

CAN THERE BE A GLOBAL STANDARD FOR SOCIAL POLICY? THE 'SOCIAL POLICY PRINCIPLES' AS A TEST CASE

The Development Committee of the World Bank/IMF requested in October 1998 that the World Bank should 'work with the United Nations, the Fund and other partners to develop general principles of good practice in structural and social policies'. In the Harvard Lecture of November 1998, Gordon Brown, UK Chancellor of the Exchequer, expanded on the proposal for the development of a universal set of principles to guide social policy. Such principles, he argued, were necessary both to ensure minimum standards for every country in times of change, and to equip people to make the most of the opportunities that globalisation processes would create.

The idea of producing internationally agreed text and guidance in the field of social policy is not new. Arguably, the various UN conventions, covenants and conference documents relating to economic and social rights, and core labour standards, from the Universal Declaration of Human Rights onwards, already provide a substantial platform for addressing the global dimensions of social policy (Ferguson 1999). The new wave of interest in global guidance on social policy emerged from international discussions on the need for a 'new financial architecture', stimulated in part by the East Asian financial crisis of 1997/98. As well as the proposal for international social policy guidance, the UK Chancellor's Harvard speech also included proposals for 'internationally agreed codes of conduct for transparency and proper procedures that ensure educated markets', covering monetary, financial and fiscal policy and corporate governance and 'applied by all countries rich and poor'. Essentially, improved transparency and openness in economic management was seen as necessary for mitigating the risk of further crises – while agreed standards on social policy would ensure the investment in social services, employment and social protection to facilitate equitable distribution of the benefits and opportunities of globalisation.

This paper looks at the experience of the 'Social Policy Principles' initiative as a test case of elements of the international policy community responding to the challenges of globalisation – and seeks to draw some general lessons from the early efforts associated with this.

The rationale for 'globalising' social policy

The idea that elements of the many processes referred to under the heading 'globalisation' (see Box 1) require a response in terms of new thinking on social policy pre-dates the East Asian crisis. Up to that point, however, it could be argued that social policy was under-emphasised in discussions of globalisation – with far more emphasis on political, economic and even cultural dimensions.

A series of reasons have been advanced why social policy concerns have been increasingly seen as requiring a response at the supra-national level in the late 1990s:

- Freer movement of capital between nations, it has been argued, implies that national economies can compete for foreign investment by having lower standards of labour rights and labour protection – as well as lower taxes on labour and productive enterprises (so capital goes 'regime shopping' for

the best conditions, leading to a 'race to the bottom' in standards of labour rights and social investment).

- An increasingly liberalised international economic environment restricts many sources of revenue which were previously available to governments to fund social expenditures (trade tariffs, labour taxes), threatening a 'fiscal squeeze' on revenues needed to fund social expenditures at the level of the nation-state.
- Multilateral institutions (such as the World Bank and IMF) have become increasingly engaged during the 1990s with classic 'social policy' areas of concern, such as poverty reduction and social protection.
- The volatility of capital flows has been shown to have the capacity to lead, under some conditions, to rapidly developing crises of welfare in regions and countries.
- Increasingly, flows of labour migrants between poorer and richer countries lead to a recognition that treating poverty as a global rather than national issue is a practical as well as a moral imperative.
- Increasing levels of information about economic and political connections between different parts of the world have fostered new forms of civil society action (such as the 'ethical trade' initiative) based on global solidarity.

In short, processes of international economic integration are steadily leaving nation states with less power to regulate conditions for relationships between capital and labour, conditions of access to internal markets, and levels of budgetary support available for human development. The institutional framework for social policy must clearly change in response, at the local, national and global levels – but how?

