

Globalization and Social Policy

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Introduction

During the 1990s globalization became a buzzword that appeared to dominate political, popular, and academic discourse. It is now difficult to read a newspaper or a book, watch the television, surf the Internet, or participate in a demonstration without coming across references to how 'globalization' is affecting our lives. Globalization, it seems, is variously blamed and credited for an incredibly wide range of phenomena. Social problems ranging from famine to floods, from pollution to poverty, and from rural depopulation to urban overcrowding are commonly cited examples of the many invidious effects of globalization on social welfare. Conversely, globalization is trumpeted as being central to many developmental successes, such as poverty reduction, increasing economic prosperity, better services, and enhanced concern with human rights. Even those who are sceptical of the benefits globalization has brought so far may point to the ways in which it has the potential to transform political, economic, and social relations within and between countries to the benefit of human welfare worldwide.

Indeed, globalization is now invoked in so many contexts and applied in so many ways to such a wide range of phenomena that one would be forgiven for questioning its value as an analytical construct. Is it nothing more than a load of 'globaloney', generative of more political heat than analytical light? Is it in fact a central reality of our time or the product of an overactive imagination (Box 21.1)? Is it the case that a concept which is used to explain so much as a result explains nothing?

This chapter aims to untangle the multiple ways in which 'globalization' intersects with social policy as a field of study and research as well as a political practice. We consider how useful globalization is in helping us to make sense of the dynamics and directions of social policy and the causes of – and therefore the solutions to – national and global trends in inequality, insecurity, and poverty. We consider how it relates to the way we study social policy. Can we simply add 'globalization' to the pot and stir? Or does engaging with

Box 21.1 Globalization: a central reality of our time?

'To realize the full possibilities of this economy, we must reach beyond our own borders, to shape the revolution that is tearing down barriers and building new networks among nations and individuals, and economies and cultures: globalization. It's the central reality of our time.'

(Bill Clinton, former US President, State of the Union Address, January 2000)

<http://fas.org/news/usa/2000/000127-sotu-text.htm>

'Globalization, as defined by rich people like us, is a very nice thing . . . you are talking about the Internet, you are talking about cell phones, you are talking about computers. This doesn't affect two-thirds of the people of the world.'

(Jimmy Carter, former US President)

<http://brainyquotes.com/quotes/quotes/j/jimmycarte130501.html>

globalization necessitate a fundamental rethinking of the basic analytical frameworks and concerns of social policy?

After initially setting out some points of contention with regard to the concept and the array of meanings, discourses, and relationships that globalization embodies, we explore some of the different ways in which globalization is said to affect the way we study social policy. We then move on to review debates regarding what impact globalization has had on welfare states. Following that, we survey the role of supranational agencies in the making of social policy and some of the questions and issues that arise therefrom.

The chapter lays a good deal of emphasis on historicizing and internationalizing contemporary debates about globalization and social policy. The importance of historical context is emphasized throughout the chapter because of the tendency within 'globalization studies' to focus on the contemporary world (or the recent past) to the neglect of longer historical trends: this results in an over-emphasis on the 'newness' of current circumstances and policy issues. By historicizing contemporary concerns we can better discern what is unprecedented as opposed to what is essentially a continuation of previous trends. The chapter also employs an internationalist approach that is sensitive to diverse welfare arrangements and circumstances around the world and the ways in which different countries' social policies have responded to 'globalization'. This is necessary to avoid the trap of generalizing about the effects of globalization based on experiences of some of the advanced industrialized countries, which, after all, contain only a minority of the world's population.

Learning outcomes

After reading this chapter you should be able to:

1. explain how globalization is variously defined and (mis)used;
2. appreciate the historical dimensions of the globalization debate;
3. identify some of the impacts of globalization on welfare states worldwide;
4. engage in discussion about whether welfare state change is better explained by national factors or global ones, or by a combination of both, and
5. discuss the potential for international co-operation on social policy issues.

'Globalization': definitions and issues

At its most basic, globalization is the term that has been given to a range of economic, technological, cultural, social, and political forces and processes that are said to have collectively produced the characteristic conditions of contemporary life. Foremost among these characteristics is a dense, extensive network of interconnections and interdependencies that routinely transcend national borders. The interconnectedness is said not only to be more extensive in scope than in previous periods, but the connections are also more intensive and the speed at which such interactions occur is increasing (Box 21.2). These interconnections have occurred and are expressed in ways that appear to 'bring together' geographically distant localities around the world, and events happening in one part of the world are able to quickly produce effects in other parts of it. It is this enmeshment which gives rise to consciousness of the world as a single, shared place – a 'global village'.

Box 21.2 Dimensions of enmeshment

Extensity – the degree to which cultural, political, social, and economic activities are ‘stretching’ across new frontiers to encompass the world

Intensity – changes in magnitude and regularity of interconnectedness

Velocity – changes in the speed of global interactions and processes

Source: Held et al., 1999

It is worth pointing out that the globalization concept itself is of relatively recent vintage. Globalization was first used in production management studies to describe the global spread of production systems facilitated by technological advances in telecommunications and transport systems whereby corporate headquarters were able to control production sites on the other side of the world. The term then spread throughout economics and then the rest of the social sciences to explain changes believed to be occurring as a result of increasing interconnection of economic, social, political, and cultural systems throughout the world. Scholars were highlighting the apparent emergence of a ‘new international division of labour’ resulting from this industrial restructuring. This entailed the relocation of production away from ‘core’ urban areas by companies in certain labour-intensive sectors (textiles, electronics assembly) with unionized, protected labour forces towards weakly organized and cheaper labour forces in ‘peripheral’ communities in developing countries (Fröbel et al. 1980; Schoenberger 1988). The establishment of **export processing zones** (EPZs), the most notorious of which are the Mexican *maquiladoras*, was central to this process.

Globalization entered more widely into popular discourse after the end of the Cold War. The collapse of the Berlin Wall and the end of the Soviet bloc in 1989 heralded what the US President, George Bush Senior, announced as a ‘new world order’ and it is the characteristics of this order that the term globalization partly attempts to explain. A main feature of this order was the triumph of capitalism over authoritarian socialism, but beyond that there were many questions asked about what this implied for international relations between states given the absence of a countervailing power to constrain US imperialist ambitions in particular and those of the West more generally. Further issues included changes in North–South relations and the realignment of countries formerly allied with the Soviet bloc.

Globalization domains

Globalization captures a range of elements and processes across a number of key domains (Box 21.3) – economic, political, cultural, social, ecological, and technological.

