

Northern Input for South-South Dialogue on Social Policy?

by **BOB DEACON**

Does recent debate and experience in the north have relevance for a south-south dialogue on the impact of globalization upon social policy? What evidence can be shared about privatization of social provisions and adoption of safety-net-only social policies, and about contrasting policies for universal and equitable social coverage? Some findings are emerging from the Globalism and Social Policy Programme (GASPP), an Anglo-Finnish endeavor directed by Bob Deacon. He also edits its journal, Global Social Policy, and is the author of Global Social Policy: International Organizations and the Future of Welfare.

INTRODUCTION

It is with some humility that I draft this chapter designed to inform a much-needed south-south dialogue on globalization and social policy. I do so, however, because I believe that what we have learned during the past few years in the north concerning the relationship between globalization and social policy does have important implications for

southern discourse. I also do so knowing that the words and policy prescriptions of northern social reformists seeking to re-inject equity into national and international policy are regarded with some suspicion in the south. Some see the words as a mask for social protectionists trying to defend northern welfare states which were made possible in part by the exploitation of the imperial epoch.

Others consider these words as yet more western hypocritical moralizing, using the call for global social standards to exclude countries from the benefits of global trade. These suspicions are often justified. My position is a simple one. I believe, as I have for over 30 years, in the moral case for trying to achieve more rather than less social equality between people both within and across borders. I believe that in the present period such a struggle must take place on a global stage.

What I have to say below is largely derived from the results of the five-year Anglo-Finnish GASPP Project, which was set up specifically to examine the relationship between globalization and social policy (www.stakes.fi/gassp).

DEFINITIONS OF GLOBALIZATION

I think some initial clarification is required about what we mean by both globalization and social policy. Scholte (2000) has correctly argued that “due to irreconcilable definitions many globalization debates are stalemated from the outset....Globalization has been defined as ... internationalization, liberalization, universalization, modernization, westernization, deterritorialization.” Scholte prefers the last definition, saying that “social space is no longer mapped in terms of territorial space”. Rather similarly, Therborn (2000) has defined globalization as “tendencies to a worldwide reach, impact, or connectedness of social phenomena or to a world-encompassing awareness among social actors.”

It is important, I think, to make distinctions between:

- the empirical social fact that the world is increasingly interconnected, and the form that globalization takes, which is a matter of political choice;
- the economics and the politics of globalization.

To some extent, governments have to deal with the economic facts by — for example — positioning their country to take advantage of a global economy. However, the politics of globalization is entirely a matter of choice — for example, between the existence or absence of international labour standards.

The issue is not globalization, but its neoliberal character.

The global controversy created by globalization (Seattle, Prague, Davos) is not largely because of the shrinking of time and space that technological and other changes have facilitated. Rather, it is largely because of the form globalization has taken in the 1980s and early 1990s, and the fact that it has been driven politically by a faith in unregulated markets and trade. It is the neoliberal character of globalization that is the issue.

THE SCOPE OF SOCIAL POLICY

Under one approach, social policy can be regarded as interventions by governments and other actors (at national and supra-

national levels) in the free play of market forces in order to:

- **redistribute** resources from those who have more to those with less;
- **regulate** the economy in ways which enhance its social purpose; and
- achieve social **rights** and meet people's needs for socioeconomic security, education and health, by either providing direct services or ensuring access to services provided by others.

At the same time, promulgation of the concept of social rights by governments, regional or international organizations empowers citizens to demand that governments adopt social policies to realize these rights in practice.

Another approach is to regard social policy as measures taken to prevent or ameliorate social risks, or enable people to cope with them. People at risk include the unemployed, the very young and the elderly, and people with illness or infirmity.

The first approach emphasizes revenue raising and redistribution and hence implicitly sees a greater role for governments. The second approach places emphasis on risk management and hence implicitly provides a greater role for markets. To an extent, some UN agencies tend to favor the first approach (UNRISD, 2000, Mkandawire and Rodriguez, 2000), while the Bretton Woods organizations tend to the second (Holzmann and Jorgenson, 2000). Actual social policies adopted by govern-

ments and regional groups to achieve these aims vary considerably in both north and south and depend in part on the level of economic development and the mobilization of social pressures for such policies. Economic growth and politics shape social policy.

