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THE POLITICAL ECONOMY OF SOCIAL EXCLUSION – AN OVERVIEW

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I. Introduction – Profiles and Process of Social Exclusion

1. Social exclusion is in danger of becoming yet another cliché in development-speak, if it remains compartmentalized as largely the “social sphere” separate from the economic one. To revitalize and dramatize the importance of the concept and its relevance to poverty reduction and improved well-being, let us frame “social exclusion” in terms of *real people*.

- There is Mai, the Indonesian factory worker not entitled to receive the additional allowance allocated heads of families because she is a woman – even though she is a widow and her family’s sole source of income – because “by definition,” only men can be considered the head of the family.
- Or, think of Om, the 16-year old boy who dropped out of school in third grade to help support his family as a ragpicker at the city dumpsite, and who has since been employed by a criminal gang to gather data on wealthy persons for extortion purposes
- Or consider Abdul Mustafa from Mindanao, who decided to change his name to Manuel Escondido after weeks of looking for work in Manila because no one would hire him once they found out he was a Muslim.
- Or reflect on Katerina Hidalgo, college valedictorian, who could not take an accounting job because the company is located on the fourth floor and she is confined to a wheelchair.
- Or admire Waling-Waling, a six-year old indigenous child, who was initially prevented from entering first grade because she lacked a birth certificate, and who upon eventual acceptance was ridiculed by her young classmates because she came from a disparaged upland ethnic minority.
- Accounts of social exclusion go on and on and take many forms. The point is, we should resist thinking of social exclusion in terms of faceless, marginalized numbers, but strive also to see the faces of real people in those numbers. Although they are citizens of their country, they are deprived of its benefits and their rights simply because they fall into a certain category. These are the ones left out, individuals and groups excluded for reasons of class, gender, age, occupation, education, ethnicity, religion, disability, and other marks of identity.

- Social exclusion not only sustains or degrades poor people's lives; in economic terms it worsens inequality, expands political instability and slows down economic growth. It thus creates serious impediments to poverty reduction and striving for well-being.

2. Studying the political economy enables us to read and fathom a society's exclusionary map. If societal rules enable elites to monopolize major economic assets and political power while excluding many others from gaining entry, they are defining societal entitlements in exclusionary fashioning – determining who gets what.

II. Positive Forces for Social Inclusion

3. Social disparities can, however, be rectified when, for example, civil society groups, like NGOs, religious groups, farmers' organizations, trade unions, media personalities, and reform-oriented government officials champion inclusive, countervailing values for broad-based well-being through more equitable sharing of assets, resources, services, citizen participation, and power.

4. As a case in point, rich and powerful landlords can thwart legal agrarian reform efforts to transfer their plantation land to legitimate farmer-cultivators by posting their private armies on the land, by "convincing" the local mayor to arrest protesting farmers, by obtaining court judgments favorable to their side, and by getting national implementing officials to "back off," under the threat of a reprimand from a higher superior (who is the cousin of a close friend of the landlord's). The results emerge in the continuing impoverishment of farmers legally entitled to the land but prevented from claiming it by powerful economic forces actively engaged in negating state policy.

5. Approaches to reducing exclusion and therefore poverty and powerlessness can be found everywhere in the region. Some examples from the Philippines are illustrative.

- Legal and institutional arrangements that allow the bridging of the gap between the powerful and the powerless can reverse exclusionary processes. Thus, the city that opens an urban poor affairs office is creating a system whereby informal settlers threatened with summary eviction have a place and set of officials they can legitimately consult and from whom they can expect appropriate, supportive action. City governments that pass laws enabling poor people to use vacant urban land to cultivate crops for family use and sale are exhibiting a pro-poor stance.
- A village government planning process that regularly invites the populace – men, women, youth, older persons, and regularly excluded parties – to participate in goal setting, resource allocation, and monitoring processes, can generate citizen stakeholders likely to sustain democratic breakthroughs.
- Upland indigenous people can at last formalize their land rights with the power of the state behind them by undertaking the documentation and mapping required for establishing their ancestral land claims. This is usually done with the help of NGOs in partnership with government.
- Setting up women's desks in police stations to cater to children and women brought in by the police, especially in rape cases, is another example of new institutional arrangements that strengthen inclusion. The same is true when passage of a Juvenile Justice law stipulates that arrested children in conflict with the law not be lodged in cells with adult prisoners but immediately placed in the custody of social workers.

- Instituting computerized land record systems in rural municipalities makes it easier for farmers to check their land titles without having to bribe bureaucratic functionaries to issue that information.

6. Rectifying unequal social relations is best achieved in a free and democratic society that encourages those who live the problem to articulate it and act, that promotes a free press, media and internet communication. that fosters civil society actions supportive of excluded groups' aspirations for inclusion and expands civil society watchdog functions to expose corruption in government.

