


ARTICLE

The Schumpeterian Consensus: The New Logic of Global Social Policy to Face Digital Transformation

Vicente Silva 

Department of Social Policy, London School of Economics and Political Science, LSE Old Building, Houghton St, London WC2A 2AE, United Kingdom
Email: v.silva@lse.ac.uk

(Received 4 January 2022; revised 13 September 2022; accepted 6 October 2022; first published online 02 December 2022)

Abstract

Digitalisation emerged as a central problem in global social governance in the past decade. ‘Digital transformation’ was expected to bring new social risks, requiring a redesign of the welfare state. This study examines the social policy responses of international actors on the digitalisation agenda in the 2010s and early 2020s. Inspired by sociological institutionalism, it shows different trajectories followed by UN agencies, the OECD and the World Bank in terms of addressing the social implications of this transformation. Despite these divergent organisational agendas, the article reveals the emergence of a new transnational policy paradigm, the ‘Schumpeterian consensus’, overcoming the antagonism between ‘economic’ and ‘social’ institutions from previous decades. In this paradigm, the ‘Schumpeterian investment state’ is seen as a mediator between the creative and destructive potential of technological change. Its social model encourages governments to invest in skills, universal social protection and flexicurity for the digital era.

Keywords: global social policy; digitalisation; fourth industrial revolution; international organisations; institutional change; policy paradigms

1. Introduction

The digitalisation of the economy and the new wave of intelligent technologies focused the attention of political actors and policymakers globally in the past decade. Notions like the ‘fourth industrial revolution’ (Schwab, 2016), the ‘gig economy’ (Healy et al., 2017) or the ‘risks of automation’ (Frey and Osborne, 2017) became regular terms in academic and non-expert discussions. Governments developed numerous strategies to address the ‘digital transformation’ – i.e. the social and economic implications of the computerisation of processes and tasks (OECD, 2019a: 18). The most influential actors in global social governance also engaged with this process. Multilateral agencies set digitalisation and the future of work at the centre of their agendas (Grimshaw, 2020), expressed in flagship reports, commissions, policy frameworks and high-level meetings. In this article, I study the

development of this agenda in global governance, with a focus on social policymaking in international institutions. After the debates on the consequences of globalisation (Deacon, 2013) and the 2007–8 financial crisis (Güven, 2012), digital transformation became the next global agenda in social policy in the mid-2010s until the early 2020s. Scholarship has primarily focused on evaluating initiatives from individual international organisations (Anner et al., 2019; McBride and Watson, 2019; Thomas and Turnbull, 2020). However, a comparative perspective is necessary to make sense of the global institutional changes provoked by this policy agenda.

The hypothesis I develop in this study is that the digitalisation agenda undermined the traditional divide between ‘economic’ and ‘social’ institutions in global governance. Against dominant interpretations, I argue that international actors and experts have converged around a common transnational policy paradigm, beyond the cleavages that separated actors in past global agendas. This paradigm –the ‘Schumpeterian consensus’– understands development as a process of ‘creative destruction’ led by technological change, in which the role of the state must be to adapt institutions and prepare the workforce for the digital era, while mitigating new risks related to it. This new model of welfare state is focused on ‘investing in people’ for the future through a range of policies –from lifelong learning programmes to a universal basic income. Even though in the 2010s there was international convergence on this model, which I call the ‘Schumpeterian social investment state’, global institutions diverged in terms of the instruments that should guide welfare states in digital transformation.

2. Making sense of global institutional change in the context of digital transformation

Until recently, digital technologies were not part of mainstream social policy debates. Expectations about the current wave of innovations led observers, however, to suggest that institutions should be adapted to technological change: it was understood that “digitalisation and platformisation require profound rethinking of 21st century welfare provision” (Eichhorst et al., 2020: 28). Recent publications in this journal indicated a growing interest in the potential of digital innovations to deliver welfare policies (Henman, 2022), and to coordinate decision-making in state bureaucracies (Considine et al., 2022). Scholars also paid attention to policy responses on the effect of digitalisation on jobs markets (van Doorn and van Vliet, 2022), and the implications it might have for welfare attitudes (Busemeyer and Sahm, 2021). Beyond the value of these and other studies, most of the literature has had a national or local focus, leaving aside the question about the role of international actors in digital transformation. This is particularly remarkable given that this is a structural process that, as such, should involve global responses and initiatives. This paper aims to fill this gap in the social policy literature, adding the global level to institutional analyses of this process of transformation.

The conceptual approach I propose here to make sense of this agenda and its rationale consists in a sociological understanding of global institutional change, inspired by Sarah Babb and Alexander Kentikelenis’ (2021) study on the

Washington Consensus. Even though this variant of institutionalism has primarily focused on stability, I propose that it can be utilised to make sense of change and adaptations in international institutions. Babb and Kentikelenis have stressed the influence of three interrelated dimensions in the making of a new global consensus, which I use as a basis for the analysis. First, there is an *organisational* aspect, referring to the agendas of international institutions and their diffusion of a given set of policies. These agencies tend to follow particular interests and mandates (Kaasch and Martens, 2015), while their strategies influence national states in various degrees (Gilardi, 2013). Second, there is an *ideational* dimension, alluding to the predominance of theories and evidence that legitimate institutional reforms, often based on specific epistemic communities (Haas, 2008) and knowledge networks (Stone, 2008). The third factor that shapes global institutional change is the state of the *international political economy* (IPE), i.e. the reordering of political and economic forces on a global scale, as well as the irruption of wide-reaching events that put pressure on institutions to react (Mahrenbach and Shaw, 2019). This framework, in my understanding, rather than indicating explanatory factors, shows conditions of possibility for a consensus to emerge. To that degree, this study has a primarily interpretative character.

