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## The Future of Social Policy

20 May 2011

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It is interesting to note that throughout the global economic crisis there has not been a hot debate on the future direction of the welfare state in developed countries. In a sense the lack of debate is unsurprising since the epicentre of the crisis was the financial sector and the culprits could not so easily place the blame on the welfare state as has so often been done in previous economic crises. Those developed countries most affected by the crisis began to adopt temporary social assistance to address problems at the initial stage. However, fiscal austerity soon crept in to the policy framework used to respond to the crisis, and welfare states in many developed countries are now expected to be rolled back.

It is in the developing countries, mostly lower and middle income countries, together with international agencies such as the ILO, WHO, World Bank, and UNICEF where the debates on social policy are taking place. These debates include questions over the future direction of social policy, innovations in social policy initiatives and actions against increasing inequality and poverty. We can see indications of these debates in grassroots movements throughout Africa, Latin America and South Asia and perhaps most clearly in the recent Arab uprisings.

We can take several key messages from these phenomena. First, classical and neoclassical economic traditions continue to assume that there is a conflict between economic growth and egalitarian social policy. Indeed, this remains the dominant thinking among policy makers in developed countries. Second, this series of economic, social and political crises offers us a good opportunity to create egalitarian social policies in developing countries with a long-term vision based on a fundamental critique of neoliberalism.

How do we challenge theories that claim an inherent antagonism between economic growth and egalitarian social policy? How do we establish desirable social policies and welfare states in developing countries?

### 1. A more sophisticated critique of the presumed incompatibility between economic growth and egalitarian social policy is needed

The notion that economic growth and egalitarian social policy are incompatible has become less tenable due to the wide array of historical and empirical evidence that can be found across many disciplines, including economics. The main criticism emanating from economic theory, specifically human capital theory, has not gone deep enough: it is still dependent upon individualism and is more or less blind to the productive aspects of redistributive and protective social policies. In addition, most studies of the effects of egalitarian social policies on economic growth in other disciplines such as sociology, social policy and statistics have been merely an afterthought. These have largely taken the form of historical, chronological, analyses of the impact of social policy on social infrastructure, human capital and social stability rather than prescriptive theories for economic policy development based on causality.

A key problem is that we do not have much evidence grounded in cost-benefit analyses of social policy to enable us to identify the extent to which social policy affects economic growth. This type of research has been needed for some time—and the current global changes demand that we address this shortfall urgently. Recently created resources such as the “Indices of Social Development” from the International Institute of Social Studies are worthy of discussion.

### 2. Social policy should be considered from the perspective of macroeconomic management

A lot of research in social policy, including UNRISD’s flagship report *Combating Poverty and Inequality: Structural Change, Social Policy and Politics*, have provided strong evidence of the negative impact of deflationary measures on the wellbeing of individuals and society as a whole. Given that the major concern of policy makers in macroeconomic management is inflation rather than recession, social policy needs to address the issue of how to strike the balance between public versus private consumption. This is needed in order to promote social and economic development without risking inflation. In effect, this can be called the question of the “socialization of consumption”.

### 3. Social policy needs to expand its scope from welfare state to welfare world

As the world becomes more interdependent, the global and transnational dimensions of social policy increase. Increasing migration raises the following issues in destination and sending countries: access to social security and social services, brain drains and gains in the social service sector—health and education sectors in particular—and inequality and social integration beyond national boundaries. The impact of migration on familial and gender relations adds a transnational and international dimension to care and results in the formation of “global care chains”. Crises caused by climate change demand a redefinition of rights and obligations currently based solely in a national context. The establishment of regional economic zones affects systems of social security and social services. The politics of welfare becomes more and more transnational and international as an increasing number of international advocacy networks emerge around social policy issues. Social policy which has been strictly confined to the borders of nation states needs to take its analytical and policy concerns about production, redistribution, protection, reproduction and inclusion to a global and transnational level. Research needs to identify newly established transnational and international structures generating poverty and inequality as well as linkages between different sectors both to explain the new dynamics of these different policy sectors and their implications for social policy and to ascertain how to establish a policy regime that supports equitable, sustainable and democratic development. The future of social policy, in theory and practice, demands an enlarged scope from welfare state to welfare *world*. The Financial Transaction Tax at the global level is an attempt to examine the possibility of global social governance architecture beyond national boundaries.

