

The New Politics of Welfare

Bill Jordan

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The New Politics of Welfare

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The New Politics of Welfare

Social Justice in a Global Context

Bill Jordan



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1

Introduction: Social Justice in a Global Context

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This book is an analysis of the emerging orthodoxy on social welfare in the United Kingdom and the United States of America. Tony Blair and Bill Clinton agree on many aspects of social policy, and the reforms they have implemented are similar in many features. Their programmes are a positive and proactive response by nation states to the phenomena of globalization.

The new politics of welfare is far more than a plan to reform the social services. It takes the moral high ground, and mobilizes citizens in a thrust for national regeneration. It deals in ethical principles, and appeals to civic responsibility and the common good. Above all, it bids to recreate a cohesive community, through the values of self-discipline, family solidarity and respect for lawful authority.

Yet it does so at a time when national governments seem most ineffectual in the face of global market forces. If postwar welfare states appeared to have made workers less dependent on competing in the labour market, globalization now puts the wage relation back at the heart of the political struggle. Instead of resisting this, the new social politics reinforces it, by promising to 'put the work ethic back at the centre of the welfare state'. It drives citizens into the waiting arms of a

revitalized global capital, exhorting them to intensify their competitive efforts for the sake of greater productivity and growth.

In doing so, it claims to be acting as much for social justice as for economic efficiency, and to build new links between the two.¹ It insists that the greatest wrongs are now being done by those who rely too much on collective provision, not those who exploit the skills and energies of their employees. It uses the authority of the state to ensure that there is no shortage in the supply of capable staff to meet the demands of 'flexible' labour markets.

This book focuses on three features of the new politics of welfare. The first is its appeal to *national renewal* through a strong work ethic and high rates of participation in the formal economy. The Blair–Clinton orthodoxy asserts the claims of the national polity over individual egoism and international opportunism alike. Its version of social justice chooses to ignore transnational issues that greatly complicate both the ethical and the economic analysis of situations facing First World governments. In this and the final chapter I shall highlight the dangers hidden by its rhetoric of national mobilization.

The second is its claim of *moral authority* in the implementation of measures to restrict the payment of benefits and put stronger conditions around eligibility for social protection. Part of this claim is derived from the resounding electoral victory achieved by Tony Blair, and the high job-competence ratings given to Bill Clinton – despite personal scandals – in opinion polls. But a stronger element is the appeal to values drawn from the family, the association and the traditional community – to reciprocity, responsibility and mutuality, and the obligations these imply. I shall question whether it is possible to give a coherent account of social justice in a large society based on impersonal interactions, in terms of principles derived from these quite different spheres.

The third is its *denial of the continuing relevance of class and exploitation*, as factors in the analysis of social justice. The new Blair–Clinton orthodoxy emphasizes employability and equality of opportunity, in a population treated as competing for commensurable rewards. Its version of distributive justice deals in the resources individuals need to gain the advantages they merit in such competition. This book is not a reassertion of the primacy of class struggle in social relations, and anyone looking for such an analysis will be sadly disappointed in it. But it does point to the weaknesses of a policy programme that neglects the problem of exploitation in labour markets, and ignores fundamental differences in power and resources between groups interacting in the economy.

The book puts forward a critique of the new politics of welfare from the standpoint of liberal democratic theory (in its broadest sense), and an alternative policy programme. It reasserts aspects of liberal democratic theory that have been neglected since the advent of the New Right. The alternative programme accepts the goals of the Blair–Clinton approach (better access to employment for all, fairer sharing of the work

that is to be done, and better targeting of those in greatest need) but argues that they can be far more reliably achieved by a radically different set of measures. This alternative approach recognizes the insecurities of the middle classes and the impoverishment of less skilled workers, but also that the informal economic activities of poor people can be the basis for the regeneration of their districts and the improvement of their quality of life. This alternative programme is set out in Chapter 5.

