

**JRF programme paper:
Globalisation**

The links between global governance, UK poverty and welfare policy

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October 2010

This paper:

- examines the relationship between globalisation and inequality in the UK and other OECD states;
- outlines where further research in global governance and the alleviation of poverty is needed; and
- discusses how global institutions can work towards poverty alleviation in the UK.

The Joseph Rowntree Foundation (JRF) commissioned this paper as part of its programme on Globalisation, which explores and promotes awareness of the impacts of globalisation on the UK and focuses on communities and people in poverty.

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This paper was commissioned by Joseph Rowntree Foundation as part of its programme on Globalisation, which explores the impacts of globalisation on the UK, particularly on communities and people in poverty

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Executive summary

The UK is amongst the most globalised of the Organisation for Economic Co-operation and Development (OECD) economies. Its particular pattern of integration into the world economy, emphasising financial services, migration and globalised production, has significant (direct and indirect) social consequences in terms of domestic poverty, inequality and social exclusion. Whilst economic globalisation has contributed to national economic growth, its benefits and opportunities have not been distributed equally. Moreover the requirements of operating in a competitive global economy have influenced the development of domestic welfare and social policy regimes as well as fiscal regimes. (Note: to avoid too much complexity the notion of welfare regime here includes modes of welfare, social and labour market policy/intervention.) Whilst globalisation has not resulted in the 'end of the welfare state', as some believed or hoped, it has reinforced the shift in the UK towards the 'competitive welfare state' in which social investment is given greater weight than social protection. Furthermore, in advocating market-led globalisation, many of the key institutions of global economic governance – from the World Trade Organisation (WTO) to the International Monetary Fund (IMF) – have promoted a liberalised and deregulated global economic order which has contributed to the heightened vulnerability of some of the least well-off sections of UK society. At the same time other global institutions, such as the International Labour Organization (ILO) and UNICEF, advocate policies of social protection from labour rights to child poverty alleviation.

Global governance, as with national government, embodies significant tensions between its market-promoting and social-protection functions except that its resources and capacities to advance the latter, especially amongst OECD states, are somewhat negligible. Accordingly, it could be argued that, in relation to poverty alleviation in the UK, global governance is part of the problem more than a potential solution. On the other hand, without substantive international coordination and cooperation effective domestic responses to many of the most pressing domestic social policy matters, from poverty alleviation to people trafficking, can have little credibility under conditions of continued globalisation. Social policy is no longer, if it ever was, simply a domestic matter but an intermestic (intermeshed international and domestic) affair. The 'Great Crash of 2008' illustrated this quite dramatically: in a highly interconnected world the prospects for the most disadvantaged in UK society were intimately tied to the deliberations and actions of the G20 in responding collectively to a systemic financial crisis. Yet, despite the current public visibility of global governance, there is a curious absence of any systematic mapping or investigation of its complex interactions and impacts upon advanced states in general but more specifically UK social policy or poverty alleviation policies and programmes. If this curious 'knowledge gap' is to be redressed considerable further research will be required. This paper gives particular emphasis to an institutional perspective on the connections between global governance and UK national (as opposed to local) welfare policy, given that the paper by Scholte (*Programme paper: 'The impact of*

global governance on poverty in the UK', Jan Aart Scholte, September 2010, Ref: 2557) emphasises a more societal (and local) perspective.

Introduction

Since the end of the Cold War, the rhetoric of global governance (simply the system of multilateral rule-making amongst governments, international organisations, non-governmental organisations and global policy networks including corporate and private agencies) has assumed greater salience in world affairs. The promise of global governance, however, continues to exceed its capacity to deliver effective outcomes: this is perhaps especially so in relation to issues of global poverty and inequality. Much has been written on the limited progress towards the realisation of the Millennium Development Goals (MDG). Given the scale and human urgency of the global development challenge, quite clearly this is a morally justified academic bias. Moreover, poverty and inequality North and South are inextricably linked through processes of economic globalisation which redistribute income, life chances and risks. Somewhat less well understood, and generally far more under-explored, is the impact of global institutions and policies on poverty and ‘multiple complex inequalities’¹ in developed OECD countries. The purpose of this scoping essay is to redress this ‘knowledge gap’ by reflecting upon the ‘state of the art’ in relation to the activities of global governance and its implications for redressing the challenges of poverty and complex inequality in the UK. Given this ‘gap’ the approach is necessarily somewhat conjectural, reflexive and prescriptive, reflecting the ‘poverty’ of work on this topic. Indeed, this knowledge gap is an interesting comment on much contemporary scholarship in this field which tends to presume OECD states are principally the ‘agents’ rather than ‘subjects’ of global governance. In this regard the JRF programme on Globalisation and UK poverty constitutes a novel and potentially rich research programme.

