order to shift young school-leavers into new employment and training programmes.

As in France, British long-term unemployed were less likely than the short-term unemployed to regain a job. In 1990, over a third of men and a quarter of women receiving Unemployment Benefit were out of work for over a year and, by 1987, 74 per cent of the unemployed relied on Supplementary Benefit [Atkinson & Micklewright, 1989]. Yet British unemployment benefit levels have always been relatively low. There is little evidence that generous payments created work disincentives or seriously contributed

to rising unemployment rates. British Unemployment Benefit, regardless of how long contributions are made, has a maximum duration, recently reduced from one year to 6 months. This measure also shifted more of the long-term unemployed onto Supplementary Benefit. In contrast, French unemployment benefits can be continually renewed, and some insertion programmes requalify those whose eligibility previously expired.

Despite these considerations, concern about the work disincentives and inefficiencies of the programme dominated Conservative policy in Britain throughout the 1980s. Between 1979 and 1988, Unemployment Benefit was changed at least 17 times, abolishing some benefits, taxing or reducing the value of others, expanding grounds for disqualification and tightening eligibility. Administrators were added to expose fraud, goad the "work-shy" into employment, and intensify the supervision of the long-term unemployed. The "Restart" programme of counselling and interviews monitors a claimant's availability for work on a regular basis. Since 1988, this interview is supposed to result in a "personal action plan," similar to the RMI "contract". However, failure to attend it or a week-long Restart course can lead to a loss of benefits. The requirement to be "available for work" at Restart interviews was reinterpreted as being "actively seeking work", i.e. proving to a State official that one sought a job or entered Employment Training (ET). After unemployed 16-17-year-olds were disqualified from Income Support in 1988, they were expected to join the Youth Training Scheme to receive any benefits. American "workfare" policies have made British benefits more punitive; refusal to work results in a loss of support. As the following discussion of training will also show, the British policy preoccupation with work incentives and low-wage re-employment differs greatly from the *social* insertion mandate of the French RMI.

III. Training policies for adults and youth

Job training policies are a second way to combat exclusion. If properly integrated with other economic policies and adjusted to labour demand of enterprises, raising skill levels can not only increase hiring of disadvantaged groups but also raise labour productivity. However, in the absence of economic growth, training alone has not been very effective in promoting permanent insertion in the labour market, especially of those with multiple disadvantages.

After initially concentrating on youth and women who have never worked, French training policies were targeted at the long-term unemployed in general. That these people were called long-term job

seekers (*demandeurs d'emploi de longue durée*), rather than unemployed (*chômeurs*), again contrasts with British discourse about "malingersers on the dole." In December 1989, existing French policies were consolidated into three main instruments: namely, the CES (*contrat emploi-solidarité*); AIF (*actions d'insertion et de formation*); and CRE (*contrat de retour à l'emploi*). The names of these policies were not the only indicator of the shift from an employment to an insertion policy. To qualify, one no longer had to have been on the ANPE unemployment rolls so that "excluded" groups qualified. CREs and CESs give additional subsidies and priority to the most disadvantaged people in difficulty: the unemployed over 50 years old, those out of work for at least three years, RMI recipients unemployed for over a year, and the handicapped. These groups constituted 37 per cent of CRE, and 23 per cent of CES, recipients in 1992.

The CES offers a contract of 20 hours a month for 3 to 36 months working for a locality, association or public enterprise at the minimum wage. They receive some subsidized training and a partial subsidy of their wage, while employers receive tax exemptions and sometimes compensation for costs. CESs are more likely to result in successful insertion when applied in the framework of an *association intermédiaire* (see below) rather than in a regular part-time job where the "social framework" is insufficient [Delahaye, 1994]. AIF provides personalized training by the public employment service that can include an on-the-job training component in an enterprise. The CRE provides direct access to an ordinary job, whether permanent or temporary, for 24-39 hours a week in a private firm. Workers should receive even more subsidized training and a salary for up to 39 hours of work, while their employers again receive exemptions from social charges. Yet the CRE rarely led to on-the-job training. Rather, smaller enterprises in weaker industries that had always made intensive use of unskilled labour simply used the subsidies for unemployed workers to reduce their labour costs. At least one study of CRE found that, while the least advantaged integrated well into the workplace, employers selected the better elements of even this disadvantaged population [ibid.].

In 1992, as unemployment rates in France continued to soar, the public employment service made an all-out effort to offer the 900,000 long-term unemployed a job, training, or community activity of general interest. While virtually everyone's case was reviewed, the crush overloaded the system. Rather than meeting its goal of insertion tailored to the individual, people were increasingly classified into standardized profiles. As many as 290,000 or 28 per cent of the 900,000 cases never received a proposal of a job, training, or insertion activity. Most of those "excluded" were older or very long-term unemployed.

In 1982, the government declared that no youth under 18 should lack vocational qualifications. The major training approaches for unskilled 16-25-year-olds were State-remunerated training courses and partially subsidized, on-the-job training. The September 1989 introduction of *crédit de formation individualisé* (CFI) consolidated and rationalized youth training and occupational insertion policies. It organized a wide variety of programmes into logical sequences ending in a job. They include the *contrat local d'orientation* (CLO) which gives 16- and 17-year-olds without a diploma a three to six month full-time job with some collective utility under CES; apprenticeships; *actions de formation alternée*; *ateliers pédagogiques personnalisés*; *contrats de qualification*; *contrats d'orientation*; *contrats d'adaptation*; and *préparation active à la qualification et à l'emploi* (PAQUE). The latter is the first stage under CFI for the most disadvantaged youth, providing basic knowledge and active discovery of a range of jobs prior to holding one. Then training is to be partly provided on the job through limited-duration *contrats de qualification* (six months to two years for the least schooled) or *contrats d'adaptation* (for those who already had some recognized skill but not adapted to the job). In principle, the youth insertion programmes were supposed to provide individualized, global treatment through local employment and training committees.

