Social Inclusion and Social Leverage Foundations: A Theoretical Review

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Abstract

The main aim of this research is to present a theoretical review regarding the theory of social inclusion and social leverage. In this research, four fundamental and complementary approaches are taken into account: (i) the theory of growing capacities and increasing opportunities as essential aspects of Amartya Sen's theory of human development; (ii) the perspective and factors of the current process of globalization; (iii) Douglass North's neoinstitutionalist approach to social and political conditions; and (iv) foundations of the legitimacy theory from Jürgen Habermas. These considerations made possible a more comprehensive consideration that goes beyond the strictly economic elements, to complement the standpoint with other elements, including those of public policy analysis.

Keywords: social inclusion, social leverage, theory of social development

1. Introduction

The core purpose of this article is to present a theoretical review concerning main concepts of social inclusion and social leverage, both categories linked to human development. This study is part of a broader research aimed to present an assessment of Latin American and the Caribbean countries’ investment in their health care management systems.

As part of this study, social leverage and social inclusion, the core principles of human development theory, institutional theoretical considerations as well as features of legitimacy are discussed. As part of these considerations, national institutional frameworks are considered crucial, as means for social leverage intended to social integration conditions with positive and sustainable outcomes for most vulnerable groups in society.
To depict social inclusion and social leverage, this study follows, as a first element and as one of the central conceptual axis, updated concepts presented by Acemoglu and Robinson (2012). One of the crucial claims of this work is that a central factor to achieve development, is the set of institutions; that are agencies that promote social inclusion, social cohesion, and consequently, stability and legitimacy of political institutions (Acemoglu & Robinson 2012; Habermas, 1973, 2008).

In addition to the socially inclusive institutions, this paper will take into account elements derived from fundamental theoretical contributions belonging to: (i) development postulates from the Nobel Prize winner 1998, Amarty Sen; (ii) theory of globalization; (iii) neo-institutionalism, from the Nobel Prize winner 1993, Douglass North; and (iv) aspects concerning social and political legitimacy from Jürgen Habermas. Contributions from Sen are related to the concept of development as freedom, and development as a set of conditions or processes concerning social inclusion.1

One of the essential ideas to hold here, as part of the broad topic of research, is that through national health care systems (NHCSs) countries can create scenarios aimed to sustainable development processes for societies, which help its members and groups to development in specific ways, human and social capabilities (Sen, 2003).

This implies that societies have to formulate, implement and maintain public policies dealing with NHCSs that set ground and conditions to socially include all members of society (Bass, 2002; Rahim, 2010). 2

Developed societies have, more or less, found a set of effective policies that creates NHCSs, which help members to develop their human and social capabilities within scenarios of social inclusion. Notwithstanding these acceptable conditions, they are still working on improving those policies. The main contrast with underdeveloped countries is that they are still struggling to find such policies related to NHCSs, which must support all members to achieve social inclusion.

To reinforce the importance of the health factor, as part of the conditions for development in any society, the World Economic Forum points out that health factor is the third pillar of global competitiveness –joined by economic opportunities and basic education. In that regard, the Global Competitiveness Report 2013, emphasize that: “A healthy workforce is vital to a country’s competitiveness and productivity. Workers who are ill cannot function to their potential and will be less productive. Poor health leads to significant costs to business, as sick workers are often absent or operate at lower levels of efficiency. Investment in the provision of health services is thus critical for clear economic, as well as moral considerations”.3

2. Theoretical Basis for Social Inclusion

The core precise aspect of social inclusion is understood in this study as support for more

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3 See Global Competitiveness Report 2013-2014, published by the World Economic Forum (WEF) Switzerland, 2013, pág 6. The twelve pillars the WEF establishes as key factors for competitiveness are: (i) institutional framework; (ii) roads and in general, physical infrastructure; (iii) macroeconomic conditions and perspectives; (iv) health services and primary education; (v) higher education and training initiatives and projects; (vi) goods market circumstances; (vii) labor market scenarios; (viii) financial market development and framework; (ix) technological competitiveness; (x) market size for entrepreneurs; (xi) business sophistication and environment; and (xii) entrepreneurship and innovation. This reports lay emphasis on the considerations that take into account social factors as crucial components to achieve important levels of sustainable development. See the aforementioned report especially on pages: 7, 53-55, 58-63.
vulnerable sectors within specific society to achieve acceptable levels of living; in turn, these levels will create the basis to increase capacities (i.e. education) and opportunities (mainly through productive employment) (Sen, 2011).

