Social exclusion and conflict: analysis and policy implications

By Frances Stewart

I. Introduction

This paper explores the relationship between social exclusion (SE) and violent conflict and considers policies that might be adopted to reduce social exclusion and help to prevent conflict.

Large numbers of people in developing countries are *socially excluded* – excluded by mainstream society from participating fully in the economic, social and political life of the society where they live – often because of their cultural, religious or racial characteristics. These groups are typically also poor according to our normal definitions of poverty, but the usual anti-poverty programmes will not reach them unless the discrimination they face is also addressed, i.e. the reasons for their social exclusion. However, social exclusion is also about exclusion from political power, so sometimes groups that have adequate incomes or are even privileged economically may be excluded from this perspective. Females, in many societies, suffer from lack of power, discrimination and relative poverty in economically rich households as well as poor ones. Women may therefore suffer social exclusion even when they are relatively well-off.

There are strong reasons for devising policies to reduce social exclusion not only as part of a poverty reduction agenda, but also from the perspective of the well-being of those who are excluded. Social exclusion also generates conditions in which violent internal conflict can arise. This presents another powerful reason why SE should be part of any development policy concerned with poverty and well-being – since violent conflict is one of the major factors accounting for collapses in economic and social programmes, and leading to low growth and poor human development.

This paper explores the conditions in which SE may lead to violence. It is organised as follows. The next section briefly considers the definition of SE, and presents some illustrative examples. Section III explores how SE may provide fertile conditions for internal conflict, and considers the conditions in which such violence tends to erupt, again illustrating this by a range of examples. Section IV surveys policy approaches towards SE; section V provides two examples where policies have been apparently successful in reducing/avoiding conflict. The concluding section emphasises some political economy issues which can prevent such policies, or even make them counter-
productive from the perspective of avoiding conflict. This is illustrated by the case of Sri Lanka.

II. What is social exclusion: how does it differ from usual definitions of poverty4?

The concept of social exclusion is used to describe a group, or groups, of people who are excluded from the normal activities of their society, in multiple ways. Although the concept was initially developed in Europe, it has increasingly been applied to developing countries. While the precise definition varies, there is broad agreement that social exclusion consists of “Exclusion from social, political and economic institutions resulting from a complex and dynamic set of processes and relationships that prevent individuals or groups from accessing resources, participating in society and asserting their rights”. (Beall & Piron, 2004).

This definition immediately draws our attention to several key aspects of social exclusion which differentiate it from other definitions of poverty:

- It is multidimensional, including political dimensions as well as social and economic.
- Indeed, while there are complex and reinforcing processes, lack of power, or unequal power relations, is at the root of every type of exclusion.
- There is a process of exclusion and agency involved – the behaviour of particular agents and institutions leads to the exclusion of certain groups. Indeed some include this as part of the definition of SE: “[Social exclusion is] the process through which individuals or groups are wholly or partially excluded from full participation in the society in which they live.” (de Haan and Maxwell, 1998); “Social exclusion occurs when the institutions that allocate resources and assign value operate in ways that systematically deny some groups the resources and recognition that would allow them to participate fully in social life”. (Zeitlyn, 2004)
- Social exclusion tends to be a feature of groups, rather than individuals. These groups may be distinguished from others in society by their culture, religion, colour, gender, nationality or migration status, or caste; or they may be identified by gender, age, physical or mental disabilities or illness, or – in developed countries, particularly – by their housing or lack of it.
- It is relational, which means that its definition depends on what is normal in the particular society where people live.

This characterization of the excluded implies that policies to eliminate social exclusion will need to address a wider range of issues than is normally included in anti-poverty agendas. Thus for reducing social exclusion it becomes essential to devise policies towards multidimensional aspects, especially including political exclusion, which are often ignored in anti-poverty programmes. Moreover, in general reducing social exclusion in a significant way will involve tackling power relations –

4 This is one of the important questions explored in a QEH DFID funded project on ‘Alternative Concepts of Poverty’. See (Saith, 2001) for an analysis of the concept of SE; and (Stewart, Ruggeri Laderchi, & Saith, 2003b) for a comparison of four concepts of poverty, monetary, capability, participatory and SE.
confronting those institutions that are responsible for the exclusion (i.e. institutions which monopolising political power or economic opportunities and discriminate against particular groups). Social exclusion often results from discriminatory rules and behaviour so that policies must be addressed to sources of group discrimination and not solely the problems of deprived individuals. For example, simply expanding educational opportunities will not reduce social exclusion of scheduled castes or women in some societies unless accompanied by strong anti-discrimination programmes. Finally, there is an unavoidable redistributive element to any policies that address SE. While monetary or capability poverty can often be reduced by economic growth (‘Growth is good for the poor’ is the title of a well known article about reducing monetary poverty (Dollar & Kraay, 2001), in general growth alone will not improve SE but requires an improvement in the relative position of those excluded, including a change in power relations.

As noted the identification and characteristics of excluded groups are necessarily society dependent. Most SE groups are not only deprived in multiple ways but also have different characteristics (other than their deprivations) from others in the society in which they live, which enables them to be identified as a group and discriminated against. These distinguishing characteristics differ across societies. In some cases, the characteristics may be historic/cultural, as in the case of the Roma people in Europe, scheduled tribes in India, the Orang Asli in Malaysia; religious, as is the case of Muslims in Thailand or the Philippines, or Catholics in N.Ireland; racial as among the black population in Brazil or the US; racial and cultural as among indigenous peoples of Latin America and the US; geographic and cultural as among the Acehnese in Indonesia or the Somali in Kenya, and Northerners in Uganda; mainly geographic as in the case of East Pakistan (Bangladesh) and Eritrea (within Ethiopia); caste (India and Nepal); or a matter of immigration and citizen status (again often combined with race/cultural or religious differences), such as non-indigenous in Nigeria, ‘foreigners’ in Cote d’Ivoire or refugees in Europe; finally, gender is often a source of group discrimination and exclusion. We should note that while these characteristics often provide clear markers of difference, which enable people in the particular society to classify themselves and others, they are not ‘objective’ nor essential characteristics of people, but are the consequence of a historic process of social construction. Salient markers and group boundaries may change over time, in response to a host of influences, including political and economic objectives and circumstances.