The interaction of these three dimensions can catalyse institutional transformations in international actors and national states alike. Such change can be interpreted in two lines, drawing upon previous works from sociological institutionalism. One is the creation of a new *transnational policy paradigm*, meaning a set of goals and instruments that are shared by a substantive number of countries and international actors (Babb, 2013). Paradigms constitute “cognitive assumptions that typically reside in the background of debates about change” (Campbell, 2004: 156), which are supported by elites until they lose legitimacy before mounting anomalies and inadequacies (Hall, 1993). Another result of global institutional change refers to the expansion of *institutional models of actors* (Meyer, 2010) – for example, the emergence of a certain ‘model’ of state that countries are urged to emulate. In the sections below, I will apply these sociological concepts to make sense of global institutional change in the context of digitalisation, with a focus on social policy and welfare states. The argument is that in the previous decade a convergence of organisational agendas in multilateral agencies, the salience of inclusive growth as a concept in the international arena, and the threat of far-right populism created the conditions for a new consensus, based on a Schumpeterian paradigm and a model of the state oriented to promoting innovations through social policy.

The methodological strategy utilised focuses on three institutions that have been particularly influential in social policy debates in past decades (Kaasch and Martens, 2015): the International Labour Organization (ILO), the Organisation for Economic Co-Operation and Development (OECD), and the World Bank (WB). Even though practically all major international institutions have developed initiatives on digitalisation, it seems more empirically fruitful and plausible to reduce the scope to a limited number of cases. These three have been chosen to provide a picture of the diverse ideological and geographical characteristics of international organisations. In that line, the ILO is an agency with global presence and based on a social-democratic imaginary; the OECD comprises rich democracies and promotes

inclusive liberalism, while the WB works in developing nations advocating for liberal values and strategies. I have studied the digital transformation agendas of these respective institutions through document analysis of flagship reports and policy documents published between 2015 and 2020 on digital technologies. The documents were scrutinised through a content analysis strategy based on a coding matrix focused on three categories with sub-dimensions: problem definitions, policy solutions and conceptual foundations presented in the reports (based on Mehta, 2011). A list of the analysed documents can be found in the appendix to this paper, as well as the matrix of categories used to code them.

3. The IPE dimension: the erosion of the divide between ‘economic’ and ‘social’ institutions in global governance

In order to understand the appearance of a new consensus in the international arena, it seems necessary to make reference to the history of antagonism that characterises global social governance. This field has commonly been characterised by scholars as a ‘war of positions’ between ‘economic’ institutions that focus on growth and competitiveness, on one side, and ‘social’ institutions that have a humanitarian and rather normative orientation, on the other (Deacon, 2007). In the 1980s, the consequences of structural adjustment made international financial institutions face opposition from United Nations (UN) agencies (Jolly, 1991); in the following decades these actors would constantly clash over the management of economic globalisation. For instance, in the 1990s, the World Bank was a strict defender of market openness, highlighting the benefits of foreign investment for job creation (World Bank, 1995). The ILO became an advocate of core labour standards to enforce minimum norms for an increasingly integrated world economy (Alston, 2004). Even in the context of the Great Recession after 2008, these agencies had contrasting positions on the role of the state and the extent of social protection in the crisis (McBride and Merolli, 2013). The literature likewise used this binary division to make sense of global institutions’ positioning on emerging events and agendas.

At the beginning of the 2010s, inter-organisational relations in global governance started showing signs of a different logic. The general adherence on the idea of social protection floors in Bretton Woods institutions and the UN system indicated that the contradiction between these two positions was giving way to a relationship of ‘accommodation’ (O’Brien, 2014). I further propose that there were two contextual factors in the international political economy that led, by the mid-2010s, to a dissolution of the divide between ‘economic’ and ‘social’ institutions in global governance, thus making possible the Schumpeterian consensus I will describe below. The first process referred to the expansion of *inclusive growth* as a dominant paradigm in the international community, including the economics profession and multilateral agencies. As Rianne Mahon explained (2019), in the past decade the WB and the OECD respectively re-elaborated their approach to social policy by emphasising the importance of inclusiveness in promoting economic growth, instead of opposing efficiency and equity as contradictory aims. Issues of sustainability also became part of their institutional agendas, beyond the orthodox perspectives they had endorsed in recent decades (Deeming and Smyth, 2018).

A second factor, now related to the balance of forces in international relations, was the irruption of far-right populism in the 2010s. The latter posed a serious challenge to the liberal international order and multilateralism (Mearsheimer, 2019), provoking a global wave of conservatism and exclusionary measures (Fischer, 2020). In terms of social policy, its effect was to force a social-democratisation of agencies conventionally positioned in the neoliberal spectrum, and contrarywise a liberalisation of institutions that would represent social democracy in the international arena. More specifically, the OECD understood populism as a by-product of widening socioeconomic inequalities in advanced political economies (Gurria, 2017), thus justifying a reorientation of its institutional discourse towards a social-democratic imaginary concerned about redistribution and social dialogue (e.g. OECD, 2018b). Social policymaking at the ILO followed the opposite direction. The confrontational strategies of business at the ILO and their strategic alignment with far-right populist governments led to a substantive ideational change in the organisation at the end of the decade (Silva, 2021). Despite having represented social democratic principles internationally – tripartism and social justice-, the ILO has recently adopted a more pro-business position that sees the private sector as the engine of economic development (e.g. ILO, 2019a). These two institutions – the OECD and the ILO – established a common agenda on inclusive growth and decent work, embodied by the ‘Global Deal’ (ILO and OECD, 2018), demonstrating that the existence of a clear divide between a liberal and a social-democratic camp was not so clear anymore.