The book's other objective is to compare the new orthodoxy in the UK and the USA with the dilemmas facing the more conservative regimes of Europe, and especially Germany. As the rising tide of unemployment and the escalation of on-wage social costs threaten to become a vicious circle, and the economic stagnation of Germany spreads pessimism over the whole European project, I shall analyse the prospects for European social policy. In particular, I shall consider the relationship between the debates about 'the social question' and the prospects for economic and political integration. This will include an analysis of the trajectories of the former communist countries of Central and Eastern Europe – both those set to join the European Union in the first wave, and those who must continue to wait before the gates. This discussion is drawn together in Chapter 6.

Scope and methods of the book

The new politics of welfare draws on two repertoires to explain the need for reform and mobilize electorates in support of its response to globalization. Tony Blair and Bill Clinton² use economic arguments to show that past arrangements are now outdated, and that reforms are necessary for the sake of economic efficiency, prosperity and growth, to improve the welfare of all citizens. They also use a rhetoric of social justice – normative arguments to justify changes that redistribute roles and resources, and alter the conditions under which benefits and services are given.

In my analysis in this book I shall also draw on two theoretical literatures that address these issues, and seek to combine them in a coherent way. The first is the literature of the *public choice* school, that applies economic methods to political decision making.³ In this theoretical tradition, political choices and institutions are explained in terms of the actions of individuals who are rational maximizers of their own utility. Politics is concerned with rules and systems for efficient allocations of goods which markets undersupply, because they are too costly to divide up among exclusive owners and exchange for a price. Yet rational-egoistic individual agents can reach collective agreements about

such goods, because each benefits from cooperation and restraint. The same theoretical demonstration of the benefits of orderly market exchange (under rules against violence, fraud and theft) also explains the advantages of collective procedures for providing law and order and defence, environmental protection and basic education. Because people live together, and some decisions affect them all, they must take collective action to supply these goods.⁴

However, some collective choices (such as those listed above) benefit all members of a community, and other choices benefit only some, while hurting others. It is the latter decisions that concern distributive or social justice, and it is to these that *normative theory* applies. Theories of justice have been part of the mainstream of political thought since the Classical Greek philosophers, and the methods of analysis that are characteristic of this tradition will be used. For example, in Chapter 3 I shall explain and criticize the new Blair–Clinton orthodoxy's claims about how the principles of equality, merit and need can be reconciled through its reforms of welfare institutions.

At first sight this combination of two theoretical approaches may seem ambitious. Yet these two methodologies are not as separate as they might seem. In most of the literature of public choice, collective decisions about the allocation of resources are made under rules that are seen as built into the constitutional principles of the polity. These rules reflect values that are supposed to enter the public choice process through a (fictitious, hypothetical) 'social contract' between individuals who come together and voluntarily form themselves into a political unit. This consensual basis for political arrangements can, of course, be traced to theorists such as Hobbes and Rousseau, and is most prominent in the work of the modern author John Rawls.⁵ In his theory of justice, therefore, we can recognize an example of an analysis which is both individualistic and contractarian in the public choice tradition, and normative in the tradition of moral and political philosophy. Rawls' citizens agree unanimously and for all time on certain principles (equal liberty for all, and the equal distribution of opportunity, income, wealth and self-respect, unless an unequal distribution of any or all of these values is for everyone's advantage), and these normative commitments then become the constitutional basis for all their political arrangements. Rawls' theory will be further discussed on pp. 85–6.

Because most public choice analyses⁶ assume a 'social contract' such as Rawls', they then go on to discuss allocations that will be given unanimous consent by citizens, because they cannot make one person better off without making another worse off (the so-called Pareto criterion of allocative efficiency). If individuals are assumed to have the option of joining or leaving a political association, then unanimity is required,⁷ and under assumptions of rational egoism individuals will only endorse decisions that are Pareto-efficient. Hence equity is built into the theoretical basis of the model.