Yet, during the 900,000 Programme interviews in 1992, youth in disfavoured urban settings complained of long delays in obtaining a slot in CFI or PAQUE. They resented being subjected to being "parked" in a series of training courses. Indeed, these various training courses rarely led to permanent employment and quickly lost legitimacy. Evaluations found that CFI *formation professionnelle alternée* had limited effectiveness because it was too detached from enterprises and did not address the special needs of certain youth. They recommended focusing more on social problems and reorienting CFI towards *contrats en alternance* providing access to real, if short-term, jobs. The CFI reforms also did not go far enough in consolidating youth insertion programmes. In 1994, student demonstrations against the *contrat d'insertion professionnelle* (SMIC-jeunes) again revealed discontent over the government's ineffective youth insertion policies.

The British training system resembles the French in several respects. The programmes target youth and the unemployed, try to integrate classroom and on-the-job training and rely on partnerships with employers. They have also helped reduce official unemployment rates. During the 1980s, Britain, like France, instituted reforms of unemployment benefits and training programmes that require recipients to develop a "personal action plan" in which the unemployed exchange a commitment to train or

seek work “actively” in return for income support. However, a closer look reveals some important differences in perspective. Although contractual language was also used to justify British insertion requirements, as in the RMI, it reflected Lockian ideas more than Rousseau’s solidary conception of the social contract. As King [1992, pp. 238-239] notes, British politicians “adopted the language of contract and duty familiar from the United States and promoted by the New Right”.

As unemployment soared in the early 1980s, the Manpower Services Commission (MSC) became “the central institution in the government’s attack on unemployment”. In 1982, the MSC introduced the Community Programme which provided the long-term unemployed with temporary employment on “projects of benefit to the community”. Of the 250,000 places in 1985, half were sponsored by local authorities and the others by voluntary associations [OECD, 1988]. However, these “social” insertion programmes were increasingly disfavoured. In 1983, expenditure rose for the Youth Training Scheme (YTS) and other technical and vocational youth training, but cuts in job creation programmes for the older long-term unemployed increasingly compelled them to participate in a “socially useful activity” in return for a ‘wage’ which was little more than benefit levels” [Atkinson & Lupton, 1990, p. 54].

In 1988, two White Papers, *Employment for the 1990s* and *Training for employment*, spelled out Britain’s “new training and enterprise policy”. First, it made administrative changes. Nationally, the Department of Employment absorbed the Training Commission (the MSC’s successor) and renamed it the Training Agency. Regionally, it established Training and Enterprise Councils (TECs) in 82 travel-to-work areas. Modelled on the American Private Industry Councils introduced under President Reagan, TECs are independent companies “born of the enterprise culture” with a two-thirds majority of business executives and a one-third minority of local authority, education, union, and non-profit representatives. Because they by-passed local authorities, TECs have been criticized as unaccountable and politically exclusionary, and since TECs cannot levy fees on local employers as could the earlier Industrial Training Boards, they tend to be underfunded.

In 1988, TECs were made responsible for Employment Training (ET) which consolidated all existing adult vocation training programmes. They contract for training services from local providers in order to adjust skills flexibly and rapidly to local demand. Trainees are paid a benefit-related “allowance” but, for the adult unemployed, receipt of social security benefits while undergoing training operates as a cap to wages. Training became increasingly compulsory. Since 1990, those unemployed for over

two years who reject help at their Restart interview must take a training course. Although the government promised up to 600,000 ET places for an average of six months, ET for the long-term unemployed has had a high drop-out rate, and its replacement, Employment Action, has an insufficient number of places although, like the Community Programme it replaced, it is a temporary work programme without mandatory training. After an initial expansion, expenditure on employment and training programmes, like the number of places, were cut back. The public-private partnership approach to training has not lived up to its promise.

TECs were also given control over training credits (vouchers for private training), the TA's small business promotion schemes, Careers Service, and school-industry Compacts, another American import. The latter, introduced first in London and adopted by Action for Cities, bear a certain resemblance to French RMI contracts. Students set goals like school attendance which, if met, give them work experience or jobs guaranteed by local employers. However, "their impact is relatively marginal to the wider unemployment problems of 16-17 year olds" [Hill, 1994, p. 178]. In 1988, as youth under 18 lost their rights to social security, the TECs also took over Youth Training Scheme, renamed Youth Training (YT) in 1990. By requiring 16- and 17-year-old school leavers either to work or train, the government eliminated official youth unemployment in Britain by *fiat*. The reform disqualified those who dropped out, were expelled, or declined a place in YTS without "good cause." Indeed, in areas of the country where few jobs were available, YTS became a cheap labour scheme with a variable training content (*Financial Times*, 20 January 1989). Like the CFI in France, YT has been unable to live up to its guarantee of a training position for every under-18 unemployed school leaver [Hill, 1994]. None the less, with a few exceptions, unemployed French youth do not qualify for "benefits" at all.

