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**Social inclusion and structural transformation:
Concepts, measurements and trade-offs**

Arjan de Haan

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SOCIAL INCLUSION AND STRUCTURAL TRANSFORMATION: CONCEPTS, MEASUREMENTS AND TRADE-OFFS

Arjan de Haan¹

ABSTRACT

Social exclusion has been a growing concern in the global North and South alike. The causes of this have been the subject of much debate. This paper discusses whether structural transformation – broadly defined as the economic and technological changes that have a major impact on societies' livelihoods – play a role in this. For this, the paper explains what social inclusion is, how it is defined and measured, and how thinking on the relationship between social inclusion and structural transformation has evolved in the classic social science. The paper warns against simplifying conclusions about the way structural transformations impact social inclusion. With respect to the rising inequalities of the last 20 years, also, the (limited) data suggest mixed trends with respect to social inclusion. Insights from social science analysis indicate that effects can be mediated, that technologies are given meaning, and that societies create institutions in response to structural changes that threaten cohesion or identity.

Key words: social inclusion, structural transformation, and industrialisation

JEL classifications: O33, O14, O15

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1. INTRODUCTION

Social inclusion is a growing concern, in the global North and South alike. This concern has arisen in different contexts, from the 99% movement, to the Arab Spring, to Africa's youth employment. Emerging economies have put 'inclusion' at the top of their agendas, and it is central in communication by international development organisations including the IMF.

With that growing interest, a variety of terms have emerged in public and academic debates, like cohesion, inclusion, and inclusive growth or economies (de Haan, forthcoming). What these contexts and terms have in common is an emphasis on the need to bring the debate on the 'economic' and 'social' together. It challenges a narrow understanding of economics: growth is not sustainable if 'social issues' are neglected, and exclusion can limit growth opportunities. But it also goes beyond 'inequality', particularly if measured through a Gini coefficient, and shows that links between growing inequalities and exclusion defined as social processes are very complex as well.

Against this growing interest, this background paper for the UNIDO Industrial Development Report 2016, explores the knowledge on the interaction between social inclusion on the one hand, and structural change and technological progress – broadly defined as the economic and technological changes that have a major impact on societies' livelihoods – on the other. It explains what social inclusion is, or more precisely, how it has been defined and measured, and shows how the thinking on this has evolved. It summarises some of the empirical insights, but also, it tries to build an understanding of, and hopefully bridge between (overly) optimistic and pessimistic interpretations of the relationship.

Cohesion and inclusion are complex, and normative concepts. Almost by definition, inclusion in terms of social relations, including in nation state formation, implies exclusion of others – and indeed, technologies that reshaped societies also were instrumental in conquest of others, as Diamond's (1997) *Guns, Germs and Steel* details. Discriminatory practices can be sustained and deeply ingrained, as caste in South Asia shows: Dalits are 'included' in the economy of that society, but on very disadvantageous terms ('adverse inclusion'). Even in the case of 'melting pots' exclusion and undue pressure for integration (as in the Dutch 'inburgering') exist. Also, changing such practices often leads to violence, and what are regarded inclusive and democratic societies often came into existence after severe conflicts (including the Scandinavian welfare states).

To address the normative aspects, in Norton and de Haan (2012) we tried to steer away from overly deterministic understandings of inclusion. First, we stressed the importance of understanding the *capacities of societies* to deal with – and indeed promote – *change*, in ways that are more or less inclusive. Second, such societal action needs to enhance the freedoms – in Amartya Sen's terms - of individuals and groups. The focus of this paper is the knowledge about how societies change and adapt under processes of – and influencing – processes of structural transformation.

The paper has four main parts and a conclusion. Section 2 takes the reader to classical social science, describing how this has conceptualised the interaction between economic development, and particularly economic and structural transformation, on the one hand, and social integration or inclusion on the other. This suggests parallels between the pessimism that marked classical sociology following industrialisation (and the protests that followed technological changes as described in Box 1), and the concerns during the current phase of globalisation, hinting at a tension in the analysis to regard social relations (and institutions) as subject to or shaping economic processes. But it also shows more positive interpretations of the relationship.

Section 3 looks at how in the development debate the thinking on economic growth and well-being has evolved. This has moved from simple aggregate indicators of country output, to a focus on ensuring well-being and even happiness is measured and integrated into understanding of progress, to recent attempts of attempts to measure the ‘soft’ aspects of social development. Importantly, the latter, as human development indicators earlier can be considered as both outcome indicators, and as ‘inputs’ in for example (endogenous) growth analyses.

Box 1: protests against technological change

Industrialisation cost many craft workers their jobs, including in the textile industry. Many weavers, who could no longer compete with machines, turned their anger to machines that had taken their jobs and tried to destroy them. The first well-known attacks of the Luddite movement began in 1811, this rapidly gained popularity, which was rapidly repressed. Agricultural labourers targeted threshing machines and textile workers power looms. Such riots lead to reforms as well as the formation of trade unions.

Section 4 discusses the main databases available at international level that give insight into social inclusion, and the potentials to correlate these with indicators of economic performance and transformation. While much progress has been made in terms of coverage of such databases, large questions remain particularly around comparability, and in this author’s view cannot only be meaningful when combined with context-specific empirical analysis.

Finally, section 5 pulls these strands together, discusses the importance of social inclusion for structural change and technological progress, summarising what the reviewed literature tells us about the interaction – in both directions – of inclusion and structural and technological change.

2. SOCIAL SCIENCE AND STRUCTURAL TRANSFORMATION

Concern in the OECD with social cohesion has been directly informed by worries over the impacts of globalisation, alongside technological change – and it often has proven difficult to disentangle the two. The period of globalisation (since the late 1970s) has been accompanied by growing intra-country inequalities, but with much churning, convergence as well as divergence, and growing intra-personal inequalities, as demonstrated by data on ratios of CEO and workers’

pay.² The period of globalisation has reduced job and employment security in the old industrial heartlands.³ The impact in other parts of the world where these forms of security did not exist previously has been, in this respect, more complex.⁴ Current changes in labour relations for example in China – where rising wage rates are already driving mechanisation and moves to even cheaper locations – suggest that the speed of change is increasing, thus also forcing more rapid societal adaptation.⁵ Each of these transformations, of course, impacts social relations and inclusion.

A brief review of the classics in sociology suggests that concerns about social cohesion or inclusion often appeared at times of structural transformation, like the one associated with globalisation.⁶ Ibn Khaldun, regarded as the (15th century) father of sociology, already demonstrated pessimism about the capacity of small groups to maintain *asabiyah* – the social cohesion of small groups or tribes – after they obtain control of a larger social formation. Once a tribe becomes the foundation of a ruling dynasty, Khaldun regarded its disintegration, over a period of three to four generations, as inevitable.⁷ This concern much later came back in the writings of the fathers of modern sociology.

2.1 Classic sociology and concerns about cohesion

The interest in social cohesion is usually traced back to Emile Durkheim. His *De La Division Du Travail Social* (1893) was situated in the context of the societal transformation in the process of industrialisation. Contrasting with liberal and economic emphasis on individuals as profit-maximising beings, Durkheim's emphasis on society as an integrated system, with sanctioning capacity of group rituals, has informed the writings of sociologists like Robert Merton (1938, 1968) and Talcott Parsons (1961), and a strand of analysis known as functionalism.