In most cases of social exclusion, multiple deprivations reinforce each other. For example, indigenous people in Peru have worse access to education, poorer land, worse sanitation and health services, which contributes to lower productivity and incomes and reinforces their inability to reduce any of these deprivations, while highly limited political power means that they are unable to use the political system to improve their position. Moreover, because of their weak economic and educational position, they are not in a position – on their own – to organise effectively to overcome their political deprivations. A similar story could be told about many other peoples (e.g. the Roma – see UNDP Report). In Europe, refugees’ legal status may prevent them getting reasonable jobs, and hence in improving their economic position, which in turn feeds into their educational position.

5 See Figueroa and Barron, 2004, .
As noted, those who are SE are usually identified as having multiple deprivations. But there are some groups who are privileged in some respects, yet still excluded from some important aspects of societal activity. The Chinese in Southeast Asia are such a case – economically and educationally privileged, yet lacking access to political power and not fully accepted in society. The Jews for many centuries have been such a group. These groups are, in a sense, socially excluded, but they do not suffer multiple exclusions like many others. They suffer mainly from political exclusion. The existence of such groups can be a source of serious conflict, and their position should not, therefore be ignored.6

III. SE and violent conflict

The socially excluded are generally severely economically deprived and lack access to political power. Because of their economic situation, they appear to have little to lose by taking violent action – indeed some might gain by getting some sort of employment in rebellious armies, while they are likely to be sanctioned to loot and make other illicit gains.7 But it is easy to exaggerate these gains. Many lose through the insecurity that affects their families and communities, the economic disruptions that occur, the loss of the few services that they did have access to, and so on. Indeed, we know from country studies and econometric work, that on balance society loses from conflict and the poor typically lose proportionately or more than proportionately. In Aceh, Mindanao, Southern Thailand, East Timor, Northern Ireland, Sri Lanka, Sierra Leone and the Sudan, the aggregate costs of war for the poor and excluded are high in the short run, even though there are well documented gains for some.8 But there may be enough individuals, especially among young men, who foresee gains in respect and status as well as material advantage to welcome conflict for this reason alone.9

More significantly, to the extent that those who are socially excluded form a cultural or religious group – which they frequently do – this group affinity can act as a powerful source of mobilisation, where there are significant multiple disadvantages for members of the group. While peaceful mobilisation may be the first step – with marches, strikes and demonstrations, if this has no effect – or if governments react violently to such protests - then groups may take to violence. Cultural differences are not enough in themselves to cause conflict, as we can readily see by the many peaceful multicultural societies that exist today and have occurred throughout history. But when combined with strong group deprivation, cultural ties can be a powerful source of mobilisation.10 As Cohen has stated: “Men may and do certainly joke about or ridicule the strange and bizarre customs of men from other ethnic groups, because these customs are different from their own. But they do not fight over such

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6 These are the minority/majority groups that (Chua, 2003) writes about. In this connection, the concept of Horizontal Inequalities is particularly helpful as it extends to the relatively rich as well as the relatively poor, and looks explicitly and independently at the different dimensions of such inequalities.
7 The greed/grievance dichotomy of Collier and others emphasises such motives. See
8 (Keen, 1994, 2001) documents gains for some groups in the Sudan and Sierra Leone for example.
9 Keen has argued that in Sierra Leone a major motive among young men was search for status. See
10 According to Fearon and Laitin in former USSR, actual conflicts occurred in only 4.5% of potential ethnic conflicts; in Africa, 1960-79, less than 0.01% [% of actual conflicts to total ethnicities living side by side].
differences alone. When men do, on the other hand, *fight across ethnic lines it is nearly always the case that they fight over some fundamental issues concerning the distribution and exercise of power, whether economic, political, or both*” (Cohen, 1969). The socially excluded have major economic and political grievances, as a group, which combined with their cultural affinities make them liable to challenge authority with violence.

This tendency for SE to give rise to group violence is illustrated in many examples:
- by the Moslem rebellions in Philippines and Thailand.
- by the separatist movements of Aceh, East Timor, and Papua in Indonesia; and the separatism of East Pakistan and Eritrea.
- by the Catholic irredentism in N.Ireland.
- by the rebellion of indigenous peoples in Guatemala;
- by the Shining Path movement in Peru.
- by the Northern rebels in Cote d’Ivoire.
- by the race riots that recur sporadically in developed countries.
- by the rebellion of tribes in North East India;
- by the Tamil rebellion in Sri Lanka.
- by the Intafada among the Palestinians.
- by the Berbers in Algeria.
- by Christians in the South of Sudan
- by Northerners in Uganda
- by the communist rebellion among underprivileged castes and regions in Nepal.

Yet while many of those we would describe as socially excluded do take to violence many do not. The indigenous peoples in Bolivia and Ecuador – also subject to severe deprivation 11- have not mobilised violently; Northern peoples in Ghana – suffering similar deprivations to those in Northern Cote d’Ivoire – have not either12; Christians in Sabah in Malaysia have not rebelled against the government, despite economic deprivation and differences in religion from the majority Moslems; Tibetans in China have not been in overt conflict; the deprived North East Brazilians have lived with their social exclusion without major political protest. We need to consider, therefore, the conditions in which SE translates into violence.

