

Human Rights in the post-Keynesian Era

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Description: Learning how to establish social democracy should be a goal of peace research, which includes human rights research. This paper is a report about research covering new ground: why research into social democracy is a task that peace and human rights researchers should perform. That is due to the influence of Keynesian and related economics: the middle path between state planned economies and market economies; the economic context for human rights was more favorable in the three decades after World War II than it is now. The current anti social democratic trends, also known as neoliberalism, conservatism, and neo-conservatism, have become dominant at the global level. Even though the proponents of these anti social-democratic trends are often proponents of human rights as well, the current trend away from Keynes poses obstacles for making human rights a reality.

Keywords: accumulation of capital, anti social-democratic trends, conservatism, democratic planning, effective demand, flexible accumulation, Gandhi, Gunnar Myrdal, globalization, human rights violations, Keynesian economics, macroeconomic management, Marx, Nehru, neo-conservatism, neoliberalism, peace research, social democracy, supply and demand, violence

The purpose here is to show that learning how to establish *social democracy* should be a goal of peace research regarded as including human rights research. This paper is mainly a report about research covering new ground, namely: the reasons why research into social democracy is a task that peace and human rights researchers should perform. I maintain that, to a great extent, because of the influence of Keynesian and related forms of economics, which are associated with a middle-path between state planned economies and market economies, the economic context for human rights was more favorable in the three decades after World War II than it is now. The current anti social democratic trends, also known as neoliberalism, conservatism, and neo-conservatism have become dominant at the global level. I assert that even though the proponents of these anti social-democratic trends are often proponents of human rights as well, the current eclipse of Keynes poses obstacles for making human rights a reality.

Consider the excuses most often given for the frequent and massive violations of the solemn commitments of nations to honor human rights. We find, I suggest, two major types of excuse:

1. the emergency excuses: violations of rights during periods of civil war and whenever civil order is threatened or said to be threatened by people who are said to be so dangerous that extreme measures are required to subdue them,¹ and
2. the impossibility excuses: applied mainly to the economic and social rights guaranteed in principle to the world's poor by international conventions.² Impossibility excuses typically take one of two forms: 1) stating it as a question of economic fact, rather than juridical principle, whether a nation can afford to implement social rights, or 2) that international declarations on social rights declare mere aspirations, which do not impose duties on governments, but only express the intention of signatory governments to implement basic rights—such as health care, adequate housing, and education—at some future date when a higher level of economic development makes it possible to implement them.³ I assert that the shift in the world economy from the more or less Keynesian macroeconomic management of national economies to the current prevailing neoliberalism has paved the way for both kinds of excuses and, therefore, the breakdown in respect for human rights.

One set of methods for scholars to promote human rights is to contribute to the legal guarantees that enforce human rights and educational and cultural change efforts that build respect for human rights into the thinking and behavioral norms of the world's peoples. A second method to promote human rights is to study how to prevent the emergencies and the impossibilities that excuse and cause human rights violations. This paper develops the later.

By applying to human rights an engineering metaphor that Kenneth Boulding employed to talk about peace, the first method can be called increasing the strength of human rights. Creating

legal enforcement procedures and facilitating the growth of a culture of human rights among children and among adults makes human rights stronger. In Boulding's metaphor, the second method is decreasing the strain on human rights.⁴ Steps toward a world where there would be less:

- Military conflict
- Class conflict
- Religious and ethnic conflict
- Systemic instability, and
- Fewer and less intense territorial disputes are steps toward decreasing the strain that tests the strength. Fewer of all of those ills would usher in a future in which the peoples of the world would be secure in the enjoyment of their right; it would be a future in which the ratio of strength to strain would be high.

On the conceptual level, human rights are an absolute. Whatever public opinion may be at a given moment, and whatever practical expediency may counsel, human rights are supposed to be respected no matter what. No torture means just that: no torture. It means no torture even in emergencies when dangerous people known as terrorists threaten the safety of the public. The right to join a labor union means the right to join a labor union now, not at some future, higher stage of economic development when, at long last, it will become possible to allow workers to bargain collectively for higher wages and better working conditions.⁵

In reality, the conceptual absolutes of the discussion about rights are caught up in the conflictive material processes of life. In reality, human rights are overwhelmed by violence when the strain of social conflict exceeds the strength of juridical norms. Social democracy brings the conceptual demands of the juridical norm closer to realization in the material processes of life, not just because social democrats historically have been strong advocates of human rights, but also because social democracy decreases the strains of social conflict. The economic theories of post World War II social democracy centered in Western Europe and influential throughout the world were Keynesian economics theories. Although I give Keynes an honorable mention, I do concede that Keynes was not the first or the only thinker to frame the theories associated with his name; his contributions were, in fact, merged into the then new discipline of macroeconomics, to which many others also contributed. Social democracy was, indeed, influenced by:

- Marxian ideas
- The traditional classical and neoclassical economics, and by ethical and religious ideas such as the Enlightenment ideals praised by the Swedish social democrats
- The philosophy of John Ruskin as admired by many British Laborites.⁶
- The Roman Catholic social teachings that helped shape Austrian social democracy,⁷ and

- The thoughts of Gandhi and Nehru that informed the proposed socialistic pattern of the Indian society.⁸

Moreover, I acknowledge that after World War II historical circumstances were favorable for the growth of social democracy with or without the intellectual influence of Keynes.

Keynesian economics, thus broadly conceived and appropriately qualified, guided a conciliatory approach to the conflicting processes of material life in which demands for human rights and pressures to violate human rights are delayed. It showed how the macroeconomic management of national economies, together with the empowerment of workers through collective bargaining and other forms of collective and cooperative organization of civil society, could mitigate social conflict. Keynesian economics went together with political democracy, where political democracy was conceived as a set of institutions, which acknowledged that social life was inherently ridden with conflict, and provided a set of procedures and norms for managing conflict.

Keynes' theories decreased the strain of social conflict in large part because he held that high wages were compatible with economic growth.⁹ Keynes' Swedish allies went further: high wages stimulated economic growth by forcing firms to invest in technology that increased worker productivity.¹⁰

Central to the Keynes thinking was that for business to be profitable there had to be customers with enough money to buy products. A primary task of the macroeconomic mandarins in the central banks and in the government ministries was to use the policy instruments at their disposal to assure that there would be enough purchasing power to keep sales high and through sales to keep profits at acceptable levels. Governments influenced by Keynes supported collective bargaining, but they rarely participated in it directly. Worker collectivities and management collectivities bargained over wages and working conditions in an environment shaped by government policy. The province of the government was to peg the correct levels to certain macrovariables of the economy:

- Interest rates
- Foreign exchange rates
- Tax rates
- Levels of public spending
- Subsidies (at times), and
- Minimum wages.

Meanwhile, the public of social democratic managed economies was expected to act like a normal economic actor from the preceding laissez faire era. Workers and owners struggled in competitive markets to buy cheap and sell dear, within the context of what Gunnar Myrdal called a created harmony.¹¹

The visible hand of public policy was relied on to perform the miracles Adam Smith had expected from the markets invisible hand. Keynesian policies combined the self-interested exertions of millions of people to produce a net result that was to the benefit of every citizen. In Jurgen Habermas phrase, the social democratic governments steered the economy so that there would be profits for businesses and benefits for workers.¹² Because of its achievements in performing its steering function, such governments attained legitimacy. More tangibly, government policies functioned to create a prosperous economy that could afford to pay the taxes needed to raise funds to pay the armed forces and the civil servants.

Under Keynesian social democracy in post World War II Western Europe, there were no emergencies to justify the massive violations of human rights that had characterized much of Western Europe before and during World War II; and which continued to characterize the 1) centrally planned economies in the Soviet orbit, and authoritarian regimes in Latin America, and 2) the newly de-colonized areas of Africa and Asia. There was no putative emergency that justified a "Gulag Archipelago" to protect the dictatorship of the proletariat from dangerous reactionaries; that is because there was no dictatorship of the proletariat that, in fact, required the armed forces to take over the government, Latin American style, in order to restore conditions favorable for the accumulation of capital; this is because capital accumulation was moving along very nicely following the principle that capital investment in technological improvement meant more productivity per worker, which meant higher wages.

After World War II, most of the newly de-colonized countries of Asia and Africa aspired to emulate West European social democracies rather than the U.S. or the U.S.S.R.¹³ The word that encapsulated the Asian and African aspirations was *development*. From its very beginnings, the ideology of development meant that the living standards of the mass of the people would rise. If development so understood could be achieved, and then there would be little point in killing your neighbor for the honor of either your religion or your tribe. A secular nation-state, with equal citizenship for all regardless of tribe or caste, would steer the economy through what was called democratic planning, and thus provide for everyone 3,000 calories per day, clean drinking water, education, health care, sewers, and toilets. Under the projected conditions of the desired result, development, emergencies putatively justifying the violation of the human rights of allegedly dangerous fanatics would cease to exist.¹⁴

In the era of Keynes after World War II, it made sense to add to the list of human rights by drafting and approving official documents that declared the economic and social rights of every human being. As Myrdal, writing in the mid-1960s, pointed out, after the World War II in all Western countries, including the U.S., the state agreed to promote full employment; this has become the commonly accepted policy goal and has been largely realized in Western countries as part

of what Myrdal called the Keynesian revolution.¹⁵ It made sense to sign international conventions in which governments pledged to steer their national economies toward—welfare for all—because the Western democracies had demonstrated that it could be done. The impossibility excuse did not play a factor.