But in the real world – as all public choice theorists readily concede – there are several facts that complicate such assumptions. The main difficulty is that political units of many different sizes exist, and individuals' interests as members of their local authority (city or state) are not necessarily the same as those as citizens of the national polity. It makes a difference whether we see the 'social contract' as between members of a city or a nation state, and (if the former) whether we treat national political arrangements as a kind of federation of local ones. So – even if the assumptions that justify Pareto-efficient allocations are accepted – there may be differences in optimal decisions according to one's perspective on this dimension.

This difficulty is greatly magnified if we look at choices from the perspective of the whole world's welfare. Globalization increases the scope for individuals to move between nation states, and choose which one to live and work in (not necessarily the same for both). It also increases the necessity for transnational regimes of collective regulation and decision making. But there is a majority of citizens of every state who are not mobile, yet whose welfare is directly affected by others' mobility, and by transnational decisions. Hence the assumption of unanimous consent to allocative choices is far from realistic, and the notion that reallocations that promote *global* efficiency necessarily benefit the citizens of every state is quite misleading. These issues will be further explored in Chapter 6.

The contractarian assumptions of mainstream public choice analyses imply that there is a consensus over values that is reflected in the constitution and decision procedures (such as voting). Normative theory in the tradition of moral and political philosophy (like other schools of welfare economics)⁸ assumes that rules and even constitutions can be changed, and presents arguments for changing them. The new Blair–Clinton orthodoxy follows this tradition in arguing for something like a 'new social contract' (or New Covenant), which in the UK includes important changes in the constitutional status of Scotland, Wales and now also Northern Ireland, and in the voting systems there and for the European Parliament. In this sense, the new politics of welfare is radical, and concerns fundamental change.

However, in so far as capitalists and skilled workers do have scope to treat the whole world as if it is just one place, and all the rest of the population does not, the leaders of the new orthodoxy on welfare face many constraints on their reforms. They cannot afford to make changes that will work to the disadvantage of mobile global actors, or those whose life chances depend directly on them. Hence they are driven towards choices that may run against the interests of the poorest and least advantaged minorities among their citizens. In Chapter 2, I seek to explain decisions over cutting benefits for lone parents, and imposing coercive conditions around support for long-term unemployed people, in terms of the interaction between these factors.

In principle, the process of globalization is easy to understand. As barriers to free exchange of goods and services of all kinds, and also of mobility of people and information across borders, are gradually weakened, so those factors which are mobile seek more efficient and profitable uses in other parts of the world, because they are no longer tied into the regulations that restrained competition through domestic institutional structures. As returns to security and stability under systems of national economic management have declined, those to mobility and innovation have grown, and factors that can move do so. In addition to capital (e.g., a factory owner selling his plant in the industrial town of Telford in the English Midlands, and reopening his production of the same goods in one of the new economic regions of China),⁹ this includes skilled labour – especially workers in those information industries and communications systems which sustain the global economy.

This example of the outcomes of global market forces can be seen as an increase in efficiency. Under the assumptions of the public choice theory, it is therefore *ipso facto* equitable. The large welfare gains to previously underemployed rural workers in developing countries such as China are greater than the losses to redundant, immobile workers in the First World, and global income is increased, by the move. In principle, the gainers could afford to compensate the losers, so everyone would be no worse off than before, and some (very poor) people considerably better off. But of course there is no mechanism of world government through which the Chinese who benefit can give compensation (e.g. welfare benefits or retraining) to the citizens of Telford who are the losers. And Tony Blair's government must decide how to set levels and conditions of unemployment benefit in the light of his goal of attracting and keeping international investment, from corporations in South East Asia, the USA and elsewhere in the world.

For these reasons, there is clearly an important distinction to be made between the *economic* equity that is assumed to be built into Pareto-efficient resource allocations, and the redistributions that would be made under principles of social justice, applied to all members of a community. The tension between these two perspectives is an integral feature of the new politics of welfare, and my analysis, relying on these two quite different but interlinked methodologies, will seek to illustrate the paradoxes and contradictions in the new orthodoxy that arise from the interactions between them.

