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# Reports on Globalization

## The Global Social Dimension vs National Competitiveness

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THE WORLD COMMISSION ON THE SOCIAL DIMENSION OF GLOBALIZATION, *A Fair Globalization: Creating Opportunities for All*. ILO, 2004. xxii + 167 pp.

BOB DEACON, EEVA OLLILA, MERI KOIVUSALO AND PAUL STUBBS, *Global Social Governance: Themes and Prospects*. Helsinki: Ministry for Foreign Affairs of Finland, 2003. 161 pp.

REGERINGEN, *Globalisering: Sammenfatning og Konklusioner* [The Government, Globalization: Summary and Conclusions (in Danish)]. København: Schultz, 1997. 50 pp.

VELFÆRDSKOMMISSIONEN, *Analyserapport: Fremtidens Velfærd og Globaliseringen* [The Welfare Commission, Analysis Report: The Future Welfare and Globalization (in Danish)]. København: Schultz, 2005. 80 pp.

VALTIONEUVESTON KANSLIA, *Osaava, Avautuva ja Uudistuva Suomi* [Prime Minister's Office, Finland's Competence, Openness and Renewability (in Finnish)]. Helsinki: Valtioneuvoston kanslian julkaisu, 2004. 148 pp.

TAPANI RUOKANEN, *Suomen Menestyksen Eväät: Tiekartta Tulevaisuuteen* [Roadmap to Finland's Future Success]. Helsinki: EVA, 2004. 125 pp.

Recently, international organizations, national governments and interest groups have issued reports on the challenges and possibilities of globalization from a social policy perspective. In the following, I shall analyse various reports, some of which are international-level publications while some others are national (Danish and Finnish) reports. The purpose is to examine in particular the relationship of economic globalization/competitiveness and the social dimensions of globalization.

In the analysis of these reports, some questions are posed. Do we find more focus on the globalization process at large or on national success in global

markets? In particular, do we find more of an emphasis on globalization as an economic change, or are the social consequences of globalization and global social initiatives also explored?

### *Global Social Problems and Prospects for Global Governance*

The publication by Deacon et al., *Global Social Governance*, includes valuable chapters on health-related public–private partnerships, on the impact of WTO agreements on health and development policies as well as on international non-state actors and social development policy. For the purposes of this article, I will concentrate on the more general section on global social governance reform, written by Bob Deacon. It starts with a short discussion on the concept of globalization, and supports the general notion of globalization as defined by a shrinking of time and space. At the same time, the report is clearly critical. Deacon rejects radical standpoints, and argues a position between institutional reforming and global transformation positions. This view can be called cosmopolitan social democracy.

The main part of the chapter is about global social problems and possible reforms. Thus, the social dimension is clearly in the foreground, particularly issues of global social governance reform. According to the report, social governance needs reform. Currently, there is too much institutional fragmentation and competition; in social regulation (e.g. labour standards) there is a North–South impasse between those reformists in the North who would legislate globally to outlaw ‘unacceptable’ labour standards and those in the South who argue that such improvement will arise only out of a struggle yet to be fought in the South in the context of development. The calls for an ambitious global social governance forum, e.g. global tax authority and further democratization of the UN are discussed, but many obstacles to such a reform are noted as well. Thus, more pragmatic developments are likely. One part of this kind of strategy could be based on global networks, partnerships and projects. The end part of Deacon’s contribution is very pragmatic indeed, and includes the sketching of a strategy for Finland and ‘like-minded countries’. The broad global-level analysis thus finally comes close to the national-level approach.

Many possible solutions are also presented by The World Commission on the Social Dimension of Globalization. Clearly, the report is based on an encompassing global approach. In particular, the social dimension of globalization is emphasized, following from the mandate of the Commission. The target is a fair globalization, one that creates opportunities for all. The Commission advocates a more inclusive process; one that is fair and brings benefit and real opportunities to more people and more countries, and one that is more democratically governed.

The report is based on a broad, social viewpoint, but globalization is conceptualized as a narrow economical and technological process, and 'the impact' of globalization is analysed separately. A highly uneven distribution of the benefits of globalization among countries – also among developing countries – is found. Important issues are the impacts on employment, inequality and poverty. Often, a rise in inequality and poverty is associated with globalization. However, on this point the Commission is rather cautious. It is difficult to generalize about what the impact of globalization has been, in part because globalization is a complex phenomenon. Accordingly, in sum, 'it is important to avoid the common error of attributing all observed outcomes, positive or negative, entirely to globalization' (para. 205). One can ask whether this problem is due to the way globalization has been defined first as an economic process, which then means that all other issues will be considered 'impacts'. Another way could be to start from a view of globalization as a broad economic, social and cultural process, and analyse many issues as a part of this complex process. We know that in assessing broad and complex societal processes, unambiguous 'impacts' are difficult to name, and that sometimes we may appropriately consider reciprocal interaction (Palier and Sykes, 2001).