4. The organisational dimension: trajectories of global institutions in the digitalisation agenda

Global institutions in the past decade, especially those concerned about social affairs, explicitly engaged with the digitalisation agenda. Each organisation ‘responded’ from their respective perspectives and political processes, but they shared the preoccupation for ‘investing in people’ for the future of work, for preparing society for the new digital era. A brief description of their trajectories will demonstrate the previous. For one, in 2013 the ILO turned its attention from the social consequences of globalisation towards the impact of new intelligent technologies. This theme was chosen by Director General Guy Ryder to become the main focus of the organisation’s centenary for 2019 (International Labour Office, 2013). The ILO Future of Work Initiative launched in 2015 included the formation of a Global Commission that in 2019, in the context of its centenary, published a report that proposed a ‘human-centred approach’ for the future (ILO, 2019b). The framework of the Commission aimed to embed technological change in capabilities’ development, promoting innovation that would increase workers’ resources and autonomy. Such approach suffered straight opposition from employers and right-wing governments in the making of the ILO Centenary Declaration (Thomas and Turnbull, 2020), who re-oriented the institution’s agenda towards skills development and adaptability for job creation.

The goal of ‘humanising’ digital technologies in the UN system was also assumed by the United Nations Educational, Scientific and Cultural Organization

(UNESCO) and its Recommendation on the Ethics of Artificial Intelligence (AI) from 2021. It encouraged member states to create institutions that preserve “human rights and fundamental freedoms”, as well as “human oversight” over AI systems (UNESCO, 2021). The OECD had pioneered in that line some years before with the making of a Recommendation on AI, for which “AI should respect the rule of law, human rights and democratic values” (OECD, 2019d). These cooperative efforts between multilateral agencies and countries found ample support in instances such as the G20, the group of the twenty largest economies, agreeing on a framework on ‘AI principles’ in 2019 largely based on previous work from the ILO and the OECD (L20, 2019). The WB has also thematised the ethics of new technologies, supporting the safeguard of privacy rights to address “the power asymmetries between (individual) data subjects and data processors and collectors” (World Bank, 2021: 194). In other words, institutions with largely different aims and interests seemed to recognise the necessity to set institutional and normative boundaries to technological developments in the age of AI.

Apart from the human-centred approaches, there were two additional trajectories that must be examined here. The OECD experienced in the past decade a substantive ideational turn in the context of its inclusive growth initiative, distancing this organisation from the orthodox position it defended in the 1990s (McBride et al., 2007) and its focus on activation from the 2000s when it embraced ‘inclusive liberalism’ (Mahon, 2011). In the following decade, after the Euro crisis, the OECD focused their social policymaking on digitalisation. On this process, in 2016 labour ministers and the secretariat decided to make a new Jobs Strategy – ‘Good jobs for all in a changing world of work’ – which was published in 2018 (OECD, 2018a). In a scenario where digital ‘superstar firms’ and platform labour were notoriously expanding, the OECD proposed to strengthen the institutions of work – centralised collective bargaining, minimum wages, and inequality reduction – in a clear turn to a social-democratic imaginary (see OECD, 2019b). At the same time, the OECD committed to renew its social policy framework for the challenges of the digital era and re-elaborated its Skills Strategy in 2019, encouraging member countries to invest in training over the life course, foreseeing that in the future jobs and occupations will disappear due to automation (OECD, 2019c). As in the Jobs Strategy, the one on skills supported stakeholder engagement and social dialogue in the governance of skills systems. The re-making of social policy frameworks at the OECD played a key role in the institution’s projects related to technological change: the most important of them, the ‘Going Digital’ initiative (OECD, 2019a), presented a roadmap in which well-being, good jobs and social inclusion were considered central to build a sustainable digital transition.

As the OECD, the WB experienced a similar pattern of institutional change in the context of the digitalisation agenda, as it explicitly embraced the ‘flexicurity’ model in social policy provision as a response to such transformation. In a number of World Development Reports, the Bank exposed the economic gains and opportunities brought by new technologies – for example, by creating new industries and jobs, or making organisations more efficient (World Bank, 2016, 2021). Despite the optimism shown in the Bank’s approach, the institution repeatedly showed concerns about the appearance of new social problems in such context. The World Development Report of 2019 – ‘The changing nature of work’ – emphasised that

the demand for skills was going to change due to technological change; the risk of polarisation and the already decreasing labour share in the product were worrying trends to consider (World Bank, 2019). The two institutional initiatives developed as a response to these analyses were the creation of the ‘Human Capital Project’ in 2018 (World Bank, 2018b), which provided technical support for countries to invest in their people, and the ‘Protecting all’ social policy framework from 2019. The latter positioned flexible security as the key goal for the future, giving companies freedom to adopt innovations while guaranteeing that all workers have universal access to social protection – e.g. via a universal basic income (Gentilini et al., 2020) or a ‘pentapartite’ model that would include the self-employed and non-standard workers in social dialogue (Packard et al., 2019).

The previous indicates that major players in global governance put digitalisation and technological change at the centre of their respective organisational agendas. They also remade their social policy approaches, with different emphasis to be sure, but with the common idea that states should ‘invest in people’ to face digital transformation (see Table 1 below). Their organisational trajectories did not seem to be structured by an opposition between economic and social dimensions, or by an ideological dispute between neoliberal and social-democratic positions. Even though they developed their own frameworks and supported specific instruments, the next section shows that they were actually operating within the same policy paradigm, especially in terms of problem definitions and conceptual foundations.