Politically, globalization is thought to result in the erosion of nation states and national sovereignty by new international actors. The state’s control over its national economy is being lost through the activities of private business enterprises such as **transnational corporations** (TNCs) whose decisions (for example, on the location of factories) are seen to be increasingly made in a global context, while economic policy formation is increasingly being influenced by **multilateral economic institutions (MEIs)** such as the IMF and WB. The state’s political

Box 21.3 Elements of globalization

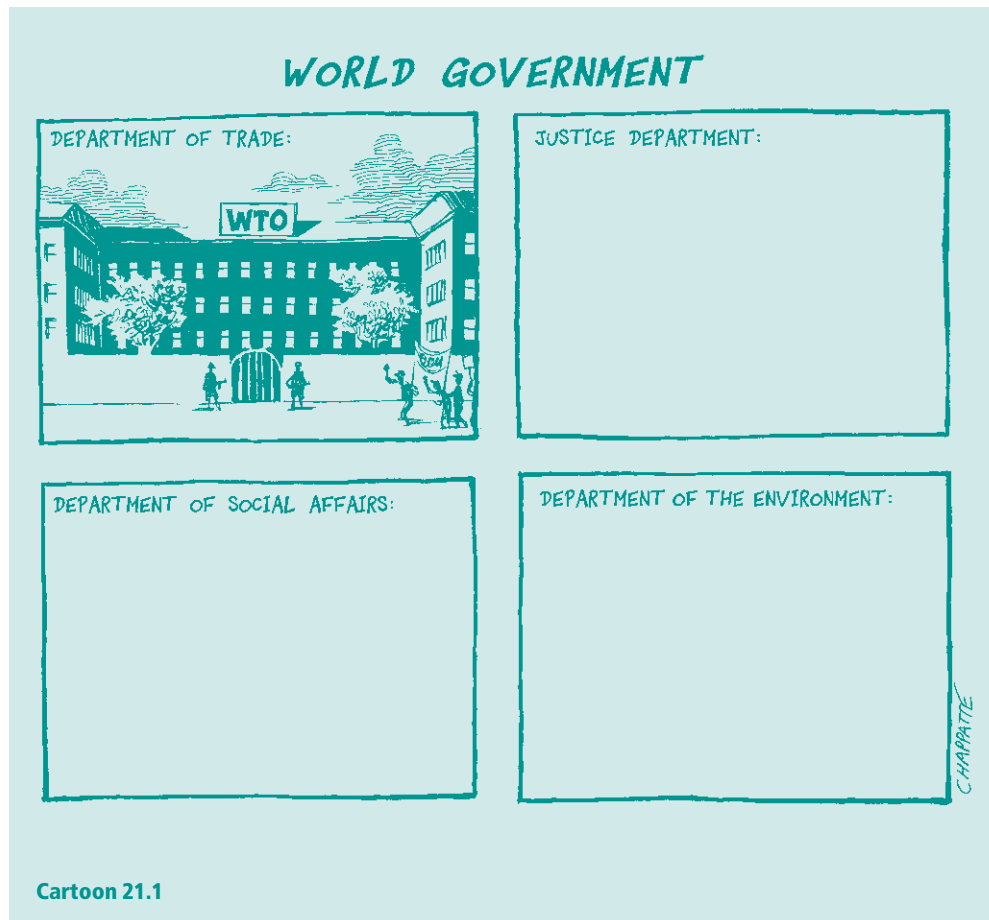
- International capital flows
- Global integration of business activities
- Flows of images, ideas, information, and values through media and communications
- Spread of consumerism and individualism worldwide
- International mobility of people (for leisure, work) and ideas
- Impact of human activity on the global ecological system and the environment
- Consciousness by the public of global issues, events, and risks
- Therise of overnmental and non-governmental organizations
- Political action across borders and directed at supranational forums

sovereignty is seen as being impinged upon by regional formations, such as the EU; its regulatory functions are increasingly being determined by supranational organizations such as the ITU and WTO and by international trade agreements. On issues such as human rights and environmental and labour standards states are under increasing pressure from INGOs to maintain and improve on them.

On the cultural level, local and national cultures are seen to be increasingly submerged in an undifferentiated global mass culture, described by Ritzer (1993) as '**McDonaldization**'. This involves the replacement of indigenous, traditional, national, and local cultures by an international culture of consumerism, seen in the global spread of pop music and Hollywood films, the increasing control of mass media by Western conglomerates and the endangering and disappearance of minority languages and cultural practices.

On the economic level, control of the global economy is seen as being concentrated in a small number of massive transnational corporations, whose turnover may be greater than the GDP of many nations, which can pick and choose where to locate their production, administrative, and research and development centres. Countries are said to be forced to cut tariffs and taxes if they wish to attract **foreign direct investment** from these TNCs. The increasing number of free trade agreements, whether global (GATS), regional (NAFTA), or bilateral (ANZCERTA), are reducing the ability of states to form economic policies to promote their national interests. Finally, MEIs, such as the IMF, WB, ADB, and the EBRD, are increasingly influential in policy formation, especially in the case of developing and transitional countries which are encouraged to remove protectionist tariffs, privatize state industries, abolish price controls, and lift restrictions on private investment in order to obtain loans. Governments have come under pressure to increase labour flexibility by making it easier to hire and fire workers, introduce temporary and precarious working conditions, and remove various trade union, health and safety, and minimal wage protections.

While much writing on globalization has emphasized the diminishing capacities of the state, a more nuanced view recognizes that states have not been idle, passive, powerless actors in these processes. Indeed, different states have enthusiastically followed pro-globalization policies. Indeed, the state has often been a key creator, shaper, and mediator of globalization (Cerny 1997; Evans et al. 1985; Palan et al. 1996; Weiss 1998, 2003).



Neo-liberal globalization and anti-globalization

What has been described as globalization is in fact only one possible variant of globalization – the neo-liberal one, described by Chomsky (2000) as ‘a particular form of globalization, that has been instituted by state and corporate power, with primacy given to the rights of investors, financial institutions and so on, and with people being incidental’. This has been associated with the emergence of the New Right, the election of Reagan in the US and Thatcher in Britain whose governments pursued neo-liberal economic policies and radical programmes of socio-institutional reform in domestic and foreign arenas alike throughout the 1980s and 1990s; the dominance of a neo-liberal ‘free trade’ agenda (‘the **Washington consensus**’) within the Bretton Woods institutions (WB, IMF) that emphasized public sector reform, privatization, deregulation, and residualized public welfare provision; and the establishment of new **international governmental organizations** concerned with global trade and finance (WTO, WIPO). For these reasons globalization is perhaps most often used to denote profound transformations to capitalism over the past several decades, including the opening up of non-capitalist countries and markets to capitalist values, institutions, and social relations.

This globalization has not gone uncontested. Beginning with the anti-austerity protests opposing IMF-imposed structural adjustment programmes and drawing on a wide range of national and international social movements, including environmental, development, labour, and consumer movements, the **'anti-globalization movement'** has grown in strength so that meetings of MEIs, from Seattle to Prague to Genoa to Gleneagles, have been met by determined mass demonstrations. These opposition forces have also come together at various world, regional, and national forums, not just in the alternative summits that accompany MEI meetings but also in free-standing meetings such as the WSF and the ESF, to express alternative visions and engage in social dialogues in opposition to neo-liberal globalization.

The reaction can also be seen in the growth of campaigns to regulate the practices of TNCs in areas such as sweatshops, environmental impact, and the introduction of new technologies such as genetically modified (GM) foods. Many of these campaigns are organized on a transnational basis using the same technological advances, such as the Internet, that are exploited by the corporations whose activities they oppose. Other reactions to globalization include the growth of right-wing anti-immigration politics in Europe and North America and the global growth of nationalistic, ethnic, and xenophobic movements, while globalization has also spurred the growth of religious fundamentalist movements. Finally, reaction to globalization can be seen in various national and local initiatives such as the 'slow food' movement in Italy, the development of farmers' markets in the UK, and LETS schemes in many countries.