The main aim, however, is to outline global governance. This question is divided into three aspects: the current rules governing the global economy; a more equitable and coherent set of international policies; and key institutions of the current system of global governance. There are legions of recommendations and proposals, one part of which is connected to the more fair rules for the world economy, in particular from the viewpoint of the developing countries. These include progress in terms of market access in international trade and entry into global production systems. Core labour standards (like the elimination of forced labour and child labour) and the cross-border movement of people are important. One of the central issues raised by the Commission is making decent work a global goal. This encompasses full employment, social protection, fundamental rights at work, and social dialogue (para. 492). Moreover, a reform of the 'financial architecture' is needed to prevent financial instability and crises. So far so good, but the proposals remain rather cautious, especially in comparison to demands for complete reconstruction. The other part of the recommendations is more institutional: how to create more accountable institutions. This means strengthening the UN multilateral system. All in all, these proposals have been presented already in several connections. However, the Commission has linked these together, in particular from the viewpoint of enhancing social security in conditions of global change. One cannot speak about revolutionary demands, and the crucial issue of global power relations (e.g. the dominant position of the USA or G8 group) is mostly left aside.

The central notions of the report include fairness, responsibility and decent labour. In this sense one can argue that the Commission appeals to values and ethical principles. What the relation of these values is to economic and

political structures and realities is discussed far less (Kaul, 2004). On the other hand, the proposals find a need for improvement in fairness on all sides, and one may ask whether the picture points to pieces of various good things, while the Big Vision is missing (Bullard, 2004). Of course, one must analyse the report as a compromise between different viewpoints. In contrast, Deacon's list is more compact, for obvious reasons, but also less concrete. One basic difference is Deacon's emphasis on networks, partnerships and projects and not only on institutions.

### *The Danish and Finnish Globalization Reports: National Competitiveness or Social Problems?*

The reports of Danish Government (*Regeringen*) and the Finnish Prime Minister's Office (*Valtioneuvoston kanslia*) have been prepared, respectively, close to the national governments and by the civil servants, so they have some kind of an official status. One can first raise the question: What has made the reports necessary? And to whom are they targeted? In the Danish publication the aim has been stated clearly: it is to create points of departure for a political debate on globalization and its consequences. The analysis concentrates on the possible structural effects and economic-political consequences of globalization. By contrast, the Finnish report contains a compendium of measures, as many as 129 concrete recommendations on almost all imaginable issues. The aim is stated rather weakly: to assess what impacts the ongoing reconstruction of the world economy has on different fields of the economy, and what kinds of challenges are created by this change. Both reports represent a national viewpoint, the question being how to improve the position of one's own country. In both cases the emphasis is on two things: economic changes and national competitiveness.

What then about the defining of globalization in these two reports? In the Finnish publication, globalization is dealt with quite briefly and superficially. It is made clear that an economic viewpoint has been chosen. It is acknowledged that 'globalization also has considerable cultural and political ramifications', which are left aside, however, since the report 'focuses on exploring how Finnish production and work can succeed in circumstances that have changed and are continuing to change rapidly' (*Valtioneuvoston kanslia*, p. 11). Social ramifications are not mentioned at all in this connection. In comparison, the Danish colleagues present a larger analysis of globalization, even if economism is certainly characteristic of their analysis as well. In a view associated with economism and considering that the analysis here is based on the traditional theory of international division of labour, the basic attitude is very optimistic. Globalization is to the benefit of all countries. The Finnish report shares this view: 'the current phase of globalization is a positive thing for the world economy as a whole' (*Valtioneuvoston kanslia*, p. 5).

Both the Danish and Finnish reports are concerned for the success of their countries in global competition. Where does this concern come from? This competitiveness discourse has been strengthened and enlarged within the context of global competition. This may be a bit surprising, keeping several international comparisons in mind. In the interpretation of Manuel Castells and Pekka Himanen (2002), the Finnish information society has been a success story, because high-level IT capabilities go hand in hand with an equalizing welfare state. An encompassing welfare state is not an obstacle to economic growth, but it is beneficial for competitiveness. Of course, the analysis may paint an embellished picture, but it has certainly played a role in the competitiveness discourse. These arguments can to some extent be assessed on the basis of the global competitiveness comparison by the World Economic Forum (2005). In its ranking of more than 100 countries in terms of global competitiveness, the five top countries in 2004 were as follows: Finland, USA, Sweden, Taiwan and Denmark. Hence, it seems there should not be reason for great concern in Finland or Denmark at present. Thus, the main concern seems to be national competitiveness for the future.