Table 1. Trajectories of global institutions in the context of the digitalisation agenda (2015-2020)

Dimension	International Labour Organization (ILO)	Organisation for Economic Co-Operation and Development (OECD)	World Bank (WB)
Conceptual approach	Human-centred	Human-centred and inclusive growth	Inclusive growth
Key document	‘Work for a brighter future: Global Commission report’ (2019b)	‘Going digital: shaping policies, improving lives’ (2019a)	‘Protecting all: risk sharing for a diverse and diversifying world of work’ (2019)
Normative horizon	Humanising technology	Strengthening social cohesion	Renewing social contract
Main analytical focus	Human	Collective	Individual
Main source of conflict	Human versus machine	Capital versus labour	Technology versus education
Supported strategy	Investing in workers’ capabilities and social dialogue	Investing in employment and social protection	Investing in human capital and lifelong learning

Source: Author

5. The ideational dimension: the Schumpeterian consensus and the new welfare state for the digital era

The diverse trajectories found in the organisational dimension should not obscure the fact that, by the mid-2010s, the mentioned actors had adopted a single understanding of economic development and, perhaps more important, of the role of the state in welfare provision. The concept of ‘consensus’ here is presented as it has been utilised in international political economy to denote the convergence of actors around certain policy paradigms, as in the ‘Washington consensus’ (Williamson, 2008) or the ‘Wall Street consensus’ (Gabor, 2021). However, in this case I am not referring to industrial and macroeconomic policy, but to social and labour market regulations at a global level. The new model that became a transnational policy paradigm in the 2010s can be called the ‘Schumpeterian consensus’, which was fundamentally inspired by ideas, not by geopolitical/financial interests like the ones just mentioned. The essence of this paradigm relies on two notions. The first is a conception of economic and technological development grounded on Schumpeter’s idea of ‘creative destruction’. A second aspect is the promotion of ‘investing in people’ to prepare societies for digital transformation. The social investment approach and the flexicurity model, as an extension of the Schumpeterian consensus, became part of this transnational policy paradigm, being endorsed by the various actors in global social governance: multilateral agencies, international experts, and civil society organisations.

The idea of creative destruction was popularised by Joseph Schumpeter in his *Capitalism, socialism and democracy* (1994), representing capitalist development as a force that continuously grows at the expense of already existing economic and institutional forms. In this view, innovation –expressed in the creation of new markets, organisational methods or productive techniques- is constantly disrupting the economy, altering the general equilibrium taken for granted by neoclassical economics (Screpanti and Zamagni, 2005). The logic of creative destruction is considered to be the core feature of capitalism, unravelling as an ‘organic process’ (Schumpeter, 1994: 84), thus inciting a succession of economic cycles linked to technological innovations. Even though Schumpeter did not advocate for institutional interventions in this ‘organic’ process, it was Neo-Schumpeterian economists who argued that state institutions and regulations were necessary to keep the creative potential of technological change, but within a “narrow corridor” where growth and innovation were not curtailed (Hanusch and Pyka, 2007: 287). In terms of the digitalisation agenda in global governance, in the 2010s there were explicit signs of a common narrative on such process:

The unintended consequences created by past waves of technological change trigger societal learning processes... which have been described by Schumpeter as a process of creative destruction (Nübler, 2016 from ILO)

A process of creative destruction is under way, whereby certain tasks are either taken over by robots or offshored, and other, new ones, are created (OECD, 2019b: 14)

Technological progress makes the jobs challenge more complex . . . The speed of these changes appears to be accelerating, intensifying creative destruction and the pace of labour market changes (World Bank, 2016: 130)

Global institutions remained somewhere in the middle between a strict economic conception of the process that understands new risks as a ‘necessary evil’, and an approach concerned about its social implications, willing to restrain the spread of certain disruptive technologies. In other words, neither Hayek and unbounded markets, nor Polanyi and embedded economies took the lead. On the opposite, as expressed by influential Schumpeterian economist Phillipe Aghion, there had to be an *investor state* that could focus public initiatives on innovation and industrial policy, and an *insurer state* that could “protect individuals against the risks induced by innovation and creative destruction” (Aghion et al., 2021: 272). In the 2010s this dual view on the role of the state became paradigmatic in the international community, at least in relation to social policy. The state had to *invest in people* to prepare them for the future, *adapting* social and labour policy to let out the creative side of digitalisation –generating jobs and new tools of work and management, while creating new job opportunities through digital platforms. At the same time, the state was expected to invest in *mitigating* the new set of risks attached to this wave of innovations – namely, technological unemployment due to automation, the polarisation of the jobs market, the rise in non-standard forms of employment and the spread of monitoring mechanisms and data analytics in organisational settings (Figure 1).

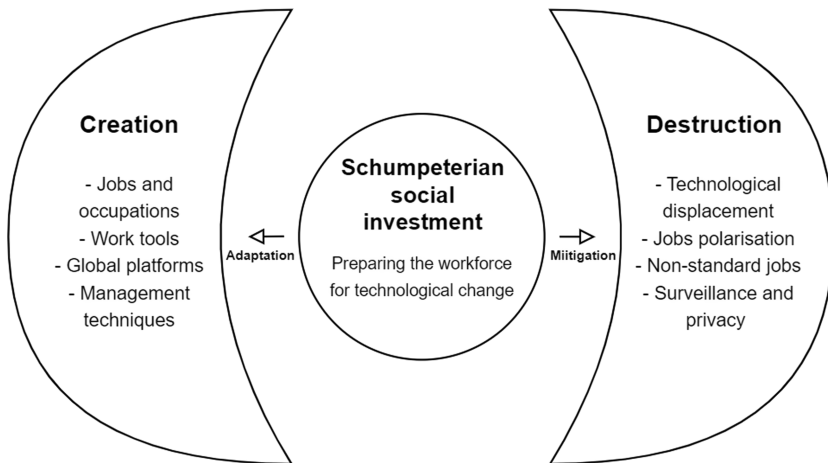


Figure 1. The Schumpeterian consensus in global governance: creative destruction and social investment.

Source: Author

I call this new model of welfare the ‘Schumpeterian social investment state’, which must mediate between creative and destructive forces, channelling them towards inclusive growth and human-centred development. Apart from feeding from Schumpeterianism, it borrows elements from the social investment paradigm.