DOES GLOBALIZATION THREATEN SOCIAL WELFARE?

A key question for us is whether, as is often presumed, the globalization process influences or indeed determines for countries what their social policies are. Does globalization limit the social policy choices available to governments in the north and the south?

In general terms, I have argued elsewhere (Deacon 1997, 1999) that globalization:

- **Sets welfare states in competition with each other.** This raises the spectre but not necessity of a race to the welfare bottom. It raises the question as to what type of social policy best suits competitiveness without undermining social solidarity.
- **Brings new players into the making of social policy.** International organizations such as the International Monetary Fund, World Bank, World Trade Organization (WTO) and UN agencies such as International Labour Organization (ILO), World Health Organization (WHO), etc., have become involved in prescribing or helping to shape country policy. Also rele-

vant are regional organizations such as MERCOSUR, ASEAN, SADC, etc. International non-governmental organizations have substituted for government in this context.

- **Generates a global discourse about best social policy.** Because supra-national actors have become involved, the traditional within-country politics of welfare has taken on a global dimension, with a struggle of ideas being waged within and between international organizations as to desirable social policy.
- **Creates a global private market in social provision.** Increased free trade has created the possibility of mainly US and European private health care and hospital providers, education providers, social care agencies and social insurance companies benefiting from an international middle class market in private social provision.

In the north, some experiences show that redistributive social policy is sustainable in the face of global competition.

When we began the GASPP project, there was a worry among those concerned with social equity that the neoliberal character of globalization would determine that social policy took on a neoliberal

character too (Deacon, 1997; Mishra, 1999). These fears have been partly allayed. In terms of the actual impact of economic globalization upon social policy, a new scholarly consensus is emerging which argues and demonstrates that:

- Globalization does not necessarily have to lead to the residualization and privatization of social provision. In the north, there are arguments and experiences that show that redistributive social policy with high levels of income taxation and high levels of public health, education and social security are sustainable in the face of global competition. In a comparative survey of Anglo-Saxon (e.g. UK), Conservative Corporatist (e.g. Germany) and Social Democratic (e.g. Sweden) welfare states, both the neoliberal and social democratic approaches remained competitive. The neoliberal approach of course risked creating increased inequity. The most challenged were work-based welfare states funded on the basis of labour taxes. So long as revenue for social provision was raised from citizens rather than capital, high-level universal social provision is sustainable (Sykes et al, 2000).
- At the same time the fears of social dumping in the south have been shown to be exaggerated (Alber and Standing, 2000). Moreover, evidence from a recent

global survey of the impact of globalization upon economies has shown that some governments in the south have chosen to increase their social spending during liberalization (Taylor, 2000).

- Moreover, it is now recognized internationally, including in OECD reports, that globalization and openness of economies generates the need for more, not less, attention to social protection measures.
- A response to globalization in some middle-income countries has indeed been to create universalistic forms of social policy. A good example is Korea (Huck-Ju Kwon, 2001).
- Some social policies adopted in Latin America and elsewhere in the heyday of the Washington neoliberal consensus, such as the full privatization of pension schemes, are now being shown by comparative policy analysts to have questionable net savings and other effects (Mesa-Lago, 2000, and Huber and Stephens, 2000). Mesa-Lago shows that neither old-fashioned state socialism (Cuba) nor new-fashioned neoliberalism (Chile), but socially regulated capitalism (Costa Rica) does best economically and socially. This echoes the seminal work of Doyal and Gough (1991).

Despite this reassuring evidence, I have argued that certain tendencies in the globalization process and certain pol-

icy positions adopted by international organizations still give cause for concern (Deacon, 2000). I examine these below.

THE CHALLENGE TO EQUITY

Today we are not confronted by a global neoliberal Washington consensus where belief in unregulated market reigns supreme. The dominant global discourse has shifted from a socially irresponsible neoliberal globalization to one that expresses concern about global poverty. A “socially responsible” globalization discourse and practice has replaced the earlier one. It has had to because of the global social movements against the neoliberal form of globalization. This new consensus is not truly global. Many social movements in the south would not subscribe to it. The question is whether to launch a south-south dialogue that would counter this largely northern-shaped discourse and place greater emphasis on equity and north-south transfers.