This question can be interpreted as a collective action question, i.e. why and when do people take collective action, in the first instance through peaceful political protest; and in the second stage, using violence - in other words, what conditions make for political mobilisation of the excluded. Analysis of the collective action literature, primarily devised to analyse economic collective action, also helps to understand political action.

Collective or joint action by a group faces what is often called a ‘free rider’ problem. That is to say, since everyone benefits from action taken by the group, whether they take any action or not, there is no incentive for individuals to put in the effort needed for the group action. Since this argument applies to everyone, then noone bothers to take the action, even when it would be in the interests of the group as a whole (and of

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the individuals) that such action was taken. Economists have pointed out that one can overcome this problem where the numbers involved are small because people encounter each other repeatedly, learn to trust each other, and informal sanctions develop. But this doesn’t work for large numbers. In the case of political protests, small numbers mean powerlessness, so special action is needed to support effective mobilisation and protest by large numbers. One way to achieve this is by the development of sufficiently strong trust among members through strong cultural affinity and identity. In many of the instances just cited where collective action has not emerged despite severe SE, the socially excluded are culturally fragmented despite having some common identity. For example, in Peru there are three major groups and many subgroups. In Northern Ghana there are also numerous different cultural groups. In Malaysia, in recognition of the weakness that comes from cultural and organisational fragmentation, the Orang Asli was formed out of eighteen different groups.

By emphasising and developing common identities and organising action, leaders may mobilise people, by helping to overcome the problems for collective action arising from weak and fragmented affinities. In the first world war, for example, the German Kaiser effectively ‘appealed to “all peoples and tribes of the German Reich…irrespective of party, kinship and confession to hold steadfastly with me through thick and thin, deprivation and death…I no longer know any parties. I know only Germans” at which point the Reichstag broke into a “storm of bravos”’ ((Elon, 2002), p 309). In Rwanda, in Kosova and in the former Yugoslavia, leadership played a critical role in emphasising and accentuating particular identities (both an ‘us’ and a ‘them’), using mass media and other means.

In extensive analysis of how and why economic groups form among the poor, we found that leadership was an essential ingredient, and that more often than not it came from outside the poor themselves. In political action too, it seems that leadership is more likely to emerge out of the middle classes rather than the deprived themselves. This is the case in most of the conflicts cited. For example, the Shining Path in Peru had middle class (white) leadership. If all the SE are severely deprived, there is no educated elite, nor any resources to help in such organisation. It is when some of the same cultural group are better educated and with resources (like many of Al-Qaeda leaders) that mobilisation seems more likely to occur. So the question that then arises is how and why such leadership emerges.

Leaders may emerge for ideological reasons – broadly this was the case for socialist movements, and includes some ongoing conflicts, such as in Colombia or Nepal. In the post-socialist era, leadership has tended to change towards more emphasis on shared cultural values (language, history etc.) or religion. Apart from having feelings of group affinity with the more deprived arising from common cultural or religious identities, exclusion from political power presents a powerful incentive for economically and educationally privileged people to assume leadership of deprived groups. Political exclusion by the government has been a major instigator of conflict.

13 (Heyer, Stewart, & Thorp, 2002; Thorp, Stewart, & Heyer, 2005)
in Côte d’Ivoire and political inclusion of the elite from deprived groups hugely important in preventing civil war in Ghana, Nigeria and Bolivia, for example.¹⁴

Leaders may also be keener where the economic gains seem large. This occurs particularly in natural resource rich regions, though generous aid flows can perform a similar role. Then both personal and group enrichment can be expected if power is obtained. Hence it is the oil rich areas in Nigeria and Indonesia that have seen most violence, while aid seems to have been a powerful incentive in the Sudan. Peaceful Bolivia may change as oil and natural gas becomes important, if the deep social exclusion in economic and social terms remains.

A critical issue is what makes groups take to violence, as against peaceful protest. There seem to be several reasons. But the overwhelmingly most important appears to be government reactions. Most movements that become violent start with peaceful protest but get nowhere - indeed often worse than that, governments take violent and exclusionary action in the face of the peaceful protests, or perhaps in reaction to minor episodes of violence which occur in combination with the more peaceful protests. Government action against groups may have the effect of unifying them and transforming what were mainly peaceful protests into violence. In Aceh for example, the government’s extremely harsh military action has led to acceleration of dissent and the increasing use of violence. In Guatemala what started as a mainly peaceful and not very strong protest turned into a twenty year civil war. In Côte d’Ivoire, the government handling of the situation has, in a sense, forced people into violent opposition. In Sri Lanka, violent government reaction with no concessions encouraged the protest movement to take to violence. Recent escalation in Thailand was due to a peaceful protest being met by the police by arrests and abusive handling of those arrested, with 45 people suffocating as a result. In contrast, in countries which have avoided major violence, the government reacts to small violent incidents by trying to sort out the issues. A number of cases in Ghana exemplify this.¹⁵ The justification for Malaysia’s NEP was to prevent violence, and it seems to have been highly effective in this respect.

Governments can, of course, take repressive action without provoking a violent response: for example, the Burmese government has repressed the democratic opposition in this way; and for decades the Soviet Union effectively repressed all opposition. Hence how protestors respond, can be critical in determining the dynamics of violence. A violent counter-response by protestors may depend on their leadership; in addition access to resources to support violence (including from outside the country) can be important. Clearly, for example, it was external support that accounted for the long violent rebellion by the Renamo in Mozambique. Governments may respond repressively to protests expecting to be effective, and not expecting a violent counteraction. Both sides can miscalculate likely responses, perhaps based on historic experience. Transitional systems are, perhaps, specially prone to violence for this reason – history is then a poor guide to events.

