



SOCIAL JUSTICE IN THE GLOBAL AGE

EDITED BY

Olaf Cramme & Patrick Diamond

Social Justice in the Global Age

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Contents

About Policy Network
About the Contributors
Acknowledgements

Introduction

- 1 Rethinking Social Justice in the Global Age
Olaf Cramme and Patrick Diamond

I Principles

- 2 Social Justice versus Global Justice?
David Miller
- 3 Towards a Renewed Concept of Social Justice
Wolfgang Merkel

II Analysis

- 4 Winners and Losers of Economic Globalisation
Lionel Fontagné
- 5 Globalisation and Demographic Imbalances
Germano Dottori
- 6 Globalisation and the New Social Realities in Europe
Roger Liddle

III **Political Economy**

- 7 Moving Beyond the National: The Challenges for Social Democracy in a Global World

Andrew Gamble

- 8 Social Justice in a 'Shrinking' World: Beyond Protectionism and Neo-liberalism

David Coates

- 9 Globalisation, New Technology and Economic Transformation

Robert Atkinson

IV **Policy Framework**

- 10 Solidarity Beyond the Nation-State? Reflections on the European Experience

Maurizio Ferrera

- 11 Spatial and Gender Inequalities in the Global Economy: A Transformative Perspective

Diane Perrons

- 12 Addressing Adverse Consequences of Globalisation for Workers

Anke Hassel

- 13 The Progressive Challenge: Shared Prosperity

Gene Sperling

Index

About Policy Network



Policy Network is an international think-tank dedicated to promoting progressive policies and the renewal of social democracy. Launched in 2000 to facilitate the sharing of ideas and experiences among politicians, policy-makers and experts on the centre-left, it seeks to inject new ideas into progressive politics that address the common challenges and opportunities of the global age.

Progressive governments and parties in industrialised countries are facing similar pressures. Perceived threats to economic, political and social security linked to globalisation, migration or climate change, and the limitations of traditional policy prescriptions in the light of rapid social and technological change, increasingly demand that progressives look beyond national borders to find common solutions.

Through its international programme of research, publications and events, Policy Network seeks to promote international best practice and provide innovative answers to shared problems, equipping social democrat modernisers with the intellectual tools necessary to meet the policy and political challenges of the twenty-first century.

Selected recent publications

Patrick Diamond (ed.), *Public Matters: The Renewal of the Public Realm* (London: Politicos, 2007)

Anthony Giddens, Patrick Diamond and Roger Liddle (eds), *Global Europe, Social Europe* (Cambridge: Polity, 2006)
The Hampton Court Agenda: A Social Model for Europe (London: Policy Network, 2006)
Anthony Giddens and Patrick Diamond (eds), *The New Egalitarianism* (Cambridge: Polity, 2005)

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Olaf Cramme and Patrick Diamond London, August 2008.



INTRODUCTION



1

Rethinking Social Justice in the Global Age

Olaf Cramme and Patrick Diamond

Our argument

The aim of this volume is to articulate a modern conception of social justice that remains relevant for an era of rapid globalisation. The authors have developed a robust theoretical account of the relationship between globalisation and social justice, complemented by an underpinning policy framework that aims to promote new forms of equity and solidarity in both developing and industrialised economies.

The very definition of *social justice* has always been complex and contested. Here we use the term to refer to the relative distribution of rights, opportunities and resources within a given society, and whether it deserves to be regarded as fair and just. It is our contention that the principles of justice are under attack from two broad directions. There are those who believe that social justice is no longer a credible aspiration given the disciplines imposed by globalisation, the shift in the balance of power between labour and capital, and the extent of international economic competition. There are others who suggest that the claims of social justice in the west are now of a second order as against the new concern with *global justice*, where the focus is on defining the moral responsibilities of the world's rich towards the world's poor.