The constraints of globalization

The new politics of welfare draws on both liberal-contractarian analyses of economic rights and equity, and reformist versions of social rights

and justice within a solidaristic framework. In this way it is able to emphasize the constraints imposed by globalization (the requirements of competitive efficiency in world markets), and the moral demands of communal values. Two distinctive political repertoires¹⁰ are thus combined, in order to justify redistributive limits, along with ethical principles of giving and sharing.

In the liberal-contractarian tradition, economic freedom and personal autonomy are guaranteed through constitutions – as in the USA – which define individual rights under agreed rules (see previous section). In T.H. Marshall's famous analysis of the emergence of democratic citizenship, civil rights of this kind were established first (in the eighteenth century), then the political rights of democratic government (in the nineteenth), and finally the social rights of twentieth century citizens¹¹ (see pp. 77–8). But in the solidaristic tradition of Continental European conservatism, and of socialism, social cohesion was achieved by various systems of social protection before liberty and democracy were established. Catholic social philosophy and corporatist institutions appeal to values of social harmony, integration and inclusion for their versions of social citizenship.

The new Blair–Clinton orthodoxy relies on ideas of economic justice from the contractarian repertoire to insist on global market constraints to redistributive allocations for the sake of competitive efficiency. But it also insists on the moral bonds of membership between citizens, and especially on their obligations to work and contribute for the sake of solidarity and social justice.

The new politics of welfare seeks a programme that can manage and reverse the losses to immobile (unable or unwilling to retrain or relocate) labour in First World countries, and the disruption to whole communities caused by rapid change. It acknowledges that the 'golden age' of welfare states is past,¹² and that nation states must now compete with each other for shares of transnational investment and trade in goods and services.

The new orthodoxy also aims to provide a model (the 'Third Way') for those who suffer far more extreme examples of these phenomena in the Second World, post-communist countries of Central and Eastern Europe. Their special situation, as an example of a system of economic management and social protection that has been swept away by global market forces, will be another whole theme of this book. At a time when the first of these are hoping to join the EU in the next five years, the new politics of welfare are highly relevant to their immediate futures.

The post-communist countries of Central and Eastern Europe are still struggling to manage the effects of price competition and private ownership on a previously centralized command system, with political allocation of all resources. What we see is the distributive outcomes when previously subsidised groups are suddenly put at the mercy of world markets, and when governments cannot afford to offer them any

shelter. This is most dramatic in the case of single-industry towns and state farms. Here the whole formal economy has collapsed, and exchange is organized between and through informal networks, among exclusive groups (or 'families') who control particular resources.¹³ Moreover, even social assistance comes to be constituted in rights derived from interactions between groups of social workers and their clients, excluding the poorest from relief, while conflicts between local villagers and 'outsiders' who settled on state farms and now find themselves without work prospects can result in the disqualification of the latter from assistance.¹⁴ Some whole economies have sunk from urban, industrial production into re-ruralization; for instance, in the Ukraine, the production of vegetables, fruit and livestock in the cities has expanded as manufacturing has declined, and the majority of national income is now generated in the rural economy. The outcome is that 90 per cent of the Ukrainian population now live below the level of the 10 per cent who were poor under communism, and national income per head is now officially recorded as lower than that in India, Sri Lanka, Indonesia or even Papua New Guinea.¹⁵

In the dominant view of the situation in the 1990s, national governments are strictly limited in their scope for combating the effects of these processes on their citizens. If they try to 'capture' or 'channel' capital into national production (through various kinds of social contract) they risk losing the benefits associated with international flows, both in terms of opportunities for more profitable returns for 'national' capital abroad, and in terms of access to more efficiently produced goods from other countries. In the end, the inefficiencies and costs of such a strategy defeat its purposes, as the Mitterand government discovered in the early 1980s, the Scandinavian countries recognized in the mid-1980s and the whole Soviet bloc acknowledged in 1989. Furthermore, the attempt to compensate immobile factors by taxing mobile gainers from the globalization process is self-defeating, because the latter simply move their resources abroad, or organize political resistance that is likely to be decisive in a democratic system, especially if the economy is not prospering.