Times have changed;¹⁶ in Marxist terminology, the prevailing regime of accumulation has changed. Today, the profit motive is stimulated, and economies are kept moving not by promoting purchasing power through high wages and welfare benefits, but by the old-fashioned means known politely as flexible accumulation and less politely as savage capitalism. What flexible accumulation means, typically, is that the law of supply and demand sets the price of labor. The accumulation of profits is flexible because rigidities in the labor market are eliminated. Wages are no longer kept high by way of labor legislation, by way of powerful labor unions, by way of segmenting the work force so that only certain kinds of people can apply for certain jobs, by way of seniority rights, by way of apprenticeship systems and licensing, by way of buffering the labor market with plentiful high-paying government jobs, or by way of restrictions on the rights of employers to lay off workers.

Such institutions are described pejoratively as artificial interference with markets, which Myrdal described in non-pejorative terms as a created harmony. In the absence of such institutions, wages today tend, once again, toward what the classical economists—Adam Smith, David Ricardo, and Karl Marx—called their natural levels, that is to say, to the level produced by the open competition of workers for jobs.¹⁷

Today, national mandarins are no longer able to steer economies toward prosperity for all by way of using the policy instruments confidently described in macroeconomics textbooks. Instead, nations are thrown into a global economy whose boundaries far exceed the territory within which national policy makers have authority to pursue policy objectives. Insofar as the global economy is managed at all, it is managed by the WTO the IMF and the World Economic Forum. The economic doctrines of the new global economic mandarins are, largely, ideologies consonant with the reigning flexible models of capital accumulation.¹⁸

One result of the present situation is that socialism is back on the agenda. Keynesians had argued that socialism was no longer on any rational person's agenda because it had been shown to be unnecessary. Indeed, socialism had been shown statistically to be counterproductive because the actual levels of worker welfare delivered by the social democracies were higher than the actual levels of worker welfare delivered by the Communist nations, which claimed to be (not without sharp dissent from democratic socialists) the representatives of actually existing socialism.

During the heyday of social democracy, its Marxists and conservative critics never ceased to argue that Keynesian economics was an ill-conceived doctrine, which provided only temporary and superficial fixes.¹⁹ It could not last; it did not last; thus, it appears that the Marxists and the conservatives have been vindicated. We are back to square one; the old debates now resume.²⁰

In today's post-Keynesian environment, it is certain that the strain on human rights will increase, regardless of how much people redouble their efforts to increase the strength of human rights. If development, as people such as Jawaharlal Nehru understood it, cannot be achieved, if even in Europe nation-states cannot achieve full employment and abolish poverty, then there are sure to be many dangerous people. There are sure to be governments and private paramilitary groups who believe there are emergencies, which justify suspending human rights. Suppose the focus of the economic policy of many nations caught up in the global economy is to win the race to the bottom by offering lower wages, lower taxes, and more lax environmental regulations to international investors. If so, then it is certain that the full implementation of the economic and social rights guaranteed by international conventions will be said to be impossible, and to a certain extent really will be impossible.

For the reasons I have discussed, peace research should attempt to find out how successful social democracies were able to contribute to optimism about human rights in the three decades after World War II, and how and why the gains of social democracy are now being reversed. Such research would be a contribution to thinking about how to create favorable economic environments for human rights in the future.

I have explained why I believe that research on the rise, decline, and possible resurgence of social democracy ought to be done; therefore, I hasten to add that I have been following my own advice. Coauthor Joanna Swanger and I have done a series of studies in *The Dilemmas of Social Democracies*, soon to be published, available on the Internet.²¹ Our conclusions are too complex to attempt even so much as an outline of them here today; still, I have summarized why the questions Professor Swanger and I address are crucial for the future of human rights.— Howard Richards, 2004

Reference

1. Joan Fitzpatrick, *Human Rights in Crisis*. Philadelphia: University of Pennsylvania Press, 1994.
2. Thus, the debate over whether to make social rights legally enforceable in New Zealand, argued about whether or not international conventions on rights to health care, education, and

employment were legal obligations rather than questions dependent on the availability of resources in which the answers were matters of *economic fact*. Hunt, Paul. *Reclaiming Social Rights*. Aldershot, UK: Dartmouth, 1996. p. 44.