While more YTS graduates obtain full-time work and fewer become unemployed than in earlier years, a rising proportion enter another YTS scheme, a trend reminiscent of the French trend of parking people in training courses. Some areas with high youth unemployment were locally dubbed "scheme-lands" in which early adulthood "consisted of a seemingly endless round of government schemes and dead-end jobs punctuated by often lengthy periods of unemployment" [MacDonald & Coffield, 1991, p. 230].

One of the major insertion goals of the new training scheme was to socialize the new generation in the "enterprise culture". "Regular diatribes against scroungers" [King, 1992, p. 225], coupled with threatened loss of benefits for those not in work or training, were designed to stigmatize

“dependency” and inculcate a new morality of “enterprise.” Business penetrated the British school and university systems. Beginning in 1985, with the Mini-Enterprise in Schools Project, enterprise training was incorporated into higher education, YTS and other training programmes. These initiatives fall under the rubric of Britain’s version of insertion by economic means.

IV. Insertion by economic means

The liberal approach to job creation has traditionally used supply-side policies to reduce the cost of labour. Both Britain and France relaxed employment regulations and offered private enterprises a variety of tax exemptions to promote job creation and the hiring of new labour market entrants, re-entrants, the unskilled and the long-term unemployed. In contrast to profit-enhancing incentives for employers, the idea of insertion by economic means (*l’insertion par l’activité économique*) is to integrate the economic goal of job and business creation with social purposes in the effort to combat social exclusion. Such policies can be found in both France and Britain, but their underlying conceptions of insertion profoundly differ.

Insertion by economic means in France explicitly combines economic and social purposes: the offer of a real job or other insertion trajectory tied to personalized social services. The ideology underlying this approach is to respect market competition as well as pursue solidarity. *Entreprises d’insertion (EIs)*, *associations intermédiaires (AIs)*, and *régies des quartiers* conceive of the work group as a “community” with social as well as economic benefits. Like many small enterprises, they draw upon a tradition of companionship and evoke the moral or civic duty of patrons toward their employees. Insertion goes beyond the cash nexus; a job should integrate all the cultural, educational, health, familial and other aspects of an excluded person’s life.

In contrast, the British approach is to encourage “enterprise” by the excluded themselves to fight a “dependency culture.” The business community and voluntary associations as well as central government are involved in promoting entrepreneurship and small business development by local communities and the unemployed. Given the diverse activities and actors involved, it should not be surprising that “enterprise” has multiple meanings, “sometimes referring to an individual ability considered amenable to improvement and at other times to a form of economic activity, usually in small businesses” [MacDonald & Coffield, 1991, p. 29]. However,

compared to France, the assistance and training provided is more narrowly economic or commercial than social, and focuses more on changing individual behaviour than insertion into a work group or community.

In 1979, France officially recognized insertion by economic means by creating a formal status distinct from legally-protected employment for work organizations serving the disadvantaged, especially those who have trouble holding a traditional job and who are unassisted by more conventional insertion programmes. Although often compared to American policies of the New Deal and War on Poverty, EIs, AIs, and *régies des quartiers* originated not in the public sector but in the efforts of ordinary citizens, social workers and social action groups. Often headed by strong, even charismatic leaders, they none the less require active participation of volunteers and the beneficiaries of their services. Most serve a population of long-term unemployed, ex-convicts, substance-abusers, homeless persons and others with multiple difficulties and a history of defeats in the labour market. Many are referred by *Action sociale*, and health, criminal justice, and training agencies. But others are walk-ins, taking advantage of the organizations' open-door policies. This has made it possible to reach isolated persons who have no other contact with State insertion institutions.

Enterprises d'insertion (EIs) seek to function like ordinary enterprises. They produce goods and services for the market, must become economically viable and, though recruiting workers from the most disadvantaged elements, offer at least the minimum wage and expect real productivity and conventional workplace behaviour. While the failure rate of EIs is below that of small businesses generally they tend to operate in less-profitable sectors — construction and local services — served by neither the market nor the State. These activities regularize what was often undertaken in the underground economy. Such labour-intensive activities also make it possible to take on predominantly unskilled workers in need of employment. EIs provide a personal project or job for an average length of nine months, during which workers adhere to ordinary work rules and enjoy the same rights as they would in the regular labour market.

In general, the *associations intermédiaires (AIs)* are more flexible than EIs in their expectations for participants. While EIs stress the economic aspects of punctuality, reliability and work quality, AIs emphasize the social aspects of insertion, such as daily schedules, regular attendance, and the nature of the tasks accomplished in predominantly part-time jobs. These differences are also reflected in the gender composition of the clientele: 87 per cent of EI workers are male, while 52 per cent of AI workers are female. Yet both institutions demand that participants follow conventional workplace norms, like refraining from alcohol or drugs.

By offering interim employment, AIs were initially conceived as a form of work-sharing. Created under a January 1987 law to prepare the most disadvantaged job-seekers for work and to follow up their progress, AIs deal with very few RMI recipients, but do hire the most disadvantaged for non-market activities and “odd jobs” exempt from business taxes and normal labour regulations governing temporary work. By 1991, over a third of their employees were permanent. Over time, they have launched local partnerships to establish work sites (*chantiers d’insertion* and *chantiers-écoles*), which do not have official status, and have encouraged new economic activities like family and environmental businesses.