The new consensus among northern donor agencies and major international organizations consists of the following elements (Deacon, 2000):

- Global macroeconomic management needs to address the social consequences of globalization.
- A set of social rights and entitlements to which global citizens might aspire can be fashioned based on UN conventions.
- International development cooperation will focus aid on meeting basic social needs.

- Debt relief should be speeded up so long as the funds are used to alleviate poverty.
- The globalization of trade generates the need for the globalization of labour and social standards.
- Good governments are an essential ingredient in encouraging socially responsible development.

However, there are a number of disagreements as to how to proceed with this new orientation:

- Much of the south is understandably suspicious of even progressive social conditionality.
- It is far from clear how both world trade and world labour standards can coexist without the standards being reduced to a minimum core or used for protectionist purposes.
- Initiatives to empower the UN with global revenue-raising powers which fund global social rights are firmly resisted by some.

My concern with this emerging consensus is that, despite the apparent shift from global neoliberalism to global social responsibility, four tendencies coexist within the new global paradigm. If allowed to be pursued, they will still undermine an equitable approach to social policy and social development. These tendencies are:

- The World Bank's continuing belief that governments should only provide minimal or basic levels of social services and social protection.

- The OECD Development Assistance Committee's concern (subscribed to in Geneva 2000 by the UN as well as the Bank and IMF) to fund only basic education and health care with its new international development targets.
- The international NGOs' continuing self-interest in winning donor contracts to substitute for government social services.
- The moves being made within the WTO to speed the global market in private health, social care, education and insurance services

My concern is what happens when the state provides only minimum and basic health and social protection services. Increasingly, private services for social security, secondary and tertiary education and hospital level medical care are offered on a cross-border basis or by foreign

Are there signs of a shift in the global discourse leading to a reassertion of the politics of equity?

investors. Middle classes in developing and transition economies will be enticed into buying these services, and the result is predictable. We know that services for the poor are poor services. Developed countries that do not have universal public health and education provisions at all levels are not only more unequal but also

more unsafe and crime ridden. Unless the middle class is also catered for by state provision, good quality social provision cannot be sustained. This is the prospect for many countries that buy into this new development paradigm.

Are there signs of a shift in the global discourse leading to a reassertion of the politics of equity? A number of global initiatives aim at reestablishing the case for equitable social policy approaches and ways of implementing them in southern countries. Among them are:

- A new research programme on Social Policy in a Development Context, carried out by the UN Research Institute for Social Development (UNRISD). Its stated objective is to “move (thinking) away from social policy as a safety net ... towards a conception of active social policy as a powerful instrument for development working in tandem with economic policy”. Led by Thandika Mkan-dawire, this programme held a Swedish-funded inaugural conference in October 2000, where social policy scholars from most regions of the world were present. (See www.unrisd.org).
- The rethinking presently being undertaken within the ILO concerning the sustainability of its traditional labourist approach to social protection. In particular, the ILO work program on Socio-Economic Security in Focus is search-

ing for new forms of universalist social protection to complement the very limited coverage in the south of work-based social security schemes. Good practices being revealed within this programme could inform southern social policymaking (www.ilo.org/ses).

- Ongoing activities of several UN agencies support this more equitable approach. This includes the UN Commission on Human Rights with its increasing focus on the convention on Economic, Cultural and Social Rights; UNICEF's continuing work on Basic Services for All; UNESCO follow-up activities after its conference on Education for All in 2000; UN secretariat work on the codification of UN social policy; the focus on social protection in the 2000-2001 work programme of the UN Commission for Social Development; and the work programme leading to the high-level meeting on Finance for Development in 2002.