The underlying assumption of this book is that globalisation has profoundly affected both how we think about social justice and the extent to which we believe it is attainable. Our purpose is to reassess both the central principles of social justice and the radical reforms necessary to bring it about, as well as to tackle the myth that globalisation renders any strategy for social justice impotent. In essence, the contributors to this volume advance the following core arguments:

First, it is neither intellectually credible nor morally desirable to speak of social justice in one country. In other words, we cannot think of global and national social justice in separate compartments, but need to recognise that both are inextricably intertwined given the nature of globalisation in the twenty-first century. But second, this should not lead us to conflate the principles of social justice and global justice. Not only is our sense of solidarity and our shared self-interest inevitably stronger at the national than at the global level. There is also a major discrepancy in how the national and the international community can assume responsibility for the promotion and execution of distributive justice. We need to realise that there may indeed be complex trade-offs and difficult choices to be made between advancing social justice at home and promoting global justice abroad.

Third, this demands a credible reassessment of the principles required to achieve domestic social justice as well as a carefully nuanced analysis of how globalisation is actually affecting the capacity to achieve greater fairness in our own societies. The evidence suggests that secular trends in addition to globalisation may be responsible for increasing inequality in the distribution of rights, opportunities and resources, including the decline of manufacturing industry, the impact of fiscal policy, advances in technology, accelerating demographic change and the very different characteristics of family formation.

Essentially, social change is often internally driven, but globalisation – in particular when considered in relation to international economic competition and migration – may accentuate the risk of polarisation.

Fourth, there is still significant space for national political choices about the extent to which social justice ought to be a central driver of domestic policy. Nonetheless, the heyday of the nation-state is irrefutably at an end. The argument is not that national governments are absolutely powerless in the face of global forces, but rather that it may be increasingly necessary to pursue a strategy of multi-tiered governance in which power is redistributed between different levels of the state in pursuit of collective action at the local, national, regional and global levels. This includes being prepared to rethink the role of the European Union, as well as to undertake reform of international financial institutions from the World Bank to the International Monetary Fund.

Finally, if we want to pursue a fairer distribution of opportunities and life chances, we also need to develop sophisticated policy approaches capable of dealing with the rise of complexity in western societies. This includes the vast range of choices and information now available to citizens; constantly rising aspirations and expectations alongside feelings of insecurity; fluid and flexible family lives; complex and demanding careers; and new global anxieties ranging from terrorism to the looming threat of climate change.

In the light of these arguments there are two central principles underlying a new kind of twenty-first-century social contract. On the one hand, it is important to consider how social justice might be advanced beyond the bounded territories of the nation-state, taking into account new forms of governance using complex, overlapping forms of jurisdiction and authority to meet progressive goals. In addition, the practical policy challenge is to refashion a set

of instruments developed in the mid twentieth century that presupposed the existence of national economies and that did not take into account the concerns and aspirations of developing countries - many of them still on their way to independence after decades of colonial occupation and repression. Back then, governments could attempt to strike a balance between the power of capital, labour and the state by embedding the market within a regulatory framework that sought to reconcile economic efficiency with social justice. In the United States, this led to the concept of the New Deal; in Europe to the social market economy; and in Britain to the post-war welfare state of Attlee, Beveridge and Keynes. The most recent phase of global economic integration and financial turbulence is, however, continuing to alter significantly the context in which governments operate, while heightening tensions over the extent of inequality between 'winners' and 'losers'.

On the other hand, building on the work of the political philosopher David Miller, it is important to be able to demonstrate how the basic principles of social justice and global justice might be interwoven and mutually reinforcing rather than fundamentally incompatible. It is not a case of global justice *versus* domestic social justice, but of how different conceptions of justice might be brought into play in order to advance ethical objectives such as the dignity and the equal worth of all. The relationship between principles of social justice and global justice is of course complex, and it is important to grasp how the world order as a context for justice is both similar and different to that of the nation itself, as Miller elaborates.

For instance, a familiar notion of social justice such as the commitment to equality of opportunity cannot be easily transposed to the global level. In the domestic context, such principles are pursued through the redistributive machinery of national governments, but no such means exist on a global scale. Neither is there the same ethic of

mutual self-interest and belonging globally that sustains collective risk-pooling and social insurance in bounded national territories. As a consequence, we cannot dismiss the possibility of profound and fundamental conflicts in the pursuit of both social justice and global justice. Instead, it is vital to confront the potential dilemmas and trade-offs upfront.

Social justice and global justice

This naturally leads to the question of how we can best reconcile the quest for greater social justice in our own societies with greater social justice in the world. There are no simple answers. This inevitably challenges our thinking about how to create the necessary conditions under which social justice and global justice can be simultaneously realised.