Economic insertion activities are decentralized efforts adapted to local conditions. Therefore, they combine economic and urban dimensions of insertion. For example, the *régies des quartiers* are local partnerships of inhabitants, elected officials, and landlords that establish a neighbourhood structure for insertion by economic means. They operate in markets that serve the locality — building maintenance, gardening, and other neighbourhood services — but also seek to increase access to the rest of the city. The *régies* give the most disadvantaged local residents priority in hiring, couple employment with training and social services, and provide opportunities for residents to participate in all stages of a project, most aimed at developing the social life of disadvantaged neighbourhoods. Although their activities are local, EIs, AIs, and *régies* have national confederations to serve as government interlocutors, information networks, and technical assistance providers.

Increasingly, these essentially private enterprises and associations have received public subsidies. One important funding source are the *plans locaux d’insertion économique (PLIE)*. Like the English Partnerships and TECs, the PLIE are designed to coordinate and rationalize the actions and funding of the many different partners in the local insertion effort. Every PLIE organizes a local partnership, assesses local conditions of deprivation, agency capacity and employment opportunities, and lays out individualized trajectories for the insertion process. Under contracts, the PLIE disburse the *Fonds social européen (FSE)* under Objective 3 and State funds from the Labour, Social Affairs, and Urban Ministries. On average, subsidies cover 20 per cent of EI budgets, but EIs may also receive tax exemptions and subsidies to compensate for low worker productivity. It is unclear whether the subsidies per job exceed the worker’s value-added, but they are probably about double those used to finance a CRE or CES.

Evaluations of insertion by economic means tend to be favourable [Hatzfeld, 1993]. They effectively reorient for work those who have not

held a job in years, transforming those deemed unemployable due to a lack of motivation or respect for basic social norms or an inability to learn or negotiate the social organization of time and space. The *esprit de corps* in these community associations helps to integrate the least advantaged citizens into the world of work and provides the foundation for a revitalized local democracy.

However, these economic associations are still few in number and have limited capacity in relation to the enormity of the problems they seek to address. There are no more than a few thousand such initiatives (500 EIs, 960 AIs), and their geographical distribution is uneven. All told, they have created about 22,000 full-time equivalent jobs. National subsidies and rules are designed to increase their size and number. Despite national-level consolidation and widespread popularity, their short life-span and diverse forms and activities mean that assessments are most often based on anecdotal evidence. Their social and economic goals also may conflict. They have low productivity, often lack professional management, use very traditional labour processes, rather than innovating the production process, and contribute to the precariousness of work. While the EI ideology is to provide the excluded with a "real" socially-recognized job, the limited duration of employment increases turnover, discourages the development of a trained workforce and lowers productivity. Finally, the employment prospects of former participants were not much enhanced by their experience. Associations do little to place departing workers in jobs. Family or other forms of social insertion are deemed as important as the economic.

Insertion by economic means has its British counterparts. For example, the growing voluntary sector has supplemented central government initiatives to fight social exclusion in British localities. Religious initiatives include the Church of England's Faith in the City project, established in 1985 and now the tenth largest charity in Britain, and Evangelical Enterprise, a partnership between black churches and Inner Cities Task Forces to organize constructive projects for the unemployed.

Corporate initiatives also exist. Business in the Community, a privately-funded association of UK corporations, created in 1981, works with local councils, local enterprise agencies, and neighbourhood partnerships through ten regional offices. Its Centre for Corporate Responsibility encourages targeting investment, selective local hiring and training, and participation in partnerships and charitable activities. Local enterprise agencies operating in over 400 localities are private-sector led counselling services for unemployed people considering self-employment. Enterprise Trusts assist small firms through advice, training and support services.

Most similar to the French EIs and AIs are Community Enterprises: development trusts, community companies, cooperatives and other voluntary associations. They comprise a grass-roots approach to "sustainable, people-centred development" in partnership with local business and government. Established in the 1960s and 1970s, local non-profit community development trusts now number in the hundreds, some funded through Task Forces, City Grant, or City Challenge. Despite successful examples, community enterprises in some places consisted of "short-term, disorganized activities" that contributed to the confidence and skills of the unemployed but did not realize their grander aims. Communities have also engaged in real planning exercises to influence local economic development. None the less, community-led development remains small-scale, under-funded, and marginalized in a national context favouring insertion in new or existing for-profit businesses.

As mentioned, Britain developed an extensive set of training policies during the 1980s to promote an "enterprise culture." To assist would-be entrepreneurs outside the YTS, schools, and universities, the Training for Enterprise Programme (TFE) expanded rapidly over the decade. TFE includes such programmes as the Business Enterprise programme (week-long training in skills to establish and run a small business); Private Enterprise Programme (day-long training modules for existing businesses); Management Extension Programme (for unemployed managers to move into small businesses); and Graduate Gateway Programme (to encourage graduates to enter business). The most important programme to combat exclusion is the Enterprise Allowance Scheme, which expanded to over 300,000 places since its introduction in 1983. For up to a year, it provides a £40 weekly supplement to the profits of any new business established by the previously unemployed on unemployment benefit or income support, provided they invest at least £1,000 and work full-time in a government-approved business. Enterprise Allowance did not require a business to be profitable. Thus, while enterprise schemes often provided jobs for bureaucrats and enterprise trainers, many of the new enterprises — most sole traderships rather than cooperative or community ventures — were marginally viable or failed.