### 4. Social policy needs to shift its focus from biological needs to social needs

One of the neglected research areas of social policy is the issue of human needs. This has been reflected in the social policy discourse within a development context but there is scant development studies literature specifically focusing on human needs. One of the resulting policy consequences is that the extent of the needs which development policies aim to satisfy has been determined by biological demands. The goals set by anti-poverty measures are minimal, based on a basic condition of human existence which does not guarantee full integration of the poor into society. Even worse is that these goals do not specify the social nature of the needs, in particular the social process to meet the needs which are closely related to the issues of stigmatization and participation in the policy making process. Determining needs through top-down approaches inevitably undermines the capacity of people to be full members of society. From this perspective, the lack of attention to the issues of inequality and politics in the MDGs are notable.

The welfare state initially developed as a mechanism for securing social integration. In the twenty-first century we face newly emerging risks to social integration. These demand re-examination of human needs with a view to satisfying social needs rather than simply basic needs.

### 5. Social policy needs to focus on transformative processes as well as transformative features

The architects of welfare states in industrialized countries were in most cases liberals with a strong belief in the fundamental values of freedom and liberty. The ensuing transformation of these societies was not simply a result of policies but also of a broad consensus on these liberal values.

While we recognize that democratic societies have required a broad consensus on values underpinning the welfare state, social policy studies have given scant attention to social psychology or analysed less the dynamics and nature of broad social consensus. This neglect is reflected in the studies on social policies in developing countries. Questions about how people in different socioeconomic and political contexts perceive, define and react to values such as equality, wellbeing, freedom and harmony have not been addressed in full. We need to understand how these are related to the politics of welfare and to the actual design and implementation of social programmes.

In the midst of global financial and economic crisis, policy communities offered two visions of social policy: social policy as a tool for status quo or social policy as a tool for transformation. Those who tried to strengthen the market in every aspect of life and society attempted to use social policy as a rescue package, a tool for status quo. Critics argued that social policy, as all other policies, should contribute to changing the structures that maintain inequality and poverty. In order for this critical position to be influential we need to know how people perceive, define and react to the values on which these policies are built.

### 6. Social policy needs to design a framework for development-related strategic state interventions, i.e. planning for development

One of the critical problems within neoliberal discourse is that both its proponents and opponents regard it as a non-interventionist philosophy. However the reality is that neoliberalism is rather a specific type of intervention. Policies based on neoliberalism intervene in all policy sectors to create environments favourable to the market. In addition to dismantling the established interventionist mechanisms for egalitarian social policy, neoliberal policies apply market mechanisms to social services and establish mechanisms for flexible labour markets. As such, it amounts to planning *laissez-faire* such that it works best for capital.

With this understanding of neoliberalism, we can move beyond the dichotomy of intervention and non-intervention and focus on the question of how to incorporate different systems of intervention into how we plan development. Planning for development demands intersectoral policy studies and a shift from outright rejection of the role of the private sector to the utilization of the private sector for more equitable, democratic and sustainable outcomes. One of the major tasks of social policy is, therefore, to identify and analyse key mechanisms for regulation, organization and coordination of economic, social political institutions within a broad framework for egalitarian reform, i.e., “progressive planning” in different country contexts. We should not confine this to conventional social policy in sectors such as social transfers and services.

## 7. Sociology of knowledge from the perspective of social policy

We have a lot of studies and knowledge on workers, farmers, business persons, the unemployed and informal workers but not on scholars. This is a serious gap in social science, given that the latter play an increasingly significant role in policy making circles. How scholars are educated, trained and interact with the policy community is a crucial question to reflect on (for ourselves and for society as a whole). It is particularly important to those involved in the policy community. One of the crucial issues related to the future of social policy studies is the development of economics, which has been the dominant policy science since the Great Depression. From Adam Smith, John Stuart Mill, Ricardo, Marx to Keynes, not one of the founding fathers of economics was trained purely as an economist. Before delving into economics, they were philosophers, lawyers and government officers. As a result, the political, sociological, anthropological and psychological spheres were reflected in their views and economic models, which meant that their economics dealt with society rather than economy per se. Today, many who train as economists lack this interdisciplinary perspective, which means their view of society is based on natural law and money-metric utilitarian theories. Although some do branch out into other sciences—areas today’s economists hesitate to call “science”—no systematic method to bridge economics and other sciences exists. We must answer this question of how to make the sciences interdisciplinary. Otherwise we meet with a crisis of knowledge and knowledge producers on the one hand and the crisis of future societies on the other. What kind of effort is needed for social policy to re-embed the economy into society? This is one of social policy’s crucial tasks.

*This article reflects the views of the author and does not necessarily represent those of the United Nations Research Institute for Social Development*

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