Some authors question whether globalization has really progressed as far as this analysis suggests, and whether it really constrains national policies so radically. For instance, Hirst and Thompson¹⁶ devote a whole book to questioning many of the claims of those who see the rise of international corporations and the growth of trade as the outstanding characteristic of the current period. At best, there has been uneven development among the First World countries in their involvement in these processes, and the success of the South East Asian 'tiger' economies may lie as much in their subtle resistance to import penetration as in their capture of a growing share of global export markets. Indeed, this 'success' is itself called into question by recent recessions in that region, and especially the collapse of the South Korean economy. All the

phenomena of the globalization hypothesis – the movement of the terms of trade towards the newly industrializing countries, the mobility of skilled labour and the decline in wage rates to international low levels – have been sceptically analysed by writers on the left including Gordon¹⁷ and Ruigrok and Van Tulder,¹⁸ leading to doubts about the extent to which they really constrain government social policy.

It is a very important question whether there are real limits for social policy and redistributive justice, and whether national economies can still be understood in terms of traditional international trade theory, or whether some new analysis and different assumptions are required (see pp. 211–12). Unfortunately the evidence is still inconclusive, and the question still contested, although (as in the case of global warming) there is increasing consensus around a paradigm change. What counts for current politics is the growing belief that such constraints exist, and the fear that programmes to combat poverty and unemployment through higher public expenditures will trigger speculation against the national currency, or disinvestment by foreign firms. In this context, the idea of a global market is probably even more powerful than global economic forces themselves; governments believe that they are competing for prizes in budgetary rectitude before a panel of international financial institutions, and this affects their actions. In Europe, all these constraints have been strongly reinforced by the requirement to limit government borrowing in the period leading up to European Monetary Union.

On this account, the period after the Second World War provided exceptionally favourable conditions for the establishment of welfare states. Because of economic protectionism in the prewar period, and the blockades and disruptions of the war itself, the volume of world trade was extremely low, in comparison with the period before the First World War. Exchange controls and other barriers to capital mobility, along with the division of the world into mutually hostile power blocks, further inhibited the development of the global market. In this environment, nation states were able to establish institutions for sharing the benefits of rapid postwar growth between organized capital and organized labour, under settlements which gave all citizens new forms of social protection. Because each First World country's economy was dominated by a number of large national firms, and each enjoyed a protected domestic market and a regional or wider segment of the markets in the developing world, these settlements could guarantee to both the 'social partners' considerable returns to the restraint of competition between them, and thus avoid the suboptimal stalemates of the interwar years.

From a global perspective, the institutions of First World welfare states can be viewed as barriers to the optimal allocation of resources worldwide. For instance, Olson¹⁹ saw all such arrangements as 'distributional coalitions' between the collective actors (large industrial

cartels, trade unions, government bureaucracies) for capturing the 'rents' associated with a form of protectionism. In a free market, capital should flow to those productive sites where it can be most efficiently combined with labour power to produce goods and services at the lowest possible costs. This usually implies that it will move towards less developed regions of the national and the global economies, and hence improve the productivity and wages of hitherto unorganized workers, whose full potential is yet to be realized. But agreements such as those between the 'peak organizations' of capital and labour in the First World countries tied capital to national economies, through complex corporate institutions, including interdependencies between banks and large industrial firms – an institutional system most developed in Germany and Japan, which contributed to their exceptional success at this time.

In this way, capitalists and workers were paid more, in profits and wages, than the competitive return on capital and labour should have warranted. The 'rent' (i.e. the difference between the returns that would have been available in free markets, and the ones generated by these agreements) that they thus enjoyed, by restraining competition and restricting output, was at the expense of producers and consumers in the developing economies, who were forced to take their prices for manufactured goods, and depended on them for purchase of raw materials. Welfare recipients in First World countries benefited indirectly from these 'distortions' in productive allocations, just as poor people in the developing countries suffered from them.

