

## CHAPTER 5

# Social protection

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*The term 'social protection' has been widely used around the world and is often treated as synonymous with 'social security', which is misleading. This chapter considers the numerous terms that have become part of the language of social protection, indicating that the image conveyed by the term is rather different from what is meant by it.*

### Introduction

In their first year at university, all students should have a mandatory course in linguistic manipulation. There is nothing new about the use and misuse of words, images, similes, and metaphors in shaping the way we think, act, formulate hypotheses, and assess evidence. But the intensity with which modern communications bombard our senses has reached such a pitch that we need to develop skills of resistance.

The notion of 'social protection' is peculiarly susceptible to the seductiveness of buzzwords and euphemisms. Elsewhere, I have argued that the linguistic distortion of debates on the direction of certain policies constitutes one of the eight 'crises' of social protection (Standing 2002a, 2002b). This chapter now reviews the main terms that have been used by analysts, politicians, their well-paid advisers, 'think tanks', and commentators. The underlying theme is that the mainstream terminology has evolved as part of a strategy to adapt systems of social protection to the perceived pressures of globalisation and the process of labour re-commodification. One could make a case for arguing that those using the key buzzwords have been contributing to a particular orientation, which *inter alia* envisages a shrinking role for the state, moving away from provision of a comprehensive relatively universalistic system of social support and from a wide range of enterprise benefits unrelated to the performance of labour.

Before we start: an incidental observation. We should be serious. This means we should be prepared to treat the perpetrators of buzzwords with more wit. We should require social scientists to define those colourful phrases and to justify their use. More mockery would not go amiss.

Several other contextual points are worth bearing in mind. It is surely true that ordinary language is idealised, giving the impression that words and phrases mean the same thing to all of us. In an age dominated by *techne* and

information technology, it is easy to overestimate the extent of consistency and comprehensibility of ordinary communication. This was a point made by Jürgen Habermas in his classic theory of communicative action. It is easy for those who dominate public discourse to assume that there is more potential for communication than is the case, to presume that there is a consensus, and to insist or imply that a convenient consensus does exist. Language is a social force. Throughout history, institutions have arisen to institutionalise specific discourses and divert knowledge from external critique.

### Social protection: the key terms

The following will do no more than list and comment on what seem to be the key terms in the modern lexicon of social protection. Others would compile a different list. But one hopes that what follows captures the essence of the matter. Words in inverted commas are those that are considered separately or that are susceptible to several interpretations.

#### 1. '*Social protection*', '*social security*', and '*welfare*'

Let us start with the basics. These three terms are often used as if they were synonyms. They are not. *Social protection* is the broadest, signifying the full range of protective transfers, services, and institutional safeguards supposed to protect the population 'at risk' of being 'in need'. *Social security* is the term that covers the state-based system of entitlements linked to what are often called *contingency 'risks'*.<sup>1</sup>

The word *welfare* is peculiar, in that it has been used very differently in the USA and western Europe, although as with so many terms the hegemonic culture seems to be reshaping the perception of welfare in Europe. In the USA, the word has a derogative connotation, and one is advised to say it with a slight sneer. In Europe, for several decades one could reasonably demand that policies should enhance our welfare. In the USA, polite talk refers to 'bums on welfare' and 'welfare dependency'. The defining moment was when Bill Clinton gave the warming pledge in 1996 to 'end welfare as we know it'.

'The welfare state' as a term has been subject to a bewildering battering since Richard Titmuss first coined the term. One reason was Gösta Esping-Andersen's (1990) typology of three worlds of welfare state, which has given a generation of sociologists enriching opportunities to stay off the streets through boosting their CVs with outpourings on typologies, often with the word 'regime' added. It is a matter of personal judgment whether one finds the vast literature illuminating or confusing, or both.<sup>2</sup>

What is the primary objective of the welfare state? Some believe it should promote 'happiness', others that it should promote social justice, or income equality or equal life chances. Jürgen Habermas, among others, has depicted welfare legislation as having a *normalising* effect, and supporting established

stereotypes. While a lack of consensus on the objective has helped to erode the legitimacy of the welfare state, there should be little doubt that it has promoted social norms of behaviour, and little doubt that social scientists have assisted in making it more efficient in doing so.