Durkheim saw two different types of solidarity, and these bore relation to the technologies that dominated work life. Primitive societies were marked by mechanical solidarity and a strong collective ethos based on relatively homogeneous patterns of life and work. Advanced capitalist society, with its complex division of labour was marked by organic solidarity based on merit,

² The period of globalisation has been marked by at least three major inter-linked forces: technological change making transport and communication much cheaper, opening up markets and borders that had been relatively closed in the post-War period, and the dominance 'of the 'Reagan-Thatcher' ideology accompanied by a Washington Consensus imposed on poorest countries and matched by economic reforms notably in China.

³ See for example the writing of Guy Standing (2011), and discussion below.

⁴ This can be demonstrated by data on the 'informal sector', which in many if not most developing countries has continued to form the largest share of employment (though with regional variation; Kanbur 2013).

⁵ China's industrial strategy is already emphasising increasing productivity, after two decades of low-wage export orientation. This is happening while there is still a large labour surplus in rural areas.

⁶ The following draws on Norton and de Haan's (2012) background paper for *World Development Report 2013* on jobs. See also discussion and references in Naude and Nagler (2015).

⁷ <http://www.muslimphilosophy.com/tvbk/ch25.htm>. Small groups would have the power to promote broader social integration, in stages; this has been compared to the role culture plays in facilitating integration of immigrants

respect for different roles within the labour force, and with a need for moral regulation. Durkheim thought of the transition between the two as disorderly and marked by ‘anomie’ and pathologies, but these would gradually be overcome.

Where Durkheim saw different modalities of solidarity, Karl Marx of course focused on class conflict. Conflict was rooted in economic structure as primary driver of what Marx saw as inevitable societal progress. In his view, this happened through a series of stages on relations of production with predominant technology, with his focus primarily on the transition to an industrial society and the growing proletariat.⁸ These views have continued to be influential, notably, Marx’s ideas of dialectic development (differences as driver of change), and of stages of development.⁹ While Marx focused on economic structure and structural/technological change, and depicted religious and cultural phenomena as secondary and ‘false consciousness’, subsequent sociology has taken symbolic value much more seriously as societal binding forces (in Marx’s view, Luddites were unable to distinguish between technological progress and the capitalist structure that was responsible for their repression).¹⁰ Marx’ assumption that social networks would merge with the modern economy has been disputed, subsequently becoming a core theme in sociological analysis (Granovetter 2005: 36), migration studies, as well as to the new institutionalism of Douglas North.

A third strand of sociology following Marx focused on empirical descriptions of how a class structure evolved: for example C Wright Mills (drawing on Weber as well) provided a detailed description of social stratification, which – unlike the recent writings on a middle class – typically had access to production at their core. Sociological studies since the 1960s also have assessed social mobility, showing different patterns across nations (e.g. Lipset and Bendix 1991). While social mobility may be considered an important pre-condition for social cohesion (Nunn 2011), this relationship is likely to be complex. There are cases where perception of possibility of upward mobility can be a cohesive force. Increased social mobility and churning may also create conflict, and backlash, either against the upwardly mobile, or making scapegoats of others.

Since Durkheim, concerns with economic and structural change as a threat to social cohesion have returned frequently, often with a degree of romanticising the past. Writings on social exclusion, in the French context defined as the ‘rupture of social bonds’, or ‘social contract’ emerged as a concern over the most marginalised, and grew in the context of the rise of unemployment and the decline of the post-War European model of full employment.¹¹ A relevant

⁸ Polanyi’s ‘Great Transformation’ (1944) emphasised how earlier social institutions and norms were consciously moulded to suit the new market logic, and how society invented new institutions. Douglas North based himself on, and criticised Polanyi in establishing the ‘new institutionalism’ (http://www.academia.edu/4145608/Between_the_Old_and_the_New_Institutionalism_Karl_Polanyi_and_Douglass_North_as_Founders_of_Contemporary_Economic_History)

⁹ Simmel and Tonnies, following Marx, were concerned with the social atomisation that would result from the division of labor (Kilroy 2012).

¹⁰ Berger and Luckman’s emphasised that what’s defined as real is real in its consequences.

¹¹ Silver 1998; Plan de Cohésion Sociale 2004. It appears that the French conceptualisation of disadvantages has become very influential in the European debate – this does not appear directly related to efforts to create a European identity (in the sense that national public policies have fulfilled that function).

strand of work in this context is illustrated in Engbersen et al.'s (1993) study, inspired by the classic work on unemployment in the Austrian town Marienthal in the 1930s (Jahoda 1932), emphasising how different groups and localities have responded differently to long-term employment in the context of the (Dutch) welfare state. Importantly, definitions of cohesion and

Box 2 Why do view on cohesion differ?

The literature on social cohesion, social contracts, and welfare states all show a diversity of approaches and definitions, which can be traced back to deep historical-political differences. Hilary Silver (1994) describes how definitions of social cohesion varied across social-democratic, liberal and conservative approaches; and certainly the solidaristic interpretations of exclusion/cohesion in the French context contrasted sharply with the liberal-individualistic approach with which the social exclusion notion was taken up in the UK.

The social contract literature (as summarised in Hickey 2010) derive from the classic philosophy of Hobbes, Locke and Rousseau. This primarily defines the relationship between the state and its citizens, and was extended by Rawls to include all social and political institutions. The different definitions within this vary with a focus on maintaining order, property rights, and social justice, and utilitarianism versus mutual respect as core to social relations.

These differences are mirrored quite closely in the welfare state literature, particular in Esping-Andersen's (1990) welfare state typologies. This distinguished, on empirical basis considering the extent to which states take responsibility of provision of (social) goods to citizens, between conservative, liberal and social-democratic welfare states.

To understand the social analysis of how social cohesion has changed under the influences of structural transformation, and indeed often-empirical phenomena in this respect, it is critical to keep in mind how important these historical-political differences are. Different societies, and strand of theories, ascribe different

contracts can vary a great deal, as summarised in the following Box.

These debates on social cohesion arose at times when rates of unemployment were increasing. This was often associated with ideas of a breaking of the previous social contract, particularly in the French context. For example, 'Fordism' presented a model of participation in the economy of mass production in the beginning of the 20th Century, and the post-War welfare state created a relatively strongly state-led form of social inclusion – the latter in the diverse historically and politically-driven forms of 'welfare capitalisms' of Esping Andersen (1990, 1999) for example. While by no means uniform, these 'models' do indicate a degree of commonly accepted norms around the relationship between the economy and social, including norms of distribution.¹² With globalisation, these models have undergone very important shifts: the idea of an 'activating welfare state', for example, highlights an important ideological shift towards greater individual responsibility.

¹² For example, Wilson (1996: 67) notes that deprived inner-city residents in US cities share the "basic American values pertaining to individual initiative".

Concerns about growing anomie also have pervaded some of the analysis of – and policy debates on – migration. A large literature has developed since the 1970s focused on ethnic minorities in European and North American economies. Analyses of discrimination have been complemented by a better understanding of the role and strength of networks (mediating the ‘old’ and ‘new’ world) and have led to a celebration of diversity. This has emphasised that ethnic identities and restricted networks can enhance integration and productivity (Silicon Valley being an example of the latter).¹³ Post 9/11 there has been more concerns about the failure of multi-cultural policies that would have led to ghettoisation and lack of integration.¹⁴

2.2 Secular progress

Max Weber like Marx and Durkheim was primarily concerned with the implications of the transformation to capitalism. He thought Protestant asceticism reinforced capitalist development, an analysis that has been used - and criticised, including with the economic rise of East Asia - in relation to capitalist development elsewhere. In contrast to Marx, Weber saw the emergence of modern rationality, as a binding force in the newly emerging social order, and the modern bureaucracy as the embodiment of that rationality.¹⁵ Industrial sociology, as defined by Etzioni (1958) for instance, builds on these insights, and includes empirical research on worker’s ‘irrational’ behaviour like output restrictions – an illustration of this and potentials for continued social disparities are presented in the next Box.