On this analysis, welfare states (including health and social services in kind) were reliant on particular conditions and institutional restraints which have progressively eroded or disintegrated since the late 1960s, initially because full employment policies upset the balance of power between capital and labour, and allowed wage earners to claim a disproportionate share of the fruits of this arrangement, and profits to fall too low.²⁰ As world trade grew, and barriers to capital transfers were dismantled, international corporations developed new institutions for escaping the restraints of these agreements. As a result, there emerged a new international division of labour, with manufacturing production resited in newly industrializing countries in Southern Europe, the Middle East, Latin America and especially South East Asia. Above all, the evidence of much faster growth in these economies, and the rapid expansion of their manufacturing sectors, contrasted with the relative stagnation of the US and European economies in the 1970s, and the decline in industrial employment – most spectacularly in the United Kingdom and Belgium, where it fell from over 40 to under 30 per cent of all employment in that decade.²¹

The 1980s can be seen as a period when some First World countries struggled fairly successfully to preserve the institutional structures of welfare states, while others voluntarily embarked on radical reforms to

open up their economies to global market forces. In the former group, Germany, Sweden and Austria were all held out as examples of successful corporatist systems,²² with very low rates of unemployment and satisfactory growth. In the latter, the United Kingdom, the USA and New Zealand were taken as instances of market-minded radicalism, with high unemployment and polarization leading to social division and political conflict.

Yet the situation in the 1990s can be recognized as far more fluid than this. What Esping-Andersen²³ described as the 'three worlds of welfare capitalism' (distinguishing between the social democratic regimes of Scandinavia, the Christian Democratic regimes of Continental Europe, and the liberal regimes of the Anglo-Saxon countries) can now be seen as 'strategies', none of which can claim consistent success.²⁴ The Scandinavian countries – and especially Sweden – have suffered a decline in their relative prosperity, and a rapid growth in unemployment and social assistance claims (especially in Finland). The Continental European countries now suffer from high and persistent unemployment, and rising contribution rates for social benefits and services. The Anglo-Saxon countries have the highest rates of poverty and inequality, and insecurity of employment, along with evidence of social conflict (such as rising expenditure on criminal enforcement). Furthermore, even the success of the 'tiger' economies of South East Asia, with their rapid growth of incomes and their dramatic expansion of manufacturing and share in world trade, is now called into question. In 1997 the collapse of the Thai and South Korean economies, and of sections of the financial sector in Japan, indicated that much of this success was founded on the availability of artificially cheap capital, rather than some novel and enduring solution to the problems of sustainable economic development and social stability.

Social justice, poverty and exclusion

In the postwar period, welfare states seemed to have settled fundamental issues of social justice between citizens of First World polities through institutions linking labour-market participation by working-age men to various forms of social protection. These institutions varied considerably in extent to which they actually redistributed incomes between groups, or produced equality of outcome. Indeed, one whole cluster of welfare regimes, the Christian Democratic states of Continental Europe, used social insurance systems to maintain differentials of income between a hierarchy of social status groups during their retirements; these welfare states structured and integrated interdependent but unequal income groups, redistributing across the life cycle of

each rather than between them. In liberal, Anglo-Saxon countries, low rates of social insurance benefits meant that public assistance continued to play an important role in social policy, and that poor people were therefore an identifiable segment of society, qualifying by means tests for limited transfers, financed out of general taxation.

During the 1970s, a number of critical voices were raised against the version of social justice institutionalized in these settlements. First, feminists pointed out that they reinforced patriarchal domestic relations, by linking benefits (and – in the case of Continental European regimes – health care insurance) to men's employment.²⁵ Along with income taxation systems, they therefore structured welfare provision according to a 'breadwinner model'²⁶ of contributions and eligibility, with women formally classified as dependants. Indeed, this can be seen as an essential characteristic of the restrained competition that characterized postwar social citizenship. Women who had been active as workers during wartime mobilization, were henceforth to be confined to the household economy, and hence to become labour-market outsiders, competing only with each other, and with some other excluded groups, for subordinate, lower-paid, less skilled and specially segmented jobs.²⁷

As women participated more in public economic life, campaigns for equal opportunity (especially in the USA and the UK) spilled over into action for equal treatment in the welfare state.²⁸ Only in Scandinavia – and especially Sweden – did women achieve something close to this status, and then by a double-edged development. The rapid expansion of services for child care, family, youth and community support in the 1970s provided relatively well-paid public sector employment for women, but tended to confine them in this sector – as specialist welfare state workers, involved in social reproduction, rather than the primary processes of the productive economy.

