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The Limits of Globalization:

Injustice, Inequality and the
Progressive Response





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Stolen Dream:

The Precariat in a Globalizing Economy and the Return of the Welfare State²

1. Introduction: Globalization and Precariat

In accordance with the transformation of the global economy, neoliberalism has become the mainstream of economic and social policy. Since 2010, it is obvious that inequality is increasing around the world. Monopolized Capital occupies the state apparatus, dominating state policy regulations. The commodification of our lives has become extreme, the increase in the price of health care, education and housing have become unacceptable if compared to the average income of the majority of people. While the majority of the population staying in relative and absolute poverty, having lost their jobs and even lives during the pandemic in 2020-2022, the wealth of the top 0.1% has increased and they continue to monopolize the economy.³ At the same time, the welfare state has become a dilapidated idea which over half of the population have become unfamiliar with. The project to destroy the idea of the welfare state started in the 1980s or more than 40 years ago.⁴ The expansion of neoliberalism has not only resulted in inequality but has also

generated a new group of working class called the 'Precariat'. The rise of the Precariat demonstrates the unequal power relations both in the economy and in politics. This means that massive reform of capitalist states is necessary to solve these unequal relations.

2. Precariat: Indicator of an Unequal Society

"Precariat", a new group of workers that has been expanding steadily in the 21st century has become an indicator for the situation of inequality both in Thailand and many countries around the world.

The word Precariat is a combination of two words: precarious (fragile) and proletariat (labor). Precariat was used by British sociologist Guy Standing around the 2010's to refer to the group of workers who bore the burden of suffering, taking on risks instead of entrepreneurs. On one hand, this state of being a Precariat is characterized by unstable working hours, unstable income, uncertain employment contract, affecting the conditions of daily life. And on the other hand, it also means having people's lives stolen.⁵

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²This article is based on a 2022 report titled *The Construction of meaning of Inequality and Justice: Mapping the Idea the of Welfare State*, by Sustarum Thammaboosadee, Phanomkorn Yothasorn and Donlawat Buapradit. The research project was supported by the Research Fund College of Interdisciplinary Studies of Thammasat University.

³Soranyi, R. (2020). Interview with Noam Chomsky: The Failure of Capitalist Logic Against COVID-19. <https://ezproxy.tulibs.net/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edsnbk&AN=17B0127A500EFA28&site=eds-live>.

⁴Brown, Wendy (2015). *Undoing the Demos: Neoliberalism's Stealth Revolution*. New York: Zone Books.

⁵Standing, Guy (2011). *The Precariat: The New Dangerous Class*. London: Bloomsbury Academic.

According to the book titled *General Theory of the Precariat* by Alex Foti, this group of workers can be divided into 4 groups:⁶

1. Creative Classes (such as artists, coders, creators, designers, etc., who are trainees, interns, or freelancers or temporary workers) who may have to work for free and are coming from different platforms.
2. The new group of workers called the New Working Class are composed of subcontracted employees, e.g., low-skilled workers or warehouse workers, transportation workers, manufacturing workers in industrial factories, food processing, construction workers, etc.
3. Hired workers comprise the Service Class or pink-collar workers, such as waiters, baristas, bus boys, cashiers, housewives, fast-food workers, or even part-time or temporary workers. They may receive a clear wage but are expected to work hard.
4. The Unemployed Class comprise those not in the Education, Work or Training system (NEETs), refugees and migrants.

The decline of the welfare state is a major cause in the emergence of the 'Precariat'. The rise in inequality after the introduction of neoliberal policies has directly transformed the proletariat into the Precariat. The expansion of the Precariat also comes with the rise in gender inequality. It has been reported that as the proportion of the Precariat expands, there is a tendency for gender inequality to increase. Women and LGBT people are more likely to be exposed to conditions of precarity than men. The same is true for long-term health problems of people whose bargaining power in the labor market decreases. Likewise, the problem is passed on to the succeeding generations who are likely to face unstable employment situations.