The first prerequisite is economic growth and wealth creation. If individuals and societies care about improving the living standards of people in both the developed and developing world, the pursuit of growth will remain an imperative. It matters not only because of its positive consequences for employment and the labour market, but also because economic growth helps to generate the revenues that are necessary to deal with the long-term challenges of an ageing society and demographic change – such as financing national health systems and improving income support for the elderly – and to avoid a ‘generational clash’ which may result from stagnant, or even worse declining per-capita incomes, in particular when coupled with widening inequalities.

There are recent critics of growth who have highlighted its apparent incompatibility with the challenge of environmental sustainability and tackling climate change. While this claim certainly requires careful exploration,

practical solutions to the challenge of climate change are more likely to originate in a combination of technological progress and intelligently designed policies that curb carbon emissions through a global 'cap and trade' approach - and ultimately, this still requires rapid economic development and innovation.¹

The mounting literature on the economics of happiness and wellbeing has also challenged some of the taken for granted assumptions about the virtues of growth.² It is suggested that despite record levels of GDP and the emergence of what Ronald Inglehart terms 'postmaterialist values', people have not become happier over the last fifty years.³ It is certainly true that relative degrees of wealth may be more important to our sense of well-being than absolute wealth, but without economic growth current levels of prosperity could simply not be sustained in the developed world. Neither would it be possible to effectively tackle poverty, in particular in developing countries where roughly two billion people still live on the equivalent of less than two dollars a day. The fact that growth rates in developing countries have accelerated during the last three decades and are now higher than in richer countries should in many respects be celebrated.

But there are many who still believe that growth in emerging economies will take place at the cost of our own living standards in the west, fuelling the seemingly inexorable drift towards protectionist trade policies in the United States and elsewhere. As a result, so it is thought, globalisation will not only create new winners and losers in industrialised nations, but also slowly shift prosperity from one region of the world to another. Such fears are fundamentally misplaced, however. Growth is not a zero-sum game whereby every dollar or euro which accrues to one country comes out of another. Instead, global economic integration often creates win-win scenarios, allowing

countries to use their competitive advantage while growing their economies through increased trade. Unsurprisingly, there are a considerable number of policy-makers in the industrialised world who regard globalisation as a major opportunity for their countries and their people, not as a threat.

The debate in western Europe should be concerned with how we develop a vision of global integration and of how market forces are shaped that works in the interests of both developed and developing countries. Addressing global justice requires us to meet the collective challenges of securing decent humanitarian and environmental standards. This is best advanced through a twofold strategy. First, through international political engagement that addresses key issues such as poverty and development, energy and climate change, security and migration, and improved global governance. Second, through economic openness that permits developing countries to benefit from international trade.

We also have to accept that in industrialised democracies this approach of openness to globalisation will only be sustainable if the economic, social and cultural changes unleashed are seen to benefit the majority, not just privileged elites, and if we find a way to advance social justice that ensures a fairer distribution of life chances, tackling the insidious transmission of inter-generational disadvantage. In truth, the global economic system will not be durable unless the winners are prepared to share more of the gains with the losers.

The urgency of defining a modern conception of social justice carried forward in this volume is based precisely on that proposition. The book is divided into four main parts. First, it seeks to develop new principles of social justice appropriate to the global era. It then considers the impact of globalisation and other secular trends on patterns of social justice in the industrialised countries over the last

thirty years. Third, it puts the debate in the context of political economy by focusing on the social justice challenges for modern social democracy in the global era.⁴ Finally, the volume examines the variety of policy frameworks, from social policy to sustainability, that could be implemented by international institutions and national governments in pursuit of social justice principles. In particular, the concern is how to entrench progressive change, ensuring that reforms at both the domestic and the international level acquire popular support and leave a lasting legacy equivalent to Franklin D. Roosevelt's New Deal and the form of welfare capitalism that prevailed throughout much of western Europe in the mid to late twentieth century.