Social inclusion is a fundamental concept behind the idea of social leverage. This last concept is mainly referred to the activities usually from public institutions which major purpose is to integrate, in social and economic way, societal groups which present high degree of vulnerability. They are poor people, social groups living in marginal social conditions (Sen, 2003; Whiteside, 2011).

Following Sen and Whiteside ideas, it is possible to bring about the evidence that in any society, three major social groups can be distinguished. First, the social group that is fully integrated to the current economic and social links within conditions of a society, and therefore, has the economic capacity to satisfy its social and economic requirements by their own. Secondly, there is the social group, which is partially integrated to social mechanisms of a society. And thirdly, the social group, which is marginally integrated as it only has limited ties with social conditions within society. People living under poverty or extreme poverty conditions form this last mentioned group.4

In the more developed countries the marginally integrated group is not only smaller, but also is kept socially more on board by social leverage policies, such as accessibility to health care. On the contrary, in underdeveloped countries, the marginally integrated group is not only significantly larger, but is also living more or less outside the society. For instance, it has limited access to health care, and consequently fewer opportunities for being included in social and economic development (Barrow, 2006; Gilpin, 2001; Wempe, 2004).5


The theory of social and economic development based on Amartya Sen contributions has as a basic element the capability approach (CA). This concept has been enriched by the contributions of other social scientists such as Nussbaum, Dean, and Hoekman. One of the essential aspects is the normative exposition for assessment actions regarding individual and group quality of life (Nussbaum, 2001, 2003, 2004; Dean, 2009; Hoekman, 2001).6

Explicit links between the CA and development can be summarized as follows:

- Formulation and implementation of public and private companies’ policies to improve levels of living for societies.
- The central part of the development analysis and assessment is the more marginal social groups.
- Central focus on human achievement and freedom.
- Human capabilities as key factors for continuous appraisal of living standards concerning all groups within societies.
- Human capabilities, as social factors, are influenced by social and political measures, and in turn, these features affect issues of efficiency, equity and allocation of limited resources.
- To increase in a sustainable way human development, policies must be formulated and

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implemented taken into account respect for minorities, in a pluralistic approach.

- Basic needs must be covered, such as provisions of food, elimination of hunger and undernourishment (Nussbaum, 2011; Acemoglu & Robinson, 2012; Stiglitz, 2013).  
- It is important to incorporate mechanisms of social participation.
- Human development processes implies relationships with agricultural and ecological methods that use in a sustainable manner natural systems and resources—especially those of removable nature—as well as industrial development.
- Increasing capabilities of a population has connections with resource mobilization as part of particular dynamics within a society (Ruger, 2010; Whiteside, 2012; Zimmermann, 2006).

Present world conditions are showing, especially after the recent global financial crisis—which turning point was reached on September 13, 2008—there is a remarkable degree of interconnection between developing circumstances and patterns of contemporary globalization. This has resulted in that in many cases, due to deregulation and general application of neoliberal policies, in high levels of concentration of wealth within and between nations (Acemoglu & Robinson, 2012).

It is possible to see between inequity conditions of life—to mention only a tie—an important link between development and current trend of globalization. Some social groups have enjoyed levels of wellbeing without precedents, while majority groups have been left behind. This factor has increased the existing conditions of social inequality and lack of opportunities for many groups (Stiglitz, 2013).

In terms of globalization, this study will follow main contributions from Baker, Epstein and Pollin. They claim that the current conditions of so call globalization processes worldwide are not exactly new. A summary of globalization theory elaborated by Reyes (2001) is presented as follows.