For many years in the twentieth century, welfare policies to protect individuals in need were seen as valuable for society as a whole. But the welfare state's collective insurance functions, based on principles of social solidarity, have been gradually reduced by the rhetoric of individual rights-and-responsibilities and the rhetoric of user services, taxpayers' money, and efficiency. Some now see the welfare state as primarily safeguarding the market economy while protecting market-oriented individuals against contingency losses, stabilising labour-based earnings. Many others make a name for themselves by proposing that 'welfare states' must become 'enabling states' (oppose that!) or 'social investment states'.<sup>3</sup> No doubt they will have a lot of 'social capital' (a clever term that came into popularity when the supply-siders began to wish to see a role for the state, having spent a decade denigrating anything to do with it – see Ben Fine's contribution to this volume).

With the thousands of publications devoted to the welfare state and its 'regimes', one is left with the impression that it has been an instrument for preserving societies based on the performance of labour, in which it has reinforced social stratification rather than the reverse. That may be contestable, but there is a fuzziness about the term that is used by the vast majority of social scientists and policy makers as if it had a single, uncontested meaning.

## 2. 'Need' and 'poverty'

One should not consider social protection without mentioning that the two most fundamental words of all are ambiguous and contested. Rarely are the words 'poverty' and 'need' defined in any detail when discussing social protection.

Contrary to liberal tradition, which sees pursuit of individual interests as legitimate, *discursive theory* maintains that needs must be determined and adjudicated rationally and socially. Wants and needs become negotiable by public standards, transforming 'economic man' into social citizen. This involves deliberative justice, which can only be developed in conditions of basic security.

As various analysts have recognised, we require a politics of need interpretation, which could be constructed in three stages, according to Nancy Fraser (1989):

- a struggle to validate a need as a politically legitimate one, or to have it defined as a non-political matter;
- a discourse on what is needed to satisfy the need;
- a struggle to have the need alleviated: a resource struggle.

Neither rights nor needs exist as objective facts that are determined scientifically, outside society. They are social constructs, determined by a process of consciousness. They are always relative and subject to refinements of definition. In practice, social-protection systems evolve, and in doing so modify what is covered by the notion of need.

### 3. *'Social insurance'*

This term has been used to justify social security and social protection for more than a century. Often one hears Eurocrats (a buzzword in itself) extol 'the European social model', and state with disarming candour that it will be 'defended'. The image that those who use the term are trying to project is social insurance, implying a model by which 'contributions' are matched by 'entitlements', and by which the more fortunate not only cover their risks in case of need but also express 'social solidarity' by contributing to the transfers to less fortunate neighbours, who have also contributed in their time. It is a comforting model, easily understood.

Unfortunately, it is a model of privilege, one at best suited to an economy in which almost everybody is in full-time, well-paid, stable jobs and in which contributions can be levied equitably and efficiently. It apparently thrived in a 'golden age' that never existed, even though that age is located in the minds of some social scientists in the late 1960s.

In the twenty-first century, this is even more a fiction than when the proselytisers of social insurance succeeded in selling the labourist model in the middle decades of the twentieth century. Now, if a person has casual labour, or is unemployed, he or she is unlikely to have contributions paid or be able to make them. If a person is working hard in caring for his or her children or elderly frail relatives, ditto. Enormous numbers of European workers – and even more of the migrants in their midst – do not qualify for the range of social-insurance benefits that define the European social model that is being defended so stoutly. And the number is growing.

Recognising such realities, astute policy makers keen to increase 'coverage' (see [6] below) introduced 'fictitious contribution periods' to bolster the edifice of social insurance. For example, during a period designated as legitimate unemployment, or maternity leave, or sick leave, a person may be classified as having made social-insurance contributions, even though they have not done so, or the fictitious contribution may be deducted from the amount of transfer, as it were. This opens up a pseudo-world of unreality: fictitious contributions from fictitious work, and contributions without contributing. Policy makers could preach the virtues of social insurance, when in fact a rising proportion of beneficiaries were fictitious contributors, leaving governments having to top up social-insurance funds from general taxation. This has led to pressure to cut benefits and to make them harder to obtain or to retain, so as to balance the funds.