The other criticism of these settlements was their protection of First World nationals against the claims of immigrants and would-be immigrants from the developing world. As we have already seen (pp. 9–10), welfare states could be analysed as systems for distributing the 'rents' for restrained competition between collective actors in these countries, gained at the expense of Third World citizens, who would have benefited from unregulated global markets to these extents. But even more, they represented barriers to inward migration to these countries, and justified immigration controls and limits. Social citizenship was a status that privileged white Europeans, and justified discrimination against black and Asian immigrants, even when post-colonial changes promised them access to European states.²⁹ Neo-fascist and other racist groups used defence of 'their' benefits and services as justifications for violence against foreigners and non-white residents.

Yet welfare states created niches for immigrant workers, because their protections (minimum wages and conditions, unemployment benefits) made citizens into rather expensive employees, and gave them

scope for refusing exploitative contracts.³⁰ Hence a perpetual tension was created between social citizens and these outsiders, with battles for access to full membership, to labour markets and to easier entry built into the politics of all First World countries – albeit in very different forms.³¹

In the 1990s, it has become clear that these criticisms point towards a more fundamental problem about social justice and welfare states. The idea of citizenship as full membership of a political community implies a closed, exclusive system of cooperation, in which members contribute to the common good and refrain from mutually harmful conflict. The ideal polity of the republican tradition – that of Aristotle, Rousseau and de Tocqueville³² – is made up of active citizens, sharing a commitment to a high quality of life, within institutions that bind them to common interests and purposes. In this tradition, issues of justice arise between members only in a context of shared resources, mutual benefits and agreed goals. The exclusivity of such an association is closely linked with the principles of contribution and collective responsibility; those who offer public service (e.g., standing for political office, or serving in the defence forces) qualify to make decisions about the distribution of resources and the duties of membership.

Liberalism recognized that – in the mass industrialized societies of the nineteenth century – aristocratic (or even democratic) versions of republicanism needed to be adapted to make room for more anonymous contributions, indirect participation and plural political cultures. The idea of *rights*³³ implied that polities were not like voluntary associations; citizens did not choose to join them, but were born into them, and could not easily move from one to another. Hence each individual needed a protected space for his or her own projects and commitments, and associations themselves needed freedom to grow and flourish. Above all, the state should not be allowed to coerce citizens, either individually or collectively, in the public interest. So the characteristic duties of membership – paying taxes, voting at elections, giving military service in times of war – did not much interfere in citizens' conduct of their lives, and left them free for economic activities and the plural cultural life of civil society.

But social rights stretched the tenuous connections between the responsibilities of membership and the freedoms of the individual still further. The contributory principle of social insurance, common to the Bismarckian systems of the European Continent and the Beveridgian ones of the United Kingdom, seemed to provide a rationale consistent with the liberal tradition. But it did so only for fully employed males; hence the critique that women were not included as proper social citizens. On the other hand, to expand non-contributory benefits of various kinds (for instance, disability and carers' benefits, and social assistance for lone parents) was to break the link between contributions and redistributive measures, and to weaken the moral bonds of membership. And

assistance for the long-term unemployed (a category supposedly abolished by Keynesian economic management) provoked still further questions about the limits of redistribution and the obligations of its beneficiaries.

