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# **Globalization and Social Policy: The Threat to Equitable Welfare**

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United Nations Research Institute for Social Development

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## Acronyms

<b>ACP</b>	African, Caribbean and Pacific
<b>DAC</b>	Development Assistance Committee
<b>DFID</b>	Department for International Development (United Kingdom government)
<b>EPZ</b>	Export Processing Zone
<b>ETI</b>	Ethical Trading Initiative
<b>EU</b>	European Union
<b>GATS</b>	General Agreement on Trade in Services
<b>GDP</b>	gross domestic product
<b>GNP</b>	gross national product
<b>G-7</b>	Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States)
<b>HIPC</b>	highly indebted poor country
<b>ICFTU</b>	International Confederation of Free Trade Unions
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Fund
<b>MAI</b>	Multilateral Agreement on Investment
<b>NAFTA</b>	North American Free Trade Agreement
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OSCE</b>	Organisation for Security and Cooperation in Europe
<b>PAYG</b>	pay-as-you-go
<b>TNC</b>	transnational corporation
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNESCO</b>	United Nations Educational, Social and Cultural Organization
<b>UNICEF</b>	United Nations Children's Fund
<b>US</b>	United States
<b>WHO</b>	World Health Organization

## Summary/Résumé/Resumen

### Summary

This paper argues that neoliberal globalization is presenting a challenge to welfare provisioning in the industrialized countries and to the prospects for equitable social development in developing and transition economies. This challenge flows partly from the unregulated nature of the emerging global economy and partly from intellectual currents dominant in the global discourse concerning social policy and social development. The paper contends that certain global conditions are undermining the prospects for the alternative: equitable public social provision in both developed and developing countries. These conditions include the World Bank's preference for a safety-net and privatizing strategy for welfare; the self-interest of international non-governmental organizations (NGOs) in providing basic education, health and livelihood services that might otherwise be provided by the state; and the World Trade Organization's (WTO's) push for an open global market in health services, education and social insurance. Yet these disturbing trends are taking place in parallel with an apparent shift in the politics of globalization from orthodox economic liberalism to global social concern.

The paper begins by reviewing the challenges faced by countries seeking to secure the social welfare of citizens and residents in the context of globalization. In the North, globalization has set welfare states in competition with each other. Moreover, the different kinds of welfare state are differently challenged by globalization, and have responded differently. Anglo-Saxon countries, which have residualized and privatized welfare provision, are in tune with liberalizing globalization, but at the cost of equity. Workplace-based welfare systems of the former state socialist countries, and payroll tax-based "Bismarkian" insurance systems common in many Western European countries, are proving vulnerable to global competitive pressures. The social democratic, citizenship-based welfare systems funded out of consumption and income taxes, found in the Nordic countries, have been surprisingly sustainable in the face of global competitive pressures due to political will to maintain them. In the South, globalization has generated indebtedness that has undermined the capacity of governments to secure education, health and social protection. It has threatened social and labour standards, segmented social policy within countries and created zones excluded from any of the benefits of globalization.

Next the paper considers the current global social policy discourse within and between international organizations and aid agencies. The International Monetary Fund (IMF) has recently shown signs of taking the social dimensions of globalization more seriously, by beginning to consider whether some degree of equity within countries is beneficial to economic growth. The World Bank has articulated more clearly its "individual risk management approach" to social protection in the context of globalization. The Organisation for Economic Cooperation and Development (OECD) has asserted that globalization may lead to the need for more, not less, social expenditure. While the International Labour Organization (ILO) has begun to show signs of making concessions to

the Bank's views on privatizing some aspects of social security, it has also shown an interest in a new universalism emerging from bottom-up movements in several countries. The views of the WTO on the desirability of a global market in health and social service provision are assuming new prominence. International NGOs are now more clearly divided into those acting as substitutes for government, and those advocating greater government responsibility for welfare.

Yet within this discordant global discourse can be discerned elements of a new politics of global social responsibility. Orthodox economic liberalism and inhumane structural adjustment appear to be giving way to concern in the World Bank and the IMF with the social consequences of globalization. International development assistance is increasingly focusing on social development. United Nations agencies are giving more attention to the negative social consequences of globalization. Among the shifts in policy thinking and concrete steps that are being taken, which could herald more socially responsible globalization, are moves to globalize social rights, indications that social policy issues are moving up the development agenda and steps to regulate the global economy.

The paper looks at each of these in turn, and at the disagreements as to how to proceed with this new orientation. It examines the dangers of the North moralizing about global social rights without providing the resources to realize them in practice. It also discusses whether the initiative to establish a code of principles and best practice for social policy will enable these dangers to be overcome. The paper then questions whether the move to establish development targets, such as basic education for all by 2015, represents global social progress or the legitimization of residual social policy. The obstacles to progressive North-South social policy and social development dialogue are also examined. In terms of the moves to inject social concerns into the global economy, the paper reviews conflicts of interest surrounding the failed WTO conference in Seattle, the proliferation of codes of conduct for transnational corporations and the debate about raising global taxes to finance social programmes.

The paper argues that despite the apparent shift from global neoliberalism to global social responsibility, four tendencies within the new global paradigm, if pursued, will undermine equitable social progress and development—at a time when the resources exist to fund such advances. These tendencies are:

1. World Bank, 121, 136, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

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