Social investment as a concept rests on the assumption that there is productive value in social policy, against views that oppose efficiency and equity, particularly dominant before the 2000s (Morel et al., 2011). I can give a general description of its rationale. First, the ‘investment’ dimension does not necessarily expect social returns in the sense of neoclassical economics, as measurable outcomes (Nolan, 2013). In a broad sense, investment is focused on raising “the quality of the ‘stock’ of human capital and capabilities”, as well as on providing “universal safety nets ‘buffers’ for micro-level income protection and macro-economic stabilization” (Hemerijck, 2018: 816–7). Second, the result of investing is understood not only in relation to growth but also in a broader sense, emphasising aspects such as well-being, equity, or social cohesion. A third element is a focus on enabling transitions, both in relation to life events (e.g. school-work) and various domains of social life (e.g. work-family), mainly under the assumption that economic productivity and opportunities are determined over the life course (Esping-Andersen, 2005). Fourth, derived from the previous point, the investment paradigm is associated the flexicurity model in social policy, i.e. the promotion of flexible arrangements in the labour market with social protection and activation measures for individual workers (Auer, 2010). This strategy would, in principle, reconcile the imperative of adaptation from business and the need for support in transitions and new risks (Greve, 2014).

The question about how these policy orientations were addressed in the digitalisation agenda in global governance will be covered in the next section. Before that, one final conceptual reflection is offered. Until the mid-2010s, the social investment perspective had been endorsed by global institutions in relation to different strategies: some of which were associated to what Bob Jessop (2018) called the Schumpeterian ‘workfare’ state. For this model, in a globalised economy, countries had to develop ‘defensive’ activation measures and disciplinary approaches to social policy to remain competitive (Torfing, 1999). As Jane Jenson suggested (2017), the OECD recommended a turn towards active labour market policies in the Global North and the WB backed conditional cash transfers for poverty reduction for the South; they shared, nonetheless, the same emphasis on the disciplinary role of the state and the importance of investing in children development.

There are three key differences, however, between the Schumpeterian workfare state and the Schumpeterian investment state that I am delineating (see Table 2). First, the latter presents itself as a truly globalised state model, an institutional template to emulate in a context of worldwide industrial transformation. Even if in the 2010s countries in the Global South were still focusing their attention on all-too-common problems like informality or low internet access (see ILO, 2017), the discourse of international institutions was promoting this state model regardless of countries’ development situation. Second, in the Schumpeterian investment state the disciplinary element is virtually absent, while the context that gives meaning to its principles is digital transformation, not economic globalisation, which was displaced in the 2010s as a centre of gravity in global social governance. Lastly, a

Table 2. Models of Schumpeterian state in global social policy: two meanings of ‘investing in people’

Model	Schumpeterian workfare state	Schumpeterian investment state
Economic goal	Competitiveness in a knowledge-based economy	Preparedness in a changing world of work
Normative goal	Compensating losers from global market economy	Mitigating unequal effects of new technologies
Underlying processes	Post-industrialism Globalisation	Digitalisation Digital transformation
Type of activation	Disciplinary	Reskilling and upskilling
Inclusiveness	Market participation	Universal social protection
Policies	Work-family balance Investing in children Make work pay Conditional cash transfers	Flexible security Investing in digital skills Decoupling benefits from employment Social dialogue
Approach to global social policy	Inclusive liberalism	Inclusive growth Human-centred

Source: Author, inspired by Jenson (2017) and Jessop (2018)

third element that separates these models has to do with policy targets. Workfare had a strong emphasis on childcare and children-related investment; on the contrary, the expansion of automated technologies in the past decade forced a reorientation towards adult workers that could be displaced by labour-saving digital innovations.

6. Policy expressions of the Schumpeterian consensus: a new global social model?

The Schumpeterian consensus rested on a shared conception of development and the role of the state in welfare provision. Global institutions, I have mentioned already, supported different policy instruments and goals according to their own organisational agendas, but they also showed noticeable similarities in the problem-definition aspect of digital transformation. They identified issue areas related to the ‘social model’ (Dølvik and Martin, 2014) that had to be addressed – insufficiencies in employment relations, social policy and skills formation systems that had been exposed by technological change and that, consequently, had to be faced by states. In terms of employment relations, even though in previous agendas on the globalisation of production the standardisation of work had been a primary concern (Bernards, 2017), this was no longer the case in the digitalisation agenda. Instead of countering precariousness and informality via formalisation, multilateral agencies were now announcing the death of the standard model of employment as an empirical reality and as a normative horizon:

“Changes in labour markets, including not only technological advances but also other developments such as the widespread participation of women in

paid employment, merit reflection on whether the institutions created for an industrial age – when lifetime employment with a single employer was the expectation – need to be adapted for the twenty-first century” (ILO, 2018: 1)

“Traditional provisions of social protection based on steady wage employment, clear definitions of employers and employees, and a fixed point of retirement are becoming increasingly obsolete. In developing countries, where informality is the norm, this model has been largely aspirational . . . Technology is changing how people work and the terms under which they work” (World Bank, 2019: 113)

“Underlying these debates is a fear that the standard, full-time and dependent employment relationship is under pressure and that, in the future, many individuals will be working in ‘flexible’ work arrangements with little employment and social protection, few benefits and rights, and limited access to training” (OECD, 2019b: 133)

These observations sustained the idea that future labour markets were going to be flexible, partly due to digital innovations that were disrupting the standard model (e.g. the gig economy), partly due to an already ongoing process of casualisation related to a global decrease in labour power in employment relations (OECD, 2019b). In this context, and considering that states had to mitigate risks beyond adaptability, welfare in the new social model supported by international institutions was fundamentally based on the *flexicurity approach*, now detached from its Nordic origins and presented as a global institutional template:

“The policy principle should not be to protect jobs that are becoming outdated and unproductive due to technological change but to protect people (as the Danish flexicurity approach to labour market exemplifies)” (World Bank, 2018a: 3)

“Policies need to strike the right balance between employment flexibility and stability. The challenge is to ensure that resources can be reallocated to more productive uses while providing a level of employment stability that fosters learning and innovation in the workplace” (OECD, 2018a: 15)

The renovation of social policy systems implied, then, letting employers displace workers through automation while keeping universal social provision detached from employment status. Even though universalism was already on the table when the digitalisation agenda emerged, especially in the widely supported concept of social protection floors (Zelenev, 2015), in this case there was the idea that all workers could be exposed to technological replacement, and therefore governments had to ‘protect all’ (Packard et al., 2019). The appropriate instruments to achieve that objective varied: for instance, the WB recommended a universal basic income (Gentilini et al., 2020), but the ILO opposed this policy, given its possible regressive effects (Ortiz et al., 2018).