The role of the government is thus critical, both negatively and positively. Negative, the government may act as a potential instigator of violence by its discriminatory and

¹⁴ A recent econometric investigation into causes of conflicts found that political discrimination played a significant role (Goldstone, Gurr, & Marshall, 2004)
exclusionary policies and by refusing to concede when there are protests; or positively, governments may take action to counter exclusion – by including members of all groups in government, and by economic and social policies to reduce exclusion; or by making concessions (even to the point of giving up power) in the face of mass protests, as in the People’s revolution in the Philippines, or the Velvet Revolution in Czechoslovakia; the current situation in Ukraine may (hopefully) be another example.

Other reasons for switching from peaceful to violent action relates to leaders’ own propensities: extremist leaders may believe in violent methods, and may also see that their own position will be strengthened by such methods. Leadership has promoted violence for reasons such as these in the Shining Path movement and in Serbia and Kosova, for example. In each case, the expected response of outsiders is important. In the Cold War, domestic conflicts were fuelled by both sides encouraging resort to violence. Since then groups have received support from their diasporas (for example, the Catholics in N. Ireland and the Tamils in Sri Lanka, or from those sharing religious objectives (as in the case if political Islam). Today, there is a danger that the counter-terrorist action of the west will have a similar impact.

This analysis has given the government a central role. Where SE is concerned this is inevitable, since much of SE consists of political exclusion, while social and economic exclusion is heavily affected by government policy. This does not mean that governments always provoke violence, as we have pointed out above. Governments may support peaceful solutions by being politically inclusive and taking action to reduce other types of SE; they may compromise in the face of protests; or they may mediate where there is communal conflict and the government is not directly involved. In situations of communal conflict the situation can get out of control as far as the government is concerned (as the Sudanese government has argued, not altogether convincingly, in the case of Darfur), even to the extent of government disintegration, as might be said of Somalia. Yet even in these cases, government action at an early stage was critical, and as the situation develops, reconstruction of government on inclusive lines seems the only long-lasting solution.

Almost every country in the world has groups suffering from SE. Hence it is clear that SE, like poverty, can endure without leading to violent protests. Therefore the critical question is why it sometimes leads to violence and more often does not. We have sketched above some preliminary conclusions on how and why social exclusion does lead to violence. To summarise, social exclusion provides the grievances that generate potential support for protest. Leadership which helps transform these grievances into protests is most likely to arise when there is political as well as economic exclusion, and when a potential middle class leadership is denied access to political power. Cultural affinities combined with leadership turn these latent grievances into actual protests, which may become violent. Conflict can occur where some middle classes of a particular group are incorporated into the political system – for example, inspired by more radical leaders who want to get power into their own hands, either for ideological or for material reasons, or some combination. When conflict was presented largely in class terms, Marxist leadership of this type was fairly common. It seems to be rarer now, but Islamic fundamentalists or ethnic extremists sometimes appear to play such a role.
A powerful illustration of some of these connections is provided by Langer’s analysis of events in Cote d’Ivoire (Langer 2004). Houphouet-Boigny’s government was characterised by quite significant political inclusion, despite severe SE from an economic and social perspective. Partly because of this, and partly due to authoritarian government which had French support, peace was sustained. Since Houphouet-Boigny’s death, and the advent of democracy, Southerners have taken steps to exclude Northerners from political power, and political participation, action which has contributed to Northern rebellion. Exclusion and ethnic favouritism in the armed forces was particularly significant. The precise role of the French is as yet unclear, though it’s clear that there was no longer automatic support for the government.

To present and illustrate these arguments in a simplified form Matrix 1 (appended) lists major factors which seem to be associated with conflict in situations with high SE, tracing each factor, in a rough and ready way, for a set of countries which have experienced conflict and contrasting these with some that have not. The matrix has been drawn so that pluses suggest predisposition to conflict. More research would be needed to fill in this table properly, and the time perspective is critical, as country circumstances change over time. Nonetheless, some interesting conclusions can be derived from matrix:

- First, as noted earlier, socio-economic exclusion alone is not enough to lead to conflict. Political exclusion seems to be required as well.
- Secondly, the issue of group fragmentation is a complex one. Groups may be initially fragmented, but become united as a result of attacks from others. Similarly, leadership may emerge when groups are under attack. Hence, while unity and leadership are important for group mobilisation, they may be the consequence as well as a cause of conflict.
- Thirdly, in this small sample, the economic variables (which generally appear to be important in world cross-country regression analysis of conflict) do not seem important. Neither resource riches nor economic stagnation were invariably a feature of conflict prone countries. It may be that SE acts independently of these economic elements, and they show up as important in conflicts where SE is not the dominant factor.
- Fourthly, as is now widely accepted, the introduction of democratic structures does not prevent conflict, and can indeed even make it more likely (Stewart and O’Sullivan, 1999; Snyder 2000).

The matrix (or some modification of it) could be used to identify countries’ conflict potential.

IV. Policies to reduce SE

General policies towards poverty reduction will normally make some – if effective, an important - contribution towards reducing SE. These include ‘pro-poor growth’, policies to extend public services to everyone, and policies to raise the productivity or assets of the poor. These form an important element in any policy package towards SE, but I won’t go through them here as they are already a familiar part of DFID’s policy agenda. However, as argued above, these policies alone are unlikely to be sufficient to make substantial inroads into SE because SE stems from discrimination.
(implicit or explicit) and because it has important political as well as social and economic dimensions.

Hence policies towards SE must explicitly address group discrimination; and must include political dimensions.\(^{16}\)

Policies towards reducing SE can be interpreted as a form of affirmative action. This is action taken towards the allocation of political and/or economic entitlements (political representation at many levels; income, assets, specific goods) on the basis of membership of specific groups, for the purpose of increasing the specified groups’ share of entitlements. The action generally covers the public sector and sometimes extends to private sector activity.

