

## HUMAN RIGHTS AND THE END OF THE AGE OF KEYNES

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The purpose of this paper is to argue that learning how to establish social democracy should be a goal of peace research regarded as including human rights research. This paper is not mainly a report on research that has already been done. It is mainly about why research on social democracy should be done by peace and human rights researchers.

I shall be claiming 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 immediately after World War II than it is now. Today anti-social democratic trends; also known as neoliberalism, conservatism, and neo-conservatism; have become globally dominant. I shall be claiming that even though the proponents of these anti social-democratic trends are often also proponents of human rights, the current eclipse of Keynes poses obstacles for making human rights real.

If we consider the excuses most commonly given for the frequent and massive violations of the solemn commitments of nations to honor human rights, we will find, I suggest in brief shorthand, two major types of excuse: the emergency excuses, and the impossibility excuses. "Emergency" is shorthand for excusing the 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) "Impossibility" is applied mainly to the economic and social rights guaranteed in principle to the world's poor by international conventions. (2) Impossibility excuses typically take the form either of saying that it is a question of economic fact, rather than juridical principle, whether a nation can afford to implement social rights, or 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 such basic rights 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 will argue that the shift in the world economy from yesterday's more or less Keynesian macroeconomic management of national economies to today's prevailing neoliberalism has paved the way for both kinds of excuse, and therefore for breakdowns in respect for human rights.

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

Applying to human rights an engineering metaphor that Kenneth Boulding employed to talk about peace, the first way 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 way can be called decreasing the strain on human rights. (4) Steps toward a world where there would be less military conflict, less class conflict, less religious and ethnic conflict, less systemic instability, fewer and less intense territorial disputes, and so on, are steps toward decreasing the strain that tests the strength. A future in which the peoples of the world would be secure in the enjoyment of their rights would be a future in which the ratio of strength to strain would be high. Conceptually, human rights are 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 no torture. It does not mean no torture except in emergencies when dangerous people called terrorists threaten the safety of the public. The right to join a labor union means the right to join a labor union. (5) It does not mean the right to join a labor union 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.

In reality, the conceptual absolutes of rights-talk 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, can be briefly named as Keynesian economics. In thus singling out John Maynard Keynes for honorable mention, I do not assert that Keynes was the first or the only thinker to frame the theories associated with his name. I do not deny that his contributions were merged into the then new discipline of macroeconomics, to which many others also contributed. I do not deny that social democracy was also influenced by Marxian ideas, by 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 admired by many British Labourites (6), the Roman Catholic social teachings that helped shape Austrian social democracy (7), and the thoughts of Gandhi and Nehru that informed India's proposed "socialistic pattern of society." (8) Nor do I deny that after World War II historical circumstances were favorable for the growth of social democracy with or without the intellectual influence of John Maynard Keynes.

Keynesian economics, thus broadly conceived and appropriately qualified, guided a conciliatory approach to the conflictive processes of material life in which demands for human rights and pressures to violate human rights are caught up. 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 ameliorate social conflict. Keynesian economics went together with political democracy, where political democracy was conceived as a set of institutions that acknowledged that social life was inherently conflictual, 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: they held that high wages stimulated economic growth, because they forced firms to invest in technology that increased worker productivity. (10)

It was central to Keynes' thinking that for business to be profitable there had to be customers with enough money to buy the 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 certain macro-variables of the economy at the correct levels: notably interest rates, foreign exchange rates, tax rates, levels of public spending, and sometimes subsidies and minimum wages. Meanwhile, the general 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 market's invisible hand. Keynesian policies combined the self-interested exertions of millions of people to produce a net result that was to the benefit of each and every citizen. In Jurgen Habermas's phrase, the social democratic governments "steered" the economy. (12) They steered it so that there would be profits for businesses and benefits for workers. As a result 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 putatively justifying 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 centrally planned economies in the Soviet orbit, and which continued to characterize authoritarian regimes in Latin America, and in the newly decolonized areas of Africa and Asia. There was no putative emergency justifying a Gulag Archipelago to protect the dictatorship of the proletariat from dangerous reactionaries, because there was no dictatorship of the proletariat. There was no putative emergency requiring the armed forces to take over the government, Latin American style, in order to restore conditions favorable for the accumulation of capital, 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.