In relation to skills formation, the third element of the Schumpeterian consensus’ social model was the imperative to reform educational systems to prepare youths

and adults for rapidly changing labour markets in the digital era. Investment in a lifelong conception of education, particularly a change from knowledge-centred learning towards the transmission of adaptable soft skills, became the mainstream position in international debates in the 2010s (Penpraser, 2018). In parallel, in global governance there was increasing support for subordinating educational institutions to labour markets:

“The ILO must direct its efforts to . . . pay particular attention to ensuring that education and training systems are responsive to labour market needs, taking into account the evolution of work” (ILO, 2019a: 3)

“As our societies and economies are increasingly shaped by new technologies and trends, getting skills policies right becomes even more critical for ensuring well-being and promoting growth that is inclusive and sustainable” (OECD, 2019c: 3)

“By improving their skills, health, knowledge, and resilience—their human capital—people can be more productive, flexible, and innovative. Investments in human capital have become more and more important as the nature of work has evolved in response to rapid technological change” (World Bank, 2018b: 2)

The need to reskill workers to cope with technological change was also noticeably advocated by business consulting groups (Schlogl et al., 2021). Global think tanks, echoing such views, called for a ‘reskilling revolution’ (World Economic Forum, 2018), arguing that governments should “help workers develop skills best suited for the automation age”, focusing on “developing agility, resilience, and flexibility” (McKinsey Global Institute, 2017: 18–9). The idea that disruptions caused by technological innovations could be mitigated primarily by adapting skills formation to the needs of the private sector constituted an ‘educational fix’ (Peters et al., 2019) that was an unequivocal component of the Schumpeterian consensus.

7. Conclusion

In this article, I have argued that the traditional divide between economic and social actors in global governance, in the context of the digitalisation agenda, gave way to a shared understanding of economic development and the welfare state by major players in the social policy field. Organisational, ideational and political-economy factors made possible the emergence of the Schumpeterian consensus in the international arena in the past decade. The centrality that technology has gained in global social governance certainly responds to the severity of the challenges digital innovations may bring. It will be a matter of future research to study the influence of international institutions on national regulatory frameworks and strategies in this regard. This question goes beyond the scope of this article, though it is a highly pertinent one: have countries adopted the Schumpeterian social investment model over the last decade? How has their collaboration with international organisations determined their specific approaches to digitalisation? The possibilities and

limitations of global governance to guide a process of structural transformation remain to be seen.

A different problem for the literature has to do with the organisational agendas of international institutions – for one, as I have exposed, there was convergence in terms of paradigms and policy ideas on the digitalisation agenda. How have events such as the global coronavirus pandemic influenced these organisations' views on digital technologies? Global trends associated to the pandemic – such as the expansion of remote work; of platform work and the automation of jobs (ILO, 2022) – made digitalisation even more pervasive. The positioning of international institutions in this scenario, and their inter-organisational relations, is also a problem to be explored. The truth is that digitalisation is taking place in parallel to other policy issues that were already key in global governance: increasing inequalities, high informality and jobs precariousness, as well as the looming environmental crisis. Future studies will tell if the policy orientations of the Schumpeterian consensus were compatible with addressing them.

Supplementary material. To view supplementary material for this article, please visit <https://doi.org/10.1017/S0047279422000861>

Acknowledgements. I thank Daniel Clegg, Sam Mohun-Himmelweit and Jay Wiggan for their observations on earlier versions of this paper. Also, I am grateful to the Department of Social Policy at the London School of Economics and Political Science, where this study was presented for discussion in their International Social and Public Policy seminar in December 2021.

Declaration. The author declares to have no conflict of interest in making and publishing this piece.

References

- Aghion, P., Antonin, C. and Bunel, S.** (2021), *The Power of Creative Destruction: Economic Upheaval and the Wealth of Nations*. Cambridge, MA: The Belknap Press.
- Alston, P.** (2004), Core labour standards and the transformation of the international labour rights regime. *European Journal of International Law* 15(3): 457–521.
- Anner, M., Pons-Vignon, N. and Rani, U.** (2019), For a Future of Work with Dignity: A Critique of the World Bank Development Report 'The Changing Nature of Work'. *Global Labour Journal* 10(1): 2–19.
- Auer, P.** (2010), What's in a name? The rise (and fall?), of flexicurity. *Journal of Industrial Relations* 52(3): 371–386.
- Babb, S.** (2013), The Washington Consensus as transnational policy paradigm: Its origins, trajectory and likely successor. *Review of International Political Economy* 20(2): 268–297.
- Babb, S. and Kentikelenis, A.** (2021), Markets Everywhere: The Washington Consensus and the Sociology of Global Institutional Change. *Annual Review of Sociology* 47: 521–541.
- Bernards, N.** (2017), The global governance of informal economies: the International Labour Organization in East Africa. *Third World Quarterly* 38(8). Routledge: 1831–1846.
- Bussemeyer, M. R. and Sahm, A. H. J.** (2021), Social Investment, Redistribution or Basic Income? Exploring the Association between Automation Risk and Welfare State Attitudes in Europe. *Journal of Social Policy*. Cambridge University Press.
- Campbell, J. L.** (2004), *Institutional Change and Globalization*. Princeton: Princeton University Press.
- Considine, M., McGann, M., Ball, S., et al.** (2022), Can Robots Understand Welfare? Exploring Machine Bureaucracies in Welfare-to-Work. *Journal of Social Policy*. Cambridge University Press. DOI: 10.1017/S0047279422000174.
- Deacon, B.** (2007), *Global Social Policy and Governance*. London: Sage.
- Deacon, B.** (2013), *Global Social Policy in the Making: The Foundations of the Social Protection Floor*. Bristol: Policy Press.