#### 4. *'Social safety net'*

This is a candidate for the title of Most Obfuscating Euphemism of the 1990s. With the ascendancy of supply-side economics, it was noticed that the roll-back of public social spending meant that a lot more people were becoming economically insecure, 'vulnerable', and 'impoverished'. Supply-side economic orthodoxy had argued that cutting social spending and removing 'rigidities' that were forms of protection would boost economic growth. Adding to the colourful imagery, it was said with fervour that 'a rising tide would lift all ships'. Imagine! When this metaphor ran into the sand (sic), due to the evidence of rising inequalities and insecurities, a new metaphor had to be added to the lexicon. So, economists, particularly in the World Bank, IMF, and OECD, urged governments to develop a 'social safety net' for the 'really poor'.

It has such a nice image – catching all those unfortunate enough to fall from the mainstream of society into 'need' or 'poverty', a net under the high-wire risk society, enabling them to avoid pain and to bounce back. Unfortunately, in reality the term has been a euphemism for 'selective', 'targeted' measures, usually 'means-tested', supposedly intended for those deemed to be the 'most needy'. One could argue that it has been a ruse to cut public social spending, and one is inclined to tell those who use the term that a feature of the net is that the holes are so large that many of the victims fall through it.

Because they feel that a safety net suggests lack of active intervention, some sages have resorted to the image of a *'trampoline net'*, implying that what governments should do is help those falling into need to bounce back up by one means or another. It is easy to stretch this image to one of condemnation. Those not bouncing back must be unfit or lazy or shirking, and as such should be 'retrained' or compelled to take up an available 'work opportunity'.

All this amounts to a model of statistical discrimination, sifting out the 'undeserving' (see [9] below). Even if there were an empirically supported tendency for certain types of people to fail to take available jobs, or an adequate income, that would not mean that *all* people of that type would have those tendencies. The term 'safety net' should be avoided.

#### 5. *'Targeting', 'selectivity', and 'means-testing'*

*Targeting* is another word intended to invite automatic approval. It came into vogue with supply-side economics and structural adjustment programmes in developing countries. The image is that policy should focus on the groups most in need, rather than being universal or untargeted. It goes with the notion of 'selectivity', and with the special case of 'self-targeting', prompting a rather painful image for the uninitiated. Thus, Amartya Sen, among many others, lauds public-works schemes as an ideal form of social protection because they involve self-targeting (Sen 1999). Only if you are really desperate will you queue up in the heat and dust to beg for a place in the road-digging gang. That is the idea. But why one should favour such a scheme is unclear.

The implied reasoning is surely fallacious. Those most in need of income support are likely to lack the energy to reach the queue, let alone be able to work well in the mid-day sun and dust.

Targeting and selectivity have been the rationale behind the global trend towards 'means testing'. Here the image is that people should receive support from the state only if they have insufficient 'means' to support themselves. The means usually means income. But what counts as income? Some policies have counted only earned income, others have included savings, rent, dividends, etc. Some have included the imputed value of property. Some have included the income of others on whom the person might (or might not!) depend for support.

Whatever the design, means testing produces poverty traps (see [10] below), and may induce 'relationship traps' as well, in that it might pay a couple to separate, at least during the day time. A modern variant is what might be called the *old-age care trap*, whereby frail elderly people have to sell their last-remaining assets in order to qualify for means-tested care. This growing practice is unedifying, demeaning, and stigmatising. But it goes with the drift to means testing.<sup>4</sup>

Above all, means testing and other schemes based on selectivity criteria fail to satisfy any principle of social justice worthy of the name, because they tend not to reach those most in need of income support, a fact which research around the world has consistently demonstrated. This is most dramatically the case in developing countries. It recalls the aphorism (attributed to Richard Titmuss) that benefits that are only for the poor are invariably poor benefits.

## 6. 'Coverage'

A common assertion is that a primary objective should be to increase the 'coverage' of social protection, the implicit suggestion being that more people should be 'covered' by schemes protecting them from contingency risks. The ILO has launched what it calls a 'campaign' to increase social-security coverage. It is spending a lot of money on the campaign, holding lots of costly meetings in exotic places. But it is unclear what 'extending coverage' means. For example, suppose a country is operating a social-insurance system to which only 10 per cent of the population are making contributions. If the government abolished it and replaced it with a wholly means-tested social-assistance scheme, by definition the whole population would be 'covered'. Would that be a great achievement?

Coverage conveys another comforting image, that of a blanket. But it should be attached to a specific type of scheme. There are many forms of social-protection scheme that one might wish to cut, thereby reducing 'coverage'. For example, it is far from clear that one would wish to see a growth of coverage in the form of 'workfare' schemes.