Problems with the definition and use of globalization

Major problems exist with the definition and use of globalization as an analytical category. What, for example, is the substantive difference between globalization, internationalization, westernization, or transnationalization? Or between globalization, capitalism, industrialization, or imperialism? In other cases, what is described as global turns out to be less than global since often what is involved relates only to the Triad (North America, Europe, and East Asia). Furthermore, much of the literature privileges economic and technological factors, at its worst resembling crude Marxism in its economic determinism. As problematic is the failure to distinguish between association and causation: often social changes are attributed to globalization without sufficient (or sometimes any) evidential basis; and social changes, which may only suggest association with globalization, are presumed to be caused by globalization. A recent review of literature on globalization and social welfare found that only 30% of the 161 studies surveyed demonstrated their claims with 'more systematic causal proof' (Carroll 2003: 198) and concluded the literature was in danger of producing 'globaloney', 'producing self- and internally referential chains of arguments about globalization's supposedly ineluctable welfare effects that do not stand on a firm inferential basis' (Carroll 2003: 206). When we are faced with rhetoric rather than analysis these problems affect writings that both denigrate and celebrate globalization.

Globalization has been analysed from a wide variety of positions. The main positions have been characterized as 'technological enthusiasts', 'marxisant pessimists', 'plural pragmatists', and 'sceptic internationalists'. These are summarized in Table 21.1 (see p. 634).

These disagreements emanate not only from different theoretical standpoints but also from the different disciplinary backgrounds that give rise to various approaches, emphases, and concerns. Thus, one distinction is between accounts that emphasize lived experience and

Table 21.1 Positions on globalization

	Characterization	Principal driving forces	Effects
Technological enthusiasts Exemplars: Friedman, 1999; Fukuyama, 1992; Ohmae, 1995	Globalization as transnationalization of the world economy	Primacy of technological forces, esp. transport, telecommunications, computers. Integration supported by individualistic market ethic	Convergence. Triumph of capitalism; diminution of state power relative to TNCs; creation of a 'borderless world' as national political/economic entities eventually replaced by regional and global actors.
Marxist pessimists Exemplars: Robinson, 1996; Sklair, 1995; Sivanandan, 1998/99	Globalization as latest stage of capitalism – global capitalism or globalism	Primacy of economic forces. Capitalist search for constantly increased profitability. Financial, production, and consumption arrangements supported by neo-liberal ideology.	Convergence. Homogenization of culture and lifestyles. Social and environmental exploitation leading to widening social divisions and breakdown; diminished authority and power of states and organized labour.
Plural pragmatists Exemplars: Robertson, 1992; Held et al., 1999; Giddens, 1990	Globalization as a long-term, multidimensional process involving greater interdependence of national entities	Diverse forces. Technology, capitalist production, political forces, ideology, culture.	Heterogeneity, limited convergence. Forces of unification and fragmentation. Local cultural and political forces/actors retain importance. New forms of risk (environment, health) but on balance enriching.
Sceptic internationalists Exemplars: Hirst and Thompson, 1996; Weiss, 1998	Rejection of globalization. Economies are more interdependent but characterized by transactions between distinct national economies.	Diverse forces.	Heterogeneity. State's exclusive control of its territory and economy loosened but retains control and in many ways has been strengthened.

Source: derived from George and Wilding (2002)

identity, and those that stress changes to world political and economic structures. Another distinction is between macro perspectives that locate the driving forces of globalization at the level of intersecting economics, technology, and politics, and micro perspectives that emphasize changes taking place at the level of firms and their business environments (Hout 1996). These are compounded by the different referents and indicators used to 'measure' globalization.

A further complication is the fact that while globalization is used *descriptively* to refer to actually occurring trends and phenomena, it is also used *prescriptively* to advocate how the world should be developing. This usage of the term may slip from a means of characterizing structures and experiences associated with contemporary existence or historical changes to it, into a normative statement of what ought to happen, and what courses of action or policies are preferable. The use of the term in the normative sense is quite common, highlighting the ideological agendas and projects which it is often mobilized to serve. So, to state that

'globalization is unavoidable' is often little more than a barely disguised call for governments to loosen or remove 'restrictive' trade, labour, social, health, and environmental regulations. Such may be the degree of conflation between description and prescription that 'globalization can be used to serve rhetorical objectives' and may be 'advocated or rejected merely to justify a particular strategy' (Ruigrok and Van Tulder 1995: 139).

Notwithstanding these reservations, used carefully a globalization perspective offers many fruitful avenues for social policy. In the remainder of the chapter we examine what these avenues are and where they lead us.

How is globalization relevant to social policy?

Although social policy has arrived relatively late to 'globalization studies' its engagement with this field has been substantial and productive. Indeed, whatever one's position in relation to globalization the concept/debate is a significant one for this field, and even 'sceptic internationalists' who otherwise deny the fundamental precepts of the globalization thesis would agree there is a need to address the wider global contexts and dimensions of social policy. In fact, used carefully, 'globalization' presents many new opportunities to critically interrogate social policy – to think about how we construct fields of enquiry, the concepts and theories we use, the areas and issues we examine, and the types of questions we ask.

Questioning the 'national' frame

One basic illustration of how a globalization perspective 'disrupts' the precepts of social policy is to consider how it challenges the basic unit of analysis – the national welfare state. Thus, academic social policy has essentially been concerned with variations in how welfare services are financed, organized, delivered, and consumed within these political territories as well as with the effects of these services on the social structure, social relations, and quality of life of their resident populations. Whether the variations are between social groups, over time, or between countries, the nation-state and the social policies enacted within it have framed the analysis. In many ways, this is sensible: after all, most welfare services are organized, funded, regulated, and delivered by governmental and non-governmental entities based and operating within the territorial boundaries of individual countries, while the services provided are usually accessed by people living in those same countries.

Yet in other ways this orientation unnecessarily restricts, even distorts, the field of enquiry by focusing our gaze on the national context to the detriment of the transnational and global ones. In particular, it presumes that the forces shaping the social structure are primarily local and national ones and that the entities involved in formulating and implementing social policy operate purely on a national basis. It obscures the various transnational sites and spaces in which social policies are formulated, and the social impacts of 'our' domestic and foreign economic and development policies on other countries and populations. In essence, it problematically assumes that social policy exists within an impermeable national container space, and that it develops with little or no reference to the global circumstances of 'our' country or its relationship to other countries, or to developments and events elsewhere in the world.

Transnational aspects of social policy: some historical examples

It is possible to argue that it has never, in fact, been appropriate to think of welfare states and social policies as first and foremost the outcomes of national forces or divorced from the dynamics of the wider global geo-political order. During the nineteenth and twentieth centuries the forces behind welfare state-building and the social regulation of capitalism occurred within a world order characterized by extensive international trade and migration, transnational corporations, and developed international monetary and exchange rate regimes. While much recent commentary focuses on contemporary transnational political mobilization in the 'anti-globalization movement', there are examples dating back two centuries of political mobilization that were international and extended beyond Europe. Two examples here are the anti-slave trade movement (1787–1807) and the movement against Congo colonization (1890–1910).

Colonialism was central to the international political order that underpinned the development of social policies and welfare states in a range of countries throughout the world. The development of the British welfare state, for example, is intricately tied up with Britain's status as a colonial power; its colonies – Ireland, Australia, Canada, India, Hong Kong, and many African countries – sustained Britain's economic foundations, constituted a destination to which criminal classes and other socially deviant groups and individuals could be exported and formed a labour pool from which Britain drew to staff its welfare services. In turn, these countries' colonial histories impacted upon the development of their social policies, as Britain 'exported' welfare ideologies and systems (the legacy of which these countries still bear today), influenced their social and political structures, and, together with local elites, subsumed their economic development interests to British interests. A tangible example of the transnational dimensions of welfare systems is the British social security system. The Commonwealth spawned a global administrative network of offices involved in the processing of war pensions payments not only to British war pensioners living abroad and to residents of former British colonies, but also to those with no connection to the British state, such as Polish soldiers who fought in the Second World War under British command.