In devising policies, the first requirement is careful diagnosis to identify the salient characteristics of SE. It is essential, therefore, to gather data on groups’ position, with respect to the major economic and political dimensions outlined above. In practice, data of this type is relatively rare except in countries where group discrimination is acknowledged and policies are being adopted towards them, such as in Malaysia, or South Africa. In many cases, proxies will have to be used (geographic data is the most obvious proxy is all cases where the groups are geographically located, but this, of course, won’t help where there is geographic mixing.)

Here I separate economic/social and political action towards HIs.

**Economic and social policies towards HIs**

Here the objective is to reduce economic and social SE. To achieve this one has to go beyond ‘equality of opportunities’ since groups with deep disadvantages which have accumulated over time are unable to use opportunities with the same efficiency and outcomes. Without any overt discrimination, the children of long-term privileged groups will do better in any competitive examinations, and so on. Moreover, disadvantage has many aspects, some of which are quite hidden. Social networks and information about education, jobs, economic opportunities are often strongly group related, so what seems like a ‘level playing field’ is not. All sorts of implicit practices and job requirements (e.g. on language, time and place for job applications and so on) may favour one group against another. In addition to eliminating overt discrimination there is much implicit discrimination that must be addressed.

One can distinguish three types of policy which may be adopted to achieve greater group equality in assets or incomes (although the distinctions are not watertight). First, one can change policies towards processes which are directly or indirectly discriminatory. Secondly, one can direct assistance to particular groups, e.g. training people for interviews, subsidising basic goods such as food or housing. Thirdly, one can introduce targets and quotas for education, land distribution, financial and

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\(^{16}\) The policies towards SE are, in many respects, similar to those towards Horizontal Inequalities. This section draw heavily on a forthcoming paper: F.Stewart ‘Policies towards Horizontal Inequalities in Post-Conflict Reconstruction’.
physical assets etc. The first type of policy is not so different from any set of policies to promote competition—although it involves a much more careful search for indirectly discriminatory policies than is usual. It is likely to be the most acceptable type of policy politically and can have a significant impact (this was a major part of the policy set adopted in Northern Ireland, see below). The second type of policy concerns the nature and distribution of public expenditure, often involving a redirection of expenditure across regions, or even neighbourhoods, as well as groups within them; it is in principle in the control of the government, but it may meet resistance from privileged areas or from the government itself representing privileged groups. This type of policy requires careful review of the implications of all public expenditure (and other relevant policies) for group distribution of benefits. It is noteworthy that this does not form an explicit consideration in the public expenditure reviews supported by the international community, nor that of most governments. The third type of policy (quotas etc.) is most controversial and politically provocative. This type is what many people mean when they talk of ‘affirmative action’ though affirmative action can be interpreted as including all three types of policy.

Where a major source of SE derives from the public sector (education, employment, infrastructure) a good deal can be achieved through direct action by the government. SE arising from private sector allocations is more difficult to tackle, though all three types of policy will make a contribution.

Despite the fact that affirmative action (especially of the third type) smacks of government intervention and would, therefore, be against the spirit of the pro-market liberalisation that dominates policy making, there are many cases where it has been adopted in one way or another. These cases are instructive both for pointing to the variety of policies possible and to some of their effects. Such policies have been adopted both in the North (e.g. the US, New Zealand, N.Ireland) and the South (e.g. Fiji; India; Malaysia; S.Africa, Sri Lanka).

A review of affirmative action – which I would not claim to be comprehensive, but does cover many examples - reveals action of the following types:

- **Assets**
  - Policies to improve the group ownership of land via redistribution of government owned-land; forcible eviction; purchases; restrictions on ownership. Examples are from Malaysia; Zimbabwe; Fiji; Namibia.
  - Policies towards the terms of privatisation (Fiji)
  - Financial assets: bank regulations; subsidisation; restrictions (Malaysia; S.Africa)
  - Credit allocation preferences (Fiji; Malaysia)
  - Preferential training (Brazil, New Zealand)
  - Quotas for education (Malaysia, Sri Lanka, US)
  - Public sector infrastructure (S.Africa).
  - Housing (N.Ireland).
  - In principle one might also have (though no examples were identified) policies to improve social capital (i.e. support for neighbourhoods associations, and networks outside the group)

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17 Reviewed in Stewart (forthcoming).
Incomes and employment

- Employment policies, including public sector quotas (Malaysia; Sri Lanka; India and requirement for balanced employment in the private sector (S.Africa)
- Transfer payments (however, although there are many cases of age, disability and gender related transfers, no examples were identified of transfers according to ethnicity or religion or race).

The review of affirmative action shows that it often has some success in reducing SE, but has rarely totally eliminated gaps. Moreover, there is no evidence that the policies reduce efficiency, though careful evaluations are rare. In theory, there are reasons for expecting the efficiency impacts to include both negative and positive elements. On the negative side, there is the interference in normal competitive processes which might prevent resources being allocated according to their most efficient use; but on the positive side is the offset (or reduction) in discrimination which itself contributes to inefficient resource allocation, and the policies should allow the greater exploitation of potential. Some studies show positive impact, while none show negative.\(^{18}\) In Malaysia, for example, the very rapid economic growth that accompanied the policies also suggest that the policies are highly unlikely to have had any substantial negative efficiency impact, and may have had a positive impact.

Another possible negative impact is that policies favour a minority of individuals within a group, but not the mass of people. This is a complaint sometimes voiced about Indian policies towards scheduled castes. This can be avoided by designing comprehensive policies and ones that are most likely to assist lower income groups, such as subsidies towards basic education, or policies to expand unskilled employment or boost basic infrastructure in poor regions.