### 7. 'Social inclusion'

Over the past three decades, social protection has gradually become a euphemism for altering the behaviour and attitudes and 'capabilities' of those perceived to be 'marginalised' and 'socially excluded'. None of the words in inverted commas in the previous sentence was part of the lexicon of mainstream social-security discourse in the 1960s and 1970s.

The imagery has mirrored the reorientation of policy. Increasingly, those in need are characterised as socially and emotionally defective, in need not of financial resources but of moral fibre, confidence, and 'emotional intelligence' (sic). The perception that society's 'losers' are in need of help because of their attitudinal and behavioural failings has led to more emphasis on protection by 'case work', by 'processing clients', if necessary by compulsion, which is 'good for them', even if they do not appreciate it. Overall, social protection has been shifting from the domain of economics and sociology to one of psychology. The paternalistic triumph is a frightening spectre of increasingly sophisticated social engineering, in the guise of protection. The tragedy is not that some people do need help, but that there are few safeguards against therapising people into being 'helpless' victims (Furedi 2004). A new occupation has emerged in the lexicon of social protection: 'people changers'. *What do you want to be when you grow up? A human case worker.*

### 8. 'Active' versus 'passive' policy

Not so long ago, the language of social protection was enriched by the enthusiastic adoption of the view that most social and labour-market policies were 'passive' and that they should become, or be replaced by policies that were, 'active'. As buzzwords go, the related term 'Active Labour Market Policy' should be a candidate for a BBA (Best Buzzword Award), although there are other worthy candidates.

The distinction between passive and active social policy has been based on the image that whereas the former gives money or services with few or no conditions, active policy provides jobseekers with services that enable them to hold jobs with pride. Policies should 'activate' and be 'pro-active'. The macho imagery is blatant. Who could be in favour of being 'passive'? Being passive implies being inactive, lazy, feeble, and lacking in sexual energy. 'Active' implies being energetic, strong, aroused. *'Yes, Minister, of course we are in favour of active policies.'*

The active-passive distinction was derived from a rather different image and policy. In the Rehn-Meidner model that guided Swedish macro-economic policy in the post-1945 era, the term 'active labour-market policy' meant counter-cyclical, implying that, as unemployment rose, state spending should rise to absorb the unemployed in training or public works. When the recession receded, it was expected that such policies should be cut back. By contrast,

'active' now means 'corrective', enabling the poor and unemployed to be more 'competitive' and 'employable'.

In the new idiom, active policy means inducing those at the margin of the labour market to be 'socially integrated'. Advocates go further. If the marginals do not take up the 'opportunity', they must be compelled to do so, because in the longer term they will be happier, even if they do not appreciate that now.<sup>5</sup>

The imagery of the dichotomy leads the observer down a familiar path. What if someone does not believe that she needs to be made more 'employable' and 'socially integrated'? Clearly, she is 'undeserving' of public support. Are we sure?

### 9. *'Deserving' versus 'undeserving' poor*

The undeserving poor have been around for a very long time. All social-protection systems make moralistic judgments. Who deserves support? And who deserves it more or less than others? The distinction between deserving and undeserving poor crystallised in the nineteenth century. But by early in the twentieth century research had shown that the distinction was arbitrary and unfair, and pernicious. It was resurrected in the 1980s and 1990s, as a generation of technocrat advisers to keen young politicians realised that identifying the undeserving was a good way of justifying cuts in public social spending, at a time when more attempts were being made to explain unemployment as essentially 'voluntary', the fault of the individual rather than the state of aggregate demand.

The word 'undeserving' implies that the person is to blame for his plight. The notion has been enriched in recent years through the addition of what should be called 'the transgressing poor', i.e. those who are not only undeserving but break the law, once denied benefits, simply in order to survive. They fall foul of 'immoral hazards' (see [10] below). Once caught, they may be incarcerated, which conveniently removes them from the poverty and unemployment statistics. In some states in the USA, that may be sufficient to result in their losing the right to vote. Pollsters monitor the way the undeserving poor are prone to vote. The politicians monitor the pollsters.

### 10. *'Moral hazards' and 'immoral hazards'*

The widely used notion of 'moral hazard' is a term of sublime sophistry. It is another candidate for Best Buzzword Award, in that it sounds intellectual and scientific, beyond the understanding of the lay person, best left to 'experts', sorting out the men from the boys.