Not all of these transnational influences were colonial. Japan imported Western models of welfare as early as the 1870s (Goodman 1992), while Western thinking influenced the development of welfare in Taiwan and Korea (Goodman and Peng 1996). Eugenic and population control ideologies have been given particular expressions in a range of different countries. The so-called golden era of welfare state-building (1950s to 1970s) in western Europe was underwritten by economic and development aid from the US to Europe in the form of the Marshall plan (Milward 1994). Although much recent critical attention has focused on the influence of the **World Bank's** approach to social security and poverty reduction in developing countries, similar policy transfer processes between other more 'progressive' IGOs and countries can be discerned. Thus, Western European social democratic approaches to social protection were transmitted through the ILO which was, for most of the twentieth century, the dominant IGO in the social security field and exerted considerable influence on the development of national social security systems around the world, in 'developed' and 'developing' countries alike (Kay 2000).

Overall, then, a globalization perspective suggests that 'national' welfare states have been more shaped by and enmeshed in a global order than prevailing accounts of welfare state

development allow for. Even if these international forces are mediated by specific circumstances, institutions, and forces in individual countries. At the same time, the focus of 'globalization studies' on the relatively recent erosion of the policy autonomy of states in the advanced industrialized countries by external forces is problematic. Not only does this emphasis on recent developments obscure the long historical influences of the global North on social policy in the global South, but it side-steps an established (and growing) literature emphasizing how ostensibly 'national' social policies are the outcome of a combination of political forces, social structures, cultural traditions, and economic processes entangled in a matrix of intersecting multi-level, multi-scalar (local, national, regional, and global) sites and spaces.

Globalization brings new concerns and perspectives to social policy

A globalization perspective also brings new perspectives and subject matter to social policy, extending its field of enquiry. To begin with, it opens up to enquiry the ways in which the content of social policy and the distribution of welfare are shaped by: governmental and non-governmental organizations responding not only to domestic issues and sources of pressure but also to circumstances, events, and developments in other countries; the policies of foreign governments, international organizations, and financial institutions; and the decisions and activities of overseas headquarters or branches of TNCs. In essence, then, globalization draws attention to the ways in which societies, economies, and polities – including labour markets and welfare systems – of different countries are entangled in one another. This appreciation of the extent and dimensions of 'enmeshment' leads us to focus on the 'external' and global sources of what are seen as principally 'domestic' or 'national' social problems and policy issues.

For example, the global causes of increasing mobility of people internationally, some of which is manifested in the North as the 'problem' of migrants, refugees and asylum-seekers, can be seen as residing in uneven development and geo-economic inequalities. Similarly, the levels and distribution of employment and unemployment within countries and localities are at least in part related to the overseas investment decisions of TNCs as well as economic events. The 1997 Asian financial crisis illustrates this latter point, demonstrating as it did the extent to which 'national' economies are interconnected through finance and the internationalized social consequences of financial crises. Amongst the effects of that crisis, which were felt worldwide, were massive job losses, a severe drop in wages and incomes, a sharp rise in the numbers of people in poverty, and the mass repatriation of foreign workers in some Asian countries to their countries of origin. The international response to the crisis focused wider attention on the need to reform institutions of **global governance** (especially MEIs) to better regulate global financial transactions and develop more effective social protection systems.

Of course, any analysis of the relationship between globalization and social policy must also attend to the policies and practices of 'core' country governments. In recent years the anti-globalization movement and international development campaign groups have done much to raise public awareness of the content of anti-poverty and social development policies pursued by national governments abroad. They have also drawn attention to the social (policy) dimensions and implications of 'our' government's foreign policy and practices as regards

finance, trade, agriculture, and environment, whether pursued bilaterally through aid programmes, or multilaterally through world-regional (e.g. EU) or global (e.g. WB, UN, G8) institutions. These groups' campaigns have exposed the adverse social impacts of government policies supportive of, for example, the privatization of public utilities (water, energy), the industrialization of agriculture and food production, and international financing and debt relief mechanisms. These campaigns have brought underspread attention to the wider public policy context of and influences on health, social welfare, and livelihoods (or employment) and the responsibilities on the part of richer-country governments and populations towards poorer ones.

Globalization prompts the rethinking of key concepts

A globalization perspective not only 'stretches' the scope of our field of enquiry to recognize the variety of welfare arrangements that exist worldwide and the ways in which 'national' systems are deeply interconnected; it also challenges us to rethink theoretical and conceptual constructs. Academic work has only recently begun on 'globalizing' the bodies of sociological, political, philosophical, and economic theory that informed explanations of national social policy and welfare state development. At the level of concepts, though, there has been some progress in developing the idea that globalization entails 'the deterritorialization of traditional concepts, their diasaggregation and resynthesis' (Eade 1997: 5). That this reconceptualization work does not necessarily entail jettisoning existing concepts. While in some cases we need to rethink basic concepts such as citizenship, justice, efficiency, and altruism which were developed in national contexts (Box 21.4), in other cases it may be more of a case of how we might apply existing concepts to global contexts. Table 21.2 provides one illustration of how a central social policy concept, the welfare mix (or 'mixed economy of welfare') might be applied in a global context and the kinds of adaptations it might involve.

Impacts of globalization on welfare states and social policy

There is a wide divergence of views as to how globalization impacts on the welfare state. This is not surprising given, as we saw earlier in this chapter, the fundamental disagreements as

Box 21.4 Globalizing social policy concepts

'The classical concerns of social policy analysts with social needs and social citizenship rights become in a globalized context the quest for supranational citizenship. The classical concern with equality, rights and justice between individuals becomes the quest for justice between states. The dilemma about efficiency, effectiveness and choice becomes a discussion about how far to socially regulate free trade. The social policy preoccupation with altruism, reciprocity and the extent of social obligations is put to the test in the global context. To what extent are social obligations to the other transnational?'

Deacon et al., 1997: 195

Table 21.2 The extended welfare mix

	Domestic	Global
State	National government, regional government, local authorities, town/city councils	International governmental organizations, regional formations; national donors
Market	Domestic markets; local/national firms	Global markets; transnational corporations
Intermediate	National service NGOs, consultancy companies	International non-governmental organizations (charitable and philanthropic bodies); international consultancy companies
Community	Local social movements, neighbourhood associations	Global social movements, diasporic communities
Household	Household strategies	Transnational household survival strategies, international migration

Source: derived from Stubbs (2003) with additional material from the author

to the existence of globalization, the differences in opinion as to how it should be characterized, and the forces driving it. These disagreements are reflected in the growing body of scholarship on globalization and the welfare state. Making sense of this literature is further complicated by a number of problems. First, much of the work turns out to be selective in its coverage of countries, confined as it is mainly to industrialized countries to the neglect of developing ones. Second, many studies focus only on specific sectors or services (with health and pensions being particularly favoured) from which often inappropriate generalizations about the impact of globalization on the welfare state as a whole are made. Third, much of the discussion is still often speculative rather than evidence-based (Carroll 2003), and it tends to be prescriptive rather than descriptive. These problems reflect the deeply ideological, often politicized nature of writing in the area, both from the political Left and the political Right.

Nonetheless, it is possible to put down some markers to guide us through the literature. First, most of those writing about the impacts of globalization on welfare states do so from one of the three broad positions on globalization outlined earlier in this chapter (see Table 21.1) – marxist pessimist, plural pragmatist, or sceptic internationalist. Technological enthusiasts have been noticeably absent from this literature.