Habermas draws on Weber and Marx, and a range of other social science as well as linguistic theories, to analyse the possibility of reason and emancipation in modern institutions and human capacities, highlighting the institutionalisation of critical rationality in the public sphere. *Communicative action* describes the process in which actors seek to reach common understanding and coordinate actions through reasoning and cooperation. While Habermas does not relate directly to, for example, the social capital literature (Bolton 2005), his work has informed understanding of processes of socialisation.

Pierre Bourdieu’s work has been a basis of the social capital literature that surged in the 1990s, though the economist Glen Loury used the term earlier. Bourdieu focused on the benefits to individuals that accrue from the participation in groups, and the need for individuals to invest in these relations. Subsequent work draws on the notion of social capital to analyse the way individuals interact with broader groups and the benefits they derive from.¹⁶

¹³ The evidence on the impact of diversity within teams on productivity is mixed (Kilroy 2012).

¹⁴ In public debate this has been linked to violence/terrorism, but evidence suggests this did not result from lack of integration.

¹⁵ ‘Critical analysis’, like that of the philosopher Foucault (1995) has emphasised the disciplining nature of the modern state, its ‘civilisational’ drive (Norbert Elias 1969-82).

¹⁶ Granovetter (2005) highlights how economic analyses can draw on neighbour social sciences insights on social structure. In his view (p.35) the question how the economy interacts with other social institutions tends to be sidestepped in social theory, i.e. not just in economics.

An influential stream of work using the organising concept of social capital – particularly in the international development debate – derives from Putnam’s analysis of civic traditions in Italy (1993). This focused on the conditions for creating strong, responsive, effective representative institutions. Famously northern Italy had more of these than southern Italy. Putnam concluded that the central enabling condition was the existence of more social capital, measured through the density of local associations such as sports clubs, bands, hunting associations etc.¹⁷

This social capital literature suggests how forms of social inclusion (or social relations, to be more precise) evolve alongside economic institutions. This inter-connectedness is the theme of cross-country analysis by Welzel and colleagues, using the World Values Survey as database: “socioeconomic development, cultural modernisation, and gradations of democracy constitute one coherent syndrome of social change” (Welzel, Inglehart and Klingemann 2001: 29). The socio-economic development analysis draws on the modernisation writing of Lewis and Rostow, and the human development analysis of Sen and Anand, contradicting to an extent the pessimism or critiques of classic sociology. This is combined with the modernisation writings of political scientists like Lipset, who held that democracy follows economic growth fairly directly, or at least that richer countries are more likely to sustain democracy.

The second pillar of this analysis – cultural modernisation (analysed, primarily, from the perspective of norms held by individuals) – is closely associated with the notion of social inclusion discussed here. It implies a *transition* from traditional (patriarchal) to modern norms and social relations, including a greater valuation of the individual. This is important for the discussion of social cohesion: against the pessimism in social sciences with respect to loss of cohesion, social relations and norms evolve in conjunction with economic and political transitions.

Finally, in the social science literature there is reference to sequencing of technological/structural change and social change. Debates on innovation (Cajaiba-Santana 2014) contain fears that social change had been slower than recent technological change (Drucker), while others suggested it was the other way around (Phillips). Karl Marx’ prediction of the inevitable collapse of capitalism did not materialise, in part at least because of political (Bismarck’s welfare state), entrepreneurial (Fordism), and organisational innovation (trade unions, work councils) following the industrial and capitalist revolution.

¹⁷ These associations have to be officially registered in Italy and are therefore easily used for detailed quantitative analysis. Of course, similar attempts to measure and compare these across countries – as we discuss below – are much more problematic.

Box 3 How jobs, or class, create their own sub-culture

Paul Willis' (1977) ethnography of a working class 'lads' in the West Midlands, *Learning To Labor*, shows how and why 'working class kids get working class jobs'. Willis shows a counter-school culture of resistance and opposition to academia and authority, which resembled the culture often noted in industrial workplaces. Working class children internalise absence of upward mobility, and their actions reinforce this as a self-fulfilling prophecy, as they see and convince each other there is no point in getting education. Varieties of this notion can be found in the 'culture of poverty' thesis in anthropology and North American sociology, including the work of W. J. Wilson who described the importance of demeanor as a survival mechanism, and emphasises that elements of culture can be 'situationally adaptive', implying models of behaviour applying to specific community characteristics, such as inner-city deprived neighbourhoods (Wilson 1996: 71)

2.3 Jobs and cohesion

Important strands of sociology and social psychology have focused on social connections and problems at the meso-levels. The literature on links between employment and identities (recently re-affirmed in the work of economists Akerloff and Kranton, 2010) is particularly important for a discussion on structural and technological change. Norton and de Haan (2012) describe a number of types of links between jobs and cohesion, which can be summarised as in the following diagram.

Figure 1 Links between jobs and social cohesion



The world of work is a key area of socialisation, given how much time people spent at the work place (Kilroy 2012).¹⁸ Work is the most likely place for social mixing (i.e. relationships across groups), more so than social life, and may promote (new) interdependent relationships, and 'affective trust'. Jobs involving more cognitive, creative and autonomous behaviour are likely to foster greater engagement, including across social boundaries (and hence, there is the potentially large divide between those with skilled and unskilled jobs).

¹⁸ Kilroy considers 'good jobs' for social cohesion, which he defines as those 'with repeated interpersonal interactions across social boundaries, and with sufficient mutual interests and intimacy for social ties to be formed.'

Relevant for the discussion here is the field of industrial sociology, which like the social science more generally is divided between more optimistic and pessimistic interpretations of links between structural change and cohesion.¹⁹ Research in a Marxist tradition underlined the alienation of modern forms of industrial production. Braverman's (1974) work in particular emphasised the deskilling of workers, and routinisation in modern forms of ('Taylorist') production. Blauner (1964) distinguished dimensions of workers' alienation: powerless when workers cannot control actions or conditions; meaningless when they lack sense of value; isolation when workers cannot identify with their workplace; and self-estranging when workers lack a sense of involvement in the job.

The growth of the service sector, similarly, has raised concerns about large numbers of alienating jobs.²⁰ The diversity of the service sector is important, in the context of the discussion here, particularly with respect to technological change and productivity. Part of service sector consists of very labour intensive (and non-tradable) activities, and – like care activities – are critical components of social cohesion or contracts (as the NHS in the UK). Other economic activities in the service sector are much more technology-driven and the impact on social cohesion can be very different: for example outsourcing of functions has 'integrated' large numbers of people

Box 4 ICTs and Internet

The literature on the ICTs and development shows complex set of impacts. On the one hand, there is a literature that emphasises the loss of jobs, and declining quality of work (see Naude and Pegler). On the other hand, development of ICTs itself have generated large number of new jobs, both directly and indirectly. In developing countries, there are numerous examples where ICTs have been put to good development use, including leapfrogging older technologies.