An important milestone in articulating UN social policy is the report of the UN Secretary-General on “Enhancing social protection and reducing vulnerability in a globalizing world” (E/CN.5/2001/2). This first comprehensive UN statement on social protection was prepared for the February 2001 UN Commission for Social Development. Its main argument is that social protection

measures serve both an equity-enhancing and an investment function, and need to be a high priority of governments and regional groups. It defines social protection broadly to include not only cash transfers but also health and

Social protection measures serve both an equity-enhancing and an investment function.

housing protection. It accepts that unregulated globalization is increasing inequity within and between countries. It argues that social protection “should not (serve only) as a residual function of assuring the welfare of the poorest but as a foundation..for promoting social justice and social cohesion” (para 16). It argues that if equity is the goal, then “tax-funded social transfers are highly effective if the fiscal situation permits” (paras. 89 and 95k). While being rather vague on the nature of a public-private welfare mix in provision, it does point out that ‘insurance markets are difficult to operate effectively’ (para 95c). Some deficiencies in what the report has to say about advancing these ideas within the global discourse are discussed later.

So, there is cautious room for optimism by those concerned with reasserting equitable social policy at a national level.

There are real obstacles to forging a north-south agreement on a global approach to national social policy which goes beyond safety nets. An impasse now

seems to have been reached concerning the desirable social policies to be implemented in an era of globalization. Some northern-based initiatives for global social reform have been seeking to modify the free play of global market forces with appropriate global social policies of international regulation. However, they have met with understandable but frustrating opposition from many southern governments and some southern-based NGOs and social movements. For example, a proposal for a set of social policy principles was rejected at the Geneva 2000 conference, on two grounds: they might become a new conditionality imposed by the North, and no money was forthcoming from the richer countries to help implement such principles. Discussion at the UN Commission on Social Development in February 2001

It is time for the south to review its own best practices in social policy and to develop and take ownership of social policy principles or standards.

on the Secretary-General’s paper described above did not make much headway, as the G77 wished to link the issue with wider global processes (Langmore, 2002). Moves beyond this impasse seem to require two changes. One is greater commitment by the north to international resource transfers to pay

for global public goods such as basic universal education (Kaul, 1999). The other is for the south to review best practices in social policy in the south, and then develop for itself and take ownership of social policy principles or standards which result from the review.

A SOUTH-SOUTH DIALOGUE NEED NOT START FROM SCRATCH

There is already a considerable body of knowledge about what policies in the south contribute most to sound human development. In addition, I believe that such a dialogue can and should learn from northern debates and experiences. To oversimplify:

- Neoliberal globalization does not mean countries have to adopt neoliberal social policies.
- Commitment to equitable social welfare and to economic efficiency and competitiveness are compatible.
- Social provision (education, health and social care, social protection) provided by the market works for some at the cost of equity.
- Social provision based on workplace entitlements used to work for some at the price of the exclusion of others. It is increasingly ill-advised as a strategy for welfare.
- Social provision based on citizenship or residence entitlement is the surest way of maximizing social inclusion and equity.
- Social policy in a globalized era requires not only national social

policy but also regional and global social policy. Regulations at EU, MERCOSUR, ASEAN, SADC and at the global level are needed to ensure the sound operation and equitable outcomes of the international market in labour, health, education and social care.

In both north and south, we already know a lot about which policies are more effective at achieving equitable social outcomes and sound human development (e.g., Doyal and Gough, 1991, Esping-Andersen, 1990, Huber and Stephens, 2000, Mesa-Lago, 2000, Mehrotra and Jolly, 1997, UNDP, 1999). One review analyzed positive experience from combining economic growth with conscious social development in ten countries in Africa, Asia and Latin America (Botswana, Mauritius, Zimbabwe, the Indian state of Kerala, Sri Lanka, the Republic of Korea, Malaysia, Barbados, Costa Rica and Cuba). This review by Chen and Desai (1997:432) concluded that “the key ingredients to successful social development appear to be responsive governance, socially friendly economic policies, and the universal provisioning of social services. In all these endeavours the role of government is central.”