Policies towards political exclusion

Political affirmative action consists in introducing structures (formal or informal) which ensure that each group participates in political decision-making and power. In a democratic system, this means structures that ensure that minorities participate in decision-making and power. Full participation and empowerment requires initiation and control over major decisions in each of the arms of government and at each relevant level. It implies an empowering role not only with respect to the overtly political branches of government but also the military, police and civil service.

The socially excluded are discriminated against politically in many different ways and appropriate policies therefore vary accordingly. For example, some groups are completely disenfranchised (immigrant groups; unregistered voters). In other cases, majoritarian democracy effectively disempowers minority groups (Catholics in Northern Ireland; Moslems in India).

\(^{18}\) Most investigations have concerned US affirmative action: ‘the preponderance of evidence suggests that activity associated with equal employment and affirmative action policies is associated with small but significant gains in a range of blue-collar and white-collar occupations’ (Simms, 1995), p 3 summarising (Badgett & Hartmann, 1995).
In practice, as one would expect, political affirmative action rarely achieves full empowerment, but pushes groups somewhat further towards this goal than would occur without it.

Measures that assist include:

- A federal constitution. Where the different groups are geographically located, this automatically leads to power sharing. Examples are Belgium, Ethiopia, Nigeria, India, Switzerland. The failure to adopt a federal constitution is one reason behind the Aceh dispute. A federal solution seems to be appropriate in countries where group divisions broadly go along geographic lines (as in Indonesia and Sri Lanka) but does not help where they do not (e.g. Rwanda). There is also a danger that a federal solution may be an interim one, leading to the break-up of the country: the Biafran war in Nigeria is an example, as was the Yugoslav federation.

- A Proportional Representation voting system makes a contribution by allowing each group some representation, and encouraging coalitions. Belgium and Switzerland have adopted PR for this reason, as has Bosnia-Herzegovinia. In fact none of the countries in the world that have PR have serious conflict, but this may reflect the fact that conflict prone countries won’t accept PR, not that PR prevents conflict.

- In a similar way, decentralisation can lead to power-sharing in unitary (and federal) systems. Ghana and Bolivia are examples.

- Provisions for ethnic/religious vetos. This may be achieved by requiring large majorities (e.g. two-thirds of the assembly) for major decisions, such that no one ethnic group can determine decisions –Belgium’s constitution is an example.

- Reserving seats in parliament. This is very common, but the reservations are rarely sufficient to prevent ethnic domination, although they do extend representation to the socially excluded, as for example, in the case of India’s backward classes.

- Power-sharing through job reservations/quotas in the government, civil service, military and police. This may be formal (e.g. Belgium; Bosnia-Herzegovinia; Nigeria) or informal (Ghana, Malaysia).

- A strong and ethnically balanced judiciary combined with constitutional human rights, which limits the possible abuse of the central government towards any particular group. However, this is more likely to be an outcome of a successful inclusive society than a cause.

Political affirmative action is especially important in relation to conflict, since, as argued above, political exclusion can generate the leadership which mobilises those who are socially and economically excluded to take political (sometimes violent) action. Moreover, political affirmative action might also be expected to be both a necessary and sufficient condition for improving the economic position of deprived groups. Yet the evidence is less clear on this. To date it seems that political affirmative action at best is associated with some rather modest economic affirmative action (e.g. in India, New Zealand), but this does not always follow (e.g. with respect to the seat reservations for Indians in Latin America). And economic affirmative action can happen in such situations without political affirmative action, as in Brazil and the US.
Political conditions for reducing SE

As noted SE tends to embody and reflect unequal power relations – in particular a lack of power on the part of those excluded. That being so, it might seem naïve simply to list policies which would correct it, since it is not lack of knowledge but the political situation that is fundamentally responsible for non-inclusive policies. External pressure, aid policy, the development of norms of inclusion, support for international human rights, may play some role in gaining support for inclusive policies. But what is really needed is a change in the underlying power situation, which means supporting the empowerment of the excluded. Where the excluded form a numerical majority, a democratic system should facilitate this – and indeed, a comparison between apartheid and post-apartheid S.Africa shows that democracy does make some difference. But there are many ‘democracies’ where little is done for the excluded, either because they are a small minority, or because they don’t use their potential majority power, or because the democracy is manipulated by elite interests. Hence even in democracies, the excluded may need support for empowerment. This is easy to say, but what does it mean?

International discourse has come to favour empowerment of the poor, and interpret this as consultation about decisions. But these consultations generally include the poor only indirectly (via NGOs), briefly, and not with respect to the most important decisions, as in the PRSP process (see Stewart and Wang 2003). This will not be sufficient to achieve the sort of empowerment required. What is needed is mobilisation of the excluded, either behind political parties, or as an economic group (e.g. associations of the landless; trade unions, women’s associations), which is in a position to make demands and back these up with realistic threats of a political or economic nature. Hence one way of supporting inclusion is to help in the effective mobilisation of the socially excluded.

Outsiders can make a difference here. On a small scale, NGOs have assisted in finance and organisation. For example, in Bengal, a group of sex-workers’ lives were transformed by an organisation they developed with the support of an NGO (Gooptu, 2002). External support assisted in the development of the Self-Employed Women’s Association (SEWA) in India which secured improved conditions for their members. Similarly, external support has supported the Grameen Bank in Bangladesh. Of course, many organisations of the excluded fail. But this is certainly an area where support can be helpful. These are all examples of organisations developed to counter economic exclusion. If effective, they may themselves help to correct political exclusion.

It is much more difficult for outside agencies to help support political mobilisation directly without being accused of political interference and arousing government and elite opposition. However, outsiders may perhaps assist to a limited extent by supporting inclusionary democratic processes (e.g. voter registration, political parties, media).