This paper is structured around a discussion of several themes: an overview of key terms, debates and issues in the field; a summary of the evidence concerning the impact of globalisation on UK poverty and inequality; the role and significance of global institutions and policies in redressing such inequality; the gaps in what we know about global governance and poverty alleviation in OECD states; the constraints upon and limits to effective domestic and global social policy; and the possibilities for more responsive and effective global poverty alleviation regimes.

Global governance: two words in search of a purpose?

Since the UN's creation in 1945, a vast nexus of global or regional institutions and regimes has evolved with the principal purpose of managing key aspects of world affairs, from international finance to the spread of weapons of mass destruction (WMD). Although this nexus far from constitutes a world government – in the sense of a coordinated, hierarchical system of sovereign rule – it involves much more than simply episodic international co-operation between governments. Many factors have contributed to the expansion of what is now a 'global governance complex'. These include the extensive intermeshing of domestic and global affairs, the emergence of new economic powers and regional power centres and the rise of corporate actors, the communications revolution, the growth of global civil society actors, and the spread of democratic forms of government. With the end of the Cold War too, geopolitical management of global affairs became less plausible and legitimate. There has been a movement from the classic inter-state multilateralism of the post-war order to the highly 'complex multilateralism' of the present day – towards a historically unique system of global governance involving a range of actors, both state and non-state, both public and private. Over the last two decades there has been a dramatic expansion of this global governance complex both in terms of scale (600 multilateral organisations, 7,000 informal clubs and summits, 50,000 non-governmental organisations (NGOs) and also jurisdiction and activities (from peacekeeping to child poverty, to setting communications standards).

At the core of this global governance complex is the UN system with its specialised agencies – such as the International Monetary Fund, the World Health Organization (WHO), and UNICEF – and programmes (e.g. United Nations Development Programme). Yet there is much more to this supra-state complex than these formal UN institutions. Over the last five decades there has been an explosive growth of supra-state regimes and global policy networks that function to promote or regulate many key aspects of transnational and global activity or concern. Examples range from the Financial Action Task Force (which seeks to detect and prevent global money laundering) to the Ozone depletion regime (which acts to limit damage to the ozone layer). As globalisation has intensified so there has been a corresponding growth of formal and informal supra-state regimes to manage its consequences or to promote it further at both the regional (European Union (EU)) and global levels. Accordingly, to talk of global governance complex is to recognise that the collective management of global affairs extends well beyond the formal activities of the UN system and embraces many agencies (other than simply governments or their diplomatic representatives) and levels of political decision-making (global, regional, transnational, local, and translocal).

This global governance complex has a distinctive political architecture. It is best described as multi-layered in that it involves a horizontal (rather than hierarchical) process of political coordination and cooperation between supra-

state, regional, national, transnational, private and sub-state public agencies. Uniquely the ILO, for instance, brings together representatives of government, employers and unions in legislating common global labour standards or gender employment policies. In addition to being multi-layered, global governance is increasingly a multi-actor complex in which the boundaries between the public and private arenas are no longer clear-cut e.g. there has been the emergence of global policy networks and partnerships amongst governments, NGOs, and the corporate sector in fields from development to education. Finally, it has a variable impact in so far as its significance and regulatory power varies considerably around the globe and from issue-area to issue-area. Since the key global economic regimes are largely Western dominated (in respect of powerful governments, corporate and private interests including NGOs) global policy agendas and decision-making tend to mirror these interests and concerns. Such Western power, however, is diminishing with the rise of new powers, such as the BRICs countries (Brazil, Russia, India and China) and global civil society actors. Increasingly there is a struggle over global policy agendas and decision-making – as evident at the G20 Summits, the collapse of the WTO Doha round, and the Copenhagen Summit – as rising powers exert their influence. For some these developments prefigure the demise of stable global governance, much as the Concert of Europe collapsed under the pressure of nineteenth-century power shifts, but for others they suggest a transition to a more representative and more progressive form of global governance. This could have a significant impact on the future priority attached to global social policy given the serious domestic social issues these rising powers confront.

To understand global governance today therefore requires more than simply a study of specific global institutions. It demands a wider recognition of what is effectively a rapidly evolving global governance complex: of (formal and informal) international policy co-ordination – across multiple levels from the local to the global – amongst public authorities and private agencies across every sector from communications to social policy.

