

**Social Exclusion: The European Approach to Social Disadvantage"** by Hilary Silver & S. M. Miller

September/October 2002 issue of **Poverty & Race**

The United States is falling further behind the European Union in its conceptualization and measurement of poverty and its understanding of those living at the margins of society. The U.S. still imagines poverty strictly as a deficiency of income for basic necessities. In contrast, the European Union has continually revised its thinking about social deprivation, adopting a view of poverty relative to rising average living standards and, more recently, building a framework for thinking about non-monetary aspects of deprivation. Europeans are now committed to include the "excluded," the outsiders, the people left out of mainstream society and left behind in a globalizing economy. The U.S. can learn much from the European fight against social exclusion. A new agenda for political action could emerge.

Ironically, an Englishman, B. Seebohm Rowntree, at the end of the 19th Century, pioneered the American method of counting the poor by estimating an absolute monetary threshold based upon bare subsistence requirements. Our poverty line reflects a convenient rule of thumb that a government economist, Mollie Orshansky, devised in 1964. It has since become a policy and social science fixture. Based on the value of an "economy food plan" times three (since at this time the average family of three spent a third of its after-tax income on food), this narrow approach persists, even though today food, including restaurant meals, accounts for only 13.5% of annual budgets for that family size and 14.9% of expenditures by the poorest 20% of families. The poverty threshold, adjusted only for inflation, identifies people living in the direst material circumstances, not those living below what John Kenneth Galbraith termed "the grades and standards" of society. Although in 1995 the National Academy of Sciences recommended limited changes to the poverty line in order to reflect real consumption relative to all money and non-monetary resources, minus work-related expenses, there has as yet been no official redefinition. (See "Remeasuring Poverty," by S.M. Miller and Else Øyen, in the September/October 1996 *P&R*.)

In contrast, the European Union adopted as the official poverty line a *relative* poverty indicator: one-half or less of the national median disposable household income. It rises when Europeans grow richer. EU statistical reports provide data on 50% and 60% of median income, offering evidence of near poverty as well. Concern about rising income inequality, a problem much worse in the U.S. than in Europe, has also encouraged the development of income distribution measures. The European Household Panel Survey and the longitudinal EU Statistics on Income and Living Conditions study now make it possible to develop dynamic indicators of poverty, tracking those who enter, leave and stay mired in destitution.

At the March 2001 Stockholm Summit, the European Commission's Synthesis Report on Social Inclusion proposed seven indicators of "social exclusion," three of which captured

forms of “financial poverty”: (1) the share of the population below 60% of national median income (adjusted for household size) before and after social transfers; (2) the ratio of the share of the top 20% to the share of the bottom 20% of the income distribution; and (3) persistent poverty, or the share of the population below the 60% poverty line for the current year and at least two of the preceding three years.

The most significant European innovation is the development of non-monetary indicators of “social exclusion,” transcending economists’ focus on money. Mention of “social exclusion” in European public and social science discourse has increased much faster than references to “poverty” or “the underclass.” Cognizant that deprivation is a multi-dimensional condition, Eurostat (the EU Statistical Office), national statistical agencies and European social scientists have developed social and political benchmarks to track progress against exclusion.

### **The Origins of “Social Exclusion”**

Europeans conceive of social exclusion as distinct from income poverty. Poverty is a distributional outcome, whereas exclusion is a relational process of declining participation, solidarity and access. For some, exclusion is a broader term encompassing poverty; for others, it is a cause or a consequence of poverty. The two may even be unrelated.

The meaning of social exclusion also varies across countries. The term originated in France, where the “Anglo-Saxon” idea of “poverty” is thought to patronize or denigrate equal citizens. In French Republican thought, social exclusion refers to a “rupture of the social bond” or “solidarity.” The French social contract does not leave individuals to fend for themselves. Society owes its citizens the means to a livelihood; citizens in turn have obligations to the larger society. European welfare states were supposed to do away with “charity” for “the poor,” by providing basic social assistance and thereby eliminating absolute material deprivation as a right of citizenship. (See “Social Exclusion and Social Solidarity: Three Paradigms,” by Hilary Silver, in Vol. 133 of the 1994 *International Labour Review*.)

Although many sociological theories adumbrated the concept of exclusion, French advocates for destitute groups, such as ATD-Fourth World, were among the first to employ the term in its contemporary sense. By the 1970s, references to “the excluded” became more frequent. In the 1980s, as the problem groups “excluded” from economic growth multiplied, “exclusion” discourse helped cement a national movement of associations, ALERTE, urging France to launch a comprehensive war on exclusion.