Much of the appeal of communitarianism³⁴ in the new politics of welfare lies in its assertion of the need to re-establish the connections between individual choice and collective responsibility. It recalls the model of the small association, based on reciprocal exchanges of voluntary labour, and the contribution of small membership dues; it revives memories of the rural village and the close-knit working-class community, as well as the more grandiose visions of past ages of political virtue.³⁵ It is especially in relation to issues of poverty, family breakup, disorder and criminality that the appeal to past standards of public-spirited cooperation, and to participation (compulsory if necessary) in the common good, have the strongest resonances.

Yet this nostalgia fits badly with the other feature of public life promoted by liberalism – the development of free markets on a global scale, resulting in the enormous expansion of exchanges of all kinds across borders.³⁶ As Marx foresaw, and Polanyi³⁷ demonstrated, unregulated capitalism destroys communities and their social institutions, leaving individuals isolated and dependent on its processes. The history of the world since the sixteenth century is of the relentless penetration of capitalist production and market exchange into previously traditional, tribal or peasant communities, where economic relations were embedded in customs of inclusion, sharing and mutual protection. Just as the global forces of commercialization have created almost limitless opportunities for prosperity and economic growth, so they have also created the apparent inevitability of mass poverty and starvation, and the phenomenon of marginal groups living in squalor on the outskirts of the megapoles of the Third World.

As was shown in the previous section, there are strong arguments for free markets as the best long-term route to creating prosperous societies in the poorest regions of the world. But these arguments can be extended to include the abolition of barriers to free exchange of *all* kinds, including border controls and passports.³⁸ A consistent case for globalized economic development might point to the free movement of people as well as money, goods, services, information and culture across borders. If global economic welfare demands that investment should be allowed to flow to the developing world from the developed, and that bargain-hunters should be able to make deals anywhere about anything, this must include the mobility of labour as well as capital. The issue of self-selecting groups for supplying and consuming welfare goods is analysed in Chapter 4; that of migration, and its relation to collective goods, in Chapter 6.

Thus we can see that notions of justice that focus on the terms of membership of an exclusive association (where membership is limited

to those who contribute and share collective responsibility) and those that focus on the potential of the invisible hand to steer individuals towards the fullest realization of their preferences and projects may pull in opposite directions. Liberal conceptions of justice try to straddle the divide between these rival conceptions; they insist that communitarian and republican visions of high political participation, strong mutual ties, shared resources and tough accountability³⁹ are softened by personal and property rights, and the civic freedoms of the classical bourgeois polity. But the atomism and stateless energy of global capitalism must somehow be anchored in associations and activities for the common good; and the potentially infinite plurality of interest groups, cultural bodies, religious movements, recreational tastes and crazy fanaticism welded together into a democratic process of collective decision-making. Universally triumphant in 1989, liberalism now finds itself universally besieged, trying to suppress conflicts and reconcile differences without stifling the creative destruction that is the essential feature of the global capitalist order.⁴⁰

Social justice in political thought

The tensions between the two strands of modern political liberalism – free-market economic individualism on the one side, and democratic collective responsibility on the other – have recently entered the theoretical analysis of social justice. On the one hand, neo-conservative versions of the social obligations of citizenship⁴¹ have influenced the discussion of what has emerged as an important topic for social theory.⁴² The attempt to define the rights and responsibilities of citizens has pushed liberalism away from the notion of unconditional entitlements and guarantees for human flourishing, and towards limitations and duties, especially for those receiving public services.⁴³ On the other, in political thought the communitarian turn of the 1980s⁴⁴ has shifted attention towards the virtues of active democratic citizenship, and the qualities of a sustainable culture of collective responsibility.⁴⁵

But it is one thing to prescribe participation in the common good through inclusive democratic practices, and quite another to develop a policy programme for the reintegration of the poor,⁴⁶ the regeneration of a community spirit⁴⁷ or the reinvention of civil society.⁴⁸ These are the issues which have confronted the Clinton administration in the USA (for instance, in trying to instigate a national health insurance system, or reform the administration of social assistance) and which currently preoccupy the new Labour government in Britain. Less directly, they underly the dilemmas of the French and German governments, faced with massive burdens of public spending, rising contribution rates for