The impacts on social inclusion are equally diverse, and multi-causal. A special issue of the *Journal of Information, Communication and Ethic in Society* (Vol. 7, No.2/3; <http://libro.eb20.net/Reader/rdr.aspx?b=456473>) highlighted both process of inclusion and exclusion, and emphasise ICTs are an integral aspect of social-political, economic and cultural development. The role of ICTs in transnational identities, including that of refugees, is of particular interest and highlights the complexity in considering the impact of ICTs on social exclusion and inclusion. ICTs can also facilitate collective action, which can be both peaceful and violent.

from very different locations in production processes.²¹

¹⁹ There is also a strand of literature on industry clusters, which suggest that social interaction and industrial identities – alongside practical aspects of proximity – are important for production. See Abbott (1993) for a review.

²⁰ While most of the writings may have focused on industrial jobs, the service sector has taken up an increasingly large share of the labour force and GDP, and labour productivity in large parts of the service sector has not seen the increase that the industrial sector has witnessed. See Gershuny (1982) and his subsequent work on time use.

²¹ The impact of information technologies on social relations is of course an important subject, but beyond the reach of this review: anecdotal evidence suggests they can be good and bad (the problems of the Facebook inventors' group might serve as illustration of the latter).

Box 5 ‘MacJobs’ and company images

Amitai Etzioni coined the term ‘MacJob’, in the Washington Post in 1986:

“McDonald's is bad for your kids. I do not mean the flat patties and the white-flour buns; I refer to the jobs teen-agers undertake, mass-producing these choice items... these jobs undermine school attendance and involvement, impart few skills that will be useful in later life, and simultaneously skew the values of teen-agers -- especially their ideas about the worth of a dollar... supervision in fast-food places leans toward teaching one the wrong kinds of compliance: blind obedience, or shared alienation with the "boss."

The term was popularised in novels and movies by Douglas Coupland and others, thus becoming a description of low-skill, low-pay, dead-end, routine service industry employment. The company complained against the use of the term, particularly when it was included in the Merriam-Webster dictionary. Management also tried to change some of the perception of, and experience in the job, alongside its CSR activities and ‘giving back’ to communities. It surveys levels of job satisfaction and commitment. It reduced levels of turnover, and stressed opportunities for hourly-paid workers to become restaurant manager. It provided training, employment benefits, and (in the UK) and equal opportunities working group.

Sources: Gould 2010, <http://en.wikipedia.org/wiki/McJob>, <http://www.gwu.edu/~ccps/etzioni/B170.html>; <http://www.personneltoday.com/hr/the-burger-meister-mcdonalds-ceo-steve-easterbrooks-view-from-the-top/>

This broad ‘alienation’ thesis has been criticised, as reductionist and failing to account for diversity in terms of how technology is experienced, (cultural) differences in terms of management-workers relations, hierarchies, and (perceptions) of reward and performance appraisals. Moreover, the growing need for flexible skills in order to respond to technological changes means that not all work experience is alienating.

A strand of industrial social science and management literature has described attempts by managers and industries to enhance cooperation and meaning. Workers have been organised in teams to alleviate workers' sense of alienation, since they are involved in the entire process, rather than just a small part of it, and/or focus on team ‘self-management’.²² Managers also have tried to enhance a sense of belonging and common identity, for example by providing clothes with company logos; MacDonalds for example has tried to change the negative image of providing dead-end service sector jobs (see Box 5). Thus, not only does technology impacts forms of cohesion, but also a certain degree of cohesion appears to be essential to maintain and enhance productivity.

Sociological and ethnographic literature (Dudwick 2011) has emphasised that ‘bad jobs’, including those that were moved from high-wage to lower-wage countries, can have good outcomes. For example, the garment factories in Bangladesh have provided unskilled, low-paid jobs, often with much work pressure and separation from families for migrant workers, but these have been empowering particularly for women (it seems significant that Bangladesh achieved relatively high levels of education early on). Women valued the autonomy, freedom to make choices, and expansion of horizons, alongside escaping from poverty. Over time, women also have become more cognizant of their rights and trade union activities (and tragedies like those at Rana Plaza may galvanise this).

²² <http://ceo.usc.edu/pdf/G939229.pdf>; <http://sgr.sagepub.com/content/34/1/101.abstract>.

Of course, these ‘good outcomes’ imply some transformation of social relations and cohesion, not a mere reinforcement. But more direct impacts of jobs on social cohesion have been described as well: Varshney showed how economic inter-dependence between Muslims and Hindus enhanced the likelihood they would work together to avert ethnic (‘communal’) violence, Dudwick (2011) shows how value chain enhancement has enhanced cooperation between formerly hostile groups in for example Rwanda and Pakistan. Kilroy (2012) describes efforts of international organisations in Kosovo to use business transactions to help bridge ethnic divides.

New forms of production and jobs also lead to new organisational forms, which in turn are critical for social outcomes. Industrialisation gave rise to trade union organisation, while pre-industrial guilds often had their own organisations, and successful agrarian economies often developed cooperative or credit organisations. Each of these provided an important component of social contracts, even if welfare states took over many of the organisations’ functional aspects.

In the ‘old’ industrial North, the post-War social contract has been associated with full employment, high levels of unionisation, and (hence) identities closely linked to employment status – which has given way to individualisation, a hollowing out of middle classes in many countries, and new predominant forms of associations since the 1980s. For the global South, the social contract was very different – and hence the changes since the 1980s also have very different forms. The post-colonial social contract was based on an interventionist state, with formal employment status and associated benefits extended only to a very small proportion of the labour force. In many countries, therefore, extension of industrial employment still provides a promising route out of poverty, even if these jobs are of comparative low quality, and new forms of protest do emerge.

Research on *unemployment* shows how important work is for identity and citizenship. Altindag and Mocan (2010) using survey data for 69 countries across the world including developing countries indicate that joblessness experience translates into negative opinions about the effectiveness of democracy and increases the desire for a rogue leader.²³ Dudwick (2011) summarised studies in a range of contexts of job loss: the social anomie in a former rubber town in Ohio, the impacts of downsizing of a bauxite mine in Guyana, growing distrust and suspicion after downsizing of state enterprises in Bulgaria, etc. Dani (2005) describes the historic political prestige of miners affected by mining sector reform in Romania, while Parry (2003) showed changing meanings of work in the context of restructuring of mining in South Wales; in both cases there was a strong identity and social cohesion within the communities of workers. Lack of opportunities (against expectations created over a long period) appears to have a distinctive impact on youth, demonstrated for example in riots in the UK in 2011, and the ‘Arab Spring’.²⁴

²³ Giuliano and Spilimbergo (2009) find that individuals who have experienced a recession in the formative age of 18-25 years tend to believe less in personal effort, perceive stronger inequalities, and have less confidence in public institutions; in: <http://www.osloconference2010.org/discussionpaper.pdf>.

²⁴ Recent analysis suggests youth was more of a factor in Tunisia than in Egypt: <http://erfblog.org/2014/10/23/shifting-political-economies-of-grievances-the-generation-of-state-cutbacks-comes-of-age/#more-1852>

The conclusion that emerges reinforces the one in the earlier section. Technology (economic structure) and social cohesion are interrelated. Types of work can be very important for cohesion, and a degree of cohesion is necessary to maintain or increase productivity. But there is no automatic or direct relation. Industrialisation gave rise to ‘alienating’ production processes, and new machines to protests; however 1) previous forms of production were not necessarily less alienating, and 2) new types of organisations developed. The same type of job can reinforce exclusionary practices and labour market and shop-floor segmentation, and can help to dissolve those, including when management defines this as a way to enhance productivity. The connection between jobs and cohesions are multi-dimensional, and generalisations about links between types of employment and cohesion are, the literature reviewed here suggests, not very meaningful.