- Deeming, C. and Smyth, P.** (2018), Social investment, inclusive growth that is sustainable and the new global social policy. In: C. Deeming and P. Smyth (eds.), *Reframing Global Social Policy: Social Investment for Sustainable and Inclusive Growth*. Bristol: Policy Press, pp. 11–44.
- Dølvik, J. and Martin, A.** (2014), Introduction. In: *European Social Models from Crisis to Crisis*. Oxford: Oxford University Press, pp. 1–20.
- Eichhorst, W., Hemerijck, A. and Scalise, G.** (2020), Welfare State, Labor Markets, Social Investment and the Digital Transformation. *IZA Discussion Paper* (13391).
- Esping-Andersen, G.** (2005), Putting the horse in front of the cart: towards a social model for mid-century europe. In: Sassen S and Esping-Andersen G (eds), *Towards A New Welfare State*. The Hague: Scientific Council For Government Policy, pp. 31–70.
- Fischer, A. M.** (2020), The Dark Sides of Social Policy: From Neoliberalism to Resurgent Right-wing Populism. *Development and Change* 51(2): 371–397.
- Frey, C. B. and Osborne, M. A.** (2017), The future of employment: How susceptible are jobs to computerisation? *Technological Forecasting and Social Change* (114): 254–280.
- Gabor, D.** (2021), The Wall Street Consensus. *Development and Change* 52(3). Blackwell Publishing Ltd: 429–459.
- Gentilini, U., Grosh, M., Rigolini, J., et al.** (eds.) (2020), *Exploring Universal Basic Income. A Guide to Navigating Concepts, Evidence, and Practices*. Washington, DC: World Bank.
- Gilardi, F.** (2013), Transnational diffusion: norms, ideas, and policies. In: W. Carlsnaes, T. Risse and B. A. Simmons (eds.), *Handbook of International Relations*. London: Sage, pp. 453–477.
- Greve, B.** (2014), *Welfare and the Welfare State*. London: Routledge.
- Grimshaw, D.** (2020), International organisations and the future of work: How new technologies and inequality shaped the narratives in 2019. *Journal of Industrial Relations* 62(3): 477–507.
- Gurria, A.** (2017), *Opening remarks by OECD Secretary-General. High-Level Policy Forum on the New OECD Jobs Strategy*. Paris: OECD.
- Güven, A. B.** (2012), The IMF, the World Bank, and the Global Economic Crisis: Exploring Paradigm Continuity. *Development and Change* 43(4): 869–898.
- Haas, P. M.** (2008), Epistemic Communities. In: Bodansky D, Brunnée J, and Hey E (eds), *The Oxford Handbook of International Environmental Law*. Oxford: Oxford University Press, pp. 1–16.
- Hall, P. A.** (1993), Policy paradigms, social learning and the state. *Comparative Politics* 25(3): 275–296.
- Hanusch, H. and Pyka, A.** (2007), Principles of Neo-Schumpeterian Economics. *Cambridge Journal of Economics* 31: 275–289.
- Healy J, Nicholson D, Pekarek A, et al.** (2017), Should we take the gig economy seriously? *Labour & Industry: a journal of the social and economic relations of work* 27(3). Routledge: 232–248.
- Hemerijck, A.** (2018), Social investment as a policy paradigm. *Journal of European Public Policy* 25(6). Taylor & Francis: 810–827.
- Henman, P. W. F.** (2022), Digital Social Policy: Past, Present, Future. *Journal of Social Policy* 51(3). Cambridge University Press: 535–550.
- ILO** (2017), Synthesis report on the national dialogues on the future of work. Geneva: ILO.
- ILO** (2018), Managing transitions over the life cycle. *Global Commission on the Future of Work – Issue Briefs* 7. Geneva: ILO.
- ILO** (2019a), ILO Centenary Declaration for the Future of Work – Adopted by 108th session of the International Labour Conference. Geneva: ILO.
- ILO** (2019b), *Work for a Brighter Future: Global Commission report*. Geneva: ILO.
- ILO** (2022), *World Employment and Social Outlook. Trends 2022*. Geneva: ILO.
- ILO and OECD** (2018), Building Trust in a Changing World of Work. *The Global Deal for Decent Work and Inclusive Growth Flagship Report 2018*. Geneva: ILO-OECD.
- International Labour Office** (2013), Towards the ILO centenary. Director-General report to the International Labour Conference 2013. Geneva: ILO.
- Jenson, J.** (2017), Developing and spreading a social investment perspective. In: A. Hemerijck (ed.), *The Uses of Social Investment*. Oxford: Oxford University Press.
- Jessop, B.** (2018), Neoliberalism and Workfare: Schumpeterian or Ricardian? In: D. Cahill (ed.), *The SAGE Handbook of Neoliberalism*. London: Sage, pp. 347–358.
- Jolly, R.** (1991), Adjustment Record with a Human Face: A UNICEF and Perspective on the 1980s. *World Development* 19(12): 1807–1821.