Second, the literature revolves around a core set of concerns and issues, such as:

- the extent to which globalization triggers a '**race to the bottom**', in which nation states continue to reduce welfare and regulatory costs in a competition with other states to attract foreign investors;
- the extent to which comprehensive public provision is eschewed in favour of reliance on private provision, be it commercial, voluntary or informal, in meeting social needs (**social dumping**);
- the extent to which such provision and regulation is (or should be) made on a transnational scale, and
- the effects of regional and global supranational agencies' involvement in social policy on national welfare systems (see also Box 21.5).

Box 21.5 Some possible effects of globalization on social policy

Sets welfare states in competition with each other. This is said to threaten comprehensive systems of public service provision where they exist or stall their future development where they don't. Amongst the anticipated effects are:

- lowering of social and labour standards
- privatization of public services
- creation of global health and welfare markets
- growing reliance on voluntary and informal provision

Raises the issues with which social policy is concerned to the level of supranational institutions, agencies, and forums, both world-regional (e.g. EU) and global (WB etc)

Brings new players into the making of social policy (e.g. Bretton Woods institutions, various UN agencies; development banks; international commercial, voluntary, and philanthropic organizations)

Generates 'new' political coalitions within and between countries (regionally and globally) concerned with social policy reform

Creates new/additional social risks and opportunities for individuals, households, workers, and communities

Source: derived from Deacon (2000) with additional material by the author

Third, the literature focuses to a large extent on the 'new' global institutional architecture of welfare, to the neglect of the less institutionalized and informal aspects of social welfare. These include the ways in which individuals, households, and communities manoeuvre, strategize, and organize to maximize their opportunities and minimize their risks under conditions of globalization.

Below we examine some of the main perspectives on how globalization has impacted on welfare states, noting the strengths and weaknesses of each approach, including the evidential basis of the claims being made. We also note how each of these perspectives relate to the general positions on globalization outlined earlier in the chapter.

Decline of welfare state globally attributed to neo-liberal policies

In the first perspective, represented by Mishra (1999) and Beck (2000) among others, globalization heralds the decline, if not end, of social democratic politics upon which the welfare state was built. Globalization in this account is often conflated with **neo-liberalism** and is said to curtail the autonomy of national governments, restricting their pursuit of comprehensive programmes of redistribution, full employment, and economic growth. Global competition exerts downward pressures on wages and working conditions as workers and welfare states are locked into international competition to attract FDI, while governments steer clear of programmes and interventions of which globalizing capital does not 'approve'. As the boundaries of public responsibility are restricted, universalist welfare states with extensive public provision and spending programmes are replaced by selectivist welfare systems in which the state

plays a greatly reduced role in welfare provision and non-state sectors (particularly commercial providers) assume a greater one. State action becomes a measure of last resort, to stimulate the supply of human capital necessary for economic growth and tackle inequities that interrupt the smooth operation of the economy. In this view, globalization has ushered in neo-liberalism in economic policy with the convergence of social policy 'on a right-of-centre position with global capitalism driving policy rightwards' (Mishra 1999: 55).

Although this view exhibits many of the tenets of the 'marxist pessimist' position, its key tenets are shared by those writing outside marxian frameworks, as evidenced by the ways in which globalization is seen to be directly implicated in changing welfare ideology, root-and-branch welfare state reform, and **welfare convergence**. Beck (2000) and Taylor-Gooby (1997), for example, offer similar analyses of how globalization entails the 'prising open' of welfare states and the social pacts underpinning them with social policies expected to follow the same course:

The premises of the welfare state and pension system, of income support, local government and infrastructural policies, the power of organized labour, industry-wide free collective bargaining, state expenditure, the fiscal system and 'fair' taxation – all this melts under the withering sun of globalization and becomes susceptible to (demands for) political moulding. (Beck 2000: 1)

[E]conomic globalization, labour market flexibility, more complex patterns of family life and the dissolution of traditional class structures require a new welfare settlement. Since full employment, redistribution and expensive universal services are no longer seen as feasible, the new welfare can only justify social spending as investment in human capital and the enhancement of individual opportunities. *Welfare states are all driven in the same direction by the imperatives of international competition.* (Taylor-Gooby 1997: 171, emphasis added)

This presentation of globalization as pretty much single-handedly driving welfare state change in a particular direction is deeply problematic due to its exaggerated claims of the overwhelming power of capital, the impoverished capacities of states, and the irrelevance of countervailing political forces. Indeed, these arguments tend to be speculative, predicting future changes, while providing little evidence that welfare states are being restructured in the ways claimed or that 'globalization' is causing the suggested changes. That said, Mishra (1999) examines Japan, Germany, Sweden, and a number of Anglo-Saxon countries, both refuting and refining key propositions associated with this thesis. Importantly, he points out that 'there are substantial and continuing differences in the approaches, policies and outcomes concerning the welfare state between Anglo-Saxon countries on the one hand and those of Continental Europe and Japan on the other' (p. 102).

Resilience of, and continued divergence across, welfare states

As these broad-brush claims have been discredited, so analyses which emphasize the general resilience of welfare states against the onslaught of globalization and the varied impacts and responses generated by it have commanded more attention. This focus on welfare state resilience and variation is illustrative of the plural pragmatist position that accepts the existence of 'globalization' but recognizes the continued importance of domestic factors in mediating the pressures it generates, together with dual forces of fragmentation and unification involved. This body of scholarship tends to focus on the factors that account for continued divergence (alongside aspects of convergence) and often makes extensive use of cross-national comparisons to highlight the continued importance of domestic contexts in mediating the effects of

globalization pressures and shaping welfare state responses to them. This perspective typically emphasizes factors such as: the nature and strength of ideologies, and cultural and religious values and traditions; the impact of social, religious, political, and environmental movements; the strength and balance of political power between political parties, and between labour, civil associations, and capital, and the political compromises between them (Esping-Andersen 1996; Glatzer and Rueschemeyer 2005; Rhodes 1996; Swank 2002).

These approaches also locate welfare state reforms in the context of broader state globalization strategies, be they 'niche states' which promote themselves as tax and regulation havens or developmental states, and how these strategies reflect states' particular histories, 'factor endowments', and capacities as well as their 'rank' in the international political system (Palan et al. 1996). Development studies research has usefully shown how the implementation of multilateral agreements, policies, and programmes (of structural adjustment) nationally varies between policy areas and depends on a range of country characteristics such as government ideology, political and social institutional regimes, interest group organization and mobilization, state capacity, and strategic location (Stallings 1992). When developments in economic, demographic, and social structures are also taken into account, even broadly similar pressures may generate quite different national responses. Thus, while some governments *are* adopting similar strategies such as fiscal austerity, marketization, privatization, and economic openness in trade, investment, and finance, others have not followed the neoliberal route. Moreover, if anything, there has been continued heterogeneity amongst the welfare states of the Triad countries (the EU, North America, Japan, and, to a lesser extent, East Asia), where economic globalization is at its most intense, and amongst countries of other regions, such as Latin America, where MEIs have been active in reshaping national social policy.

One of the challenges to research in this area is the need to widen its focus. International comparisons tend to be confined to particular OECD countries such as Germany, Britain, Japan, Sweden, and the US, to the neglect of the smaller OECD countries and non-OECD 'developing' countries. Of course, this is a general problem with comparative welfare state researchers who rarely extend their beyond countries similar to their own. A further issue with much of this research is its tendency to conceive of globalization as an essentially 'external' phenomenon. In addition, globalization is too often treated as a monolithic phenomenon, reducible to its economic dimensions. A further problem is that there is often little attention to the distinction between causation and association. Thus, the effects of 'globalization' – which are in any case difficult to identify – are often insufficiently disentangled from the effects of other political, demographic, and social trends.