The institutional response

There are arguably two levels to the response to the 'globalisation challenge' at the international level. On the one hand there is the attempt to do so through a formal, self-aware, globalisation analysis linked to specific proposals for response. The attempt to

Box 1: Defining terms...Globalisation

Authors seeking to define either globalisation or social policy face difficulties. Both terms tend towards shifting meanings when discussed in different contexts and by different groups of professionals. The common thread in most definitions of globalisation is the idea that the world is facing a qualitatively new level of integration in a variety of economic and non-economic spheres, and that this is driven by communications and transport innovations. For the purposes of this paper the processes covered by the term 'globalisation' can be taken as having two broad dimensions. Firstly, factors causing accelerated global 'integration' of various kinds (liberalisation of trade and capital flows, changing technology leading to changing patterns and growing volumes of exchange of information and knowledge), and secondly the institutional responses to such changes at various levels – global, regional, national and local.

develop a 'global standard' for social policy, as in the social policy principles is one example of this. There is also, however, a clear process of informal, incremental advance of 'social policy' agenda issues into new areas of discussion and discourse, as can be seen in the increasing engagement of International Financial Institutions (IFIs) with classic social policy concerns. Among the suggestions for new arrangements to cope with processes of globalisation can be included:

- proposals for systems of taxation operating at the international level, to counter the tendency for powerful globally-linked enterprises to be able to avoid taxation at the national level, and/or provide mechanisms for enhanced distribution between nations;
- bringing 'social clauses' into multilateral trade and investment agreements to set basic standards for labour rights in global trade and production;
- proposals for making the key international financial institutions (the World Bank/IMF) more broadly accountable to recipient as well as donor countries;
- reform of the UN, to strengthen the implementation and monitoring of the relevant elements of the human rights framework (mostly economic and social rights);
- a global central bank and lender of last resort.

To this list, we can add the proposal for the development of international guidance (variously termed 'social policy principles', 'social policy code', or 'principles of best practice in social policy') which is the primary subject of this paper. The other proposals have not made very substantial progress towards realisation – what are the chances of the 'social policy principles'?

The 'social policy principles' – progress so far

The Development Committee's request to the Bank to produce general principles of good practice in social policy asked the Bank to report back to the Committee in April 1999. The Bank responded with the paper 'Principles and Good Practice in Social Policy'. The Bank's draft of the principles drew heavily on the 'declaration and programme of action' of the UN-led World Summit for Social Development of 1995. As a negotiated text with support from 186 national governments, its programme of action has proved durable as a guide to discussions in global institutions in the field of social policy. The World Bank document outlined 'general principles' in four areas:

Achieving universal access to basic social services, including access to quality basic education, health care, reproductive health, sanitation and safe drinking water. The International Development Targets (which include the aspiration to achieve universal access in primary education and reproductive health services by 2015) are recognised as setting demanding objectives, applying to the international community as a whole.

Enabling all men and women to attain secure and sustainable livelihoods, and decent working conditions. Income and employment are recognised as central social concerns in the Bank's paper: 'international declarations have focused especially on provision of full employment and protection of core labour standards – including the elimination of all forms of forced or compulsory labour, harmful child labour, discrimination with respect to employment and occupation, and support for freedom of association and right to collective bargaining'. The paper also notes that most people in the developing world work outside the formal sector, in self-employed, family based or informal forms of labour. For the poor, especially, therefore, the overall pattern of growth and public action in favour of sustainable development are generally more important than specific labour policies.

Promoting systems of social protection. A robust system

Box 2: Defining terms...Social policy

Social policy is a term with a complex history both in the academic literature and in practical policy fields. Discussions on its definition tend to revolve around the following issues:

- What is the sectoral coverage? – some definitions interpret social policy as relating primarily to particular sectors – notably health, education and social protection – while other views seek to define the term cross-sectorally, in relation to areas of policy outcomes (poverty reduction, equity, redistribution, social cohesion).
- What is the key agency in the field of social policy? – views of social policy predominant in the North have tended to assume that the key agent in social policy is the national government – which has often in turn led to a perception that northern social policy frameworks are unsuited in many developing country contexts where institutions of kinship and community play a larger role in relation to social protection for poor people. Arguably, the process of globalisation is one of the factors that have acted to close this gap – with an increasing emphasis on non-state actors (private sector, voluntary agencies, community based organisations, etc.) in Northern social policy frameworks.
- Does social policy imply normative goals? Generally a set of values are taken to accompany the field of social policy – of promoting certain minimum standards of social justice and equity. Yet institutions which do not subscribe to these values may still be significant actors in the social policy field, so is a value-based definition restrictive?