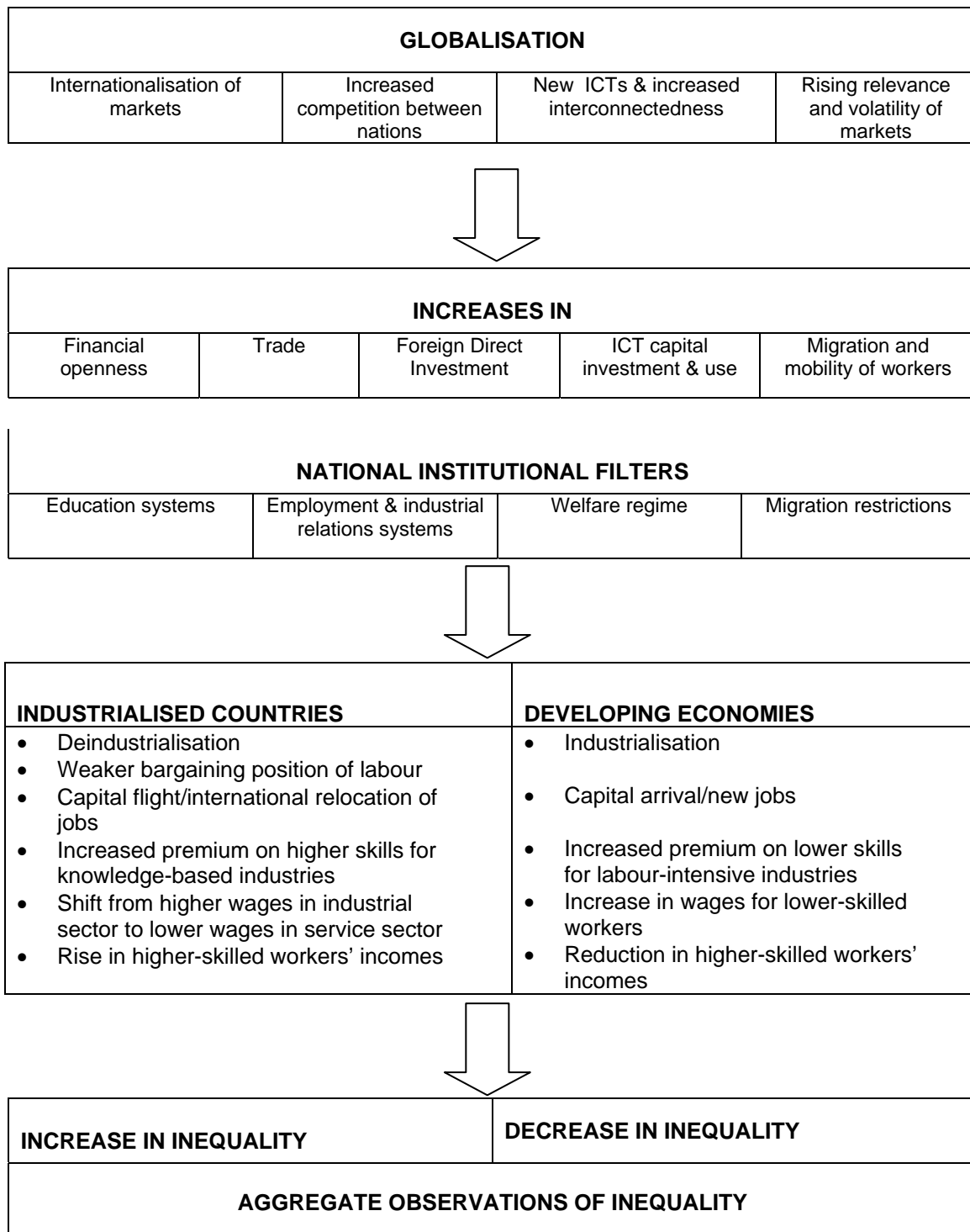
Economic globalisation: making poverty history now?

In a globalised economy the sources of, and effective responses to, complex inequalities are increasingly no longer solely domestic. Regulating migration (legal and illegal), for instance, requires both domestic and international responses. Seeking to understand the connection between economic globalisation and patterns of domestic inequality is therefore important to identifying appropriate policy responses and appropriate levels of response from the national through regional to global.

Despite extensive research into the relationship between globalisation and patterns of world poverty/inequality the analysis of advanced OECD states remains somewhat underdeveloped. The mechanisms by which globalisation impacts upon income inequality are conceptually fairly easy to discern (see Figure 1).

Figure 1 Globalisation and income inequality mechanisms and impacts

Source: Mills, M (2009) 'Globalization and Inequality' from *European Sociological Review*, vol. 25, issue 1, pp. 1–8, February 2009, Oxford Journals.



By contrast, empirically estimating and disentangling the causal significance of globalisation in relation to other factors, such as technological change, is much more difficult. Consequently whilst there is broad agreement that wage and income inequality within the developed OECD world has increased during the most recent phase of globalisation, the evidence presents a far more complex picture.