Globalization can be mainly understood from two main perspectives: (i) as a phenomenon; and (ii) as theoretical viewpoint. From the first optic, it implies a substantial grade of interdependence among different nations, regions and countries worldwide; this happens in terms of financial, trade and communications (Gilpin, 2001).

As a theoretical approach, the key axis for consideration is economic and social development. According to this, it is evident a more profound degree of integration regarding financial and regional trade links. All these factors constitute significant forces on social conditions and economic growth (Nussbaum, 2011).

Following the main claims and studies from Kaplan (1993) and Gough (1992) the essential ground of globalization is that an increasing degree of integration among nations plays a critical role in most types of social and economic modifications.

Even more, especially in terms of economic and political connections, vital elements of globalization are related to cultural and environmental relations among nation-states and regions.
worldwide. In reference to cultural aspects, one of the most important issues is the increasing elasticity of technology to associate people around the world.

Following the main influences from Maddison (1991) crucial components of globalization theory are:

- The main influence of global communications. This aspect is creating innovations forming fast links in the ways people, institutions, entrepreneurs and countries can communicate;
- These mechanisms of communications are spreading to less developed nations. This element will rise the possibility that marginal groups in poor nations can communicate and interact as part of a global;\(^\text{12}\)
- With more focus on economic activities, new technologies are increasingly available to small firms. Using new ways of communications, these small companies are able to carry out financial and economic transactions including “virtual monetary mechanisms” as part of cybernetic scenarios;
- Minorities as part of the integrated social sense of countries, are affected by these new forms of communication.

Globalization theories emphasize cultural elements, related to economic aspects as chief determinants which in turn are affecting social and political scenarios within comprehensive political forces of any society; this notion was primarily presented in 1922 by the “comprehensive social school” of Max Weber’s theories.\(^\text{13}\) From this theoretical conception, important elements for social performance in any society are the set of beliefs, values and particular identities.

Recent contributions have been made by Piketty (2013) to this topic concerning development and globalization. In his book “Capitalism in the XXI Century” (2013) claims that public, social institutions are extremely important to avoid increasing poverty factors which are affecting in a negative way the current social and political conditions worldwide. With special care, Piketty draws attention to repercussions from portfolio investment.

This factor has contribute expansively to the higher levels of remuneration of capital, meanwhile benefits for human working factors have decreased during the last thirty or forty years, even in the most developed countries. Following the main ideas from Piketty, it is possible to claim that under the form of interest, dividends and profits, transnational corporations retain in other countries, massive amounts of wealth; one of the major contradictions results from the growing external imbalances (Piketty 2013, Piketty & Saez, 2003).\(^\text{14}\)

In short, the main process of long term repercussions derived from the concentration of wealth, are influenced by the following sequence: large capital income in the more developed countries—in particular the United States- mainly originated from the savings accounts of the rest of the world; and relatively loose monetary policies increases consumption of the more privileged social groups.

This is a vital factor to have deficit of current accounts in the balance of payments, which in turn stimulates levels of external debt. From here it is evident large foreign outflows of income to the rest of worldwide countries, which are factors that favor diminishing domestic capital income, decreasing levels of income for those who lack capacity of savings (Piketty & Saez, 2003; Dumenil & Levy 2004).

4. Theories of Neo-Institutionalism and Legitimacy

Significantly, theories derived from Douglass North contributions have taken up the work on the

\(^{12}\) Taking into account the updated stage of the information-communications revolution, it is possible to claim that 10 multinational corporations control about 65 percent of the world semiconductors market, 9 accounted for 89 percent of the world telecommunications market, and 10 others took care of the world computer market. See Maddison, A (1991). Dynamic forces in capitalist development. (Oxford: Oxford University press), pp. 118-119.


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study of the institutions were made in the early seventies, especially after the impact that took place
after the two oil price shocks -in October 1973 with the Yom Kippur war in the Middle East, and
October-November 1979 because of the Iranian revolution (Todaro, 2011).