Deacon (1997) argues that 'Global social policy as a practice of supranational actors embodies global social redistribution, global social regulation, and global social provision and/or empowerment, and includes the ways in which supranational organisations shape national social policy.'

of social protection is seen as a central element in public policy to help provide safeguards against shocks – especially for those at risk of irreversible declines in their human, social or physical assets. The challenge for implementation, as outlined in the document, is that in most developing countries, the bulk of the population falls outside formal systems of social protection – relying on family or community-based mechanisms. Public policy and institutions need to strengthen social provision for the vulnerable in a way which is consistent with a country's level of development, sustainable and supportive of informal mechanisms. Safety nets should not foster permanent dependency and should act to strengthen local livelihood systems.

Fostering social integration. The paper notes key objectives cited in international declarations: 'to foster societies that are safe, stable and just; promote respect for diversity; achieve equity between women and men; foster tolerance and protect human rights; and enhance the participation of all groups of people in their economies, societies and natural environments – including the poor, vulnerable and disadvantaged'. Appropriate policies for implementation in this field are seen as highly context-specific, and the analytical links to policy difficult to establish. The cost of ignoring these goals is, however, unacceptably high – and they suggest at the least a need for commitment to open government and policies which foster effective institutions in civil society.

The paper goes on to highlight the various areas in which public action needs to take account of these principles, and to discuss the implications: macro and structural policies, institutions, resources, transparency and knowledge, social capital and international organisations. The appropriate role for the World Bank is seen as working with its partners to implement principles in the social arena agreed collectively through multi-agency or

multi-government fora.

The paper proposed that the process for further work on the social policy principles should be divided into two tracks: further development of the principles themselves would pass to UN leadership – forming part of the international community's commitment to collaborate and follow-up on the Copenhagen Declaration (World Summit for Social Development); the World Bank, in collaboration with partners, would continue to distil lessons of good practice in the implementation of the principles, and help partner countries draw on them in economic and social policy. The Bank undertook to report back to the Development Committee on the second track in September 1999.

In developing its country-level 'tools' for policy implementation, the Bank has emphasised the context of 'economic crisis' – effectively to the exclusion of the more general themes in the original discussions around the principles (such as strengthening the framework for taking account of social issues and poverty impacts in structural adjustment programmes in all countries – not just in crisis situations). The paper prepared for the Autumn 1999 meetings of the Development Committee has the title 'Managing Social Dimensions of Economic Crises: Good Practice in Social Policy'. It covers various dimensions of the institutional response to 'crisis' including macroeconomic policies, safety nets, education, health and labour market policies.

The extent to which further development of the 'Social Policy Principles' themselves will form a central part of the process of follow-up to the 1995 Copenhagen World Summit for Social Development is not yet clear. On the face of it, the opportunity to pursue the development of the principles should provide a strong opportunity to make operational the eighth commitment of the Copenhagen platform ('a commitment to ensuring that when structural adjustment programmes are agreed to they should include social development goals, in particular eradicating poverty, promoting full and productive employment and enhancing social integration'). In addition to providing guidance to the Bank and the IMF in developing structural adjustment programmes, the principles could also assist borrower countries with a framework for negotiating the social dimension of such programmes. Discussions within the process of preparation for the 'Copenhagen plus five' follow-up meeting to the social summit (to be held in Geneva in June 2000) have, however, been subject to similar tensions to those at the World Bank's board over this initiative. Many developing countries fear an extension of the remit of conditionality attached to lending by the IFIs.