Dollar and Kray observe that 'Growth spurred by open trade...benefits the poor as much as it does the typical household' (Dollar and Kray, 2002). In the same study they even go so far as to suggest '... the lack of any evidence of a significant negative impact of openness to international trade on the incomes of the poor' (Dollar and Kray, 2002). Contrary to such economic orthodoxy that, in contributing to national economic growth and employment creation, globalisation 'spreads the wealth', the evidence is much more mixed. In what has been referred to as the 'Great U-turn', income inequality within most OECD economies, by comparison with much of the post-war period, has increased over the last two decades although the scale and the reasons for this are disputed. In the UK the pattern of income inequality increased considerably between the 1970s and the noughties whilst for several of the smaller but highly globalised European states income inequality decreased. Furthermore some of the larger OECD economies with generous welfare regimes also witnessed increases in income inequality.

In effect there appears to be no consistent relationship between globalisation and income inequality such that some argue that technological change and labour market institutions and policies are much more significant factors. Yet it is also clear that for 16 of the 19 OECD economies there is a 'skill premium' which contributes to a consistently widening gap between the highest and lowest paid associated with levels of economic openness. Accordingly whilst globalisation may not be the primary or sole factor in determining income and wage inequalities, it is undoubtedly a serious contributory factor. Its consequences for unemployment, child poverty, gender pay gaps and other aspects of well-being from health to educational inequalities and social cohesion are even less well understood (given such linkages are essentially indirect rather than direct). There is thus a pressing need for more systematic research into the relative significance of economic globalisation in shaping patterns of poverty and deprivation in the UK and by implication the possibilities for effective social policy responses.

In respect of the latter there is considerable evidence that globalisation has not led, as some such as Mishra argue, to a race to the bottom in welfare provision. Such arguments were rooted in the assumption that market-led globalisation would constrain social spending and lead to a race to an erosion of social protection. Yet there is much evidence to suggest that among OECD states welfare spending has increased and that some of the most open economies, the Nordic states in particular, have strengthened their comprehensive welfare regimes. Indeed, contrary to much received wisdom, there is an argument that strong welfare regimes may be a prerequisite for

globalisation to the extent to which social and labour market policies facilitate domestic adjustment to the consequences of an open economy and the dynamics of global competition. This line of analysis suggests that strong welfare protection and flexible labour markets may be more complementary than contradictory. Measures such as the Trade Adjustment Assistance Program in the US being a case in point. However, the design of such interventions may itself be constrained by WTO subsidy rules and regulations.

Rather than a convergence of welfare regimes amongst OECD states towards the Anglo-Saxon model there continues to be considerable diversity or what some have referred to as dual or co-convergence. In effect, the convergence is around growing differences between the main types of welfare regimes – liberal, conservative, and social democratic. Not surprisingly, too, in the aftermath of the ‘Great Crash’ marked tendencies towards a strengthening of welfare regimes have also been evident e.g. US healthcare reform, China’s social policy revolution, etc. This diversity suggests that, despite the constraints of operating in a competitive global economy, governments retain considerable autonomy in deciding welfare strategy and levels of welfare spending. That autonomy, however, necessarily varies depending upon – amongst other factors – national endowments, economic sustainability and fiscal positions. In the case of the UK, given large government deficits for the foreseeable future, the need to placate global bond markets and to prevent major credit agencies (such as Moody’s, Standard & Poor) from downgrading UK government debt – thus pushing up government borrowing costs – will act as a significant constraint or more likely downward pressure on public expenditure (the largest element of which is social spending).

Whilst global financial markets do not determine government priorities or spending levels they do set significant parameters within which responsible governments are obliged to operate. Depending upon fiscal positions and reliance on foreign credit the market constraints upon governments varies, as does vulnerability to the decisions of global credit rating agencies. These agencies are effectively a form of private global governance since they function to establish the credit worthiness of national and local governments as well as corporations – thereby indirectly influencing access to, and the costs of, borrowing on global financial markets. Whereas for some time Japan’s credit rating has been downgraded because it borrows mostly from its citizens, the impact on public spending, despite a huge fiscal deficit, has been negligible. By comparison for the UK, with a large fiscal deficit and significant reliance on global credit, any increases in the cost of borrowing would impose further downward pressure on public spending. Credit agencies and global bond markets too tend to have a collective view as to what kinds of public expenditure are productive. The functioning of global credit markets and the activities of international credit agencies, as private mechanisms of global governance, frame the context within which UK governments determine fiscal strategy and this in turn has implications for the generosity of the welfare regime and the priority accorded particular social policy programmes.