These findings and examples of good practice have been reinforced in a recent UNRISD collection edited by Dharam Ghai (2000). Some best-practice countries and policies identified in this research and comparative evaluation include:

- Korea's extension of labour-based benefits to a wider population by increasing government outlays for social expenditure from 5 to 7.8 per cent of GDP, between 1980 and 1997.
 - The tradition in India's Kerala state of sustained public expenditure despite globalization.
 - Malaysia's more restrictive approach to globalization.
 - Singapore's investment in human capital and job creation.
 - Pension reform in Uruguay and Costa Rica without full privatization.
 - Brazil's experiments with a minimum income approach to socio-economic security.
 - Colombia, which broadened its tax base in the face of globalization.
 - Argentina's state-subsidized employment programme in health and education, which enabled female workers to get jobs.
 - Mauritius and Botswana, which introduced universal pension entitlements.
- 1. Coverage by formal social protection schemes in many countries is tiny.
 - 2. Families and community networks contribute a large measure to individual social protection.
 - 3. Basic land reform and redistribution of assets has not begun in some places; entrenched elites have not yet perceived that their interests might also be served in the long term by a different approach.
 - 4. The fiscal capacity of many states has been severely hampered by globalization.
 - 5. Western concerns with state-based rights and equity are not easily transferable to a Confucian-influenced southeast Asian discourse or a traditional African village practice of extended familial duties.
 - 6. The Islamic practice of Zakat embraces the notion of redistribution, but within a framework of obligations that may not extend to those who are not Muslim.
 - 7. Some governments perceive their countries' short-term interests being served by entering the unregulated global market on the basis of the comparative advantage of the absence of 'expensive' social protection measures.

WHAT IS DIFFERENT ABOUT SOCIAL POLICY IN THE SOUTH?

Some readers from the south will think that this is all very well, but that the analysis and prescriptions are still based on northern experience with welfare. Is southern experience so different that no policy transfers from north to south are worth considering? Clearly there are differences, including the facts that:

All of these factors and more would need to be taken into account in a south-south dialogue. This would result

in us giving more emphasis to new forms of universalism outside the work-based systems of social protection. It would involve us articulating ways in which governments can support familial forms of welfare etc.

It is, in my view, unhelpful to exaggerate these differences. There are interesting lessons from one of the most developed parts of the 'south' — east and southeast Asia. The path of social welfare development may be somewhat different from Europe, with more focus on regulating compulsory private provident funds, rather than actual state provisions. However, taken overall, these emerging welfare states are ahead of Europe when you compare the time when legislation was enacted for risk contingencies with the level of the development of the economy (Kuhlne S. *et al*, 2000). Moreover, they now face the same issue as Europe regarding the sustainability of pension provisions (Gough, 2001). In its reform of the workplace welfare state, China is addressing the same question as Germany or France — whether to move to individual unpooled private pension funds or to a resident-based (within cities at least) pooled public pension scheme.

THE BROADER INTERNATIONAL DIALOGUE

I want to conclude with a plea. It is appropriate for countries in the south to learn from each other about how to shape national social policy that might best facilitate social inclusion. However, I think something would be lost if we do

not also seek to feed back the lessons learned into the global discourse on these questions. So far, northern dominated international organizations have shaped global discourse about desirable social policy, with the most dominant player — the World Bank — apparently continuing to win the intellectual argument by virtue of its selling power. The opportunity now exists to rebalance this international social policy thinking by means of a southern world lead approach with the support of the G77, and by a UNDP lead approach based on technical cooperation among developing countries (TCDC).

As illustrated earlier, such rethinking is already underway in the UNRISD, the ILO Socio-Economic Security program, the UN secretariat's Department of Economic and Social Affairs, and the UN Commission for Social Development. Despite these indications of new thinking, it is by no means clear that the UN at the highest levels has understood that a global argument continues about how to secure greater global justice — an argument which has major intellectual, moral and strategic dimensions. Too much deference is still given to the World Bank's technicians. There is not enough facing up to the need for global revenues. It is to be hoped that UNDP's TCDC programme not only ends up drawing social policy lessons for countries, but also addresses these debates at the highest intergovernmental level.

I am moved to make these remarks by

some problems I see in the UN Secretary-General's report on Social Protection referred to earlier. In its section F, the report reviews the social protection programmes of the UN specialized agencies and covers the World Bank's very particular contribution with little comment. The report goes on to call for

TCDC should be used to draw social policy lessons not only for countries but also for debates at the highest inter-governmental level.