Self-employment did rise spectacularly in the UK during the 1980s, from 6.6 per cent of non-agricultural employment in 1979 to 11.6 per cent in 1990. Although the UK figures do include some owner-managers of incorporated businesses, the self-employed proportion of nonagricultural employment in France fell continuously during this period from 11.4 per cent in 1973 to 10.3 per cent in 1990. This is just another indicator of the lack of French employment growth.

France and the United Kingdom justified rising government incentives to self-employment as a way to reduce unemployment. However, there does not appear to be any systematic variation between unemployment rates and self-employment trends over time or cross-nationally. Some of the unemployed do use self-employment as a stepping stone into other jobs, but not all the unemployed are likely to do well in self-employment. Although UK self-employment rose 57 per cent between 1981 and 1989, accounting for over 75 per cent of the new job growth during the decade, another 20 per cent of new jobs were in fact in government training schemes, suggesting that the new entrepreneurs hired few people. Also, self-employment rose primarily in the prosperous South-east. Since the self-employed are not entitled to unemployment, injury and other benefits, the trend may actually reflect rising demand for independent contractors to avoid job security legislation and social security contributions. Rising self-employment may also reflect changing production processes, aided with new technologies and the rise of segmented markets served by small specialized firms.

Finally, even among the economically inactive, access to "social capital" coupled with free time may enlarge one's social world through participation in the "household economy" and local voluntary activities. Thus, aside from self-employment, advanced industrial countries have also experienced a renaissance in self-help activities and household economies among the poor, a phenomenon once confined to developing countries. Although such "concealed employment" is notoriously difficult to measure, most indicators suggest it is rising [OECD, 1986]. However, rising unemployment does not appear to be related to informal economic activities for several reasons. "Social capital" is more plentiful in some economic enclaves, groups and communities than others. Informal economies are less likely to work among the socially disaffiliated, and the unemployed are less likely to engage in informal economic activity. The State may be their only recourse.

Policies to promote insertion by economic means are designed to provide an organized social framework of activities to prevent the long-term unemployed from becoming isolated, losing the discipline of daily routines and social practices, and falling into illegal activities. EIs and small business programmes can help regularize informal enterprises or effectively compete with them. However, the small economic scale of such insertion efforts is insufficient to cope with the enormity of the unemployment problems in Britain and France.

V. Urban insertion

The application of urban policy to address social exclusion is relatively recent, especially in France. Urban policy in both Britain and France grew out of post-war land-use planning, infrastructural development, slum clearance, and related subsidized housing construction. The wedding of urban to social policy received a major impetus in both countries from ethnic disorders in subsidized housing estates.

France did not develop a specifically "urban" policy until the 1981 riot at Les Minguettes which led to the creation of the National Commission for the Social Development of Neighbourhoods (DSQ). In late 1988, urban policy was further oriented towards insertion with the creation of the *Conseil national des villes (CNV)*, *Comité interministériel des villes (CIV)*, and the *Délégation interministérielle à la ville (DIV)*. Their goal was to fuse infrastructure, public works, housing and local citizenship policies (like anti-delinquency and social development efforts) in order to address problems globally and on a decentralized, experimental basis. Yet, in May of the following year, a moratorium on urban policy was declared.

It took the violent incidents in Vaulx-en-Velin, Sartrouville, and Mantes-la-Jolie during 1990 and early 1991 to prompt a rethinking of State policy towards the city and especially, the peripheral *banlieues* (outer estates). To deconcentrate the poor in the name of solidarity, the Loi Besson passed in May 1991 declared a right to housing.³ To reduce police provocation of local conflagrations, DSQ and delinquency prevention policy incorporated the police. Immigrant integration policy was also formulated. The *Ministère des Affaires sociales et de l'intégration* has since pursued social policies that bestow legitimacy upon ethnic associations and immigrant cultural life [Barou, 1993]. A new French urban policy at last emerged in July 1991 with the *Loi d'orientation pour la ville (LOV)*. New financial arrangements redistributed resources from richer to poorer areas under the principle of solidarity. In addition, the LOV and the *protocoles d'occupation du patrimoine social (POPS)* revamped low-income housing policy. A full-fledged Urban Ministry was also established in 1991.

In contrast, the origins of the British Urban Programme in 1968 can be traced to the rediscovery of poverty, itself stimulated by the Great Society programmes and race riots in the United States. Initially focused on the personal and family problems of inner-city residents, the Urban Programme provided grants to local authorities to meet special social needs

³ The *fonds de solidarité logement* and *prêts locatifs aidés d'insertion* were created.

through social and community programmes. The Community Development Project established 12 Inner Area Projects. A shift from social to economic concerns, and from public to private provision was signalled by the Labour government's 1977 White Paper, *Policy for the inner cities*. The Inner Urban Areas Act of 1978 enhanced the Urban Programme by incorporating economic and environmental as well as social programmes. The CDP was phased out, and resources were redirected at seven "inner city partnerships" (ICPs) of private sector interests, the police, voluntary groups, the Department of Environment, and local authorities and made responsible for 25 per cent of the cost of "regeneration" in the most deprived "programme areas". The ICPs, however, remained fragmented.