VI. Two successful cases of policies to reduce exclusion and conflict
Here I summarise two cases where deliberate action to reduce horizontal inequalities and exclusion seems to have been effective in itself and in promoting peace, while the economic effects have, it seems, been positive.

**Malaysia**

As is well known, in 1971, following anti-Chinese riots, the New Economic Policy was introduced, with the aim of securing national unity by a two prong approach: ‘to reduce and eventually eradicate poverty’; and ‘to accelerate the process of restructuring Malaysian society to correct economic imbalance so as to reduce and eventually eliminate the identification of race with economic function’ (Second Malaysian Plan 1971-1975)

A variety of anti-poverty policies were adopted including policies to promote rural development and extend social services.

As far as restructuring was concerned, the most significant policies:

- Aimed to expand Bumiputera share of capital ownership to 30%.
- Aimed to settle 95% of new lands on Malays;
- Introduced educational quotas for public institutions laid down, in line with population shares;
- Introduced credit policies which favoured Malays, with credit allocations and more favourable interest rates.

As the charts and table below show, the policies were effective in reducing the differentials, but not in eliminating them. The application of the policies was much weakened from the mid-1980s, and since then there has been little progress in changing HIs, except in professional employment which would reflect earlier educational policies. Efficiency does not seem to have been adversely affected, since economic growth was very fast over this period. Evidence suggests that intra-group inequality did not increase during the NEP, but actually lessened, with the Gini for Malay incomes (peninsular) falling from 0.488 in 1979 to 0.428 in 1988, while the Gini for Chinese incomes fell from 0.470 to 0.400 over the same period. The distribution of Indian incomes also became more equal (Hashim 1997). The political objective does seem to have been achieved, as no serious anti-Chinese riots have occurred since 1969, even in the aftermath of the 1997 financial crisis while there were serious anti-Chinese violence elsewhere (Indonesia and Thailand). From a political perspective, the Chinese have been represented in government via the alliance party (UMNO) which has ruled Malaysia for the last 47 years. However, most observers would concur that they had rather limited political power. Though widely criticised, the policies were accepted by the Chinese community probably because of the considerable economic opportunities they enjoyed, with rapidly growing incomes and continued differentials in their favour. The policies have also been criticised for leaving out the Indian community – although on average, they retained favourable differentials - and for the fact that the Bumputera policy (sons of the soil) really favoured Peninsular Malays and not indigenous people in Sabah and Sarawak, or the Orangi Asli in the peninsular.

The Malaysian approach has also been criticised (as far as I know always by non-Malays) for depending on an authoritarian government. Tensions remain between the
communities, particularly with growing Islamisation of the Malay community. Nonetheless, the NEP did narrow differentials and did succeed in maintaining peace between the communities over a long period.
Malaysia: Mean incomes relative to average

- Bumiputera
- Chinese
- Indian

1970 1979 1990 1999
Malaysia, School enrolment: share of total in relation to population share.

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<tr>
<td>Primary</td>
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<tr>
<td>Bumiputera</td>
<td>0.86</td>
<td>0.90</td>
<td>1.00</td>
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<td>Chinese</td>
<td>1.2</td>
<td>1.07</td>
<td>0.94</td>
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<td>na</td>
<td>0.88</td>
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<tr>
<td>B</td>
<td>0.82</td>
<td>1.03</td>
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<td>C</td>
<td>1.29</td>
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<td>0.98</td>
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<td>0.7</td>
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<td>1.17</td>
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<td>C</td>
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<td>I</td>
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<td>Tertiary (Malaysia and overseas)</td>
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Source: Malaysia Yearbook of Statistics (for 1970); Hashim, Table 8.28; 8.30

Northern Ireland

In Northern Ireland, the Catholic community has suffered from exclusion on all dimensions over a very long time period – since English Protestants first colonised Ireland in the fifteenth and sixteenth centuries. This exclusion - economic, social and political – was an important factor behind the outbreak of violence in the 1970s. From the late 1970s policies the British government initiated policies to correct these inequalities. The success of these policies was probably one factor explaining why the Catholic community was prepared to stop violent action.

By the end of the nineteenth century Protestants controlled the vast bulk of the economic resources of east Ulster - the best of its land, its industrial and financial capital, commercial and business networks, industrial skills.(Ruane & Todd, 1996) p151). The division of the island in 1922, ensured permanent political control and continued economic dominance by the Protestants in the province of N. Ireland, where they formed the majority. Assessments indicate no narrowing of the gap between the communities from 1901 to 1951 (Hepburn, 1983);(Cormack & Rooney, nd). Unemployment rates, for example, were consistently more than twice the rate among Catholics than Protestants; educational qualifications were substantially worse. In fact, there was some worsening of the Catholic position over the first three-quarters of the twentieth century – for example, relative unemployment ratios appear to have worsened over this period (Ruane et al., 1996).
Political inequalities were also large. For example, the Catholics with roughly 40% of the population accounted for only 8% of the membership of the Royal Ulster Constabulary (RUC), while devolution of power to the province meant that the majority Protestants were in permanent control. The consistency of the inequalities across political, economic and social dimensions - with most evidence suggesting little change in the first three-quarters of the twentieth century - provided fertile ground for the outbreak of the ‘troubles’ in the late 1960s.

From the late 1970s, the British government and EU introduced a series of measures that worked to reduce economic and social HIs. The introduction of two Fair Employment Acts (1976, 1989) greatly reduced employment discrimination; and housing and education policy was geared to reduce differentials. The policies had a significant impact (see Figures …). Inequality in access to higher education was eliminated by the 1990s; inequality in incomes was reduced; the housing inequality was significantly reduced; and the employment profile and unemployment rates became more equal; even the imbalance in recruitment to the RUC was slowly being reversed. According to one observer ‘It is unusual to find such a rate of social change within a generation. It is quite dramatic. In many areas Catholics have caught up with or surpassed Protestants’ (Osborne)

The Good Friday Agreement embodied measures to correct political inequalities, such as power sharing and reform of the police to incorporate more Catholics. Police Acts of 1998, 2000, 2003, had the aim of 50% recruitment among Catholics.

