

Postscript

The Social Question in Its Global Incarnation

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The social question emerged during the first decades of the nineteenth-century in Europe, when the rise of capitalism led to low wages, long hours, miserable housing, unemployment, diseases, and social insecurity for the working classes. Trade union-led struggles and the well-understood self-interest of elites resulted in a comprehensive body of labor rights that gradually led to more inclusive and generous public support, culminating in the welfare state. Still, the social question never lost its initial meaning of aiming at the emancipation of the working class. The case studies collected in this volume bear witness to the diversity of the nature and handling of the social question in different eras and different regions of the world, due, first, to the variety in historical trajectories these regions passed through; second, to the plurality in the character of the social forces and their dynamics; and third, to the differences in the shaping of politics and policies that either supported or ignored welfarism within the national context. Rather than highlighting the heterogeneity found across the first, second, and third worlds—terms that anyway have rapidly lost their relevance—we have in our introductory chapter focused on the commonality that exists in the way the social question is mutedly raised and why it remains in limbo in the era of globalized capitalism.

For a number of decades, especially after World War II, it seemed as if the social question had more or less been solved in the privileged part of the world. Advanced capitalist and so-called socialist countries apparently had defeated (or at least marginalized) insecurity and unemployment. Public housing, health care, and education facilitated upward mobility and were important markers of a trend toward more equity and equality. But this proved to have been a temporary and geographically localized success. With the globalized switch to the credo of

neoliberalism in the last quarter of the twentieth century, a turnabout that coincided with the dissolution of alternatives to capitalism, the social question made a comeback with a vengeance. This has also happened in first world countries where universalized welfare policies were, for a couple of decades, successfully implemented. In these better-off parts of the planet, the state has retreated from securing welfare and protection against adversity to all who can claim citizenship rights. As discussed in the introductory chapter, the large majority of humankind remained deprived of public benefits aimed at the economically inactive (because of old age or disability) and least so in case of cyclical inactivity (because of unemployment or underemployment among able-bodied workers). The emancipatory momentum failed to spread and slowly faded away where it existed. It meant that the already skewed balance between capital and labor further spiraled in subsequent decades.

The return of the social question worldwide is documented in our regional profiles as a labor issue first and foremost. The Global South, in particular, is experiencing a crisis of exceptional proportions. Voices from civil society are fully justified in saying, “Living wages and decent work for the world’s workers are fundamental to ending today’s inequality crisis. All over the world, the economy of the 1% is built on the backs of low paid workers, often women, who earn poverty wages and are denied basic rights.”¹ But the social question is not an issue only for the South. It is returning to those parts of the world that appeared to have largely solved the problem. The tempestuous economic growth of the 1950s and 1960s created the impression that capitalism had at last become “social.” The average income level grew with an unprecedented speed, and the level of consumption increased so fast that many social scientists began to believe that the old class society had elevated itself to a higher level and that work had lost its central place in social development. When the southern European dictatorships collapsed in the 1970s and eastern European “actually existing socialism” imploded around 1990, many believed that the victory of a liberal and social capitalism was final. The “end of history” seemed to have arrived.

Nothing could have been further from the truth. In the “old” capitalist countries, the average profit rates had—despite some interruptions—been declining since the 1960s. The shipbuilding and textile industries were the first to move many of their production sites to East Asia and other regions with low wages. The entry of the People’s Republic of China, the former Soviet Union, and a liberalizing Republic of India caused a true “labor supply shock,” doubling the total number of workers producing for the world market and thus globally reducing bargaining power of the working class. Full employment disappeared as the standard to adhere to. In line with the prescribed recipe from the directorate of neoliberal capitalism, the IMF and World Bank, the economy became increasingly informalized. The shift to labor-market flexibilization led to the phasing out of regular as

well as regulated employment. In the Global South, the much-awaited transition from informality to formality had only haltingly taken place when the switch back to informality emerged as a firm trend—in the Global North as well as the South. After the 1980s the trajectory leading to development, which had postulated that the Rest would follow the West—began to turn in the opposite direction.

Both in the advanced capitalist and the former “socialist” countries, attainments such as the “standard employment relationship,” high wages, and social security arrangements came increasingly under attack. Already since the 1980s “nonstandard employment relationships” had become more common. Contingent, precarious, and temporary jobs are becoming the norm. The outbreak of the global economic crisis since 2007 has accelerated this downward trend enormously. It is now for all of us to see that “social capitalism” was only a temporary interlude before unrestrained market capitalism. The insecurity and poverty that have always been with the large majority of the world’s population are now becoming endemic in the Global North. The demolition of social capitalism confirms an insight in a long-term trend that the philosopher István Mészáros expressed as follows: “The objective reality of *different rates of exploitation*—both within a given country and in the world system of capital—is as unquestionable as are the objective differences in the *rates of profit* at any particular time. . . . All the same, the reality of the different rates of exploitation and profit does not alter the fundamental law itself: i.e. the *growing equalization of the differential rates of exploitation* as the *global trend* of development of world capital.”² The fierce competition between capitals has a clear downward effect on the quality of life and work in significant parts of globalized capitalism.