Although there is much interesting work on the impact of global financial markets and credit rating agencies on government fiscal autonomy, there is

certainly scope for further research into how their functioning (and malfunctioning) impacts directly and indirectly on the UK more specifically. In particular, substantive work is required on the extent to which they constrain or enable specific kinds of welfare strategies and programmes as well as welfare spending, under what conditions and by what mechanisms whether discursive, credit pricing or implied conditionality. Some studies suggest that the shift towards 'a hand up rather than a hand-out' welfare regime reflects, in part, global financial market and institutional pressures through discursive construction of 'productive public spending' and the pricing of credit. Other studies, such as Mosley's, indicate the bond markets are much more relaxed about the specifics of social spending but not the level in relation to economic fundamentals. But this is an area which, in relation to OECD states and the UK in particular, warrants further detailed study and especially so for understanding the future trajectory of the 'post crisis' (but highly indebted) UK welfare state.

The global governance complex: globalising welfare and well-being

The promotion of human welfare has been central to the activities of international governance since the creation, in the nineteenth century, of international public unions. With rapid industrialisation new kinds of cross-border problems arose from communication to public health and humanitarian crises which required international cooperative solutions. Furthermore, in the aftermath of the First World War the welfare agenda was incorporated into the work of the League of Nations and institutionalised in bodies like the International Labour Organization whose remit included improving the working conditions and well-being of labour across the industrialised world. However, it was in the creation and dramatic post-war expansion of the UN and its specialised agencies system that welfare and human security matters acquired primacy on the global agenda. Indeed many 'functionalists' such as David Mitrany argued that international governance could complement the national welfare state in providing much needed global public goods to vastly improve human welfare and human security – a 'working peace system' as he conceived it. Although Mitrany's vision never came to pass, in the period since the end of the Cold War the business of global governance has become increasingly dominated by global welfare concerns (what used to be referred to as 'low politics' but today are very much 'high politics') from managing the world economy to environmental sustainability, poverty alleviation to public health and human security. Indeed the current phase of globalisation is associated with the deepening internationalisation of welfare and social policy since protecting and improving the living standards and well-being of communities and households increasingly requires coordinated international action.

Within the 'global governance complex' effective jurisdiction over, and influence upon, welfare and social policy matters is considerably fragmented. Advanced states like the UK are enmeshed in an array of global as well as regional institutions and associated policy networks (the focus here is strictly upon the former). Amongst these are:

- the core institutions of global economic governance, the IMF, World Bank, and WTO;
- specialised agencies, commissions and programmes including UNESCO, UNDP, UNICEF, United Nations Research Institute for Social Development, WHO, International Organization for Migration (IOM), United Nations Development Fund for Women (UNIFEM), United Nations International Drug Control Programme, Commission on Sustainable Development (CSD) and the ILO;
- regional or multilateral club arrangements such the Council of Europe, EU (social chapter) and the OECD;
- not to mention a rich subterranean array of transgovernmental and trisectoral (government, business, civil society) policy networks, communities of experts, public-private partnerships and NGOs engaged in policy consultation, formulation and delivery in virtually

every domain of welfare policy from pensions to pandemics to gender inequalities and social enterprise.

However, by comparison with developing states, substantive knowledge of how this global social policy complex impacts upon and interacts (directly or indirectly) with the UK welfare regime is somewhat more opaque and more difficult to ascertain except in the case of the EU. And perhaps even less so in terms of assessing the actual policy consequences of such interaction and impacts. This is a field which requires much more comprehensive and systematic research. The first stage would be some systematic institutional mapping of the intersection of global, regional and UK national agencies involved in all different aspects of welfare and social policy domains. A second stage would involve key studies of specific sectors of social policy, from education to health and labour, exploring policy formulation and implementation focussing specifically upon the interactions between and significance of different levels of governance from local to global. A third stage would involve comparing some of these sectors to explain differential levels of global governance engagement and relationship to policy effectiveness and outcomes.

Some potential insights into these patterns of interaction can be drawn from more generic studies of the functions and roles of global governance. (The focus here will be upon the public and governmental sector.) Analysts of global governance emphasise its promotional, regulatory, coordinative, redistributive, programmatic, surveillance, and socialisation (policy learning/normative) functions.

One of the more observable impacts of global governance is in the promotion and diffusion of particular policy discourses and paradigms. The neo-liberal orthodoxy associated with the IMF, World Bank and WTO has been influential in 'normalising' and legitimising against domestic opposition, if not also promoting the more 'liberalised' approach of recent UK governments to social and welfare policy evident in, amongst other things, PFIs, the privatisation of aspects of welfare delivery, and the emphasis upon flexible labour markets. In almost complete contrast, the ILO has actively promoted a much stronger social protection agenda, in the form of minimum wages, strong public pension provision, wage-related social security, strong labour standards and more recently a 'Global Jobs Compact' (June 2009), some aspects of which have influenced the national policy agenda and policy initiatives e.g. Labour's minimum wage and Gordon Brown's European Jobs Compact (March 2010). Moreover the OECD has been influential in promoting welfare as 'social investment' in contrast to the IMF's welfare as 'safety net' ideology.