Globalization as tangential to welfare state change

It is this problem of establishing causal relationships between globalization and welfare state change that is addressed by the third main perspective in the field. This body of literature locates welfare state changes observed to factors located within the domestic arena rather than to 'globalization'. To an extent this perspective has much in common with the sceptic internationalists' position but is also advanced by those who broadly accept (or, at least, do not reject) the 'globalization' thesis. A notable exemplar here is Pierson (1998) who argues that globalization has had little effect on the content and direction of welfare state change:

Welfare states indeed face unprecedented budgetary stress, but this is primarily related to endogenous processes of social change, as the economic profiles of affluent societies have become increasingly 'post-industrial' and as their welfare states have matured and their populations have grown older. These important shifts are related only loosely, if at all, to the changing international economy. *To focus on globalization is to mistake the essential nature of the problem.* (Pierson 1998: 540, emphasis added)

While acknowledging that globalization is associated with welfare state change, and that it may intersect with and complicate such changes, Pierson refutes the argument that globalization is the overarching determinant factor that explains those changes. Instead, he argues that although globalization has indeed accompanied transitions, accentuating and modifying pressures on welfare states, the root source of the transition pressures lies at national level. In particular, he cites the slowdown in the growth of productivity associated with the shift from manufacturing to services employment, the expansion and maturation of governmental commitments, and a demographic shift to an older population (Pierson 1998: 541). In common with the sceptic internationalists, he claims that the focus on globalization distracts as from identifying the real source of these trends and pressures which, he argues, lie in the domestic arena. Furthermore, blaming 'globalization' – be it the global economy, international organizations, or transnational corporations – enables politicians and other interest groups to argue there are overwhelming, immutable external forces over which they have no control and to which must yield. In common with the 'plural pragmatists', the importance of the domestic context and forces is emphasized to explain the incremental and piecemeal nature of reform and why we have not witnessed (nor are likely to witness) the wholesale dismantling of the welfare state predicted by marxisant pessimists. In short, the major sources of pressure on the welfare state are decidedly endogenous or national in origin, and 'external' pressures – or 'globalization' – are at best of secondary importance.

In sum, it is often difficult to evaluate what impacts globalization has on welfare states due to the problems associated with the use of the term globalization discussed earlier in this chapter, namely the monolithic and reductionist use of globalization, the way in which it is conceptualized as something that is done by 'them' to 'us', and the variety of positions on whether globalization is happening at all. Notwithstanding, it is possible to identify three main arguments about the current and future condition of the welfare state under globalization: the first of these claims that globalization erodes the welfare states and its foundations; the second claims that globalization effects are absorbed and mediated by the welfare state; the third claims that globalization is of secondary importance in welfare state change compared with domestic sources of pressure. We can discern a shift in this debate in recent years away from the crude economic determinism of 'strong' globalization that predicted the widespread rolling back and convergence of welfare states towards acceptance of more tempered, realistic accounts of globalization as a pluralistic phenomenon having multiple and uneven effects on welfare states. Thus, over time the literature has become more sophisticated in discerning the different, often contradictory, processes involved, identifying the various sources and manifestations of interests and forces that account for the content and direction of welfare state reforms. To sum up, the literature has come to eschew the edicts of the 'strong' globalization thesis and its accompanying mantra – 'TINA' (there is no alternative) – in favour of more nuanced thesis that is encapsulated by 'TAMA' (there are many alternatives).

Global social policy

As indicated earlier, there is increasing awareness that people's life chances and the shape of welfare states are shaped by policies of international forums, institutions, and agencies. The importance of these organizations and their social policies has received more widespread attention in recent years, and has generated a new field of enquiry – 'global social policy'. One reason for this increased awareness can be attributed to the activities of NGOs and social movements. These have organized a range of mass demonstrations at major MEI meetings and specific campaigns (e.g. Jubilee 2000, Make Poverty History) and have highlighted the role of these organizations in often adversely shaping economic and social development worldwide. In addition, over the last decade a number of financial crises have highlighted the degree of 'enmeshment' of national economies and societies. These crises have heightened general awareness of the role of the policies of the IMF and WB (amongst others) in both contributing to those crises in the first place and alleviating their social effects subsequently. The mainstream media's reporting of these various events has also been instrumental in creating wider awareness of these institutions in social policy matters.

International co-operation on social policy – historical aspects

To begin with we must emphasize that international co-operation and action on social policy issues long predate the recent concern with globalization. International NGOs resulting from private initiatives can be traced back to 1863 when the precursor to the Red Cross, the International Committee for the Relief of the Military Wounded, was founded at the initiative of Henry Dunant, shocked by his experiences at the Battle of Solferino in 1859. This led to the signing in 1864 of the Geneva Convention for the Amelioration of the Wounded in Armies in the Field, which is recognized as the beginning of international humanitarian law. War also provided the spur for the foundation of the Oxford Committee for Famine Relief (Oxfam), founded in 1943 and registered as a charity in 1945: its first concern was with famine in Greece caused by the military activities of the German army there during the Second World War and it subsequently developed into a charity concerned with famine relief in developing countries. Another example of an international NGO is the International Planned Parenthood Foundation, which was founded in 1952 at the Third International Conference on Planned Parenthood in Bombay and jointly sponsored (with the UN and the New York-based Population Council) the first world conference on family planning in 1981. These NGOs have pursued their objectives by trying to influence government policies and through direct service provision.

There is also a long history of intergovernmental co-operation on social policy issues. The early part of the twentieth century saw the foundation of the **International Labour Organization (ILO)** as an affiliated agency of the ill-fated League of Nations (1919). Building on the work of the ILO, the establishment of the International Social Security Association (1927) brought together governmental organizations involved in social security and gave further substance to international co-operation in that policy arena by providing a forum for policy dialogue among governmental organizations involved in social security administration throughout the world and promoting appropriate development of social protection

adapted to the needs of the population. While this began as an intergovernmental body, over time it included non-governmental bodies involved in social protection, such as Provident Funds and Trust Funds, which are not traditional social security schemes.

During the twentieth century the international institutional and political architecture has evolved into a highly complex system involving numerous international agreements, treaties, regulations, and accords agreed and implemented through a wide range of organizations, agencies, and alliances. The numbers of international formations have increased dramatically: as Kaul, Grunberg, and Stern note, 'more treaties were signed during the four decades after the Second World War than in the previous four centuries' (1999: 499), while the number of international organizations grew from around seventy in 1940 to over one thousand by 1992 (ibid). With this proliferation, transnational co-operation and co-ordination have also intensified to the extent that national social policy is now framed to an ever greater extent by a dense web of international legal and political obligations. Currently, the most prominent areas of such co-operation are trade, investment, finance, and macro-economic policy, as well as environmental policies and social policies in employment, migration, social security, education, health and social services, food security, population control, and humanitarian relief. Collectively, these global institutions and networks play a significant role in directly and indirectly shaping the distribution of resources worldwide through, for example, setting (or attempting to influence) the terms of international trade, overseeing the use of aid funds, monitoring social standards, and influencing the nature of social provision made in national contexts.