III. Globalization, Regional Integration in Asia and Trend in Social Exclusion

7. The onset of globalization with its base in the neo-liberal economic paradigm may be contributing significantly to structuring the political economies of Asian countries toward increasing exclusion and widening disparities. Unless specific social policies are recognized as equivalent in importance to economic growth policies and deemed worthy of equal integration into socio-economic policy-making, the hope of more inclusive societies may become an even more elusive goal. Globalization needs to be examined not only from an economic but also a social perspective, and understood holistically.

8. Anthropologists take a broad view of globalization, regarding it as:

- Exchanges in capital, commodities, people, images and ideologies
- Compression of time and space as people experience them; instant communication of information; virtual space; social interaction beyond a locality
- Pulling culture apart from place or particular localities and spatially defined populations, as in diasporas; historically, culture (meaning) was linked to a fixed territory
- Global-Local links: local happenings are shaped by events far away (9/11), and global events are affected by local events (Myanmar protests)
- Intensified rates of innovation
- A networking, flattened world
- New forms of global labor regulation: outsourcing, subcontracting, "home" work

9. The neo-liberal paradigm in economic globalization as seen from the vantage point of social exclusion emphasizes the following assumptions.

- Primacy lies in the market, competition, and profit
- Free market expansion of goods and services represents the engine of human progress; open markets unleash the true potential of human society, the free play of ideas, the spread of universal human rights and desire for democratic government in a borderless world of shared universal humanity
- Corporations and multilateral banks are appropriate major institutional promoters within and across borders.
- Economic growth is the key to a country's progress; benefits will eventually reach all; wealth creation is the cornerstone through on which productivity and creativity are based.
- The increasing dominance of finance capital (stock market, unrestricted hedge funds) in developing country economies is part of an evolutionary process

superseding earlier eras of industrial manufacturing, which were in turn preceded by crafts, trade via non-mechanized transport

- Weak nation-states enable global capital to make its inroads into a country with a minimum of regulation by the national society.
- The economic vision of progress entails a unified global market; free trade and a successful World Trade Organization

10. Flaws in the neo-liberal paradigm as seen from the social exclusion perspective are worth reviewing.

- The world cannot tolerate, “a global economic system which feeds on itself while marginalizing the fundamental human needs of people and communities.”
- More specifically, being ignored in the rush to break down barriers to global trade are social goals, or the cohesive values that create and sustain communities and recognize ordinary citizens as significant resources for bringing about growth with equity.

11. Social consequences leading to increased social exclusion can be attributed in part to elements of the neo-liberal globalizing economy

- Widening gap between the rich and poor across countries and within both developing and industrialized countries;
- Deepening of poverty and social exclusion; food insecurity and hunger; ill-being; unattainable Millennium Development Goals; growing powerlessness for many as decisions are concentrated in fewer hands
- Undermining of biological diversity, environmental sustainability; fears of global warming
- Civil or popular unrest leading to destabilized societies, repression, crime, drugs, mass suicide, conflict, warfare, terrorism, displaced persons, human insecurity, human rights violations
- Cross-border migration streams: refugees and displaced people; economic migrants in search of higher incomes with trade-off in diminished overall family well-being
- A changing world of meaning
 - of how life is lived and created in the cultural, economic, political, and environmental realms
 - of culture as the sphere of existence in which people make their lives, individually and collectively meaningful

IV. Toward Inclusive Societies Through Effective Social Policies

12. The potential role of the Asian Development Bank (and other multilateral development banks) could be:

- Promote the concept that successful public policy-making consists of integrating economic and social policies, and not of relegating social policy to a residual category; complementarity is the key (A. de Haan, *Reclaiming Social Policy: Globalization, Social Exclusion and New Poverty Reduction Strategies*, Palgrave Macmillan, 2007, www.palgrave.com);
- Focus more on well-being as the sustaining principle rather than solely on poverty and poverty reduction.

- Go beyond health and education as the social mainstays of economic frameworks to clean water, sanitation, food security, housing and tenure security, information technology, citizen participation, and peace, among others.
- In loan programs, work with governments to build in accountability measures for social goals in economic and technological programs and projects; include participatory user-monitoring and evaluation processes, as in. community driven development; integrate social policy analysis in cost-benefit analysis and budgeting; help economic planners incorporate into their paradigms measure of well-being and even happiness.
- Strengthen country policy and program expertise in the socio-cultural dimensions of development and well-being by locating complementary grant funding for professional training in sociology, anthropology, social psychology, and development communications, and for expanded capacity building at community levels
- Influence public policies, legal and regulatory frameworks, public programs and projects, and public expenditure processes to incorporate socially inclusive features; develop new institutional structures and arrangements geared to meaningful incorporation of people's human resource capacities contributions into mainstream sustainable economic and social development.
- Influence national public policy-making that combines the economic and social spheres so as to promote more successful integration into global markets that are increasingly sensitive to human security and well-being.