THE CHANGING GLOBAL CONTEXT

Iain Begg
European Institute, London School of Economics

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KOF INDEX OF GLOBALISATION: WORLD
Committee for the Social Justice Declaration

Setting the stage (30 May 2016)

KOF INDEX OF GLOBALISATION: ASIA

KOF INDEX OF GLOBALISATION: AFRICA
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**POLICY CHANGES**
- Market access
- Regulatory shifts
- Standard setting

**UNDERLYING DRIVERS**
- Technology advances
- Communication costs
- Demographic trends
- Corporate organisation

**KEY FLOWS**
- Knowledge & ideas
- Information
- People

**IMPACTS ON JOBS**
- Sectoral patterns
- Skill demands
- Regional locations

**SOCIAL EFFECTS**
- Precarity of jobs
- Greater inequality
- Exclusion

**SOCIAL POLICIES**
- Education systems
- Support adaptation
- Social inclusion

**TYRANNY OF THE ‘AVERAGE’**

- More prosperity overall
  - Higher output and jobs; more money for public services
- But undeniable that there will be some who lose
  - Workers displaced by new competition
  - Social pressures from migrants (cf. today’s Brexit dilemma)
- Ensuing political economy of losers versus winners
  - The former object loudly, latter keep quiet

>> In the end, not many of us are ‘average’
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**BENIGN GLOBALISATION**

- **MARKET OPPORTUNITIES**
  - Raises incomes, generates jobs
  - Diffuses capital & technologies

- **LABOUR MARKETS EFFECTS**
  - Stimulates new skills
  - Encourages better quality

- **SOCIAL PROTECTION**
  - Becomes easier to afford
  - More choices enabled

  **Virtuous cycles**
  - leading to enhanced capacity for choices:
  - Positive inter-dependence

  **Facilitates poverty reduction**
  - Eases pressures of inequality

**MALIGN GLOBALISATION**

- **INTENSIFIED COMPETITION**
  - Dislocations in economies
  - Job losses; spread of problems

- **LABOUR MARKET EFFECTS**
  - Redundancy of skills base
  - Hysteresis effects
  - Push factor on migration

- **SOCIAL PROTECTION**
  - Diminished capacity to cope
  - Emergence of new problems
  - Alternative support weakens

  **Imbalances are**
  - aggravated, zero or negative sum outcomes

  **Social cohesion and social sustainability are undermined, potential ‘race-to-the bottoms’**
FROM PRINCIPLES TO PRACTICALITIES
4 strategic objectives of ‘decent work’

- Promoting employment
  - Mix of human capital and fair reward
  - Allied to individual fulfilment
- Prompts questions on
  - Mechanisms for delivery, not least role of markets
    - Possible connection to enterprise creation
  - How public policy contributes
  - Burden-sharing on costs: internal and cross-border

FROM PRINCIPLES TO PRACTICALITIES
4 strategic objectives of ‘decent work’

- Enhanced social protection – distinct but linked:
  - Labour market
  - Income security and basic social conditions
- Tensions around affordability
- But also around future welfare models
  - And their link to other means of protecting
    - Particularly the family in light of dispersion
>> Needs new thinking on core of welfare state
FROM PRINCIPLES TO PRACTICALITIES
4 strategic objectives of ‘decent work’

• Social dialogue and industrial relations
  – Accommodating different national contexts
  – Ensuring adequate safeguards

• Embedding in wider governance framework vital
  – Subject to change and new pressures
    • Example of tax dodging
  – Risk of predication on outdated industry model
  – The global rise of service activities
    • And associated contractual models – only richer countries, or…

FROM PRINCIPLES TO PRACTICALITIES
4 strategic objectives of ‘decent work’

• Rights at work and enabling conditions
  – Freedom of association
  – Curbing race-to-the-bottom dangers

• Making sense of ‘new economy’ phenomena
  – The significance of knowledge and related activities
  – Its implications for human capital development
  – Can we make sense of ‘social capital’?

>> Trust as a value and how to foster it
FRAGILITY OF PROGRESS

- Crisis in richer regions only just easing
  - Lingering vulnerabilities
    - Not just youth unemployment in, e.g. Greece
    - But also political tensions
- Downturn in several other global regions
  - Asia, Latin America, Arab countries
- WESO evidence of mixed record on poverty
  - Gender differences and child poverty
- Displaced persons
  - But also the ramifications for dependents

DIVERSE DEFINITIONS OF SD

- Well understood ecological dimension
  - Climate change/carbon emissions mitigation
  - Quality of ‘built’ and other ambient conditions
- Social sustainability more diffuse
  - Degradation of social conditions
  - Opportunity and mobility – attenuating exclusion
  - Inter-generational
- Sustainability of public finances (pensions)
- Macroeconomic sustainability (imbalances)
- What to measure (well-being) - Stiglitz et al.
Setting the stage (30 May 2016)

THE SMART GROWTH WAY

ECONOMIC TARGETS
- Wealth creating
  (Growth, competitiveness & employment)

DECENT WORK’S IMPACT ON RAISING INCOMES

DECOUPLING OF NEGATIVE EXTERNALITIES

QUALITY OF LIFE/DISTRIBUTIVE AIMS
(Environment, social inclusion)

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POST-2010
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SOCIAL INVESTMENT AS ANSWER?

• Increasingly favoured in EU
  – Also visible elsewhere
• Links to Sen’s notion of capacities
  – But parallels with physical investment
    • Targeted, though, at human and social capital
• Key element is early intervention
  • Future difficulties forestalled
• Empowerment through activation
  • The example of child-care

CONCLUDING REFLECTIONS

• Arriving at future logic(s) of intervention
  – What are the most pressing concerns of policy-makers?
• The potential of the social investment paradigm
  – How to avoid possible shortcomings
    • ‘Capture’ by relatively better-off; Crowding-out of basic protection
• Reconciling tensions in future social policies
  – Manifestly, social contracts have to change
  – Key directions known but politically tricky
• The winners and losers can probably be identified
• But “how?” to secure change is the real question
“These are my principles, and if you don’t like them…. well I have others”

Groucho Marx