2.4 Social and economic interact: capacities of societies to adapt

The literature briefly discussed above – however diverse – provides some lessons for the question of interaction between technological change and social inclusion.²⁵ First, theoretical points of view matter greatly. Findings vary greatly between for example individualistic (economics, but not only, and structuralist and historical-materialist approaches. These differences to some extent mirror variations between more optimistic and pessimistic interpretations.

Second, the links between the social and economic are contingent. One type of jobs may be perceived as exploitative in one context, and may be seen as empowering in another. Indeed, they can be both at the same time.

Third, it is important to see the link as dynamic, with new forms of cohesion or conflict over forms of production emerging over time, typically in interaction between different interest groups. The latter is a critical point for our definition of what a socially inclusive society is, and our emphasis on the capacities of societies to deal with change and diverging interests and views.

The next section will describe what measures are available internationally to describe forms of inclusion. We first turn to the international development debate, where the interest in inclusion and its measures has been growing.

3. MEASURING ECONOMIC OUTPUT, WELL-BEING, INCLUSION: A BRIEF GENEALOGY

GDP data have been produced for at least 60 years, introduced by Kuznets, and subsequently used not only to measure current GDP but also calculated historically such as in the work of Simon Kuznets. Measures have been steadily refined through improvements in aggregation methodology and estimates of purchasing-power parity. This section describes how

²⁵ In terms of data and methods, the sociological literature has been fairly evenly divided in more qualitative and quantitative approaches.

understandings of well-being have evolved in the development studies literature and practice, from simple aggregate indicators of countries outputs, till recent attempts to measure the ‘soft’ aspects of social development.

3.1 Multi-dimensionality, distribution

Internationally comparable income/consumption poverty data have become available since the late 1970s, and has been popularised in particular through the Millennium Development Goals framework. Measures of poverty continue to be heavily debated, regarding its international comparability and – like GDP – its uni-dimensionality – but investments in household surveys during the 1990s in particular in Africa rapidly increased insight into levels of well-being in developing countries. This has for example led to a rich body of analysis that allows to track changes in poverty (and a picture of progress over the last two decades) and inequality (a more complex picture) alongside economic growth, structural transformation, etc.

Critique of poverty analysis contributed to the development of alternative or complementary measures of well-being and deprivation, highlighted in the MDG framework, and of relevance for endogenous growth theory and analysis. The UNDP’s Human Development Index (HDI) is composed of (non-weighted) measures of health, education, and income, following examples of Physical Quality of Life Index, and a Basic Needs Approach. Stimulated by the Millennium Development Goal emphasis and aid policies, much effort went into measuring human development indicators of health and education in the poorest countries.

The HDI has been enriched with other measures, including in terms of an inequality-adjusted indicator. The arsenal of multi-dimensional measures was further expanded with the work of the Oxford Poverty and Human Development Initiative, and with analysis of happiness, promoted in particular through the Bhutan Gross Happiness Index. With these measures, it is now possible to read off changes in broader measures of well-being alongside trends in GDP and poverty, and how human development contributes to growth.

Alongside the broadening of the measures of well-being, debates on inequalities and inclusion have come and gone. Inequality was brought back on the agenda in the late 1990s, after a relative absence since the classic development theories – and has most recently become very important with the work of Piketty (2014) and Wilkinson and Pickett (2010; this argued inequality is bad for societies as a whole). Debates on inclusion gained in strength, including in emerging economies of Brazil, China and India, and again gained in force after the global financial crisis of 2007-08, the political crises in the Middle East and North Africa, and as part of the discussions on a ‘post-2015’ agenda. Recent progress on inequality measurement includes a focus on inequality of opportunity (e.g. Brunori et al. 2013).

The literature on inequality suggests a trend break from the late 1970s onwards, under combined influence of technological change and globalisation.²⁶ On the one hand, inequalities – certainly

²⁶ Note that global inequality indicators like in the work of Milanovic (who highlights a decline in a *global Gini* coefficient over the last two decades) do not go that far back.

in the sense of differences in rewards from capital and labour - have increased substantially, after a period of 'secular decline' (under the social contract referred to above). At the same time, globalisation implied growing opportunities in emerging economies, and this has been associated with major trends of relevance to social cohesion:

- A convergence between countries, reshaping global powers and economic competitiveness (for example strengthening arguments for 'restructuring' of welfare provisions);
- Growing inequalities within countries like China, posing strains on social contracts, and public policy responses;
- Restructuring of and in the old industrial centres, and of the post-War welfare states (that moved towards an 'activating' welfare state, some maintaining its redistributive role).

There is data that establishes links between income inequality and social inclusion.²⁷ It is important however to warn for the complexity of this relationship, and the limited data and analysis. As mentioned above with respect to social mobility, perceptions and expectation seem to matter more than 'objective facts' like Gini coefficients. First, in the case of China, perceptions of poor governance seem to have been a more important cause of unrest than the rapidly growing income inequality (Whyte 2010). Second, there are indications that the higher (income) inequalities in the US for example are deemed acceptable because of norms ('social contract') related to individual versus state/collective responsibilities; the large wealth generated by business people like Bill Gates are unlikely to be a threat to social cohesion. This leads us to a discussion on how 'institutions' has become an important part of the development debate.

²⁷ Cross-country evidence suggests that income inequality and corruption are associated with low and falling social trust (Rothstein and Uslaner 2005, Larsen undated, who shows social trust is sticky). In Europe, Nordic countries with low inequality have relatively high levels of social trust.

3.2 Institutions: formal and informal

A different set of international measures developed over the last two decades relates to institutions, following the change in emphasis in analysis promoted in particular by Douglas North (1991).²⁸ Since 1996, the Worldwide Governance Indicators project has brought together measures of governance for 200 countries, along dimensions of voice and accountability, political stability, government effectiveness, quality of regulation, rule of law, and corruption – data reflect subjective assessments of survey respondents and experts. Other projects in this category include the Corruption Perceptions Index, and the Ibrahim Index of African Governance. As human development measures, governance measures are often correlated with GDP measures – often with the questions of governance as precondition or causal factor of development.

Since the 1990s there has been growing emphasis on social development.²⁹ Like concerns about inequality, this receives perennial impetus at times of social crises, as during the Arab Spring, or after the Asia financial crisis, for example in the World Bank's emphasis on community development in Indonesia. In its narrowest sense social development has focused on the need to avoid the *unintended consequences* of development projects. This has been most notable in the form of social safeguards that has been an important strand of work in the World Bank, often under pressure of civil society. Such a *residual* interpretation of the importance of social development, focusing on side effects rather than constituent parts, has been represented more broadly in the international development debate, for example in definitions of social policy, and of social fund programming. Development organisations also focused on 'mainstreaming' social development, implying the need to assess and strengthen social development as part of and instrumental in broad development efforts, and as part of project preparation.³⁰

Two areas of research and practice helped to move the social development field into a direction of measurement of what social development is and how it contributes to development more widely. First, gender equality has been subject of measurement for a fair amount of time now. A range of gender measures now exist, including the Gender-related Development Index, the Gender Empowerment Measure (both by UNDP), and the World Economic Forum's Gender Gap Index.³¹ Analysis has shown significant correlations, for example, between gender equity and productivity, and between gender equity and MDGs.