Theories of neo-institutionalism have been having major impacts in the disciplines of
sociology, environmental management, anthropology, political science and economics. Especially
in the latter field, neo-institutional insights are called, by some authors as Richard Scott, as
"transaction cost economics". Reference is made to the governance of a society in two ways.

On the one hand the timely coordination that must be between the different branches of
political power -executive, legislative and judiciary- and institutions or agencies -in agreement with
the ideas of Amartya Sen, when addressing the social costs of entities. On the other hand,
responses that institutional framework gives to social groups. The latter represents a fundamental
link between the current neo-institutionalist and legitimacy aspects of Jürgen Habermas
(Habermas, 1973).15

According to the basic texts of institutionalism –contributions from North (2011) and Scott
(2001)- this particular field of social sciences covers topics that chiefly deal with:

- Similarities and differences in the functional and operational components of institutions
  such as police agencies and hospitals.
- Allocation of public funds based on investment or functioning aims of society.
- Allocation of resources and social benefits in terms of natural monopolies.
- Scope for regulations concerning the use of resources for governance and regulations that
  must be applied to the private sector.
- Levels of intervention or coordination between public and private enterprises or agencies.
- Relationships with legal measures, relevance and application of deadlines for public
  production and distribution of goods and services.
- Compensation for individuals and public entities.
- Relationships between institutional stability, delivering results in society and the vital
  relevance of management.

Authors such as Meyer (1993) who began studies in the field of institutionalism in the mid-
seventies, note that theoretically, without further analysis, agencies or institutions must be operating
in accordance with previously established plans. However, empirical research results show that this
is not the case and these results can be seen most dramatically in public institutions or private
companies that can greatly benefit from non-inclusive institutions or in cases of open corruption

To address the main concerns of the pioneering work of Meyer (1977) it is necessary to find
out features concerning structures of power, functional and motivational issues, organizational
structures and control systems. It is because of these factors that public entities have the potential

to generate results for particularly disadvantaged social groups. This is the key aspect that
establishes the basic concept of legitimacy.

The fundamental or original principle was developed by Weber since the early twentieth
century, and more recently by Jürgen Habermas. At this point it is necessary to take into account
that Habermas’ theory regarding political legitimacy has been established based on the conditions
that belong to the more developed countries. Notwithstanding it is possible to apply Habermas'
theory to the scenarios of less developed countries, such as, those of Latin American region.16

Here, with the study of investments in public health systems, as an indicator of implementing
social leverage, this research is taking into consideration one of the essential assumptions of
Habermas’ theory: social consolidation. In its original version, the legitimacy category was

15 Related with this point, it is pertinent to distinguish between normative legitimacy and “empirical” legitimacy.
For the first category, we consider the “should be” perspective the corresponding set of norms or prescriptions.
The empirical approach is related with the legitimacy beliefs and values, rather in a cultural sense; see more on
16 For a more complete perspective on Habermas and his work, it is important to keep in mind that he works in
the tradition of critical theory; see more on Habermas’ contributions in: (http://www.biographybase.com/biography/);
employed by Max Weber (1864-1920) as a government feature that belonged to a specific type of State; Weber identified two types of them: (i) pre-modern, where tradition, religion and the caudillo role and charisma prevailed; (ii) the modern one: with major influence from the forces of rationalism and legal systems.

A third type of State, which already has the elements of Habermas, is the post-modern State. In this case, a major feature is based on the fact that governments and society must lower aspirations of sovereignty in order to handle issues that go beyond the national sphere. An example of the latter is with the countries of the European Union and their management of the macroeconomic and regional security issues and environmental concerns.

In terms of the legitimacy approach, Habermas establishes that this social and political characteristic is based on social cohesion and recognition by the political order that has been established. The formal legitimacy would be based on respect for the laws. Concrete legitimacy, will be based on the condition by which the government promotes the improvement of living conditions, opportunities and capabilities among the population.