As in France, British urban policy received new impetus with the urban riots of 1981. The events added violence and delinquency to the connotations of race and poverty already implicit in the notion of "inner-cities." While some local authorities reacted with policies on racial discrimination, the solution of the Conservative government was to encourage "enterprise and the means to participate in mainstream economic life — while exercising firm control over crime and disorder, and discouraging dependency" [Hill, 1994, p. 169]. Thus, to existing programmes, like the 150 Urban Programme projects, were added policies to leverage private investment and relax regulations in selected areas of deprivation. The most important of these were Enterprise Zones (EZs) and Urban Development Corporations (UDCs), both of which gave a prominent role to business leaders and reduced local authority discretion in redeveloping derelict land in spatially targeted areas. Indeed, during the 1980s, just as France was decentralizing power to the départements and communes, British central government was reasserting control over local authorities. New decentralized, unelected, quasi-governmental administrations executed centrally-determined policies.

Despite the impetus of social unrest, the legacy of physical redevelopment activities left an enduring imprint on French and British urban policy. In both countries, evaluations have been highly critical of this emphasis. French critics urged urban policy to concentrate on economic and social development activities that would fight exclusion in the areas where it is most crystallized. British evaluations, like the French, called for a "better mix of social and economic objectives" [Hill, 1994, p. 195] and spatially targeted interventions in deprived areas.

Nevertheless, there are national differences in the conception of urban insertion, with discourse in France again stressing "solidarity" and in Britain, "community" and "citizenship". Underlying French urban insertion policies is an assumption that one's proximate neighbourhood (*cité*) is

a legitimate source of attachment or identity, deriving from a specific history and cultural accretion. The demand for new forms of production and social organization evokes the French 1848 revolutionary tradition of fraternity and solidarity in Hatzfeld [1993, p. 91]. Yet the term *banlieue* also came to connote a “ghetto”, much as the English term “inner-city” became a metaphor for poverty, crime, and race; indeed, in both countries, some of the worst urban conditions were found on “outer estates”. British discourse of urban policy also featured the term “community” as an assumption of shared interests among business, local government and institutions; “regeneration” as a biological reference imported from the US that, by analogy, cures “pathology”; and “enterprise” or “self-reliance” as the antithesis of “underclass’ dependency.”

While French urban policy increasingly aspires to couple social concerns to economic integration, British urban policy decidedly shifted from social interventions towards market-led economic solutions. British “inner-city” programmes, as in other areas of social policy, moved increasingly in the direction of American urban initiatives and came to share that country’s liberal conception of social exclusion. Over time, Britain relaxed planning regulations, used public funds to leverage private investment, created competition among localities, and largely relied upon real-estate development to create jobs. Social problems remained the responsibility of local authorities, while urban subsidies went to other public and quasi-governmental agencies for physical and economic development.

French and British urban policies have not been very successful at alleviating the social problems they were supposed to address. French evaluations found the LOV policy deficient in several respects [Geindre, 1993; Herrou, 1993]. They proposed that French urban policy should concentrate even more on fighting exclusion and increasing local democracy in the most disadvantaged neighbourhoods, coordinating economic and social interventions, and incorporating urban policy into physical planning of metropolitan infrastructure. In Britain, too, the emphasis on property development did little for deprived populations. The assumption behind EZs and UDCs was that concentrated social exclusion could be tackled with “trickle-down” economics, when no arrangements guaranteed that local residents would benefit. Only a minority of the new jobs, often relocated from elsewhere in the city, went to local residents. Canary Wharf in the Docklands provides the most spectacular example of failure. The Audit Commission found that new derelict spaces increased faster than their reclamation during the 1980s. In 1992, the Policy Studies Institute’s *Urban Trends 1* reported that job creation was limited, deprived areas still had high poverty rates and poor housing, and the gap between these areas

and the rest of England had widened. Even violent disorders erupted in areas targeted by urban policy.

The emphasis on physical rather than social development is not the only thing French and British urban policies have in common. Both increasingly rely upon "partnerships" between government agencies and between public and private sector representatives to administer and execute urban policy. This has resulted in two problems the countries share: lack of coordination among agencies and insufficient participation by local residents.

In France, the rapid expansion of urban policy created extreme confusion. The goals of urban policy and its relationship to efforts at other levels of government remained ambiguous. Urban policy, in fact, encompassed a broad range of State, departmental, communal, and neighbourhood activities. Unlike in Britain after 1977, urban activities were poorly integrated with economic development, occupational insertion, and unemployment agencies in the target areas. The 221 local missions for the insertion of youth in difficulty were oriented more towards employment than global treatment of problems. Numerous agencies and ministries intervened in local affairs, with very uneven impact. At the same time, inter-ministerial bodies proliferated: for disadvantaged neighbourhoods; for delinquency; for *contrats de villes*; for youth insertion; for income support and insertion; and for integration. Despite inter-ministerial efforts, sectoral logics — e.g. housing, education, urban, security — prevailed. The Belorgey report endorsed the idea of sub-prefects to coordinate all these State activities at the local level and endorsed promotion incentives for police, educators and social workers who work in these zones. The Geindre report [1993, p. 237], too, condemned the "real tangle of responsibilities", and it also called attention to the lack of inter-communal cooperation, with some towns refusing to accept poorer residents or social housing.