Unemployment and underemployment have remained a massive challenge for the developing world. In the 1990s, economic historian Paul Bairoch estimated that in the Global South “total inactivity amounts to around 30 to 40 percent of the potentially active time.”³ In subsequent years, the situation is unlikely to have improved and may even have become worse. According to the *World Employment Social Outlook 2017*, vulnerable forms of employment are expected to remain above 42 percent of total employment, accounting for 1.4 billion people the world all over. In developing countries, the proportion of workers employed in vulnerable forms of labor rose to four out of five workers. Living on less than \$3.10 per day in purchasing power terms, which is the ILO’s yardstick for coping existence, nearly half of the laboring poor in South Asia and two-thirds of them in sub-Saharan Africa were stuck in moderate to extreme working poverty in 2016.⁴ The countries of the South today differ from the advancing countries during the nineteenth century in two fundamental ways. In the nineteenth century, average unemployment rates were far lower in the cities of the currently developed countries. Ranging from merely 4 percent to 6 percent, it indicated the labor-intensive character of the urban-industrial transformation process at that time. And most importantly, the unemployment was cyclical, that is, essentially

concentrated in the years of economic adversity, whereas in the Global South, unemployment is structural.

The crisis that has kept the world in its grip for the last decade has immensely intensified the struggle from above for lower wages and less social security. And since the attainments of the working classes have been based to a significant extent on the redistribution of income within the working classes, within and between countries, this also implies that huge sums of money are channeled away from the workers' total wage fund (of which deferred wages in pension funds are also a major part) and are transferred to capital. The reversal indicates the return of the social question also on the agenda of the rich countries. To carve out a niche through self-employment, self-provision, and self-representation is endorsed and hailed, but it is the socioeconomic policy of the last resort for a globalized workforce bereft of proper jobs and decent income. The multitudes that do not manage to find waged employment are not supposed to be out of work; they are listed as own-account workers, with the added warning that the state won't help people who can't help themselves. The predicament of the laboring poor in the catch-up economies is aggravated by the ongoing substitution of labor for capital, resulting in a rapidly growing reserve army unable to make a fair living. They fail to find steady engagement, are hired and fired in quick succession, and have no access to contributory social protection. Held captive in a regime of neoliberalism that has, over the years, acquired a punitive streak, their dire plight resembles the label attached to the erstwhile "non-deserving poor." As victims of exclusionary politics, they are blamed for the progressive disuse made of their labor power. The problem as stated is not absence of gainful work per se but adamant unwillingness to scratch around and source it.

In the light of the extremely uneven development in the world at large, it comes as no surprise that more and more people from the Global South try to escape and settle in the better-off zones of the world. Between 2000 and 2017 the number of international migrants living in the North increased from 82.4 million to 146 million, while this fraction of the population from elsewhere residing in high-income countries rose in the same period from 9.6 percent to 14 percent.⁵ In September 2016, a summit of the United Nations discussed the worldwide issue of refugees and migrants. The report observed, "Member States noted that poverty, including the lack of access to health care, education, labour markets and essential services, were key drivers of voluntary migration. . . . The lack of economic opportunities for youth was identified as an important driver of migration."⁶ The people who have become footloose beyond the borders of their country depart on what for many of them turns out to be a perilous journey. It is an ordeal difficult to survive, and of those that do, an unknown magnitude is detained somewhere along the route, sometimes traded as slaves to willing buyers. "Economic refugees" who somehow manage to climb the walls erected around the "safe havens," are often disallowed entry and sent back to where they "belong." The exclusion of

alien intruders on the basis of their distinctive “otherness” is not restricted to the economically advanced quarters of the world but is not less ferociously practiced elsewhere. In our introductory chapter, we have commented on the wave of identity movements and parties sweeping through the political landscape that, though rightist in their appeal, are also joined by large segments of the working classes increasingly signaling their restiveness. The mainstream electorate wants to see citizenship restricted to those who are “our own,” hitting out against all those who cannot claim Blut und Boden heritage. People of different religious or ethnic stock are disparaged and discriminated against, marginalized or even totally excluded from occupying economic and societal space. It is a racialized mindset that not only is manifest at the level of the nation-state but also, having become normalized in the age of imperialism, aims to set the civilizations of the Global North apart from those of the Global South. The sloping divide separates a forward and privileged segment of humanity from the disprivileged majority of the human species tainted with the stigma of backwardness.