²⁸ Recent work by Acemoglu and others is giving stronger voices of the importance of governance: "while economic institutions are critical for determining whether a country is poor or prosperous, it is politics and political institutions that determine what economic institutions a country has" (Acemoglu and Robinson 2013: 43).

²⁹ For a description of its evolution within the World Bank, see Davis (2004) and Bebbington et al., eds (2006) with respect to the notion of social capital. The World Bank published its Social Indicator of Development (World Bank 1995).

³⁰ While social development practitioners have tended to emphasise inequalities, the conceptualisation of community development and to some extent participation has tended to focus on the different dimensions of well-being, rather than its distribution.

³¹ Van Staveren (2011) compares five measures of gender equality, showing a degree of overlap but country rankings vary significantly depending on the measure used (which she relates to different aspects of human development and capabilities). See <http://www.oecd.org/gender/data/>, <http://datatopics.worldbank.org/gender/>.

Second, the notion of social capital helped to move the social discipline most forcefully into the debates on quantitative assessments. Narayan and Pritchett's (1997) work on social capital in Tanzania suggested that the density of people's networks had a direct and causal impact on poverty. The concept of social capital experienced a rapid and criticised rise within the development debate,³² at a time when social development was rapidly becoming more important within the World Bank and elsewhere.³³

Easterly et al. (2006) was perhaps the first publication in the international development literature that analysed *social cohesion*, at global levels, using sources such as the World Values Survey. They find that social cohesion is important, demonstrating an influence on countries' institutional quality, which in turn influences economic growth – in line with the virtuous secular trends described by Welzel *et al.* (2001).

Two conclusions may be most relevant from this brief review. First, for developing countries, measures of social cohesion as used in Easterly et al. (2006) have been very limited. Existing databases – including the ones described below – largely untested or unexplored, at least at global levels. Second, analyses indicate that relationships between the social and economic are complex, with 'institutions' playing an important role mediating the two, and causality of course very hard to establish.

4. MEASURES OF SOCIAL COHESION

Efforts to assess social development – and social cohesion in particular – across nations or contexts are fairly recent. But sources and coverage are growing, and cross-country analysis is now possible on the basis of, for example, World Values Survey (which includes data for more than a hundred countries), regional barometers in Latin America and Africa, Civicus, Global Civil Society, and Minorities at Risk. The discussion in this section focuses around the Indices of Social Development (ISD), housed at ISS The Hague – as this combines a large number of courses and (thus) has the widest coverage.

4.1 Indices of Social Development

The ISD probably are the most comprehensive effort bringing together different measures of social development. It is presented as an instrument to show that social development is something that can be defined and measured, with all its challenges. It combines over 200 indicators from 25 sources to develop aggregate (now) six measures or composite indices of social development. Data coverage varies greatly depending on indicator and data source, though the typical indicator covers 50-100 countries. Because of the way it combines indicators from

32 Woolcock and Narayan (2000), Narayan and Cassidy (2001),

33 Knack and Keefer (1997) were amongst the first scholars to show the impact of trust on economic growth. This interest within development studies built on work in OECD countries, notably by Coleman (1990) and Putnam (1993).

different sources – using a methodology similar to that of the Corruptions Perceptions Index – it provides coverage for over 200 countries, now available for five points in time (shown in the Graph below; the trends require further analyses).³⁴

The nature of the underlying indicators is varied, and more diagnostic work is needed to assess the impact of this. For the discussion here it is important to highlight there are four types. First, the ISD includes expert opinions, such as crime advisories. Second, it includes recorded incidences, such as crime rates. Third, it includes data on perceptions, for example of trust (the World Values Survey focuses on perceptions. Fourth, there is (self-reported) data on actions, such as memberships of organisations. It this included data at both individual and group levels.³⁵

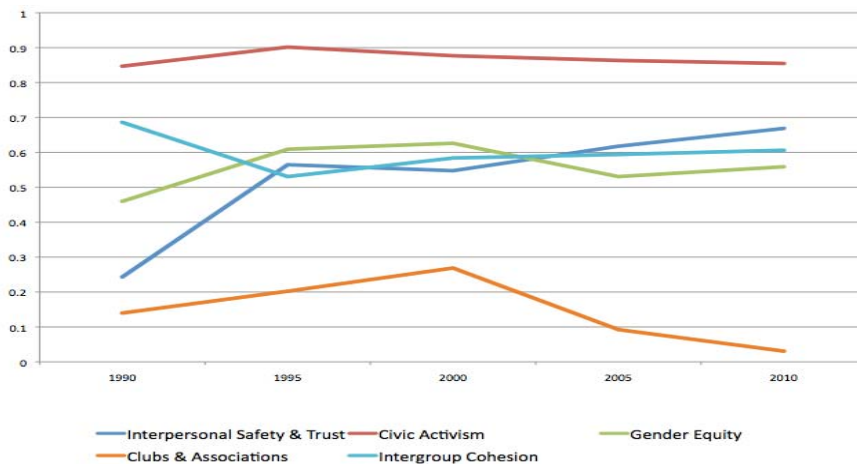
Consultation and technical tests including factor analysis led to categorisation of six indices of social development:

- Civic activism, referring to the strength of civil society, measured by levels of civic activism and access to information.
- Clubs and associations, referring to relations of trust and cohesion within local communities.
- Interpersonal safety and trust, referring to norms of nonviolence between persons in society.
- Inter-group cohesion, the relations of trust and cohesion between defined ethnic, religious, or linguistic identity groups.
- Inclusion of minorities, which measures levels of discrimination against vulnerable groups, such as indigenous peoples (migrants, refugees, lower caste); this index was most recently added.
- Gender equality, which measures norms of non-discrimination against women in work, household, educational and public institutions.

Figure 2: Trends for Indices of Social Development (source: Huang 2011)

³⁴ This used the ‘matching percentiles method’ (see de Haan and Foa 2014 for details; I owe much to Roberto Foa for helping me understand the database). In this, scores are assigned to countries based on ordinal rankings; the ranks of countries for variables included in the index are used to assign equivalent values to countries with equivalent ranks. The quality of the Indices is of course dependent on the quality of the underlying indicators; while all databases have a good reputation, this may vary. The tables generated include the standard error, to help assess data quality.

³⁵ Friedkin’s (2004) discussion on social cohesion distinguishes: individuals’ group membership *attitudes*, their desire or intention to remain in a group, their identification with or loyalty to a group, and other attitudes about the group; and their membership *behaviours*, decisions to sever, weaken, maintain, or strengthen their membership or participation in a group, and susceptibilities to interpersonal influence, and other form of commitment or attachment.



4.2 Emerging evidence on correlations with social cohesion

At a global level, analysis that helps give insight into the data and how the ISDs relate to levels of development, has been carried out by Huang (2011). His analysis suggests a strong correlation between GDP and civic activism, medium correlations for safety, for gender and for cohesion (note that in the current ISD this indicator has changed), and least for clubs. Huang also tested for causality, using the Granger method (which reflects sequencing).

Huang (2011) also correlates the ISDs with human development and inequality indicators. With respect to the HDI, he observes: a causal flow from safety and trust to HDI, and a (surprising, perhaps) negative flow from civic activism to HDI. Gender equity has a causal impact on HDI, and HDI causes safety and trust.