A moral hazard arises from a tendency for someone to be in a situation where it pays to stay in it rather than move out of it into something that is socially better. In social-protection discourse, it is associated with two appealing terms: 'the poverty trap' and 'the unemployment trap'. An irony of



the dominant welfare reforms since the 1980s and 1990s was that they have spread such traps, because there was a strong shift to means-tested social assistance around the world. If you can receive a state benefit only if you are 'poor', why try to move out of poverty if you would lose more in withdrawn benefits than you would gain from doing a low-paid job? The international drift to means testing led to many more people facing effective marginal tax rates in excess of 100 per cent, and many others facing rates not much below 100 per cent.

Once policy makers realised this, they tried to combine incentives with coercion to push people through the poverty-trap zone, making it harder to continue to receive out-of-job benefits, and often providing so-called 'in-work benefits', i.e. earned-income tax credits or marginal employment subsidies designed to top up the incomes of those entering low-wage jobs.

These words suffer from awkward drawbacks. But they convey a picture of millions of people trapped in moral hazards, manipulating the system while lying in bed and becoming obese, living a life of idleness and debauchery.

Remarkably, moral hazards breed 'immoral hazards'. Some people actually cheat. Instead of taking low-paid jobs legally or staying idle, they take jobs without declaring them. It should not be surprising if systems that are intentionally manipulative lead to manipulative responses. But of course it takes only a few newspaper stories to fan middle-class indignation to the point of demands for benefit cuts and acceptance of more policing of recipients of such benefits, intensifying the stigma, leading to lower take-up of benefits by those desperate for help, and encouraging identification of 'welfare cheats', who are criminalised. The final irony here is that this leads not only to a further erosion of public support for universal social protection but also to a process whereby a growing number of people are 'disqualified' from receiving any state benefits. *Dear reader, you will murmur that I exaggerate. Really?*

### 11. 'The reciprocity principle'

This high-sounding notion is how modernist policy advisers describe the claim that 'there are no rights without responsibilities'. This is linked to the rhetorical question, 'Why should taxpayers be expected to pay for beneficiaries of state transfers if the latter give nothing back to society?' Implicit is the double claim that their plight is their fault and that they must take a job, and be grateful.

This is disingenuous. A right is a right, and should not be made conditional on some type of behaviour that some bureaucrat determines is appropriate.<sup>6</sup> If there are forms of behaviour that policy makers believe are socially inappropriate, they should be ruled out for all citizens equally. Should the idle rich be entitled to the right to eat extravagantly, when they give so little to society? Forcing the victims of economic mishap to behave in certain ways when others more fortunate are not forced to do so is to treat them as second-class

citizens. Such questions soon expose the 'reciprocity principle' for what it is: a bogus argument for inequality.

### 12. *'Dependency'*

This word came to exert a powerful hold on the minds of policy makers in the 1990s. The claim was that vast numbers of people receiving income transfers were guilty of relying on them, becoming demotivated and indolent. Dependency goes with 'addiction'. The pejorative word was used to justify cuts in benefits and make them more conditional (as in 'active'), tightening eligibility, restricting the length of time that a person could receive them, and so on.

Dependency may be juxtaposed with 'independence'. Again, who could possibly favour the former, a supine condition? Well, this simplistic imagery could be challenged by the claim that most of us are dependent on others in many ways. Biologically, the human species has survived through mutual dependency and collaboration. Recognition of our dependencies is a healthy response to our humanity. The assurance of some state transfer may provide just the degree of economic security to enable us to gain the confidence to make rational, 'socially responsible' decisions. Taking it away in the guise of reducing 'dependency' may be just what is required to lead to anomic, irresponsible, and ultimately self-destructive behaviour.

### 13. *'Workfare'*

Social protection was supposed to be about 'welfare'. But as means-testing and social-assistance schemes were failing, a new word came into fashion: 'workfare'. What politicians and supporters have tried to convey when using the word is simply that they are in favour of easing the unemployed into jobs instead of 'passive' unemployment benefits. But in reality workfare means making the taking of a job or training place the formal condition for obtaining a state transfer. It goes with the 'reciprocity principle' and 'active' labour-market policy.