3. Welfare State and the Role to Reduce Inequality

Though the welfare state has become an old fashion term, it is obvious that market-oriented policies have not reduced inequality since 2010s. During the pandemic crisis, many countries introduced welfare state schemes to tackle social inequality. We will trace back the origin of the idea of the welfare state as state-citizen relations to understand how the 'welfare state' is important in reducing the vulnerable conditions of the Precariat under the neoliberal economy.

“Though the welfare state has become an old fashion term, it is obvious that market-oriented policies have not reduced inequality since 2010s. During the pandemic crisis, many countries introduced welfare state schemes to tackle social inequality.

Image: www.benarnews.org



⁶Foti, Alex (2017). *General Theory of the Precariat: Great Recession, Revolution, Reaction*. Amsterdam: Institute of Network Cultures.

3.1. Brief History of Welfare Development in Europe from Post-WWII to the Neoliberal Era (1950-2020)

The modern welfare state started to evolve when the lives of individuals and their families began to be insured against social risks of various kinds. Before the welfare state, the family was responsible for taking care of its members in all situations. The first forms of public social insurance and social security for all citizens, old-age pensions and accident and health insurance, were implemented by Chancellor Otto von Bismarck of Germany in the 1880s. Especially after the two World Wars, there was an increase in the growth of the responsibilities and power of public administration as well as demand for it.

After the Second World War, the two courses of development of the welfare state appeared with the creation of the German (Bismarckian) and the British (Beveridgean) models respectively, the former being insurance-based and the latter means-tested. The Bismarckian model slowly expanded to include a larger number of citizens, while the Beveridgean model further evolved along two different paths: those of the Nordic countries which adopted a two-tiered income-based pensions system and in Great Britain where the middle classes started to move towards privately funded pensions, which later created growing inequality because poorer members of the population had to remain within diminishing means-tested support.⁷ Sweden was among the leading nations in the evolution of the Nordic welfare states.⁸

In general, a transition from a residual and earnings-based model to an institutional one began.⁹ Differences between these models were that in the residual model, relief concerned only the poorest citizens and it was mostly charity. The earnings-based model, on the other hand, was more clearly based on the individual's earnings in working life and the role of the state began to gain considerable emphasis only in this institutional model. In the last-mentioned model, social policy

came to include all citizens. The reforms that were made to transition and transform from one model to another did not explicitly aim at the kind of welfare state that we have today. Rather, various reforms improving social security and opportunities for living, caused by pressure from surrounding society, led to the creation of modern welfare states.¹⁰ These states were thus also the creation of political struggles and compromise.¹¹

The welfare state's development after the Second World War faced setbacks and Great Britain was among the first to dismantle the structures of the welfare state. The oil crisis of the early 1970s undermined faith in the effectiveness of regulating the economy. Neoliberal economists demanded that the market economy was to be as free as possible from economic regulations in its development.¹² Prime Minister Margaret Thatcher of Great Britain (in office 1979–1990) and President Ronald Reagan of the United States (1981–1989) began to implement neoliberal economic policies in their countries. Despite the pressure of neoliberal policies and most recent challenges brought forth by an ageing population, the welfare state had managed to survive in Western Europe, with the exception of Great Britain, and it continues to enjoy the support of large sectors of the populace and in principle the whole political spectrum.¹³

4. Different Welfare System in Europe; How it works

Denmark, Finland (Nordic Model)

In Nordic countries the goal of the welfare state is to provide people with an amount of income they can live on and also to equip people with skills and abilities that enable them to become full members of society they are living in through their own efforts, primarily in the labor market. Universalism has thus been argued as a central aspect of Nordic countries. Nordic welfare states have also been described as service welfare states. This is especially due to service delivery that is provided

⁷Mann, Michael (2013). *The Sources of Social Power, Vol. 4: Globalizations, 1945–2011*. New York: Cambridge University Press; pp. 129-166.

⁸Peterson, Martin (2012). 'Pathways of the Welfare State: Growth and Democracy.' In *Transformations of the Swedish Welfare State: From Social Engineering to Governance*. Bengt Larsson, Martin Letell and Håkan Thorn. Basingstoke, ed. London: Palgrave Macmillan; pp. 23-37.