In 1988, with the support of the Right and the Left, France enacted a minimum “insertion” income [RMI]. The RMI entails signing an “insertion” contract specifying a trajectory for an assisted individual to follow to become a productive member of society, whether through work, volunteering, studying, family reunification or the like. Social workers and nonprofits provide multi-faceted, comprehensive and personally tailored

assistance, from health care to subsidized jobs, to help the excluded re-enter social life in all its spheres. Thus, in France, social bonds are reknit in families and communities as well as in the workplace. In 1990, homeless activists won a legal right to housing, and in June 1998, a full-blown French “law of prevention and combat of social exclusions” guaranteed universal access to fundamental rights. It mandated comprehensive and coordinated interventions in at least ten spheres: employment, training, social enterprise, social minima, housing, health, education, social services, culture and “citizenship” (e.g., helping the homeless to vote). The “exclusion” approach dispersed from France throughout Europe.

Most policies promoting social inclusion or cohesion [see Box] emphasize: (1) multi-pronged interventions crossing traditional bureaucratic domains and tailored to the multi-dimensional problems of excluded individuals and groups; (2) a long-term process of insertion and integration moving through transitional stages; and (3) participation of the excluded in their own inclusion into economic and social life. The latter is especially important since targeted and means-tested programs may stigmatize their intended beneficiaries. Often, local nonprofit initiatives of disadvantaged residents become public-private partnerships supported with subsidies from municipal or national governments and the European Union Structural Funds.

The number of unemployed workers in the EU soared from 14 million in 1992 to 16.5 million in 1998, half of whom were out of work for over a year. These dismal facts and the urging of France and other countries forced the EU to recognize that its economic market integration had a “social dimension” too. Drawing upon lessons from building monetary union and committed to “basic principles of solidarity which should remain the trademark of Europe,” the “Luxembourg Process” coordinated a European Employment Strategy of 19 guidelines into four pillars: (1) improving employability; (2) developing entrepreneurship; (3) encouraging business and worker adaptability; and (4) equal employment opportunity. The Employment Strategy was “soft law,” integrating EU, national and local level efforts through peer pressure and without recourse to regulations with formal sanctions. Multi-level iterative monitoring promotes learning from national best practices and modification of goals and procedures. Explicit long-term employment targets were later adopted. In December 2000, the EU applied this “open coordination method” to social policy, separating the fight against poverty and exclusion from employment strategy more generally. Every two years, nation-states produce “National Action Plans” on social inclusion, laying out their progress towards agreed-upon goals on a variety of social indicators.

Since 2000, the European Council has pursued a comprehensive strategy to become the “most competitive and dynamic knowledge-based economy,” combining “sustainable economic growth with more and better jobs and greater social cohesion.” To this end, European social policy explicitly aims to eradicate poverty, fight social exclusion and enhance social cohesion. In October 2001, the European Commission and the Council adopted the Joint Inclusion Report, based upon the first 2001 National Action Plans of Social Inclusion. The document, which strongly resembles the 1998 French law against

social exclusion, specified four objectives:

- *Facilitating participation in employment and access to resources and rights, goods and services for all citizens* (e.g., social protection, housing, health care, education, justice, culture);
- *Preventing the risks of exclusion* by preserving family solidarity, preventing over-indebtedness and homelessness, and promoting equal access to new technologies;
- *Helping the most vulnerable* (e.g., the persistently poor, children, residents of areas marked by exclusion);
- *Mobilizing all relevant bodies* by promoting participation and self-expression of the excluded and partnerships and mainstreaming their concerns.

### **What is Social Exclusion?**

Social exclusion is: (1) *multi-dimensional or socio-economic*, encompassing collective as well as individual resources; (2) *dynamic*, denoting a process, movement or trajectory from full integration to a condition of multiple exclusions; (3) *relational*, in that exclusion entails social distance or isolation, rejection, humiliation, lack of social support networks and denial of participation; (4) *active*, in that people and processes do the excluding; and (5) *relative to context*. Disrespect, discrimination and degradation are as much at work as are monetary poverty and physical need. Even the welfare state can exclude some citizens from protection or trap them in joblessness.