The core concept of legitimacy of Habermas is associated with governability and governance. In the first case it refers to the effective coordination of the independent powers of the State. In this way, society can use its resources more efficiently in terms of common good and, moreover, it operates with efficacy through representative mechanisms.

As for governance, the second perspective, it would be characterized by recognition, good relations and support between political representatives and those represented or constituencies. In this regard, the political parties must develop the role of instances of social and political intermediation. In the case of Latin American societies, concrete legitimacy is difficult -among other conditions- given that a considerable part of social groups is living in conditions of marginality (Govinda, 2009).  

Legitimacy allows governments or general representatives of society to justify the very existence of States, as well as their validation and support for their performance. Without this feature of legitimacy, States could be at risk of collapse and with that conditions, having important and negative damages in society (Mirandé, 1985). 

Habermas studied the crises of the states in the particular scenarios that were present in the early seventies. These studies were based on the characteristics of the most developed nations, both in Europe and North America. For this set of circumstances, Habermas determined the existence of sub-systems, specifically of three of them: economic, socio-political and socio-cultural.

In terms of legitimacy, Habermas emphasizes that states must be able to manage resources and foster conditions in such a way that the interests of social groups and the dynamics of market forces do not arise conflicts. It is about avoiding extreme degrees of inequalities in the exclusive function of generating income and profits. In this case, the Welfare State imposes itself as a regulator.

Social and political legitimacy requires the formation of consensus in the dynamics of social decision-making. For this, in accordance with Habermas' proposals, the loyalty of the masses is necessary; furthermore, to be able to achieve this condition, the cultural and proper components of education are crucial aspects. It is also about confronting, as part of sustainable development, the problems of environmental pollution and the balance of natural ecosystems.

Among the particular conclusions that can be established, from the contributions of Sen, North and Habermas, there is the link between development and freedom in any particular society. In this sense, development includes the consideration of a set of conditions that must be established in

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18 For example one of the several theoretical movements regarding social and cultural adaptations to the conditions of more developed societies, can be seen in Mirandé, Alfredo (1985) The Chicano Experience: An Alternative Perspectiv. (Notre Dame, Indiana: University of Notre Dame Press), pps. 183-192; and Coperías, José María (Ed.) (2000) Culture and Power: Challenging Discourses. (Valencia, España: The British Council and Facultad de Filolofía de la Universidad de Valencia).
terms of social inclusion, incorporating elements of institutional performance and political legitimacy.  

Douglas North's theory is based on the performances—which should be inclusive—from public and private institutions, as fundamental axis of the conditions of human development. In terms of the contributions from Habermas, human development—including economic and social wellbeing—will include aspects of legitimacy, the logic of social functioning and the political contexts that operate in a society.

5. Conclusions and Final Considerations

Increasing human capacities, and expanding opportunities for the people, are two central concepts in the theory of development mainly formulated by Amartya Sen. These conceptual features—in reference to social and political terms—have relationship with the theory of legitimacy; one of the more important contributions of Jürgen Habermas.

Any society has groups that are fully integrated into the mechanisms of social living conditions, and therefore they are able, by themselves, to satisfy not only their basic needs, but also, to provide for their family members, satisfactory standards of living.

On the other hand, there are social groups that only partially, and in the worst case, in a very marginal extent, are integrated into the social and economic mechanisms. As this situation grows, a particular society lacks of social inclusion. The marginal social integrated groups are represented by the poorest—in economic terms—social groups.

They need support in order to achieve for themselves a future in which their lives will transform in means of effective contribution to the societies they belong to. This support is the core element of social leverage as a vital mean of social inclusion, derived from inclusive institutional framework as portrayed by Acemoglu and Robinson. This characteristic emerges as a very important concept within the theory of legitimacy of Habermas, but also—in a more operational sense—that support is related to the theory of neo-institutionalism which is in turn, one of the most notable contributions elaborated by Douglas North.

Based on the aforementioned considerations, actions and results from the institutions, in the context of different degrees of social integration of various groups, is closely related to the actions of social leverage; which in turn is a component to achieve, greater levels of social inclusion.

References