Most of the newly de-colonized countries of Asia and Africa aspired after World War II not to emulate the United States, not to emulate the Soviet Union, but to emulate West European social democracy. (13) The word that encapsulated their aspirations was “development.” From its very beginnings, the ideology of “development” meant that the living standards of the mass of the people would be raised. If “development” so understood could be achieved, then there would be little point in killing your neighbor for the honor of your religion, or for the honor of 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 end result named “development” emergencies putatively justifying the violation of the human rights of allegedly dangerous fanatics would cease to exist. (14)

In the Age of Keynes after World War II, it made sense to add to the list of human rights by drafting and approving official documents declaring the economic and social rights of every human being. As Myrdal, writing in the mid 1960s, pointed out, “...after the Second World War in all Western countries, including the United States, the state agreed that it was its responsibility to promote full employment...”full employment” has not only become the commonly accepted policy goal, but has also been largely realized in Western countries” as part of what Myrdal called the “Keynesian revolution.” (15) It made sense to sign international conventions committing governments to steering their national economies toward welfare for all, because the western democracies had demonstrated that it could be done. There was no impossibility excuse.

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 known less politely as savage capitalism. What flexible accumulation means, typically and briefly, is that the price of labor is set by the law of supply and demand. The accumulation of profits is flexible because rigidities in the labor market are eliminated. Wages are not kept artificially high by labor legislation, by powerful labor unions, by segmenting the work force so that only certain kinds of people can apply for certain jobs, by seniority rights, by apprenticeship systems and licensing, by buffering the labor market with plentiful high-paying government jobs, or by restrictions on the rights of employers to fire workers. In the absence of such institutions, which are described pejoratively as artificial interference with markets, and which Myrdal described in non-pejorative terms as created harmony, wages today tend once again toward what the classical economists, including 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 with each other for jobs. (17)

Today national mandarins are no longer able to steer economies toward prosperity for all 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 W.T.O. the I.M.F 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 counter productive, since 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 a crackpot doctrine that 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 are now resumed. (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 like 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 para-military groups who believe there are emergencies which justify suspending human rights. If 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, 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 been discussing, 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.

Now that I have explained why I believe that research on the rise, decline, and possible resurgence of social democracy ought to be done, I hasten to add that I have been following my own advice. My co-author Joanna Swanger and I have done a series of studies called *The Dilemmas of Social Democracies*, which has been published soon by Lexington Books, and which will soon be available in paperback. (21) Our conclusions are much too complex to even attempt to outline here today, but I hope I have succeeded

in outlining here today why the questions Professor Swanger and I address are crucial for the future of human rights.

Notes

(1) See Joan Fitzpatrick, *Human Rights in Crisis*. Philadelphia: University of Pennsylvania Press, 1994.

(2) Thus in the debate over whether to make social rights legally enforceable in New Zealand, it was argued that international conventions on rights to health care, education, and employment were not legal obligations but questions dependent on the availability of resources, to which the answers were matters of “economic fact.” Paul Hunt, *Reclaiming Social Rights*. Aldershot UK: Dartmouth, 1996. p. 44.

(3) See Hunt, *op cit.* and L. Henkin and J. Hargrove (Eds.) *Human Rights: An Agenda for the Next Century*. 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 Convention 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 John Ruskin, *Unto This Last, Four Essays on the First Principles of Political Economy*. Lincoln: University of Nebraska Press, 1967.

(7) See Chapter 9, “Karl Popper’s Vienna” of Richards and Swanger, *op cit* note 21. For background, see Alfred Diamant, *Austrian Catholics and the First Republic*. Princeton: Princeton University Press, 1960.

(8) B.R. Nanda (ed.) *Socialism in India*. Delhi: Vikas Publications, 1972.

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

(10) Hearings before the Joint Economic Committee of the United States Congress, *The Swedish Experience: assuring industrial competitiveness in a high wage full employment economy*. Washington: U.S. Government Printing Office, 1988.

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

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

(13) Myrdal, op cit 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' 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 end product of the development process was expected to be a society similar to a West European social democracy.

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

(16) "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 Keynesianism had already been accompanied by a retreat in policy." William H. Hutt, *The Keynesian Episode*. Indianapolis: Liberty Press, 1979. p. 415, p. 419. 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 Sheila Dow and John Hillard (eds.), *Keynes, Uncertainty, and the Global Economy (Beyond Keynes, Volume Two)*. Cheltenham UK: Edward Elgar, 2002. pp. 186-199.

(18) "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 fervour in Britain than anywhere else." Will Hutton, *The Revolution That Never Was: an assessment of Keynesian economics*. London: Longman, 1986. p. 15.

(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 V.B. Singh (ed.), *Keynesian Economics: a Symposium by Maurice Dobb and Others*. Delhi: People's Publishing House, 1956.

(20) See Will Hutton, op cit note 18.

(21) Howard Richards and Joanna Swanger, *The Dilemmas of Social Democracies*. Lanham MD: Lexington Books, 2006. This book provides case studies illustrating some

of the concepts discussed in Howard Richards, *Understanding the Global Economy*.  
Santa Barbara CA: Peace Education Books, 2004.