Consensus on exclusion as multidimensional does not mean agreement on which dimensions are operative. EU social indicators are much better developed for material and labor market deprivation than for social, political or cultural dimensions. There is also disagreement over whether multi-dimensionality refers to “cumulative” disadvantage or to any one of a wide range of deprivations that need not be material or economic. Britain’s Social Exclusion Unit uses the term as “a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdowns.” In this definition, the excluded approximate a marginal, deviant “underclass.” Multiple disadvantages obviously characterize fewer individuals and neighborhoods than those suffering from one of a number of disadvantages.

Similarly, many more people suffer disadvantage at some point in their lives than those who remain disadvantaged for long periods. French sociologists emphasize dynamics, tracing a trajectory of “disaffiliation” and “disqualification” from a condition of economic and social integration through vulnerability or fragility to total isolation and breakdown of social ties.

Social exclusion is a relative, intrinsically social term. It takes on different meanings, depending upon context or the point of reference for inclusion. When Americans speak of “exclusion,” racial connotations often spring to mind: There are “exclusionary”

institutions, like clubs or zoning, or “exclusive” prestigious resources, like neighborhoods or prep schools. When Bill Clinton spoke of inner city problems in 1993, he remarked, “It’s not an underclass anymore, it’s an outer class.” His Affirmative Action report, calling to “mend it, don’t end it,” is full of calls for inclusion.

While American race relations are central in defining the significance and common understanding of the term “integration” in the U.S., Europeans feel uncomfortable with the word “race.” Europe has few affirmative action policies, avoiding specific diversity targets. Equal opportunity policies apply mainly to women. Access to social rights traditionally comes through union representation. French colonial history in North Africa or Germany’s historical anti-Semitic and guest-worker policies are more central to how immigrant minorities are “integrated” or “incorporated” or not in France or Germany. While Europeans usually call the opposite of exclusion “insertion” or “solidarity,” the preferred framework for cultural or ethnic diversity issues is one of “citizenship,” “nationality” or “cohesion.”

Speaking of cohesion can direct attention away from excluded groups and towards responsibilities of the entire society. While the agents of exclusion can be impersonal institutions, dominant groups, as well as powerful individuals, the excluded must participate in their own inclusion. Policies must provide them access, participation and “voice,” rather than making them passive recipients of material assistance.

### **Measuring Social Exclusion**

All approaches attempt to capture exclusion’s multi-dimensionality, but aside from low income and unemployment, they do not agree upon which dimensions are salient or causal. The most influential measurement report was that of Tony Atkinson and his colleagues (*Social Indicators: The EU and Social Exclusion*, Oxford University Press, 2002). They proposed a small number of leading indicators for Eurostat to monitor social exclusion [see Box], while encouraging members to develop nationally-specific indicators too.

Although this official list stresses consumption and production, work is under way to measure social and political dimensions of exclusion. European researchers are examining less tangible aspects like non-participation in civic life, customary family rituals and community activities, poor future prospects, social crisis points in depressed regions and large cities, poor health, education, literacy/numeracy, housing and homelessness. Financial precariousness is also considered, as are measures of exclusion from public and private services, and from social support. Insofar as social exclusion is a relational concept associated with social isolation, indicators of “social capital” take account of associational membership, social network involvement, democratic inclusion and access to rights. Even exclusion from leisure and culture is assessed. There is concern to measure regional disparities unrelated to unemployment, such as exposure to crime and other environmental conditions. Non-governmental organizations and the “social partners” are participating in the statistical process, giving a voice to the excluded.

However, there are no indicators for exclusion by ethnicity or immigration. For example, Eurostat's non-monetary indicators were grouped into seven dimensions of social exclusion, in order to examine their cumulation over time:

#### Additional Indicators of Social Exclusion

- Financial difficulties in the household
- Unaffordability of some basic needs
- Unaffordability of consumer durables
- Disadvantageous housing conditions
- Poor health: life expectancy; self-perceived health status
- Infrequent contacts with friends and relatives
- Dissatisfaction with work or main activity

#### **Implications for the U.S.**

American politicians have always resisted a relative definition of poverty. Poverty line thinking has so dominated American social policy that “welfare” has narrowed its meaning to means-tested income transfers to lone parents. Now that welfare “reform” has mobilized multiple social supports to enable these parents to enter the paid labor force, the rhetoric of “inclusion” – the demand for access to jobs, respect and a place at the table – may not sound as foreign as it once did.