As argued elsewhere, workfare schemes have many disadvantages (Standing 2002b: 173-95). Unfortunately, many Ministers of Labour or Social Affairs, in developing countries as well as in industrialised countries, have been drawn into using the language of workfare, without appreciating all the failings of what is actually involved. Among the latest to be converted is the government of India, where elderly women who were entitled to a widow's pension have been told that they cannot have it any more, and must take a job as a child-carer, thereby enabling younger women to take a job in a public-works scheme launched as part of the so-called Rural Employment Guarantee Scheme. The disruptive consequences and the distributive effects of this set of workfare rules will eventually be the subject of a host of PhD dissertations.

#### *14. 'Social protection as a productive factor'*

Social democrats met market liberals in the late 1990s in the report-strewn terrain of European Union meetings, by linking social protection to production in this clever phrase.<sup>7</sup> Those wishing to 'defend' social protection realised that public social spending was being depicted as a 'drag' on economic growth, productivity, and 'development', by 'crowding out' private investment, lowering savings, and threatening national 'competitiveness'. Clearly, this was 'unsustainable'.

It would be churlish to suggest that none of this was proven. The trick was to disarm the supply-side critics. So, the adopted ruse was to shift the imagery, by presenting social protection as 'a productive factor', like 'capital' and 'labour'.

Of course, the ruse was also an attempt to shift the composition of public social spending from universal, relatively unconditional transfers and services, deemed to be deplorably 'unproductive', to certain selective measures deemed to be 'productive'. This is another route to 'activation' policies, and to 'targeting' and 'selectivity'. It is a term that can justify a reorientation and a re-prioritising of social spending. It means that 'workfare' is better than 'welfare'. Who could be against making social protection a productive factor? Imagine the shame: he wants to make it unproductive!

A minor drawback of the dichotomy is that it could lead to a focus on what is easy to measure in conventional economic terms. There are other drawbacks as well. For instance, if you justify social spending as conducive to efficiency and labour productivity, then you risk being unable to justify spending that is not 'productive'. An alternative view, with a long pedigree of respectability, is that social protection should be about giving human beings a sense of social, cultural, and economic security, as a human right. That was what inspired the United Nations Declaration of Human Rights in 1948, the Covenant of Social, Economic and Cultural Rights of 1966, and the Charter of Emerging Human Rights of 2004.

#### *15. 'Privatisation' and 'public-private partnerships'*

The words 'privatisation' and 'social protection' have come together with increasing ease. In the early 1990s, in developing countries and in the newly defined 'transition countries', the main reform promoted by the international financial institutions was the privatisation of pensions, with dreams of privatising health care and other aspects of social protection soon afterwards. Millions of dollars were devoted to the promotion of pension privatisation.

The 'Chilean model' became a symbol, and numerous special trips, often financed by the World Bank and other financial agencies, were arranged so that budding politicians in other parts of the world could go on pilgrimage there. The zeal was dimmed by subsequent evidence showing the failings of the

scheme, particularly its lack of equity as the privatised 'individual accounts' came into effect.

With privatisation came 'liberalisation' and 'commercialisation'. And quietly there emerged 'private-public partnerships', or as, inevitably they became known, 'PPPs'. This is related to the new preference for 'welfare pluralism', and is a euphemism for a trend towards private financing and provision.<sup>8</sup> Of course, the word 'partnership' is not exactly neutral. Is it a partnership of equals, with each gaining as much, and paying as much? Who is really in control? Consider the claim, '*We must have more PPPs, partnerships!*' Unless it is defined, the term is dangerously vague. But the tendency is to favour 'partnership'. It has a nice cuddly sound to it. The provision of subsidies to those dubious private 'providers' is downplayed.

The acronym PPP is not a short form of a descriptive compound noun but an ideological concept. One may like it or not, but the objectives and motives are concealed. Probably, it is a mechanism for enabling multinationals to penetrate a particular social service. When a politician or policy adviser says there should be incentives for PPPs, what he or she probably means is that there should be subsidies for foreign capital, to 'encourage' foreign firms to invest in the country. It is unlikely that the politician will join the board or take a consultancy with the firm shortly afterwards. Perish the thought. That is possibly covered by the hyphen in the full term. But such cynicism is surely misplaced.