Social justice as a theoretical concept

As a concept, social justice cannot be defined as a set of principles that apply in all situations and contexts, as David Miller has elaborated elsewhere.⁵ Nor can social justice be measured along a single metric such as human welfare or individual liberty. Of course, the basic idea of social justice is inevitably contested since it is an ethical commitment, not an empirically verifiable end-state or 'ideal-type' of society. While it often involves ensuring that people are treated equally, at the same time the demands of social justice might require that people are treated differently according to the diversity of human needs and capabilities. As the philosopher Michael Walzer has speculated, social justice is a radically plural notion, with its principles often determined by the different social goods that are available for allocation.⁶ Accordingly, social justice at the domestic level will be implemented differently in the economic sphere than in the realm of public services and the welfare state, for

example. Miller proposes four principles of social justice within the context of the nation-state:

- Equal Citizenship: an equal set of basic rights including the means to exercise those rights effectively.
- Social Minimum: the resources that allow all citizens to meet essential needs and to live a secure and dignified life in today's society.
- Equality of Opportunity: where life chances depend on motivation and aptitude, not on factors such as class, gender or ethnicity.
- Fair Distribution: the resources that do not form part of equal citizenship or the social minimum may be distributed unequally, but that distribution must reflect relevant factors such as personal desire and personal choice.

What is imaginative about Miller's formulation is his insistence that social justice is not merely about the distribution of income and wealth, but involves a richer appreciation of human well-being. Social justice should be defined in terms of personal autonomy, self-esteem, and the capacity to open up life opportunities and make use of them – all desirable qualities of the good life. The pursuit of social justice also requires an understanding of the underlying attitudes and values of the population at large, and how policy can work with the grain of these views. It is necessary to explore how particular conceptions of justice might reinforce or undermine strongly held public sentiments about fairness involving such issues as the legitimacy of inheritance tax and the extent of reciprocity towards new migrants, both central to contemporary political debate in the industrialised countries.

To reiterate, the central concern of this volume is that the basic context for social justice has substantially altered

over the last fifty years as the traditional boundaries of the nation-state have melted away under pressure from global forces. In particular, it means that the link between social justice and the boundaries of the nation-state that was central to the formation of the welfare settlement in Europe during the late nineteenth and early twentieth centuries can no longer be taken for granted.

Globalisation and new social realities

Any discussion of globalisation implies a vast range of issues and debates linked to a rather elusive, misunderstood and heavily contested concept. It is a commonplace assertion - particularly among leading exponents of neo-liberalism - that nation-states no longer have the latitude to pursue domestic objectives such as equality of opportunity. Indeed, such myths have become the dominant theme of contemporary debate about economic policy in the west. It is asserted that countries are no longer free to pursue their own macroeconomic policy given the disciplines imposed by global financial markets.

The attempt to limit financial market liberalisation is viewed as anachronistic and positively harmful to future growth. Moreover, the tax base is apparently under threat as the result of intense competition for mobile capital and labour, and levels of public expenditure in western Europe are judged to be unsustainable given the competitive pressures unleashed by globalisation.⁷

The difficulty with these now widely accepted assumptions is that they are either half-true but plainly exaggerated, or merely just wrong. For instance, while elements of all national economies in the west have been increasingly open to international trade and competition since the 1970s, a large proportion of economic activity, particularly in the low-skilled service industries, is

inherently untradeable. It is only a minority of the workforce which is in reality exposed to global competition. In certain respects, economies have become more local and less global since the late 1970s.

In this context, threats of off-shoring and outsourcing have become a populist rallying cry. For many, openness to globalisation equates with being threatened by dislocation and loss of jobs, depressing wages and living standards. Economists are still arguing about the actual scale of the phenomenon, yet those who have examined the precise levels of aggregated job losses due to international economic competition have not found any large-scale negative impact on employment patterns. In his contribution to this collection, Lionel Fontagné elaborates how standard trade theories fail to capture the precise magnitude of changes in the labour market as well as the distribution of income. The empirical evidence appears to suggest that biased technological progress has largely been responsible for widening inequality and shifts in the demand for skilled and unskilled labour. Furthermore, Fontagné uncovers a degree of international specialisation which has profound consequences for the trade relationship between developed and emerging economies. If high-wage and low-wage countries specialise in varieties within products rather than on the same bundle of goods, fears that global competition will have a large-scale impact on jobs may well be misplaced. In addition, increasing pressure on the income of blue-collar workers has to some extent been compensated by the further fall in import prices which translates into increasing purchasing power, especially among low-income households.