All in all, the future of this initiative is uncertain. At a minimum, it may lead to the development of elaborated guidance for the World Bank and IMF in dealing with 'crisis' situations in a publicly accountable form. At the maximum, it may also lead to a strengthening of the process of follow-up to the World Summit for Social Development which will set a more robust framework for linking the goals of Copenhagen to macroeconomic management.

Outstanding dilemmas

In the course of developing the social policy principles a number of dilemmas became evident which are worth reviewing.

How would the implementation of the principles be monitored? Up to this point, no robust proposals for monitoring the application of the principles have been proposed. This is in contrast to the codes for monetary and fiscal transparency, which are to be monitored by the IMF in the course of its Article 4 reports on member countries. If the principles are to be developed through the Copenhagen process, and have a meaningful impact, then some form of monitoring will be needed.

Should the principles apply only in situations of financial crisis? As

noted above, the World Bank's technical follow-up work applies only to 'crisis' situations. This considerably restricts the scope compared to the original vision implied in the Development Committee's request.

What will the principles add over existing texts and agreements? Some have argued that the summary text of the Copenhagen programme of action provides an adequate framework for government commitment in the social policy field. If the Principles are to add anything it, must come through drawing a closer link between the human rights framework for enhancing international co-operation in social and economic development and the role played by the IFIs in global macro-economic management.

Will the principles have global application? Early texts (for example the Chancellor's Harvard speech) implied that the principles would apply equally to all countries – north and south. The early institutional position of the principles – with the World Bank leading on developing them – created a problem. The Bank (unlike the Fund) has no advisory or operational position on domestic policy making in donor countries. Application could only have come through policy dialogue with borrower countries. The Bank is also, in terms of its governance structure, dominated by northern countries. The proposed transfer of leadership to a UN process largely solves this problem – but potentially dilutes the policy significance. Strong collaboration between the UN and the IFIs could overcome this, but is an ambitious aspiration.

How committed are the IFIs? The social policy principles potentially break new ground for the Bank – especially in establishing linkages to rights-based policy frameworks – but to some extent the principles have appeared to be 'competing' with other significant initiatives within the Bank. President Wolfensohn's vision of a 'comprehensive development framework' also implies an attempt to 're-balance' the dialogue between donors and partner countries so that social and economic concerns gain equal weight within a long-term vision of development led by the partner country. Is there room for two 'narratives' which share to a substantial extent a common goal? For the IMF, the various changes related to pressures to ensure that financial flows from debt relief are poverty focused are leading to a substantial re-think of macro assistance to poor countries. The Enhanced Structural Adjustment Facility (ESAF) has been re-named the Poverty Reduction and Growth Facility, and financial flows provided under both this and the Highly Indebted Poor Country (HIPC) debt relief are now seen as being guided by a new policy instrument – a country level Poverty Reduction Strategy Paper (PRSP). Will this provide an opportunity to apply the thinking behind the Social Policy Principles? Guidance materials prepared by the World Bank (for example, the draft Sourcebook for PRSPs) – while they have strong content in some of the areas covered by the Social Policy Principles – do not make explicit reference to them.

Underlying Tensions – the Politics of Global Change. Debates around the principles have seen divisions emerge in policy positions which mirror some earlier negotiations – for example those concerning the failed attempt to build a 'social clause' into the World Trade Organisation. A characteristic of the debate at the international level has been the tendency for institutions to see splits emerge between a group of northern nations committed to certain aspects of social policy, and a range of other countries – predominantly southern – which resist the attempt to introduce global guidelines. The primary focus for these splits has tended to be over the issue of core labour standards. In essence, many countries in the south regard the integrated package of labour rights known under this term (comprising in particular of measures in ILO Conventions on the rights to freedom of association, forced labour, child labour and non-discrimination)

as being inappropriate to any form of policy conditionality, whether for access to markets or development assistance. There is a clear implication that some northern countries and interest groups (for example trade unions) advocate firmer enforcement of these standards with a 'protectionist' agenda – seeking to erode a competitive advantage which low-wage, low-regulation conditions provide to poorer countries needing to attract foreign investment and compete in global markets. Over time, consensus (not only among governments, but also many development NGOs) has tended to move towards the position that conditionality related to trade agreements is an inappropriate means for pursuing global commitment to core labour standards. The major exception to this position is the US Government which remains committed to exploring possible links between trade agreements and core labour standards (reflecting pressures from domestic constituencies – particularly the labour movement).