#### *16. 'Social dumping' and 'the race to the bottom'*

'Social dumping' is a myth, claims Professor Lord Anthony Giddens, commonly called the 'high priest' of the Third Way and long-time adviser to Tony Blair (Giddens 2006). This term is a source of anguish among social-protection specialists. It originated as analogous to the dumping of goods, sold in a foreign market at less than the cost of production in order to capture market share. But social dumping is really about the argument that we in country X cut social benefits in order to make our production more 'competitive' than those in country Y, and to retain jobs that would otherwise go to country Y. The image goes further with *a race to the bottom*, suggesting that all countries are cutting back on social benefits in order to become more competitive than others, lowering their 'non-wage labour costs'.

It is not very nice, this race. It is good to know that Lord Giddens regards social dumping as a myth. He believes that moving jobs to countries with lower social protection will result in pressure there to raise benefits. This is really a delightful example of wishful thinking. Total labour costs in western Europe in, say, car production are about 50 times what they are in China. It will take rather a long time for those benefits to rise to narrow the difference.

The reality is that governments and companies are using international competitiveness and the desire to preserve jobs as justification for benefit cuts. Those are not myths. But we can be carried away by the euphemisms. To some

extent, benefits are dwindling. But quietly, governments are responding by raising subsidies to capital, to lower the costs borne by corporations. One day that will come on to the agenda of the WTO, as a form of unfair competition and trade distortion. Meanwhile, the pace and extent of social dumping may have been lessened, but not stopped. Rather than a race to the bottom, it is likely that there is a trend towards convergence, to below what was the dream of social democrats in the mid-twentieth century.

### Concluding reflections

Social protection has been misused. Poverty and economic insecurity are reflections of inequality, of income, wealth, power, and status. A society in which everybody had a right to basic security would address inequality directly. But in the globalisation era, so far, there has been a drift to a *charity* perspective, not a rights-based one. We are all urged to contribute, altruistically, to charities, to adopt a goat, fund an African child's schooling, and so on. Pity, as Bernard Shaw so memorably put it, is akin to contempt.

Alongside charity, there is a slide into coercion and a slide into *discretion* as a principle of social benefits. Local bureaucrats are given the quiet nod to decide on who should receive benefits, who should not, and what conditions on which those chosen should be given the benefit. It is all very paternalistic, leaving the inequalities unchallenged.

Linguistically, we must never forget that language can be used as a means of resistance, even though we have focused on how policy makers and ideological proponents of particular changes manipulate language. Claimants of public assistance in the UK and elsewhere use the language of the elites to turn against them, as when they refer to using 'enterprise' and 'responsibility' by doing undeclared work for cash. We have not assessed the buzzwords of resistance in this chapter. They merit a separate treatment.

One extraordinary feature of the topic of social protection – and it is by no means unique in this respect – is the proliferation of acronyms. These are rarely innocent. But what they tend to do is to give insiders an advantage, a capacity to blind outsiders with science. The PRSP must help to deliver the MDGs, and the IFAs will support that.

More generally, social protection is not a fixed concept; it is an elastic notion that every user of the term can define differently. A statement such as 'we must devote more resources to social protection' might elicit consensus support and nods of agreement. But few might agree if what the speaker meant was that more resources should be devoted to workfare schemes, or conversely to give every citizen a basic income without obligations. Now, that *is* a good idea.

### Notes

1. Social protection is supposed to compensate for risks, but it is not clear what types of risk should be included. Analysts have differentiated

between idiosyncratic and systemic risk, and between risks, shocks, and hazards. It all becomes a little confusing. But the key point is that different systems of social protection cover different types of situation needing some form of social protection.

2. This writer's views about the vagueness of the original effort were given in a review of the book at the time in the *Journal of European Social Policy* (Standing 1991).
3. On the former, see Gilbert 2002; on the latter, see Giddens 2000.
4. As this chapter was being finished, the Bush Administration in the USA was announcing that it was extending means testing to its old-age Medicaid programme, ostensibly to prevent the non-poor receiving subsidised health care. A predictable result will be that many more of the near-poor will slip into impoverishment.
5. This is the explicitly stated view of Blair-adviser Richard Layard (2005), ennobled by New Labour for his policy contributions.
6. For a defence of this view, drawing on the idea of republican, or claim, rights, see Standing 2005.
7. Not surprisingly, the ILO took up the subject several years later, by when the proposition had descended into confusion.
9. For useful reviews, see Mehrotra and Delamonica 2005; Webster and Sansom 1999.

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