The United Nations’ Universal Declaration of Human Rights of 1948 asserts that social security is an inalienable human right. To implement this lofty declaration requires political will in combination with administrative aptitude, and today, both are missing at the global level. National states have lost much (though certainly not all) of their sovereignty, a loss of power that has not been compensated by supranational agencies. The ILO is the one organization vested with the mandate for a social compact; it has consistently failed to deliver what its conventions promise. The IMF agrees that fiscal policy can be a powerful instrument for redistribution but fails to act on it. As a major protagonist of neoliberalism, the World Bank should be held co-responsible for the obscene inequality in wealth and income that has materialized, but this taskmaster of corporate finance has been erroneously conferred by the United Nations with counseling on how to combat poverty. A supranational authority capable of halting and reversing the trend of ever more accumulation versus immiserization is clearly lacking. We live in a transitional period in which many challenges can no longer be dealt with by national authorities, and not yet (if ever) by supranational or world authorities. In the contemporary global world, there is no equivalent of the nation-state at the world level that could implement fiscal and welfare policies, anti-trust controls, and labor and environmental laws aimed at regulating markets and at correcting market failures. Nor is there a world independent judiciary that can control and sanction illegal behavior. Nor is there a democratic polity at the world level.

Unable to raise, let alone solve, the social question at the global level, the problem is referred back to where it started, within the perimeters of the nation-states. They can at least mitigate the severity of the global social problem by “good governance,” which means limiting returns to shareholders; taxation to reduce extreme wealth; redistributing property and resources; restoring the public domain; and enhancing the bargaining power of people who lack representation, are prone to

disenfranchisement, and are excluded from social provisioning. Critique of exclusionary policies seems to mainly address the state. In our opinion, rather than allow capital to remain shielded behind state politics, it should be confronted head-on and held accountable for the well-being of both the laboring and the non-laboring poor in the world of today. The most likely consequence of what is in store may well be the collapse of what has become the hegemonic mode of production in today's world, as a result of its own internal contradictions. But the downfall of capitalism could be precipitated by the demise of political democracy. That eventuality is already signaled loud and clear, as can be illustrated also by the surrender of equality as a civilizational ideal. Our prognosis is inspired by the failure to reconcile the ever-widening gap in well-being with the dictum of social justice and universal franchise. A reversal of the steep inequality merely at state level is bound to remain a piecemeal endeavor, at best, with an enormous diversity in disparate parts of the world.

While there is a global trend toward growing precarity and insecurity, we should keep in mind that the differences between and within the North and the South are still enormous. According to the IMF, in 2016 the GDP per capita, in international dollars, was in the United States, 57,436; in Germany, 48,111; in Brazil, 15,242; in Nigeria, 5,942; and in Burundi, 814.⁷ Naturally, international solidarity is extremely difficult under such conditions. The governments of the more privileged countries, with the support of majorities of their populations, try to defend their living standards and what is left of their systems of social protection by violently excluding migrants from poorer parts of the world. Labor movements are at a low ebb and trade-union density the world all over is probably less than 7 percent.⁸ Collective bargaining for a better deal is considered counterproductive to higher dividends. The *World Employment Social Outlook 2017* reports that the ILO's social unrest index shows that with the current socioeconomic situation, discontent in recent years has heightened across almost all regions.⁹ The misery and anger of the wretched of the earth cannot be wished away any longer. But will this looming threat persuade the powers that be to end the state of denial in which they want to keep the social question dormant?

NOTES

1. Diego Alejo Vázquez Pimentel, Iñigo Macías Aymar, and Max Lawson, *Reward Work, Not Wealth*, briefing paper (Oxford: Oxfam International, 2018), 8.

2. István Mészáros, *Beyond Capital: Towards a Theory of Transition* (New York: Monthly Review Press, 1995), 891.

3. Paul Bairoch, *Victoires et déboires: Histoire économique et sociale du monde du XVIe siècle à nos jours*, vol. 3 (Paris: Gallimard, 1997), 46–47.

4. International Labour Office, *World Employment Social Outlook—Trends 2017* (Geneva: International Labour Office, 2017).

5. Béla Hovy et al. *International Migration Report 2017* (New York: United Nations Department of Economic and Social Affairs/Population Division, 2017), 1–2. Note that economic motives seem to be

driving a majority of the migrants to the North, while the victims of forced displacement frequently stay in the South. According to the UN-DESA report quoted here, a majority of the world's international migrants live in high-income countries, while low- and middle-income countries host nearly twenty-two million, or 84 percent, of all refugees and asylum seekers.

6. Béla Hovy et al. *International Migration Report 2017*, 26.
7. All measured in Geary-Khamis international dollars.
8. International Trade Union Confederation, *Building Workers' Power: Congress Statement* (Berlin: ITUC, 2014), 8.
9. International Labour Office, *World Employment Social Outlook 2017*, 9.