⁹Titmuss, Richard (1963). *Essays on 'The Welfare State'*. London: Unwin University Books; pp. 75-87.

¹⁰Moore, Barrington Jr. (1978). *Injustice: The Social Bases of Obedience and Revolt*. London and Basingstoke: Macmillan.

¹¹Kangas, Olli and Jon Kvist (2013). 'Nordic Welfare States.' In *The Routledge Handbook of the Welfare State*. Bent Greve, ed. London and New York: Routledge; pp. 148–160.

¹²Mhone, Guy (2005). 'Neoliberalism.' In *New Dictionary of the History of Ideas Vol. 4: Machiavelism to Phrenology*. Maryanne Cline Horowitz, ed. Farmington Hills: Thomson Gale, pp. 1625-1628.

¹³Ibid: pp. 57, 129-166.

with regard to the delivery of social care (children and elderly) and health care service by the public sector.¹⁴

Germany (Continental)

The German welfare state continues to bear traces of its Bismarckian origins. Access to social benefits is based either on a legal status of residence or on social insurance contributions, which follow from employment or other situations in one's life course that are treated somewhat similar to employment (such as care work).¹⁵

Greece and Spain (Southern Europe)

Southern European welfare arrangements starkly manifest a hybrid form where there is a core element concerning income transfers (primarily pensions) developed on an occupational basis according to the Bismarckian model. Traditionally highly fragmented, social insurance systems have undergone significant changes in the direction of levelling out benefits and introducing occupational pensions and private insurance. In the late 1970s to the early 1980s, a social democratic element was introduced into healthcare systems, indicating a significant path shift that was accomplished with varying success in each country. Social care services and social assistance remain a less-developed element of social protection. The meagre provision, funded mostly through taxation, has traditionally been based on means-testing, indicating a liberal orientation. In parallel, a strong variation as to the role of non-governmental organizations (NGOs) (including religious organizations) is observed.¹⁶

The pillars of Spanish welfare are health, pensions, education, and family. However, considering the limited scope of the latter, family policy is sometimes regarded as the 'missing' element. Universal coverage is limited, the distribution of income is only partial, and the degree of protection is low.

United Kingdom (Liberal Model)

The UK is often considered to be the leading European example of the 'Beveridgean model' of welfare state design. However the 'origins of the welfare state' in Britain are clearly bound up with 'Bismarckian' principles.¹⁷

5. Welfare State as the Solution to the Precariat's Problem

The development of a generous welfare system would reduce the risk of the expansion of the Precariat. We made a comparison of welfare systems in different countries, utilizing the data of 'The Comparative Welfare Entitlements Dataset-2 (CWED-2) which is the data set that contains information about the structure and generosity of social insurance benefits in 33 countries. By using this data, we explore the difference in social capital and the quality of life of young people, and once people grow up in societies with different welfare systems.¹⁸

“The development of a generous welfare system would reduce the risk of the expansion of the precariat.

Image: www.bangkokpost.com



¹⁴Kangas, Olli and Jon Kvist. (2013). 'Nordic Welfare States.' In *The Routledge Handbook of the Welfare State*. Bent Greve, ed. London and New York: Routledge; pp. 148–160.

¹⁵Kuhlmann, Johanna and Klaus Schubert, eds. (2019). *Routledge Handbook of European Welfare Systems (2nd Ed.)*. London and New York: Routledge.

¹⁶Maria Petmesidou (2019) 'Southern Europe.' In *Routledge Handbook of the Welfare State: Vol. (Second Edition)*. In Bent Greve, ed. London and New York: Routledge.

¹⁷Deeming, Christopher (2019). 'The United Kingdom: New Devolved Welfare Systems in Britain.' In *Routledge Handbook of European Welfare System (2nd Edition)*. Sonja Blum, Johanna Kuhlmann and Klaus Schubert, eds. London: Routledge.

