

World Inequality: A Challenge to Globalisation
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Towards a Progressive Global Social Policy

I first would like to refer to the book “Global Social Policy” and the research programme funded by the Finnish government from 1997, which focussed on whether one could conceive of an alternative to the current trend the globalisation through a progressive global social policy beyond the MDGs.

What is wrong with the MDGs? They aren’t built on the UN conferences from the 1990s. The Copenhagen Declaration was far more comprehensive: it was concerned with the commitments of universal provision of education, social protection and health. The MDGs are much more focussed on very limited objectives. They are concerned with targeting the poor, with primary education etc., but they do not constitute a comprehensive social policy. Countries that successfully developed in terms of economic development, in particularly the South-East Asian countries, committed themselves to invest in higher education as well, to processes of social inclusion which involved also making services available to the middle class and not just to the poor.

The problem with MDGs is not that they do not suggest how to achieve them, but they are an implicit residual targeted social policy. They imply an idea that public expenditure is only for the poor and that welfare states provide services for the poor. The history of the welfare state building in Europe showed that it worked because the State was also providing public services for the middle class! These were projects of social inclusion, social equity, not projects primarily concerned with the poorest.

The MDGs imply an approach to social policy which is mistaken and as long as developing and transition countries are not focussing on universal public provision of health and education including for the middle class, this professional middle class will opt out of any idea that their welfare needs will be met by their state. They will choose for a global private market in higher education, in health, in pensions as they have the resources to do that. This means that the solidarities that one needs to construct, in order to cement economic and social development are broken. We are faced with a world in which there is an increasingly disconnected globalised self-interested middle class in many countries. There, the challenge is how to secure solidarity across borders!

What would a progressive global social policy would look like?

- A) To re-embed global capitalism in a set of global rules and regulations, we would *redistribute* and establish a global tax authority and use their resources to provide global goods.
- B) We would ensure a set of global *regulations* where there were common labour and social standards everywhere.
- C) We would back up the declarations of global social *rights* with courts of justice which would enable people to claim those rights.

D) Finally, the UN should *advise national government* on the lessons learned from best practice and should indicate how to develop comprehensive equitable social provisions. (The problem, to go back to the MDGs, is that they were built upon an alternative set of social policy prescriptions coming from the World Bank formulated in the '80s and in the '90s. The World Bank had a view about how a country should develop its social policy, but it was utterly mistaken and damaging: one should only focus on the poor and privatise services, so the middle class could buy into the private sector. Thus, it is necessary to replace that mistaken advice by something which is more consistent with the European story and the successful welfare building stories.)

In terms of global *redistribution* in some cases, this new global redistribution is put in place, such as the ILO experiment with the global solidarity fund. The experiment at the moment is based on social security contributed in Luxemburg by individuals on a voluntary basis. The funds collected will be transferred to Ghana to support social expenditures there. The global fund to fight AIDS and malaria represents an innovative approach to international health financing: the poorest countries receive money from that, richer countries receive money only if they provide matching funds.

Global *regulation* however is very weak. The UN Global Compact is merely a place where companies sign up and say they will respect the global labour standards, but there is no police or legal system to ensure this.

Global *rights* need strengthening too.

In terms of advice to governments a pamphlet with the title "Comprehensive Social Policies for Developments in a Globalising World" was produced just over a year ago and financed by the Finnish government. UNDESA (the UN Dept. for Economic and Social Affairs) converted it into social policy guidance notes (to be found on the UN website). The problem is that this department is not an UN agency which works in countries and it has no money to even translate these documents in other languages!

What are the problems with implementing a progressive global social policy?

The South resistance to Northern Agenda exists. The progressive consensus is limited to parts of Europe and parts of Africa/Latin America. The very day this document was being formulated in Helsinki a year ago, was the day that all African leaders went to China. This is very symbolic! The EU is a good model of how to develop a global policy, but EU is seen as part of the problem (e.g. its self interest in the EPAs) and the role of 'new global' players is unknown (BRICs).

The conclusion is that we need a different approach and enable the global South to have much more voice. World regionalism could be an alternative strategy. It is necessary to focus on the redistribution, regulation and rights issues at a regional level, combined with global interregional social transfers (EU-AU). The EU should continue aid, but is the AU institutionally strong enough to be a partner in this business?

The global governance structure has to be much more based on regions. Also the G-20 should be based on regions. Brazil should be there, because it can represent Latin-America and India, because it is SARC. An alternative is starting with a UN conference of regional secretariats for social affairs bringing together the EU DG Social Affairs with its equivalents in ASEAN and MERCOSUR to begin with the best practice on how to construct regional social policies of the kind the EU has some successful stories with.

The UN Centre for regional integration studies in Bruges is working on the social dimension of regional integration. UNESCO has a Management and Social Transmission Programme with which it has convened a number of meetings with development ministers from the global South, in Latin-America, in Africa, in Asia, to pick in a South-South dialogue on how to develop an alternative social development practice within the global South. The ILO training Centre in Turin will send me and others to ECOWAS and SADC to analyse the possibility to develop capacity to further the idea of regional social integration within those institutions. We are trying to map whether there are elements of redistribution, regulations and rights and cross-border cooperation within actually existing regional associations of countries.

Global inequity matters, but the MDGs and the current ODA will not address it. Global taxation on global goods is needed, but there is an objection to that. The USA insists that there should not be a global taxation and that the UN shouldn't have its own independent fund. It is important to stress the role of the USA as well as the North-South tensions regarding this impasse.

Interregional transfers might only work if the priority is put on the establishment of more effective regional formations in the global South. Louis Michel said that the EPA arrangements might undermine custom duties in the African regions and recognised the need for those regional African formations to find other kinds of fiscal revenues and the Commission is ready to finance such activities. This is a good example in practice of EU-Africa social transfers based on world regionalism.