3. See Hunt, op cit. and *Human Rights: an agenda for the next Century*. (Henkin and Hargrove eds.) Washington DC: ASIL, 1994.

4. Kenneth Boulding, *Stable Peace*. Austin: University of Texas Press, 1978.

The strain-strength-break model has wide applicability. If I break a piece of chalk, it is because the strain was too great for the strength of the material. If a bridge or building collapses, the same model applies. p. 34

5. The right to form and join a labor union is protected by the International Covenant on Civil and Political Rights—adopted by General Assembly Resolution 2200 (A) (XXI) on December 16, 1966, which entered into force on March 23, 1976. Article VII of the same document is one of several international conventions prohibiting torture.

6. The writings on economics of John Ruskin (1819-1900) are collected in Ruskin, John. *Unto the Last: four essays on the First Principles of Political Economy*. Lincoln: University of Nebraska Press, 1967.

7. See Chapter 9, "Karl Popper's Vienna" in Howard Richards and Joanna Swanger, *The Dilemmas of Social Democracies*. op. cite note 21. For background, see Alfred Diamant, *Austrian Catholics, and the First Republic*. Princeton: Princeton University Press, 1960.

8. *Socialism in India*. B. R. Nanda editor, Delhi: Vikas Publications, 1972.

9. Mabel Timlin, *Keynesian Economics*. Toronto: McClelland and Stewart, 1977; Keynes, *The General Theory of Employment, Interest and Money*. New York. Harcourt Brace, 1936.

10. Hearings before the Joint Economic Committee of the U.S. Congress—*The Swedish Experience: Assuring Industrial Competitiveness in a High Wage full Employment Economy*. Washington, DC: U.S. Government Printing Office, 1988.

11. Myrdal Gunnar, *Beyond the Welfare State*. New Haven: Yale University Press, 1960.

12. Jurgen Habermas, *Legitimation Crisis*. Boston: Beacon Press, 1975.

13. Myrdal. op. cite note 11.

14. Although developing nations after World War II generally accepted the idea of macroeconomic planning, they often did not accept the idea that in poor country contexts Keynes's concept

of effective demand being an obstacle to growth was valid. See Amartya Sen, *Employment, Technology, and Development*. Delhi: Oxford University Press, 1999. Nevertheless, the product of the development process was expected to be a society similar to a western European social democracy.

15. Gunnar Myrdal, *Asian Drama*. New York: Twentieth Century Fund, 1968. p. 993.

16. Hutt, William H. *The Keynesian Episode*. Indianapolis: Liberty Press, 1979, p. 415, 419. In the middle 1940s, the Keynesians felt superior and triumphant. During the 1950s, they were mostly losing their confidence. In 1963, I thought that the clear academic retreat from the Keynesian doctrine had already been accompanied by a retreat in policy.

Hutt goes on to say that he was mistaken in 1963 because Keynesian influence on policy outlasted its academic retreat.

17. The advocates of anti-Keynesian reforms have generally ignored the consequence that labor is being thrown back again upon the tender mercies of competitive markets. See Jesper Jespersen, "The Maastricht Treaty: unemployment, competitiveness, and distribution", in *Uncertainty, and the Global Economy: beyond Keynes, Volume II*. (Sheila Dow and John Hillard eds.) Cheltenham UK Edward Elgar, 2002. pp. 186-199.

18. Will Hutton, *The Revolution that never was: an assessment of Keynesian Economics*. London: Longman, 1986, p. 15

The marriage between interests and values that liberalism neatly underwrote in the nineteenth century, with its simple but elegant view of the world, is in the process of being repeated a process perhaps embraced with more fervor in Britain than anywhere else.

19. See Hutt op cit note 16; and Henry Hazlitt, *The Critics of Keynesian Economics*. Princeton: Van Nostrand, 1960. For Marxist critiques of Keynes see Dobb, Maurice, et al. *Keynesian Economics: a Symposium*. Delhi: Peoples' Publishing House, 1956.

20. See Will Hutton. op cite note 18.

21. Richards and Swanger, *The Dilemmas of Social Democracies*. Lanham, MD: Lexington Books, 2005.

Online edition. This book has case studies that illustrate some of the concepts discussed in Richards, Howard. *Understanding the Global Economy*. Thousand Oaks: Peace Education Books, 2004.

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