“international agencies and multilaterals to co-ordinate their efforts and avoid duplication” through the Administrative Committee for Co-ordination (paragraph 98a). We need this, for sure, but it is not enough. I am in favour of the UN through a reformed Economic and Social Council exerting global authority in the management of the economic and social dimensions of globalization. Two steps are needed: (a) a major intellectual challenge to what is left of the damaging neoliberal orthodoxy still lurking in the World Bank; and (b) a totally new approach to global funding of global social protection within which new international taxation would play a part. The issue is not co-ordination, but power and resources. ■

R e f e r e n c e s

- Alber, J. and G. Standing. “Globalization and Social Dumping. An Overview,” in *Journal of European Social Policy*, 10 (3) 2000.
- Chen, I. and M. Desai. “Paths to social development: Lessons from case studies”, in Mehrotra and Jolly, *op.cit.*, 1997.
- Deacon, B. *Global Social Policy: International Organizations and the Future of Welfare*. London: Sage Publications Ltd., 1997.
- Deacon, B. “Towards a Socially Responsible Globalization: International Actors and Discourses.” GASPP Occasional Paper No. 1, Stakes, Helsinki, 1999a.
- Deacon, B. “Socially Responsible Globalization: A Challenge for the European Union.” Helsinki: Ministry of Social Affairs and Health, 1999b.
- Deacon, B. “Globalization and Social Policy.” UNRISD Occasional Paper 5, Geneva 2000.
- Doyal, L and I. Gough. *A Theory of Human Needs*. London: MacMillan, 1991.
- Esping-Andersen, G. *Welfare States in Transition: National Adaptations in Global Economies*. London: UNRISD and Sage Publications Ltd., 1996.
- Gough, I. “Globalization and Regional Welfare Regimes: The East Asian Case,” in *Global Social Policy* 1(2) 2001.
- Holzmann R and Jorgenson (1999) “Social Protection: A Risk Management Approach.” Washington: World Bank.
- Huber, E and J. Stephens. “The Political Economy of Pension Reform: Latin America in Comparative Perspective.” UNRISD Occasional Paper No. 7, Geneva, 2000.
- Huck-Hu Kwon. “Globalization, Unemploy-

- ment and Policy Responses in Korea,” in *Global Social Policy* 1(2) 2001.
- Kaul, I *et al.* *Global Public Goods*. New York: Oxford University Press, 1999.
 - Kuhlne, S. *et al.* “Origins of East Asian Welfare States”, in *Journal of European Social Policy* 10, (3), 2000.
 - Mehrotra, S. and R. Jolly. *Development with a Human Face*. Oxford: Oxford University Press, 1997.
 - Mesa-Lago, C. *Market, Socialist and Mixed Economies: Comparative Policy and Performance — Chile, Cuba and Cost Rica*. Baltimore: John Hopkins University Press, 2000.
 - Mishra, R. *Globalization and the Welfare State*. Edward Elgar, 1999.
 - Mkandawire T and V. Rodriguez. “Globalization and Social Development: Copenhagen Premises, Promises and Policies.”, UNRISD Occasional Paper No.10. Geneva.
 - Scholte, J. A. *Globalization: A Critical Introduction*. Basingstoke: MacMillan, 2000.
 - Sykes, R., B. Palier and P. Prior. *Globalization and the European Welfare States: Challenges and Change*. Aldershot: MacMillan, 2000.
 - Taylor, L. *External Liberalization, Economic Performance and Social Policy*. New York: Oxford University Press, 2000.
 - Therborn, G. “Globalization: Dimensions, Historical Waves, Regional Effects, Normative Governance,” in *International Sociology* 15 (2) 2000.
 - UNDP. “Budgets as if People Mattered.” Social Development and Poverty Elimination Division, 2000.
 - UNDP. *Human Development Report*. New York: Oxford University Press, 1999.
 - UNRISD “Visible Hands: Taking Responsibility for Social Development.” Geneva: UNRISD, 2000.