Finally, there is very little robust economic evidence that global tax competition has made the welfare state inherently unaffordable. Theories abound concerning an alleged 'race to the bottom' in taxes and welfare standards. It is argued that international competition severely

constrains welfare-state spending as a consequence of declining rates of corporation tax. It is true that over the last two decades we have witnessed a considerable reduction in corporation tax rates across the OECD, leading to a large degree of convergence across countries. However, it is often overlooked that corporation taxes are of only limited importance for welfare finances and therefore cannot be blamed for any major retrenchment of the welfare state. The contribution of corporation taxes to overall tax revenues in OECD countries has held steady over the last two decades, primarily due to rising corporate profits. Claims that levels of social spending are under strain because of globalisation should therefore be treated cautiously. In fact, in most OECD countries social spending as a proportion of national income has increased since the late 1970s.

All too often distinct and specific events and crises in the international economy are misleadingly attributed to the hidden hand of globalisation. The collapse of central planning and the spread of markets is not the same as the increasing interdependence of the global economic system, which – as David Coates reiterates in this volume – has been brought about through the greater capital mobility following the collapse of exchange controls in the early 1980s. It is necessary to distinguish here between the international economy and the global economy, which implies the existence of a co-ordinated neo-liberal policy regime. One of the most significant developments is the increasing integration of the European economies over the last thirty years, rather different to the changes implied by the concept of globalisation.

As a matter of fact, global integration is not only limited to economic factors but also impinges on other dimensions. For instance, in the last decade alone, the volume of migration into the advanced economies has increased substantially and migrant flows have grown more complex

in their scale and impact. The United Nations estimates that more than 200 million people live and work outside their country of birth - twice the level of twenty-five years ago. In 2006, according to the Migration Policy Institute, migrants worldwide sent home an estimated \$206 billion in remittances - more than twice the level of official aid received by developing countries.⁸ The issue of increasing levels of migration has already provoked heated debate in many European countries. All too often such increases are misleadingly attributed to the scope and role of national politics in managing the process of migration and integration. As Germano Dottori argues, mass migratory flows in today's world stem primarily from strong demographic pressures as a consequence of global population imbalances and will not significantly decrease at least in the short to mid term, regardless of a particular country's immigration-control policy.

This only serves to emphasise that it is vital to operate with a more sophisticated understanding of what is, and has been, involved in the process of globalisation - that is to say, a better understanding of the extent to which the principal facets of globalisation (capital mobility, technology transfer, outsourcing, trade adjustment, pressure on energy supplies, environmental sustainability and climate change, migration, crime and security) are impacting on our social models and welfare states. Roger Liddle exposes in his contribution how the success of Europe's social models as well as the development of the knowledge and service economy are fundamentally altering the underlying trajectory of our societies: increased life expectancy with its consequences for pensions and social care; extended life choices for women with their impact on the differing fortunes of one-earner and two-earner households; new social risks relating to the emergence of a rise in depression and mental illness, obesity and alcohol

misuse; and the disappearance of the 'good working-class job' due to major occupational shifts in the labour market in the light of new demands and the widespread use of technology.

As a result, new forms of insecurity and inequality have emerged, often relating to a complex set of causal drivers. Despite the claims that globalisation has considerably widened the gap between rich and poor, Liddle shows how European states still have considerable room for manoeuvre about the choices they make over the distribution of opportunities and resources, as well as how they counter the risks of polarisation. As a precondition, we need to recognise that the needs of 'losers' from structural change are often very diverse, while fears about marginalisation and alienation can have multiple and complex roots.

Social justice and political economy

At any rate, whether or not globalisation itself has been conceptually misunderstood, it is no longer plausible to pursue a conception of social justice that assumes a closed political community, usually the nation-state. In a fundamental sense, the post-1945 era of 'golden age' Keynesianism, where many traditional instruments of social justice were developed, presupposed a particular kind of 'closed' world order based on two distinct characteristics that have now largely disappeared. As David Coates elaborates, the first was communism, which split the world in two and created hermetically sealed units shutting off vast swathes of labour and capital from integration into the world economy. Second, colonialism in the third world locked workers into subsistence agriculture and primary export production, reinforcing the separation of the world