Interestingly, four of the five ISD showed evidence of ISDs causing Ginis. This suggests that greater equality does not lead to better social institutions, but is the “end product of a well-organized society”.

Huang’s analysis is used as basis for description below, focusing on correlates with GDP, as this may help formulate hypothesis with respect to questions of structural transformation and technological change (both closely associated with levels of GDP).

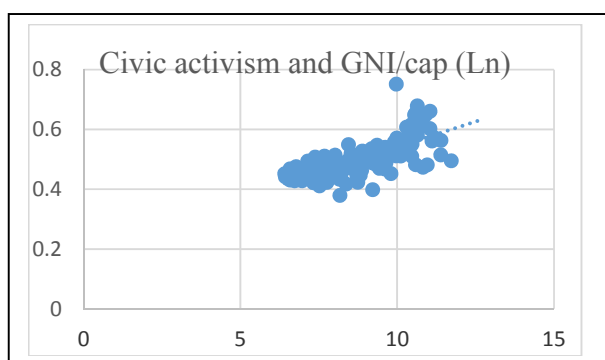
4.3 Civic Activism

Civic activism refers to the strength of civil society, measured by levels of civic activism and access to information. It uses data on the extent of engagement in activities like signing petitions, demonstrations, the organisation and effectiveness of civil society, access to media, levels of awareness and information of political issues. According to a substantial body of literature from behavioural political science, formally participative institutions, such as regular elections, have to be combined with informal institutions of civic engagement in order to deliver positive

governance outcomes such as the exposure of corruption or pressure for the delivery of public goods. Direct questions on these issues are fielded as part of the World Values Surveys.³⁶

Huang (2011) using the global ISD dataset concluded not only was there as strong correlation, but also (Granger) *causal relation from GDP to civic activism* (but not from HDI). This would be consistent with the modernisation arguments, according to which rising rates of literacy, access to media, and use of ICT facilitate greater (non-violent) collective action on the part of citizens (see above the discussion of work of Welzel et al. 2001).

Huang (2011) also showed that in OECD countries civic activism decreased over the last two decades while it increased in developing countries. This may reflect changes in the form of civic activism, notably the increasing use of internet sources in wealthy countries.



These data on civic activism suggest a complex relation that may exist between structural transformation and social inclusion. Such activism tends to increase with economic growth, but technology also has an impact on the form of civic activism (from trade unions to Twitter?). Importantly, civic activism could be interpreted as lack of or decline in social cohesion, while in the ISD conceptualisation critical but peaceful engagement is part of positive social development.

4.4 Safety and Trust

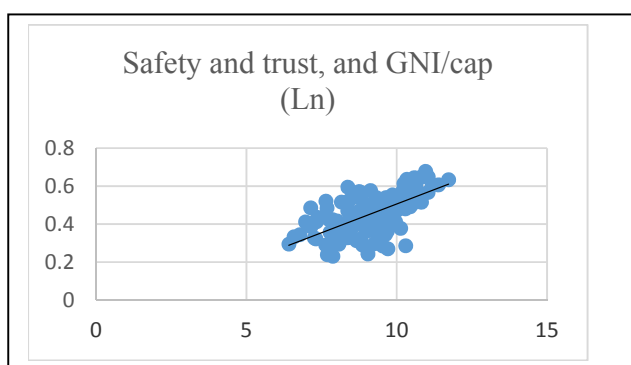
The index of interpersonal safety and trust intends to measure norms of nonviolence between persons in societies. This uses indicators of trustworthiness, such as reported levels of crime victimisation, survey responses on feelings of safety and security, homicide data, and risk reports on the likelihood of physical attack, extortion, or robbery.³⁷ Larsen (undated) argues that trust is an important way to analyse social cohesion, and the World Values Survey provides much useful cross-country information.

Cross-country econometric studies have shown that safety and trust can be predictive indicators

³⁶ World Value Survey data over 80 countries people joining in peaceful protest.

³⁷ World Values Survey data 80 countries 'Proportion of respondents who say that 'in general, most people can be trusted'; also EIU trust data, Interpol

of future economic growth (Knack and Keefer 1997). Available ISD analysis suggests a correlation between safety and trust and GDP, but the direction of causation is disputed. Foa (2011) demonstrated that trust is a factor in economic growth, which he argues makes intuitive sense: trust provides the secure and safe environment necessary for economic transactions and therefore encourages growth. In turn, economic growth may foster the kinds of institutions, both formal and informal, that protect interpersonal safety and trust. Huang (2011) showed income level causes trust but not vice versa, adding that not finding the causal flow from trust to income level does not necessarily contradict previous findings.



In the paper on Africa (de Haan and Foa 2014) we describe some of the complexity for this indicator, suggesting the pattern of growth may be as important as growth per se. As expected, safety and trust are significantly lower in Africa than in other developing and developed countries. Using Afrobarometer data, Nunn and Watchekon (2013) show this remains true even after controlling for income per capita.³⁸ A

number of relatively developed countries within sub-Saharan Africa, such as South Africa and Equatorial Guinea, have higher levels of reported crime and lower social trust; declining levels of social trust may be symptomatic of the unbalanced and non-inclusive nature of economic growth.

4.5 Intergroup Cohesion

Relations of trust and cohesion between groups – whether ethnic, religious, or linguistic – are measured by the index of inter-group cohesion. This index is based on data on reported incidents of riots, terrorist acts, assassinations, kidnappings, civil disorder, terrorism, and violent riots and confrontations.

Huang, using the previous cohesion index in the ISD, did not find a significant correlation between GDP and cohesion. Our descriptive analysis of data on Africa did suggest a link, suggesting that this form of cohesion may be particularly important in Africa, and/or at lower levels of GDP: civil wars and similar expressions of low cohesion may be particularly important for economic growth dynamics. This is likely an endogenous relationship: conflict limits opportunities for growth, and economic stagnation increases zero-sum conflict between ethnic groups (but certain patterns of growth can also fuel such conflicts).

Why such a relationship would not exist at higher level needs more attention; perhaps richer countries are better able to deal with riots and terrorist acts, in ways that do not negatively impact

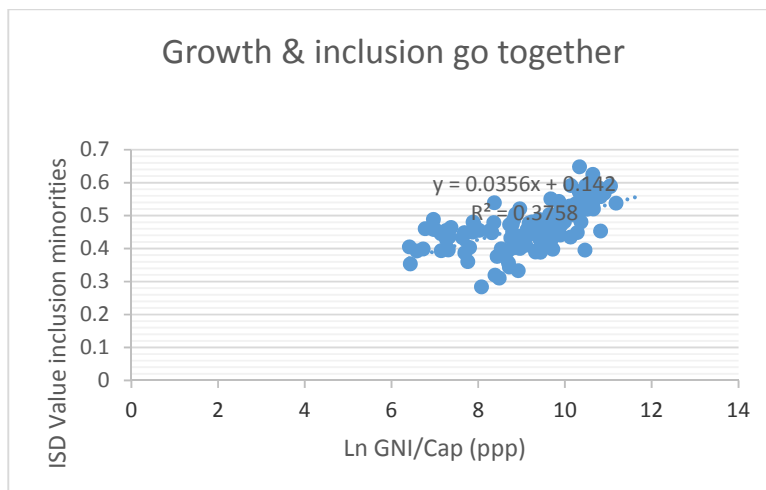
³⁸ Afrobarometer data for the last round shows only 18 per cent of the surveyed people believe ‘most people can be trusted’, and this percentage seems to be lower for people with higher education levels (<http://www.afrobarometer-online-analysis.com/aj/AJBrowserAB.jsp>).

economic processes. Technology may play a role in this.