In summary, the future of the Social Policy Principles initiative is uncertain. It is certainly a manifestation of senior levels of the global policy community trying to come to terms with a social agenda, and define new priorities for global policy after the dominance of neo-liberal ideas in the 1980s and early 1990s. Whether it will also form a meaningful part of the process of realigning global policy and governance is an open question. In the long run it seems clear that a key challenge that advocates for stronger global frameworks for social policy face is to broaden the constituency of support for such measures among poorer countries. This would be easier were further discussion in the area to be firmly linked to an agenda of increasing resource flows to poor countries. Without this linkage, and more attention to processes of global redistribution, it is not clear that current resistance to initiatives like the Social Policy Principles could be overcome. An opportunity for pursuing this might be provided by the planned high level meeting within the UN in 2001 on Resources for Development.

Future directions – a changing landscape for social policy

To establish the rationale for a global capacity in the field of formulating social policy is, it seems, much easier than to put in place workable arrangements. The gap, of course, is the lack of structures of power, authority and accountability capable of dealing with issues of this scope and scale. This in turn brings us back to the question of global governance addressed in an earlier paper in this series (see *ODI Briefing Paper 1999 (2)*). Whether our language appeals to the 'universal human subject' of the economic and social rights texts, or the 'global citizen' of Deacon's analysis, there is a large gap between the aspirations embodied in the language, and the messy, imperfect reality of inter-governmental negotiation and the patchwork of international organisations with a global remit which address areas of the social policy agenda (the World Bank, the IMF, the ILO, UNICEF, UNDP, UNIFEM etc.). An idea for the evolution of policy without the appropriate structure of power, authority and legitimacy to apply it is not a policy. Arguably the most successful efforts at establishing trans-national structures which can cope with the social policy challenges posed by globalisation have been through regional structures such as the EU.

Nonetheless there are grounds to be positive. The ideas laid out in the Copenhagen platform for action have continued to resonate (the International Development Targets being one example of an initiative largely derived from this). There is also evidence of new forms of cross-border solidarity gaining ground in civil society (for example the ethical trading movement, and

movement for debt relief) which can lay the basis for a global approach to social policy concerns, in some spheres at least.

The challenge posed by globalisation also suggests a need for conceptual changes in the lexicon of social policy which has historically been geared primarily to a situation in which a range of economic policy instruments could be applied by national governments to secure welfare objectives. Globalisation has increased the range of actors engaged with social policy at various levels – and in turn 'problematised' the issue of accountability, which no longer can be seen as operating adequately through the established certainties of the formal national governance system. Broadly speaking we can point to the following incremental shifts in meaning and emphasis associated with discussions on social policy:

'traditional' social policy concerns	changing framework associated with globalisation
emphasis on technocratic policy design to meet the 'needs' of passive recipients of transfers and services	emphasis on enhancing accountability of policy-makers and service providers to improve quality and effectiveness; building the capacity of people to make claims on institutions through enhanced access to information and emphasis on entitlements and rights
nation-state as the dominant actor in social policy – delivery through line ministries in specified sectors	multiple actors at international, regional national and local levels
the primary goal of social policy seen as enhancing household-level welfare	a plurality of goals for social policy: enhancing well-being, building social cohesion, and shaping investment in human capabilities (health, education) needed for an internationally competitive workforce.

Whatever the outcomes of the 'Social Policy Principles' initiative the development community will continue to face a rapidly evolving environment, and the search will continue for effective answers to the challenges of establishing effective global social governance.

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