International governmental organizations and international non-governmental organizations

Supranational organizations operate at both regional and global levels and vary in terms of their resources, their power to effect policy change at national level, and their degree of autonomy from governments. Some aim to achieve their policy goals through powers of persuasion (ILO, OECD), others do so through **conditionalities** attached to loans (IMF, WB), while others still may impose fines or force governments to provide compensation should they fail to implement agreements/law (EU, WTO). Many governments belong to both regional and global IGOs, while regional formations engage in trans-regional collaboration (e.g. EU-Mercosur; ASEM) around social and economic policy issues. Governments also pursue their policy objectives through a complex system of bilateral agreements to pursue their trade, social, and other objectives.

In addition to international governmental organizations and forums, mention must be made of networks of international non-governmental organizations monitoring and lobbying on social policy issues (Table 21.3). INGOs embrace groups from trade unions and professional associations to employers' groups, industry groups, consumer groups, and groups working on issues of poverty, environment, development, and trade. These organizations are involved in both the formulation of social policy (e.g. conducting political campaigns of research and activism, advisory roles) and its implementation through service delivery (emergency and development aid). For example, the main MEIs have formal processes for the consultation of NGOs in decision-making, and many of the World Bank's development projects are delivered through local, national, and international NGOs.

Table 21.3 Examples of IGOs and INGOs

International governmental organizations		International non-governmental organizations
	<i>[Global]</i>	
WB		World Economic Forum
IMF		World Social Forum
UN system and its agencies (ILO, WHO, Unicef, etc.)		ICTFU
WTO		OXFAM, War on Want, World Development Movement
OECD		International Chamber of Commerce
Various groupings – G8, G77, G24 etc.		International Pharmaceutical Industries Association
	<i>[Regional]</i>	
European Union		US/European Services Forum
SAARC		European Trade Union Confederation
Mercosur		European Social Forum
CARICOM		Focus on Global South
SADC		

From regulating to transforming global capitalism

One of the key questions policy-makers, activists and scholars are currently engaged in is that of how to steer 'globalization' in the public interest generally and in the interests of social welfare more specifically. There is a broad consensus now that the current system of global governance requires significant overhaul, necessitating far-reaching institutional and policy reforms. However, as we would expect, there are a wide variety of positions and approaches as to what the aims of the reforms should be and how they should be achieved. We cannot deal with the various details of policy discussions and disagreements in the confines of this chapter (see Deacon 2007 for an overview and discussion of these). Nevertheless, it is possible to note some key questions that are currently being debated. Regulatory reform issues, for example, tend to boil down to the question of how to maintain or improve social protection, labour, educational, and health standards. Thus, what kinds of controls should be placed on the activities of globalizing corporations in their pursuit of profit – should they be voluntary or mandatory, and who should oversee their implementation? How far should global markets in welfare and other basic services (such as water, food, energy) be permitted to develop? To what extent should social welfare provision be subject to international trade agreements, such as the GATS? Should there be global and regional mechanisms of social redistribution, and what form(s) might these take? More generally, is it possible to reform the existing international institutional architecture in the interests of global social justice or are more radical courses of action required? What would be the founding principles of such an order and how would these be realized?

The answers to these questions are rendered all the more complicated by the wide variety of countries, actors, and interests involved, as well as by the global, regional, and national levels on which they are debated. One of the more pressing challenges is to democratize global social

policy debates so as to incorporate a wider range of voices and interests rather than leave these discussions in the hands of a small group of policy elites and experts. Grassroots globalization forums, such as the World Social Forum and the World Water Forum, constitute a productive source of often radical policy alternatives. One difficulty facing those aiming to strengthen the role of such global social forums in global policy-making is the major division between those who believe the current system can be reformed and those who believe revolutionary change is necessary for the creation of a globally just social order. While this makes it highly unlikely that an overarching consensus on global social policy will be reached in the future, it does at least ensure that there is plenty of room for vigorous contestation and debate for many years to come.

Conclusion

In this chapter we have examined the interconnections between globalization and social policy. We have seen that globalization is a highly contested concept and that 'globalization studies' displays a range of theoretical, ideological, and political perspectives. We identified the four main positions in the globalization debate as technological enthusiast, marxist pessimist, plural pragmatist, and sceptic internationalist, and highlighted the fact that debates about globalization have tended to centre on issues of the rise of international non-governmental actors, state sovereignty, and changing policy formations processes and the implications of these for social and economic development.

We then looked at the connections between globalization and social policy as a field of academic study and research. Here, the idea that a globalization perspective has potentially profound implications for the theories and concepts used to analyse social policy, provision, and development was introduced. We also discussed how, despite the recent concerns with the influences of globalization on national institutions and policy autonomy, welfare states and social policies have historically been the result of decidedly global and transnational circumstances, and influences, as well as national and local ones.

We proceeded to review competing arguments about the possible impacts of globalization on welfare states. We saw how this debate has evolved from an emphasis on the convergence of welfare states and social policies and on the inevitability of lower social standards and the dismantling of public social provision, to one which emphasizes the relative resilience and continued diversity of welfare state forms. We also touched on debates about the balance between 'internal' and 'external' forces bearing on 'national' social policy development. Finally, we reviewed the importance of international organizations in the making of social policy and briefly reviewed some current issues and approaches within global social policy.

Overall, there is no doubt that the debates on which we have touched will continue to be fiercely waged over the coming years and that students, scholars, policy-makers, and activists will need to take cognizance of the ways in which local, national, and global forces intersect in shaping the development of welfare states and social policy. We will all need increasingly to engage with the range of complex social policy issues that 'globalization' raises and actively participate in devising imaginative responses focused on maximizing the health and social welfare of everyone worldwide.

INTERNATIONAL AGREEMENTS

The number of such agreements is so large that any attempt to list them would be at best partial. The following list is therefore highly selective, focusing on the international level and the most frequently mentioned names.

GATS (General Agreement on Trade in Services) Trade agreement signed in 1994 at end of Uruguay round of international trade negotiations. Mainly covers commercial and business services but also extends to some health and welfare services and professions. Said to curtail states' right to limit foreign investment in domestic service industries.

GATT (General Agreement on Tariffs and Trade) Set up in 1947 to oversee the removal of international trade barriers and supervise expansion of international trade through promotion of 'free trade'.

NAFTA (North American Free Trade Agreement) Created free trade area covering Canada, Mexico, and the US. Came into operation in 1992.

TRIPS (Agreement on Trade Related Intellectual Property Rights) WTO

1948 Universal Declaration of Human Rights

1966 International Covenant on Economic, Social and Cultural Rights

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➔ FURTHER READING

Students interested in further reading around the subject are directed to Nicola Yeates (2001), *Globalization and Social Policy* (London: Sage) and Vic George and Paul Wilding (2002), *Globalization and Human Welfare* (Basingstoke: Palgrave). If you are interested in finding out more about social policy in developing countries you should read Anthony Hall and James Midgley (2004), *Social Policy for Development* (London: Sage). For further discussion of themes and issues in the field of global social policy, see Bob Deacon (2003) 'Supranational agencies and social policy' in the second edition of Alcock et al (eds), *The Student's Companion to Social Policy* (Oxford: Blackwell) or Nicola Yeates' chapter in the third edition of that volume. You might wish to consult Deacon's other books which deal with this subject matter at greater length: *Global Social Policy and Governance* (London: Sage, 2007) and *Global Social Policy: international organizations and the future of welfare* (London: Sage, 1997). The latter of these covers welfare restructuring in central and eastern Europe in some depth as well as the social policy discourses of international governmental organizations; the former focuses mainly on issues and developments in global social policy. Finally, you should also aim to consult *Global Social Policy: journal of public policy and social development* (Sage) which publishes a range of full-length and shorter articles on key issues and debates in the field of globalization and social policy, together with a digest highlighting key policy developments, events, and publications during the year.