Global institutions also have regulatory functions and powers, which, in varying degrees, shape the context and content of social policy. Thus WTO trade rules define implicit and explicit limits to labour protection measures and subsidies with consequent implications for the design of labour market, industrial and social policy. The WTO's resistance to a 'social chapter', despite global campaigns for trade justice, sets constraints upon some of the 'protectionist' responses to UK poverty and inequality e.g. the TUC's

advocacy of global labour standards. Equally the ILO's labour conventions define workers' rights and establish standards for fair pay and equal pay policy whilst the Council of Europe's Social Charter and Convention on Human Rights establishes a range of legal protections for UK citizens beyond the direct control of the state. Another key function is global policy coordination to realise domestic policy objectives or more effective collective responses to shared or transnational problems. The G20 Summits of 2009 are a good illustration of this in relation to the coordination of both stimulus responses and employment measures (training, labour market reforms and Active Labour Market Policies) to combat the real threat of global depression. On a more regularised level, amongst others, the OECD seeks to coordinate tax and fiscal policies (e.g. tax avoidance and country-by-country reporting for multinational corporations), the WHO responses to pandemics and infectious diseases (e.g. bird flu and H1N1), and the IOM policies towards migrants and their social inclusion.

Beyond this coordinative function global governance also influences the redistribution of social risks and allocation of welfare resources. UNICEF campaigns to remedy Child Poverty have had an impact in the UK on the priority attached to child poverty alleviation and the resources devoted to it whilst its continuing monitoring of government policy has probably ensured the expansion of the budget to date, but whether it will protect it from more significant budget retrenchment remains to be seen. Likewise the OECD has promoted social investment in education as a route to economic growth and social mobility whilst WHO's initiatives in child health and sexual and reproductive health have contributed to the advancement of the 'every child matters' agenda and the priority attached to redressing educational and health inequalities by shaping policy agendas and the discursive construction of the 'policy problems'. A few global institutions also contribute to the delivery of particular social policy programmes within the UK although in a very limited way since virtually all social programme activity is located in the global South. However, there are some specific areas, such as the resettlement of refugees and migrant workers, in which the IOM (through its Refugee Resettlement programme) run in collaboration with the UK Border Agency and several NGOs. In the fields of health and labour policy the WHO and the ILO also contribute to a number of similar joint programmes.

By far the most significant role of global governance in relation to UK social policy is that of surveillance in its broadest sense. Whether monitoring progress towards child poverty alleviation by UNICEF, gender health inequalities by WHO, educational attainment and social mobility by the OECD, macroeconomic and fiscal performance by the IMF, unemployment and wage inequalities by the ILO, or comparative child well-being by the Child Poverty Action Group, comparative income inequality by the IFS, the performance of the UK government in terms of almost every aspect of social policy is subject to international surveillance by international organisations, NGOs and think tanks. This has quite significant implications both politically and substantively in shaping public perceptions, social policy agendas, programme delivery, and welfare policy reform.

In a media-saturated era in which league tables and global or European standards have become the norm for judging UK progress in social policy, such global surveillance has acquired greater salience and potential impact. The fact that the official ILO measure of unemployment is also published by the UK Office for National Statistics (ONS) is relevant in this regard. 'Naming and shaming' has become an important political tool particularly in the armoury of NGOs seeking to influence the direction of UK government social policy. Furthermore surveillance is intimately linked to the socialisation function of global governance in so far as all institutions reflect a 'mobilisation of bias' or particular set of norms, values and expectations. For instance the sharing of 'good practice' through OECD committees and working groups, the ILO's culture of social and labour protection, or the WTO's liberalisation mission, influence in quite indirect ways conceptions of state interests, shared definitions of social problems and appropriate solutions, as well as conformity to international standards and dominant policy discourses. In respect of the latter the extensive transgovernmental networks within the social policy field play a critical role in policy transfer as is evident from policy convergence or policy learning in many areas from child poverty to gender inequality (e.g. UK policy on academies drawing upon educational policy in the US and Scandinavian countries). The emergence of global social policy discourses, whether around rights, social protection or social investment, are significant developments shaping not just tendencies towards a convergence of welfare and social policy regimes but also the prospects for greater international cooperation in advancing citizens' welfare and well-being.