4.6 Inclusion of Minorities

The index on inclusion of minorities has most recently been added to the ISD project. It measures levels of discrimination against vulnerable groups such as indigenous peoples, migrants, refugees, or lower caste groups, latent discrimination rather than overt conflict. This is potentially a large improvement on earlier indicators focusing on ethno- or linguistic fractionalisation. It is based on direct measures of social institutions and their outcomes, as well as perception-based indicators and proxy measures to measure the access to jobs and educational attainment.

The simple correlation of GDP with this measure of cohesion suggest an overall positive relation: growth and inclusion do (or can) go together. Our Africa descriptive analysis showed a moderate positive correlation with GDP per capita – but data is very limited.



Two recent papers describe the complexity of inclusion of minorities as part of broader social cohesion trends. Pervaiz et al (2013; which correlates diversity with all six ISDs) highlights the complex relationship between diversity and other dimensions of social cohesion, the role of social inequality in mediating the relationship (if opportunities are equal, collaboration between groups may be more likely), and how one measure of inclusion (notably, membership of clubs and association), may go hand-in-hand with exclusion of others. Van Staveren and van der Hoeven (2012) describes the trend in the ISD for inclusion of minorities as well as gender equality between 2000 and 2010. This shows an increase in the latter, and decrease in the ISD on minorities, with – in line with the comment above on the exclusive nature of growth in Africa – the biggest decline in Africa (not in Europe, as one might have expected from developments since 9/11 in particular).

4.7 Clubs and Associations

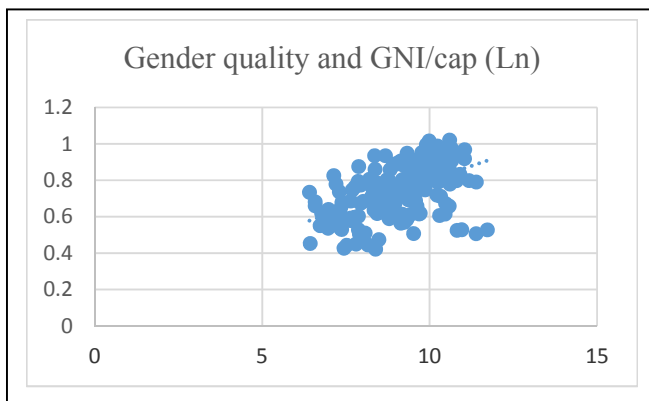
The index of clubs and associations describes the relations of trust and cohesion within local communities. Such local-level participation has been found to be essential for ensuring the monitoring and provision of local services, as well as a strong correlate of subjective wellbeing. The strength of ties to neighbourhood and associational life is measured from data on membership of local voluntary groups, time spent socialising with relatives and in local clubs, attendance of community meetings, and participation in development associations. The World Value Survey (WVS) is a main source of this ISD.

The global data suggest a very weak correlation between clubs and GDP. Huang's Granger test shows this index negatively affects GDP. This is surprising, including because of the high levels of local community engagement in high-income democracies such as Sweden and the United States, suggesting that new forms of neighbourhood association are capable of forming at higher levels of income. The African data for 2010 suggest a negative correlation between GDP and clubs and associations, which might suggest that early social modernisation leads to a (temporary?) breakdown of traditional local social structures and solidarity, due to processes such as urbanisation, weakening of local ties and rural communities.

4.8 Gender Equality

Aspects of gender equality have been relatively well measured and described, including the possible associations with economic growth. Richer countries, on average, are more equal in terms of gender (though this is neither universal nor automatic; policies play a big role). Vice versa, in particular, equality in education - and to some extent access to finance and production inputs (less well measured) - has been considered instrumental for promoting growth.

Huang (2011) describes that gender in the ISDs has fairly complete coverage. In line with other findings, he shows a positive correlation between gender equality and GDP. It has a large variation, including at the higher end of income. He does show a causal relation from gender equality to growth. However, gender equality does not always correlate well with other forms of inclusion.



4.9 Knowledge of inclusion and exclusion

To a large extent, the available data suggest a confirmation of the modernisation theses discussed earlier. There are broad positive correlations between countries' economic and social (and political) development, as measured through frameworks like the Indices of Social Development. Some causal relations are suggested, though the evidence for this of course is even weaker and reflect sequencing only. An interesting finding, in the context of this paper, is the link from GDP growth to (peaceful) civic activism but not for the indicator of clubs and associations, indicating the importance of different aspects of social development and inclusion

Another important finding, and area for further consideration, is the possible paradox between data on growing inequalities over the last decades and data on social cohesion that do not reflect this trend so clearly. Further quantitative analysis would put this in a clearer light, but would also need to be accompanied by enhancing an understanding of both the diversity in inequality trends, and the meanings of inequalities, enriching this with better understanding of individuals and societies' perceptions and expectation, and how institutions shape those measured inequalities.

5. CONCLUSION: MEDIATING TRANSFORMATION AND INCLUSION

The question about the interaction between economic change including structural transformation and social cohesion, which occupies many minds currently, is surprisingly old. It occupied the minds of many of the great social scientists, but the views have been radically different, marked by optimism versus pessimism, and individualism versus structuralism oppositions (the latter being behind important differences in the way social inclusion and exclusion have been defined).

Technology has had radical impacts on forms of social cohesion, and de-skilling and unemployment has generated anomie and protests. Equally important, groups and societies have adapted and regenerated social relations. New ICTs are changing social relations, but they are not evaporating: Facebook allows people to be connected to many more people than ever before, but the nature of that relationship is of course very different, and it can be used for violent as

well as peaceful means. The international migration literature indicates social relations are transferred across geographies, providing new ways of adaptation while maintaining parts of old identities. The evidence suggests a need for a multi-sector and disciplinary view, on how the interaction between structural change and cohesion evolve in different contexts, and the institutions that mediate social outcomes.

A growing body of literature and data that allows empirical analysis of links between economic change (with GDP as main indicator), and various aspects of social cohesion, at individual, group and institutional level. However, and particularly for developing countries, data is still very limited, it limits cross-country analysis (which in any case has its own limitations), variations around means (e.g., in gender equality) are large, and the understanding of causation is very limited indeed. Nevertheless, there is evidence that gives ground to optimism, in the sense that what may be considered progress in economic factors goes together with progress in social cohesion (though this may be associated with greater collective action). There are suggestions that forms of social cohesion can contribute to economic progress as well as vice versa. Perhaps most surprising, the international data does not show that the growing income inequalities since the 1980s has led to a decline in social cohesion in a broader sense.

International data provides indications that public policy (economic, industrial) has the potential to promote growth or technological change and inclusion simultaneously. Analysis emerging from the World Value Survey indicates such secular complementary trends, as do the initial findings from the Indices of Social Development. Political institutions develop and evolve mediating conflicts that may arise from structural transformation, including the social policies and welfare states that emerged across the OECD.

These are of course very broad generalisations, focusing on averages and long-term trends. But context-specific research, particularly on industrial relations indicates how these complementarities may emerge. Even in low-skilled occupations there are possibilities to strengthen as sense of identity or belonging, which can contribute to productivity. Trade union organisation – like state intervention – is not necessarily anathema to economic growth or structural change; most likely such forms of organisation help mediation of possible trade-offs and interest groups.

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