The correction of inequalities appears to have been effective in sustaining the peace process, especially among Catholics. Protestants, who have lost by these corrections, continue to show more opposition to the process. There has been an exodus of young Protestants to Britain, and a recent report states that Protestants generally regard themselves as disadvantaged by the peace process, with 39% believing they are worse off than six years ago. Whereas in 1996, 44% of Protestants and 47% of Catholics thought inter-community relationships were better than five years previously, in 2003, only 25% of Protestants and 33% of Catholics did.
Horizontal Inequalities in N.Ireland

changes from 1970s to 1990s

Figure B3.2a Community differential in unemployment rates - Men
Catholic rate minus Protestant rate (percentage points)

VI. Conclusions

Social exclusion is a reflection of unfair, unequal and discriminatory societies, and it also is often at the roots of poverty. Hence it should be tackled as part of development policies aimed at improving societal well-being and reducing poverty. Moreover, social exclusion generates conditions which make countries conflict prone, especially where political exclusion accompanies economic exclusion. This provides a further powerful rationale for including its in analysis and policy in development strategy.

The paper has reviewed policies that might be adopted towards social exclusion. Some of these policies could be supported by the international community, in its distribution of aid expenditure, for example, and its policy dialogues. The PRSPs and public expenditure reviews present opportunities for discussing policies towards SE. Yet group discrimination and policy to correct group inequalities do not form part of the current policy dialogue – it is very rarely a feature in the PRSPs, and group distribution of resources does not seem to be considered in most public expenditure reviews or other forms of policy dialogue. As a result, even in countries which are conflict prone, these considerations are not taken into account. For example, in Rwanda, pre-conflict, aid distribution was highly skewed, while in Mozambique post-conflict, aid as well as government expenditure more generally has favoured the South and neglected the Centre which forms the main support for the opposition Renamo.19

Political exclusion is similarly ignored by the international community in most discussions which focus on the need for multiparty democracy - generally on the Western model - rather than for inclusive government.20 Support for fulfillment of the Human Rights agenda would probably be of greater help in reducing SE by extending political, economic and social rights to all irrespective of their group affiliation.

Obviously, governments of the countries concerned have greater responsibilities in these areas than the international community. Almost all affirmative action policies reviewed earlier were government led. But here we need to recognise the political obstacles that can impede effective policies.

Strong action towards group discrimination can provoke political reaction. The best known example is that of Sri Lanka. The Sinhalese who acquired political control when Sri Lanka became independent, introduced a series of measures to reduce the prior privileges of the Tamils, including making Sinhalese the official language and imposing quotas on Tamil access to higher education.

19 (UNDP, 1998)
20 The early years of Museveni’s Uganda is an example. Museveni introduced a broadly inclusive government., but was strongly pressed by the international community to introduce multiparty democracy, which he feared would lead to recurrent civil conflict.
The employment share of the Tamils in the Civil Services fell from being nearly twice its population share to just over a half, and income and educational differentials fell. High levels of unemployment among young Tamils and development projects that took land away from Tamils provided further grievances among the Tamil population. A long and bitter war ensued. It seems likely that these policies were partly responsible, though there were many other causes.

The Sri Lankan case illustrates the fact that while social exclusion leaves many deprived and ready to respond to calls for political mobilisation, attacks on privilege can also be a powerful source of mobilisation. There is a strange arithmetic here: in any society with unequal distribution of resources, the majority of people have below average (mean) incomes and other resources. Hence one would expect democratic support for redistributionary policies. Yet, in most cases there is very limited redistribution, which seems to be a byproduct of the power of richer political minorities in addition to international constraints. Indeed, much violence in poor societies is provoked by privileged groups attacking the underprivileged, in reaction to, or fear of, the claims they may make for economic and political inclusion. We can interpret the Guatemalan war, current events in Cote d’Ivoire, reactions of protestants in N.Ireland and, perhaps, politics in Venezuela in this way.

These political obstacles and possible reactions must be acknowledged, and should shape the design of any policies adopted. The policies need to be presented in an inclusive way – which they were not in Sri Lanka; and to be gradual; and they are less likely to provoke conflict if they are introduced in a context of economic and employment growth. The international community can help by its own direct contributions and by developing a culture of fairness and inclusiveness in political and economic policy.

This analysis of SE has been presented in relation to internal SE and conflict in particular developing countries. But it also provides a helpful frame for considering the current global situation. Major social, economic and political inequalities between the West and Islamic societies, between Israel and Palestine, and between Moslem populations and the majority within European countries, all feed into resentment of the West which fuels anti-western action. As in the domestic situations, the situation of social exclusion presents fertile conditions for conflict. And as in many developing countries, the translation of deprivation into action is not automatic – for many years nothing much happened. And as in many developing countries, including Guatemala and Sudan, when it happens the strong reactions of the powerful seem to be of greater importance in leading to escalation of violence rather than actions of the weak.

The global situations calls for corrective action too and for similar reasons - that is, to help tackle inequality and poverty which are undesirable in their own

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21 Where the socially excluded form a relatively small minority (e.g. the Roma; the Maories’ and indigenous peoples in some American countries), there is even less reason to expect political action in their favour.

22 For some evidence see Stewart, 2004.
right, and also because so long as such inequalities persist, there will be a strong possibility of resumed violence.

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REFERENCES