@ USEFUL WEBSITES

In addition to printed material, there is an extensive range of online resources covering issues of globalization and social policy. Two websites are particularly useful in this regard. <http://www.globalwelfare.net> provides a range of learning and teaching resources for students, educators, and researchers, including extensive links to the websites of a wide range of research and activist organizations and groups, that contain further information on the various issues discussed in this chapter. It also provides a direct link to the e-Library for Global Welfare and ESDS International (the UK ESRC/JISC funded Economic and Social Data Service) which makes available in an accessible format a range of international data sets.

● ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
ANZCERTA	Australia/New Zealand Closer Economic Relations Trade Agreement
ASEM	Asia-Europe Meeting
CARICOM	Caribbean Community and Common Market
EBRD	European Bank for Reconstruction and Development
EPZ	export processing zone(s)
ESF	European Social Forum
EU-Mecosur	a trade agreement between the EU and Argentina, Brazil, Paraguay, and Uruguay.
FDI	foreign direct investment
GATS	General Agreement on Trade in Services
ICTF	International Confederation of Free Trade Unions
IGO	international governmental organization
ILO	International Labour Organization
IMF	International Monetary Fund
INGO	international non-governmental organization

ITU	International Telecommunication Union
LETS	local exchange trading schemes
MEI	multilateral economic institution
NAFTA	North American Free Trade Association
NICs	newly industrializing countries
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
TNC	transnational corporation
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WB	World Bank
WSF	World Social Forum
WTO	World Trade Organization

G GLOSSARY

anti-globalization movement Transnational movement against neo-liberal globalization which unites a variety of international and national movements, such as the environmental, development, labour, and consumer movements. Has received most publicity for attempts to disrupt summits of MEIs and IGOs. Also known as the global justice movement.

conditionalities Attached to loans by MEIs, include requirements to open economic sectors to foreign investment, privatization of state-owned enterprises and welfare services, removal of tariff barriers, food and fuel subsidies.

export processing zone A government-designated area for foreign businesses to manufacture goods and commodities destined for export. Companies operating in them enjoy limited tariff, tax, and labour regulations; working conditions are characterized by minimal rates of pay and insecure, temporary employment, mostly of women.

foreign direct investment Financial capital transfer from one country to another for investment in production of goods or services.

global governance commonly refers to multilateral institutional architecture of public and private, governmental and non-governmental, regulation of global social, political, and economic life.

international governmental organizations (IGOs) Organizations formed by governments and operated by international civil servants. Includes the United Nations, MEIs such as the IMF and the World Bank, and regional formations such as the EU.

international non-governmental organizations (INGOs) Part of the international voluntary sector, INGOs are non-governmental organizations based mainly in Western countries which operate in a variety of countries, sometimes in co-operation with local and national NGOs, often delivering government aid in emergency situations. Recent decades have seen the growth of superINGOs such as Oxfam and Save the Children, which dominate their areas of operation.

International Labour Organization (ILO) was founded in 1919 and became the first UN specialized agency in 1946. The ILO produces international labour standards in the form of conventions and recommendations, provides technical assistance, and promotes the development of employers' and workers' organizations. It is governed by a tripartite structure in which workers, employers, and governments co-operate as equal partners.

International Monetary Fund (IMF) Set up in 1944 to promote international monetary stability by supervising monetary and exchange rate policies. Provides loans to countries with balance of payment difficulties.

Marxist pessimism sees globalization as the latest stage of capitalism, driven by constant search for increased profitability, leading to homogenization of culture through commodification. Claims transnational corporations' increasing control of the world economy leads to decline in the power of the state and organized labour.

McDonaldization Creation of increasingly homogenized international mass culture through the adoption of the global culture of mass consumerism accompanied by the abandonment of national, local, and indigenous cultures. Often used as a synonym for Americanization.

multilateral economic institutions (MEIs) Exemplified by the IMF and the WB, these are believed to have increasing influence on national economic and social policy formation, in particular through conditionalities attached to loan programmes.

neo-liberalism A political philosophy of competitive individualism which calls for minimal state involvement in economic and social regulation, associated with the emergence of the New Right (Reagan and Thatcher) in the 1980s and exemplified in the '**Washington consensus**'.

newly industrializing countries (NICs) mainly refers to countries in East and Southeast Asia and Latin America which industrialized during the 1970s and 1980s, emphasizing production for export markets under state guidance.

plural pragmatism sees globalization as a long-term process, resulting in greater interdependence of national economies, driven by a variety of forces, including technological, ideological, and cultural ones. In this view local and national factors continue to be of importance in mediating the impact of global forces.

'race to the bottom' The thesis that in response to a perceived threat to their industrial competitiveness, states are likely to engage in behaviour which results in the lowering of social and labour standards in order to attract new or retain existing investment.

septic internationalism rejects globalization, believing international economy is best described as involving transactions between distinct national economies. Accepts the state's control has diminished in some areas but argues that it has increased in others.

'social dumping' see '**race to the bottom**'.

technological enthusiasm conceives of globalization as transnationalization of world economy, driven by developments of information and communication technologies, resulting in the creation of a borderless world as **transnational corporations (TNCs)** and **multilateral economic institutions (MEIs)** grow in influence relative to declining state power.

transnational corporations (TNCs) (also known as multinational corporations (MNCs)). Large business enterprises which have operations in a variety of countries. They increasingly dominate the world economy and international trade and are seen as operating outside the control of national governments. A small number of them have annual turnovers greater than the GDP of many nations.

'Washington consensus' Neo-liberal consensus which emphasizes privatization, economic and social deregulation, public sector reform, and residualized welfare provision as the formula for economic growth. There are claims that this has given way to a 'post-Washington consensus' which emphasizes the need for limited regulation, targeted poverty reduction, and 'smart' conditionalities.

welfare convergence The thesis that as states become powerless to make 'real' policy choices, governments will be forced to adopt similar economic, fiscal, and social policy regimes – whatever the national institutional context and welfare state model. This is expected to entail the abandonment of comprehensive, universalist

redistributive welfare states and their replacement by market-conforming, deregulated, privatized, and residualized welfare systems.

World Bank (WB) (The International Bank for Reconstruction and Development) Set up in 1944 to promote economic development in the developing world through providing loans for programmes and projects which assist economic development but for which no private finance can be found.

World Health Organization (WHO) was established in 1948 as the UN specialist agency on health whose objective is the highest possible level of health for all peoples. It is governed by its 192 member states through the World Health Assembly.

World Trade Organization (WTO) Set up in 1995 to promote international trade, with executive and legal powers recognized in international law to enforce international trade and investment law and to adjudicate in international trade disputes.

Q ESSAY QUESTIONS

- 1 What kinds of challenges to social policy are involved in the study of globalization?
- 2 Does globalization inevitably lead to a 'race to the bottom' in social standards?
- 3 What groups, organizations, and institutions influence social policy globally? Illustrate your answer with an example from one policy area.
- 4 Are global influences on social policies a recent phenomenon associated only with globalization?
- 5 Discuss, drawing on this chapter and your own knowledge and experience, some possible social consequences of globalization.
- 6 Outline four ways in which your knowledge and understanding of social policy as a field of academic study and a political practice is extended by a globalization perspective.