Of course it is hugely difficult to establish any objective measure of the policy impact or systemic consequences of global governance for UK welfare policy and provision. This is not least because of the interdependencies between domestic and EU/global social policy formation: they are in key respects mutually constitutive even where divergences are evident. It is rather easier to identify particular cases of significant impact or express failure in a specific social policy domain – which is pretty much the state of the current literature from case studies of health (dealing with transnational health risks) to enforcement of labour standards, the global compact or education (see e.g. Yeates, 2008). Whilst this case study method is extremely valuable there is perhaps scope for a more systemic and systematic study as noted previously. This could contribute to a rigorous comparative assessment of UK engagement in global social policy networks across different social policy sectors. It would involve mapping in each sector the intersection of global and national policy networks in respect of key actors, policy communities, policy discourses, policy formulation, programme delivery and review. Comparing sectors might enable a more comprehensive assessment of the significance and impact of global governance on UK welfare policy and provision, as well as some indication of what kinds of policy innovation might deliver improved performance in respect of poverty alleviation and social exclusion. Furthermore, drawing upon further comparative sectoral analysis in relation to other European and advanced welfare states would enable a more fine-grained study which could contribute to further understanding of the opportunities and limits to the reconfiguration of UK welfare and labour market regimes in the context of globalisation and global governance.

There are, however, some broad conclusions concerning global governance and UK social policy which can be drawn from the existing literature. Five in particular bear scrutiny:

Limits

Whilst there is no doubt that the activities (expenditures) of global governance, as with national governments, are dominated by its welfare responsibilities these are primarily focused upon the developing South rather than the affluent North. This justified institutional 'bias' is reflected not simply in policy agendas and programmes but also in levels of resourcing and expenditure. In this respect the scale of global welfare resources and governance effort is relatively insignificant in relation to the available resources and infrastructures amongst advanced OECD states like the UK. Indeed, UK welfare spending far outstrips that of the UN system in its entirety. Whilst global cooperation is important to improving the position of the most disadvantaged in UK society there are limits to what it can reasonably be expected to deliver in relation to the available resources and priorities.

Coherence

The structural predicament of global governance, as with the UK state, is defined by its role in mediating the sometimes contradictory imperatives of globalised capitalism and human welfare. This predicament contributes to problems of economic and welfare policy coherence visibly articulated, for instance, in the divergent policies of the WTO (liberalisation) and the ILO (social protection). In part this incoherence is also a reflection of the bureaucratic fragmentation and functional disaggregation of UK government and advanced states more generally. However, the difficulties of national policy coherence, especially in relation to social policy, are multiplied and magnified by the activities of global governance which often reinforce tendencies towards fragmentation rather than 'joined up' government.

Convergence

There is limited evidence to suggest neither that globalisation nor global governance is contributing to a crisis of the welfare state nor that there is a convergence of welfare regimes around the liberal model. On the contrary, global governance reflects the diversity of welfare regimes and solutions to welfare problems and does not promote a particular model. In this respect it is a hugely valuable resource in providing fora within which best practice and policy learning from divergent welfare traditions and practices can be evaluated, integrated and combined. This mediating role can contribute to policy innovation and more effective responses to the problems of poverty and social exclusion in the UK.

Constraint

Whilst the dominant image of global governance is one of constraining or limiting state autonomy in the conduct of domestic policy, the evidence suggests that this is exaggerated, especially in the context of welfare policy. The fact that Nordic governments, operating under similar global conditions to the UK, can pursue relatively robust egalitarian and inclusive social policies indicates that the barriers to successful strategic state action are not prohibitive. Moreover there is much evidence to suggest that international cooperation may be a critical factor in enabling, rather than constraining, such strategic action: for instance, the G20 coordinated stimulus packages have been a significant success in preventing a serious global economic depression and enabling effective national responses to the crisis including temporary nationalisations, employment protection measures and emergency subsidies without a reversion to trade protectionism or the breakdown of the open world economic order. Whilst the historic nature of the financial crisis made such coordination necessary it was the infrastructure of global governance which made such coordination possible, if not imaginable, and contributed to its success.

Complexity

The key structural sources of poverty, inequality and social exclusion in the UK do not have their origins solely within the locales in which they are experienced. Outsourcing of production from the UK alters the employment and wages prospects of local communities whilst pay inequalities in the UK are linked to the export trade and the globalisation of labour markets. Whilst the delivery of welfare and social policy is a predominantly local affair, effective responses to the more intractable sources of poverty and social exclusion require coordinated multi-agency local, national and transnational policy initiatives. Dealing with the social consequences of drug addiction is not simply a policing or medical matter but also requires interventions from the very personal to the local and global levels. Globalisation has in many respects manifested itself in the greater complexity of social policy problems and accordingly the requirement for more complex governance responses.