As in France, the British government tried to coordinate urban policies among government bodies. In the mid-1980s, it established 8 City Action Teams (CATs) and 16 Task Forces. CATs were regional bodies of the Departments of Environment, Employment, and Trade and Industry, while Task Forces of civil service, local government, and voluntary sector representatives dispensed loans and advice to local small enterprises. Other reforms came in 1987 and 1988. In 1989, the Department of the Environment took on more responsibility for coordinating these urban policies. Social programmes associated with "dependency" remained the council's responsibility, while new partnerships between central government agencies and business shut local authorities out of their activities to create an "enterprise culture" and promote "civic pride." The 1990 White Paper, *People in cities*, signalled a shift from physical regeneration through

Enterprise Zones and UDCs to the building of "partnerships," including local residents and councils. The approach gave priority to improved coordination, leveraging private capital, and reduced cost. Partnerships seemed more "community-oriented" and "people-friendly" than the UDCs, but business interests remained central. Including local residents led to tokenism, insufficient representativeness, or cooptation into "US-style growth coalitions" [Colenutt, 1993].

In 1991, the City Challenge programme created new local public-private partnerships which further concentrated on small areas and disadvantaged groups. Local authorities competed for City Challenge funds partly by showing in their bid that they had strong business and community involvement. However, City Challenge was quickly phased out, replaced in 1993 by the Urban Regeneration Agency which took over inner-city initiatives from the Department of the Environment. Under the control of a regional director who coordinates government departments and consolidates the budget of 20 existing programmes, the URA also created the English Partnerships between local councils, resident associations, and the private sector to acquire, plan and redevelop derelict land.

As in France, British evaluations cited the lack of coordination among urban initiatives as a major problem. In 1989, the House of Commons Public Accounts Committee and the Audit Commission (1989) severely criticized urban policy, the latter calling it a "patchwork quilt of complexity and idiosyncrasy with few resources to match the scale of the attendant problems". By 1992, "there were 34 different urban policy initiatives covering five government departments" [Hill, 1994, p. 192]. Since the same areas could have more than one urban policy designation and reported to different agencies and levels of government, duplication and poor coordination arose. In this sense, the UK lacks a coherent urban policy.

Urban policy in neither country did much to increase citizen participation. In France, despite its rhetoric of local citizenship and solidarity in LOV, resident participation was limited. While associations were consulted, urban protesters demobilized and the idea of local empowerment lost legitimacy. The Belorgey report speculated on the reasons for this apathy, suggesting that associations brought into decision-making and policy execution may not be truly representative and that local politicians remain uninvolved or even hostile to neighbourhood efforts [Belorgey, 1993]. In Britain, where UDCs were composed primarily by appointed business people, there was no systematic monitoring of the corporations' proceedings, which were often secret. The Urban Development Grant, renamed Urban Regeneration Grant in 1987 and City Grant in 1988, increasingly

by-passed local authorities. Thus, by neglecting local consultation, UDCs may have added to political exclusion. Critics charge that the URA has "increased central administrative powers along the lines of the French prefecture system" [Hill, 1994, p. 174]. In addition, British urban policy since 1981 has increasingly marginalized race issues.

Some observers consider the partnerships created under the enhanced Urban Programme and City Challenge to be more "integrationist" while UDCs and English Partnerships are more "exclusionary" [Burton, 1994]. Coordinated, cross-departmental initiatives involving private and voluntary sectors as well as State services can be viewed as a method to reintroduce the excluded to full participation. While the partnership approach suggests more incorporation of social and community goals in urban policy, "exclusion from political concern" and urban policy-making remains a problem in Britain, as in France.

It is worth noting that the Major government launched its own approach to the question of government responsiveness to popular concerns. Its July 1991 Citizen's Charter aimed to give "more power to the citizen" by strengthening consumer rights, improving the responsiveness of public services, fighting discrimination and providing multilingual services. In this view, "citizenship" refers to quality, choice, standards, and value for money implied by the ability to pay.

In sum, British urban policy increasingly excluded elected local representatives, deregulated the local economy and emphasized partnerships with business. French urban policy, in contrast, increased public intervention in deprived neighbourhoods and went beyond economic and physical redevelopment to incorporate more social insertion programmes. Yet both countries have problems coordinating urban agencies and programmes, encouraging resident participation, reducing unemployment and poverty, and responding to the specific needs of ethnic minorities.

VI. Conclusion

This comparison of French and British insertion policies has shown how programmes fighting exclusion differ from the income transfer programmes of post-war European welfare states. While social insurance programmes redistribute income over the life course as individuals encounter a series of relatively predictable, but temporary, risks, social insertion programmes reattach individuals facing the risk of permanent exclusion to a social fabric woven around work, training, associational and community activities. While means-tested programmes for residual cate-

gories of non-workers fight poverty through the passive receipt of social assistance, social insertion programmes condition income transfers on the active participation of the excluded in their own integration.

Not all the insertion programmes examined here have been equally successful in achieving these goals. Training and economic insertion policies need more involvement by, and better coordination with, the private sector. Some “creaming” of clients has occurred, so that the most excluded economically and socially are often excluded from insertion programmes as well. Urban policies in particular have suffered from insufficient citizen participation. Top-down policies and conflicts between central and local governments have weakened grass-roots initiatives. Most obvious were the problems of coordinating the administration of new insertion programmes.