Do the views, then, of the Finnish Business and Policy Forum EVA (*Ruokanen*) deviate much from the governmental approaches? Not much – there are more similarities than differences. The threats are delineated in the same way. According to the top executives interviewed, Finland is no longer a global top performer. In spite of this, nothing happens. Facts are not admitted, and actions are postponed (*Ruokanen*, p. 24.) The analysis of globalization in the report is as short and economistic as that of the Prime Minister's Office. The social dimension is mentioned only in connection to critical ideological standpoints towards subjective social rights, high taxation and public services.

These Finnish reports may be compared with some recent, more research-oriented publications. In a report on social innovations and the renewability of Finnish society, produced by a semi-official Finnish national fund for research and development, Sitra, there is clearly a strategic target to create a basis for Finland to become a frontrunner society in the world (Hämäläinen and Heiskala, 2004). In order to enhance structural competitiveness and national economic success, technological innovations are not enough, but social innovations are needed as well. The core of these innovations is in collective learning and firm national visions and strategies. This, then, requires a continuous renewal of all societal structures, in production, in the public sector and in cultural life. In contrast, in a book written in part by the same research team but published by an independent publisher, more critical and concerned tones are found (Heiskala and Luhtakallio, 2006). Now, as a part of structural changes in the world economy, Finland has gone through a critical period, having experienced a very deep recession in the early 1990s and a complete reorientation of not only industrial production but also all other spheres of society. In fact, it is claimed that a move from a planned welfare

society to a market-oriented competition society has taken place. Production and efficiency have increased rapidly, but so also have uncertainty and inequalities. The problem of this analysis, in my mind, is that inequalities are seen as a kind of side-effect of the turn towards global competitiveness, which could easily be corrected, although it is quite evident that these aspects are interconnected, as two sides of the same process. Also, the social dimension of the globalization process is actually analysed quite briefly.

Do we, finally, find the social dimension in the report of the Danish Welfare Commission (*Velferdskommissionen*)? It was the purpose of the Commission to explore the significance of globalization for the welfare society. However, this means the Danish welfare society only. From this point of view, some problems in the development of welfare society are listed: globalization tends to increase the financial tensions of the public sector, thereby limiting reform options; income distribution is at risk of becoming more unequal; and problems are created by migration. In fact, the main part of the report is devoted to the analysis of emigration and immigration. This emphasis is based on the Commission's conception of the Danish welfare society as the result of an implicit contract between generations: the working-age generations finance the public expenses targeted at the children and the elderly. Now, in a globalizing world this contract becomes vulnerable. The well educated may first enjoy education in Denmark but then move to earn in countries with lower taxation. Correspondingly, immigrants are often less educated and have difficulty finding jobs, and thus do not contribute that much to tax financing. In a way, this analysis deals with a tender spot of the welfare state. Yet it is possible to ask whether the emphasis on migration as the fatal question of the welfare state is exaggerated. Even if there has been increasing migration to Denmark, and the employability of the immigrants is weaker than average, the main portion of working-age immigrants are still in the labour market. We know from many EU countries that today there is concern for diminishing populations and recognition of the need for immigration, although this usually means people with work experience. In Danish politics, however, one can notice increasingly critical attitudes towards immigrants, and the conditions for moving to Denmark have already been tightened by the 2002 legislation. Some signs of these current attitudes became visible in early 2006, in the debates surrounding the publication of controversial cartoons depicting the Prophet Mohammed.

All in all, in the official and semi-official Danish and Finnish reports globalization is interpreted both as a challenge and as a possibility. The viewpoint is thoroughly national, and national competitiveness is the central concern. The social side is connected chiefly to labour market issues and to financial problems of the public economy. It is interesting that there are actually no crucial differences between the standpoints of leading civil servants, established researchers and representatives of the business world. Perhaps in small countries the national elites form a cohesive and unanimous group.

The national 'globalization reports' are clearly targeted at domestic debate and decision-making. However, even keeping this in mind one is astonished to notice the extent to which the texts centre entirely on the success and competitiveness of the 'own' nation. One might respond that this was exactly the purpose of producing the reports. But is not this national point of reference at all linked with global problems and questions of global governance? Is not a balanced and fairer worldwide development in 'our' interests? Perhaps we find here a traditional division of labour between normal domestic policy making and utopian cosmopolitan ideals. Needless to say, this division of labour does not work in the conditions of Europeanization and globalization.

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