¹⁸Scruggs, Lyle (2014). *Social Welfare Generosity Scores in CWED 2: A Methodological Genealogy*. CWED Working Paper Series. Storrs, CT: University of Connecticut. http://cwed2.org/Data/CWED2_WP_01_2014_Scruggs.pdf.

Figure I

Figure shows the relationship between good welfare and social support (Source: the authors)

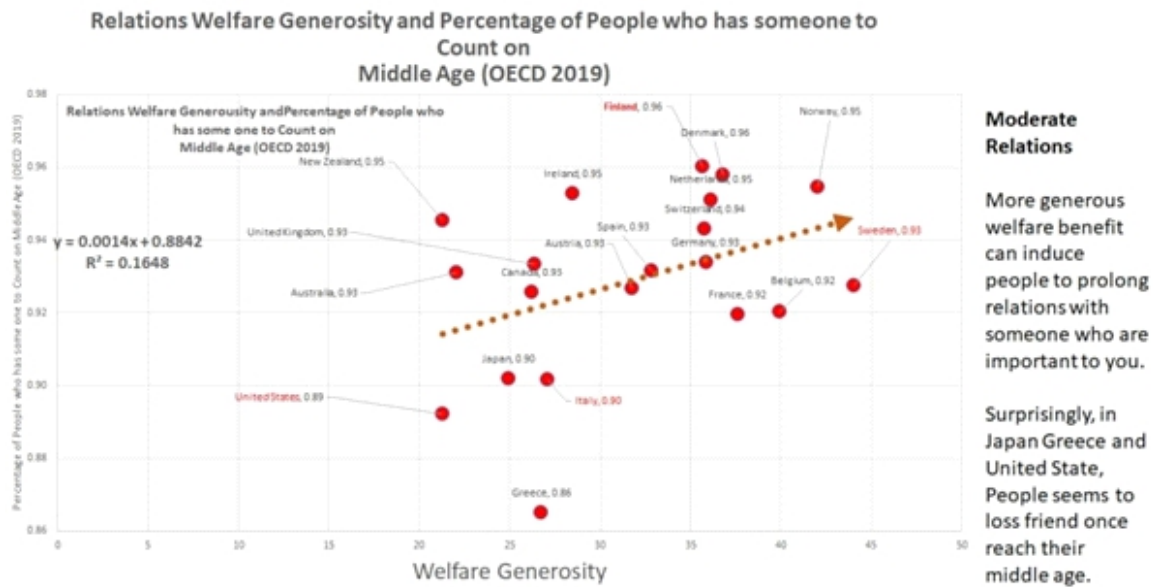


Figure II

The figure shows the relationship between good welfare and the number of people aged 15-24 who are out of school or working (NEETs). (Source: the authors)



From our preliminary analysis, we discovered that people who live in countries with more generous welfare systems tend to have more friends or family members who they can rely on. Sweden and Norway were among the countries where middle-aged people said they had the highest number of friends or family members they could rely on (about 96 percent of the population), while the United States and Japan rank last among OECD countries!¹⁹

In addition, we further proposed that a country with a more generous welfare system can make the young generation aged 15-24 more employable or get higher education. The new generation of people are less vulnerable to becoming Precariat. Sweden, Norway and the Netherlands are the countries that share the lowest incidence of this age group categorized under Not in Education, Employment or Training.

¹⁹ OECD (2022). 'Family Database: Public Policies for Families and Children.' <https://www.oecd.org/els/family/database.htm>.

6. Concluding Remark: Welfare State Benefits the 99%

The rise of the precariat replicates the unequal of power relations between the 99% and 1%. It is the result of the expansion of neoliberal globalization. According to trends in history, inequality is

reduced by welfare state policies. Since the failure of markets in the 21st century, the process of bringing the welfare state is back. Introducing universal comprehensive scheme, free higher education and universal pension are necessary to avoid the alienation in society and the increase of Precariat's ranks. ■

“The rise of the precariat replicates the unequal of power relations between the 99% and 1%. It is the result of the expansion of neoliberal globalization.”

Image: www.bangkokpost.com



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