How many working Americans are “excluded” from health, unemployment or disability insurance? How many are excluded from good jobs because of inadequate family support or child care or inferior public schools? How many are shut out of the housing market by unaffordable rents? Isn't segregation about exclusion from white and “better” neighborhoods, schools, suburbs? Has the Americans with Disabilities Act really eliminated physical exclusion from all public facilities? Are not formally equal citizens denied a say, while politicians listen mainly to campaign contributors and school officials listen only to English?

If social exclusion and inclusion became important ideas in U.S. thinking, alongside concerns with absolute poverty, the political landscape might begin to change. Currently, groups concerned about neighborhoods (crime, services, education), the labor market (low wages, insecure employment, long-term unemployment, contingent work, unemployment insurance), social programs and services (Medicaid, Temporary Assistance to Needy Families, food stamps, child care), school performance, immigration and many other issues are fragmented and even competitive. A social exclusion/inclusion approach could serve as the rhetorical umbrella that brings the groups together politically and strategically.

The role of symbolic discourse in building political alliances should not be underestimated. Talking about “exclusion” connects people at all levels of the society

through a common emotional experience found in social relations everywhere. No one can get through life without some rejection, humiliation or unfair treatment. We have all been subjected to sanctions like gossip, or felt unwanted, left out, stigmatized or “dissed.” The goal of inclusion appeals to our democratic impulses and common humanity, promoting solidarity with the excluded.

Just as “social exclusion” highlights the complex multi-dimensionality and cumulative character of social disadvantage, so must inclusionary policies transcend traditional bureaucratic domains. Discrete programs and single-focus policies that now administer to people in need are, to put it euphemistically, disjointed. Service providers have little contact with one another. Families with multiple problems must make the rounds among many bureaucracies operating in different ways, each with scant understanding of families’ overall situation. Americans need more comprehensive, “transversal,” or what the British call “joined-up policies for joined-up problems” across social policy domains. Britain’s Social Exclusion Unit and France’s “inter-ministerial” commissions connect national policy areas across agencies. Regional and local public-private partnerships collectively administer social assistance and service programs. One-stop service centers and casework that tailors packages of support and assistance to individual needs are back in vogue. In the U.S., more progressive states now pursue similar strategies in their welfare-to-work policies, but integrating TANF with the Workforce Improvement Act and human services should be national policy.

The great divides of American society are not only economic but are also based on racial-ethnic, gender, cultural, educational and political status lines. Discrimination and disrespect have material consequences, denying access to information, contacts and resources, consigning minorities to low-quality schools, dangerous neighborhoods, poorly paid jobs and even joblessness. Americanizing the social exclusion perspective could put new wind in the sails of affirmative action. Calling for full inclusion would show that poverty, racism and other forms of domination are integral to the functioning of American society, rather than accidental or unintended consequences easily addressed with an ameliorative program or financial adjustment here or there.

To be sure, there is a danger of ghettoization and stigmatization whenever we introduce new labels for social problems. Calling attention to spectacular forms of cumulative disadvantage may distract attention from widespread problems like rising inequality and family dissolution and undermine broader social programs. Indeed, some on the European Left worry that the “social exclusion” framework is replacing a “social class” perspective. Any discourse can serve a variety of political purposes, but insuring widespread participation may overcome these downsides. Although people argue about the precise nature and measures of exclusion and cohesion, these ideas do provide a framework for discussing the new, complex forms of disadvantage. Easily understood indicators could be found for these notions. Benchmarking our progress as a society could go beyond the simple, intuitive and familiar poverty line to track multiple forms of disadvantage. A new politics might emerge.

*S. M. Miller a PRRAC Board member, directs the Project on Inequality and Poverty at the Commonwealth Institute in Cambridge, MA, and is research professor of sociology at Boston College. **FIVEGOOD@aol.com***

**Notes:**

Hilary Silver (hsilver@fas.harvard.edu) is Associate Professor of Sociology and Urban Studies at Brown University and a consultant to the ILO. She is writing a book, *Social Exclusion and Social Solidarity, about the fight against social exclusion in France and Germany*. *S.M. Miller (fivegood@aol.com), a PRRAC Board member, is senior fellow at the Commonwealth Institute, a board member of United for a Fair Economy, and research professor of sociology at Boston College. He is the co-author of Respect and Rights: Race, Class and Gender Today, to be published this fall.*

[7797]

Poverty & Race Research Action Council  
3000 Connecticut Ave., N.W., Suite 200, Washington, DC 20008  
phone: 202/387-9887 \* fax: 202/387-0764 \* email: **info@prrac.org**

©Copyright 1992-2005 Poverty & Race Research Action Council