Reforming global governance and enhancing the UK welfare regime

As the 'Great Crash of 2008' illustrates, global governance has a critical role in stabilising the global economic order on which the future prospects of the UK welfare regime partly depend. However, enhancing the UK welfare regime and the relative position of the most disadvantaged, it is often argued, will depend primarily upon reform of global governance to promote greater regulation of global markets and a global redistribution of risks and rewards. Some have called for a new global compact which, like the original Bretton Woods order, seeks to combine enhanced social protection with open but regulated global markets – a global social market economy or a form of embedded liberalism. As the social fallout from the great crash continues to take its toll there are growing demands for reform not only from the G20 governments but also global civil society. In recent months the ILO has advanced a Global Jobs Compactⁱⁱ whilst the IMF and European governments have advocated a new tax on global financial transactions. Moreover, campaigns for global justice and fairer globalisation continue to flourish especially through the activities of global civil society both North and South. However, the prospects for dramatic as opposed to incremental reform of global governance are perhaps limited in part because the shifting global power structure has robbed the system of effective leadership. Accordingly for the foreseeable future the more pressing question is how, within the context of existing global governance arrangements, might further progress be made in reducing poverty and inequality in the UK especially in a period of fiscal austerity?

In this regard it is relevant to return to some of the initial discussion concerning the global context of welfare policy and provision amongst OECD states. What is evident is that, despite the structural pressures of globalisation and global governance, the diversity of welfare regimes and programmes within the OECD remains considerable as does their differential effectiveness in alleviating poverty, inequality and social exclusion. Some of the most globalised economies combined with the most internationalised state machines also have strong welfare regimes and are amongst the most equitable societies. How and why this is possible are really important questions that demand much more systematic and comparative research. In particular more needs to be understood about the actual mechanisms through which globalisation and global governance produce and reproduce poverty and inequality in the UK rather than simply accepting this as orthodoxy. Furthermore, the extent to which globalisation and global governance may be necessary conditions for, or constraints upon, effective state and societal responses to poverty and inequality demands further exploration. In this regard UK policy-makers and social policy entrepreneurs have tended to look towards the Scandinavian welfare models which seek to combine the maintenance of an open economy with the advancement of social justice and fairness not just at home but also abroad through the institutions of global governance. However, the sustainability and transferability of these models to much larger and more diverse societies is open to question. Looking beyond

Europe the experiences of Australia, Canada, East Asia and some of the emerging economies may warrant further examination in this regard not to mention sub-state or local welfare regimes in a number of these states. Without lapsing into voluntarism global governance, at least to some degree within the domain of welfare and social policy, is what governments and their societies wish to make of it.

Endnotes

ⁱ This term is borrowed from Walby (2009) to capture the multidimensional nature of inequality and social exclusion. She conceptualises multiple complex inequalities as combining both inequality and exclusion across related domains of income, health, education, gender, violence, etc. This approach emphasises that class or income is only one dimension of inequality related in complex ways to educational, health, gender and other inequalities. The significance of this approach is that it avoids economic determinism in looking at the causes of inequality and responses to it. Moreover it also focuses attention on regimes of inequality in which the systemic connections between these dimensions become important in considering appropriate policy responses.

ⁱⁱ The Global Jobs Pact was agreed at the special June 2009 ILO Global Jobs Summit following on from the London Jobs Summit in March 2009. The Global Jobs Pact was a focal point of the G20 Pittsburgh communiqué which delegated Employment and Labour Ministers from G20 countries to advance its agenda. They met in late April 2010 to assess progress on the implementation of the pact amongst other things. The Global Jobs Pact is also connected to the European Jobs Compact launched in March 2010.

Further research

This paper has suggested an agenda for further research into the connections between globalisation, global governance and the production and reduction of poverty and inequality in the UK including:

- Econometric studies of the relationship between economic globalisation (decomposed into trade, finance, Foreign Direct Investment and migration) and patterns of UK income and wage inequality;
- Econometric studies of the relationship between economic openness and patterns of inequality, welfare spending, unemployment and poverty amongst major OECD states but also exploring the impact of welfare regime type, production regimes, and labour market regimes;
- A systematic institutional mapping of the intersection of global, regional, UK national and local agencies (state and civil society) involved in different welfare and social policy domains;
- A systematic mapping of global social policy networks in which the UK state and civil society is heavily engaged;
- Case studies of key sectors of UK social policy, from education to health and labour, exploring policy formulation and implementation focusing specifically upon the interactions between and significance of different levels of governance from local to global;
- Comparative studies of these sectors to explain differential levels of global governance engagement and relationship to policy effectiveness and outcomes;
- Comparative assessment of the resilience of different welfare and labour market regimes (both national and local) to the forces of financial and productive globalisation;
- Build upon existing empirical studies of the impact of off-shoring on UK employment and wage inequality to examine in particular whether more complex global production networks limit the scope for effective state intervention;
- Systematic examination of the constraints and opportunities imposed by WTO regulation on welfare and labour market policies;
- Normative exploration of the forms of global social policy which would contribute to UK poverty alleviation, their political feasibility, and global distributive impacts; and
- How shifts in global economic power and the centre of gravity of global governance will constrain or enable the future development of the UK welfare state and poverty reduction strategies.

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