Nothing better illustrates the novelty of the problem of exclusion than the institutional innovations made necessary to combat it. Both France and Britain have created new agencies to coordinate the work of different ministries in treating the multiple dimensions of exclusion. Both countries have also instituted programmes to coordinate public and private sector activities. The “alphabet soup” of these new insertion institutions includes, in France, CDIs, CLIs, PLIEs, *missions locales*, *régies des quartiers*, PAIO, and the DIV. Counterparts in Britain include the TECs, School-Industry Compacts, CATs, Task Forces, ICPs, URA, and English Partnerships.

Evaluations of their work demonstrate how difficult it has been to overcome the pre-existing logics of sectoral differentiation and achieve the coordination necessary to tackle exclusion. New agencies have been added on top of old ones. Different agencies have overlapping functions, and some even duplicate the work of others. Insertion agencies at different levels of government have different functions that mesh together poorly. Rather than being treated in one’s totality as an individual, clients must often move between agencies for different services. Progressive administrative reforms to address these problems have still not succeeded in simplifying and coordinating the system of insertion programmes.

British and French insertion exhibit a number of similarities. Income support is increasingly tied to supported work and job training. In France, RMI recipients sign an insertion contract, while in the UK, benefit recipients develop personal action plans in Restart interviews or set personal education targets in School-Industry Compacts. Employers are also subsidized to hire the unemployed, provide on-the-job training, or create new jobs. Although youth training programmes have not been very successful in promoting employment, the British and French governments

have both declared that youth has a right to a recognized qualification and have deregulated minimum wages to fight youth unemployment. France and Britain also provide subsidies and training to promote self-employment and small business formation. More socially-oriented, local productive initiatives, like *associations d'insertion* and Community Enterprises, exist in both countries. In reaction to violent disturbances, France and Britain also introduced urban policies targeted on areas with high rates of unemployment, poverty, crime, delinquency, housing dilapidation, and ethnic minorities. However, neither country has been very successful in alleviating these spatially concentrated problems, reorienting interventions from physical to social redevelopment, or increasing resident participation in community regeneration.

Nevertheless, French insertion policies have different emphases than the British. Most French programmes purportedly serve both social and economic purposes, in line with the ideology of solidarity, whereas British programmes emphasize economic "enterprise". French income support is more permissive in accepting social, as well as economic, insertion activities, whereas British benefits are accompanied by more coercive requirements to move towards economic insertion alone. Employment Training is more punitive and oriented towards the private sector than the French *contrats emploi-solidarité*, *actions d'insertion et de formation*, and *contrats de retour à l'emploi*. The French government has intervened to combat exclusion from both the demand and supply sides of the labour market, and business participation in insertion efforts is greater there than in the UK. In contrast, the key British insertion strategies have been targeting the most disadvantaged groups and areas, providing legal remedies for discrimination, insuring the quality of local public services, and reintroducing excluded groups to full participation through "coordinated, cross-departmental initiatives" [Room, 1992, p. S35].

The national contrasts are particularly striking with respect to urban policy. While French urban interventions are poorly coordinated with local economic insertion programmes, public involvement and expenditure in the ZUP have been increasing over time. Newly decentralized powers also allow French local governments to innovate in ways adapted to local conditions, if not all municipalities are willing to do so. In contrast, the British approach to urban policy has been to relax business and labour market regulation, give priority to physical and economic regeneration, and increase the power of employers and reduce the power of local authorities and citizens to determine the direction of urban redevelopment. Institutionalizing new "partnerships" has not done much to move urban policy back in the direction of social insertion.

In brief, to the extent that social exclusion is a newly-perceived social problem distinguished from poverty or inequality, it has promoted a new set of social insertion policies and new institutions to carry them out. Nevertheless, there are important cross-national differences in the social construction of the problem, its diagnosis, and the ways that welfare states are adjusting to address it.

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List of acronyms**French**

AI	Associations intermédiaires
AFI	Aide forfaitaire au poste d'insertion
AIF	Action d'insertion et de formation
CES	Contrat emploi-solidarité
CFI	Crédit de formation individualisé
CLO	Contrat local d'orientation
CGP	Commissariat général au Plan
CIV	Comité interministériel des villes
CNV	Conseil national des villes
CRE	Contrat de retour à l'emploi
DIV	Délégation interministérielle à la ville
DSQ	Développement social des quartiers
EI	Entreprise d'insertion
FSE	Fonds social européen
LOV	Loi d'orientation pour la ville
PAIO	Permanence d'accueil, d'information et d'orientation
PAQUE	Préparation active à la qualification et à l'emploi
PLIE	Plans locaux d'insertion économique
POPS	Protocoles d'occupation du patrimoine social
RMI	Revenu minimum d'insertion

British

CATs	City Action Teams
ET	Employment Training
EZ	Enterprise Zones
ICP	Inner City Partnership
MSC	Manpower Services Commission
TA	Training Agency
TECs	Training and Enterprise Councils
TFE	Training for Enterprise Programme
UDC	Urban Development Corporations
URA	Urban Regeneration Agency
YT	Youth Training
YTS	Youth Training Scheme

**List of discussion papers from
the IILS/UNDP social exclusion project**

- DP 62 (1994). *Social exclusion and Africa south of the Sahara: A review of the literature*. Charles Gore.
- DP 63 (1994). *Some paradoxes of social exclusion*. Marshall Wolfe.
- DP 69 (1994). *Social exclusion and social solidarity: Three paradigms*. Hilary Silver.
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