- Kaasch, A. and Martens, K.** (2015), Actors and agency in global social governance. In: A. Kaasch and K. Martens (eds.), *Actors and Agency in Global Social Governance*. Oxford: Oxford University Press, pp. 3–17.
- L20** (2019), L20 statement to the G20 Labour and Employment ministers' meeting. Matsuyama: G20.
- Mahon, R.** (2011), The Jobs Strategy: From neo- to inclusive liberalism? *Review of International Political Economy* 18(5): 570–591.
- Mahon, R.** (2019), Broadening the social investment agenda: The OECD, the World Bank and inclusive growth. *Global Social Policy* 19(1–2): 121–138.
- Mahrenbach, L. and Shaw, T.** (2019), Continuities and change in IPE at the start of the twenty-first century. In: T. Shaw (ed.), *The Palgrave Handbook of Contemporary International Political Economy*. Cham: Palgrave, pp. 1–23.
- McBride, S., McNutt, K. and Williams, R. A.** (2007), Tracking Neo-Liberalism. Labour market policies in the OECD Area. In: *Neo-Liberalism, State Power and Global Governance*. Cham: Springer, pp. 79–93.
- McBride, S. and Merolli, J.** (2013), Alternatives to austerity? Post-crisis policy advice from global institutions. *Global Social Policy* 13(3): 299–320.
- McBride, S. and Watson, J.** (2019), Reviewing the 2018 OECD Jobs Strategy – anything new under the sun? *Transfer* 25(2): 149–163.
- McKinsey Global Institute** (2017), A Future That Works: Automation, Employment, and Productivity.
- Mearsheimer, J. J.** (2019), Bound to fail: The rise and fall of the liberal international order. *International Security* 43(4). MIT Press Journals: 7–50.
- Mehta, J.** (2011), The varied roles of ideas in politics. From 'whether' to 'how'. In: D. Beland and R. H. Cox (eds.), *Ideas and Politics in Social Science Research*. New York: Oxford University Press, pp. 23–46.
- Meyer, J. W.** (2010), World Society, Institutional Theories, and the Actor. *Annual Review of Sociology* 36(1): 1–20.
- Morel, N., Palier, B. and Palme, J.** (2011), Beyond the welfare state as we knew it? In: N. Morel, B. Palier, and J. Palme (eds.), *Towards a Social Investment Welfare State?: Ideas, Policies and Challenges*. Bristol: Policy Press, pp. 1–32.
- Nolan, B.** (2013), What use is 'social investment'? *Journal of European Social Policy* 23(5): 459–468.
- Nübler, I.** (2016), New technologies: a jobless future or golden age of job creation? *ILO Research Department – Working Paper 13*. Geneva: ILO.
- O'Brien, R.** (2014), Antagonism and accommodation: the Labor-IMF/World Bank relationship. In: A. Kaasch and P. Stubbs P (eds.), *Transformations in Global and Regional Social Policies*. Hampshire: Palgrave MacMillan, pp. 153–174.
- OECD** (2018a), *Good Jobs for All in a Changing World of Work. The OECD Jobs Strategy*. Paris: OECD.
- OECD** (2018b), *Social Policy for Shared Prosperity: Embracing the Future. Statement of the 2018 OECD Ministerial Meeting on Social Policy*. Paris: OECD.
- OECD** (2019a), *Going Digital: Shaping Policies, Improving Lives*. Paris: OECD.
- OECD** (2019b), *OECD Employment Outlook 2019: The future of work*. Paris: OECD.
- OECD** (2019c), *OECD Skills Strategy 2019. Skills to shape a better future*. Paris: OECD.
- OECD** (2019d), *Recommendation of the Council on AI*. Paris: OECD.
- Ortiz, I., Behrendt, C., Acuña-Ulate, A., et al.** (2018), Universal basic income proposals in light of ILO standards. Extension of Social Security – Working Paper. Geneva: ILO.
- Packard, T., Gentilini, U., Grosh, M., et al.** (2019), *Protecting all: risk sharing for a diverse and diversifying world of work*. Washington, DC: World Bank.
- Penpraser, B. E.** (2018), The fourth industrial revolution and higher education. In: N. W. Gleason (ed.), *Higher Education in the Era of the Fourth Industrial Revolution*. Singapore: Palgrave MacMillan, pp. 207–228.
- Peters, M. A., Jandrić, P. and Hayes, S.** (2019), The curious promise of educationalising technological unemployment: what can places of learning really do about the future of work? *Educational Philosophy and Theory* 51(3). Routledge: 1–13.
- Schlogl, L., Weiss, E. and Prainsack, B.** (2021), Constructing the 'Future of Work': An analysis of the policy discourse. *New Technology, Work and Employment* 36(3). John Wiley and Sons Inc: 307–326.
- Schumpeter, J. A.** (1994), *Capitalism, Socialism and Democracy*. London: Routledge.
- Schwab, K.** (2016), *The Fourth Industrial Revolution*. Geneva: World Economic Forum.

- Screpanti, E. and Zamagni, S.** (2005), *An Outline of the History of Economic Thought*. Oxford: Oxford University Press.
- Silva, V.** (2021), The ILO and the future of work: The politics of global labour policy. *Global Social Policy March*: 1–18.
- Stone, D.** (2008), Global public policy, transnational policy communities, and their networks. *Policy Studies Journal* 36(1): 19–38.
- Thomas, H. and Turnbull, P.** (2020), From a ‘Moral Commentator’ to a ‘Determined Actor’? How the International Labour Organization (ILO) Orchestrates the Field of International Industrial Relations. *British Journal of Industrial Relations* 56(3): 1–25.
- Torfig, J.** (1999), Towards a Schumpeterian workfare postnational regime: Path-shaping and path-dependency in Danish welfare state reform. *Economy and Society* 28(3). Routledge Journals: 369–402.
- UNESCO** (2021), *Draft Recommendation on the Ethics of Artificial Intelligence*. Paris: UNESCO.
- van Doorn, L. and van Vliet, O.** (2022), Wishing for More: Technological Change, the Rise of Involuntary Part-Time Employment and the Role of Active Labour Market Policies. *Journal of Social Policy* 1–21.
- Williamson, J.** (2008), A short history of the Washington consensus. In: N. Serra and J. E. Stiglitz (eds.), *The Washington Consensus Reconsidered. Towards a New Global Governance*. Oxford: Oxford University Press, pp. 14–30.
- World Bank** (1995), *World Development Report 1995. Workers in an integrating world*. Washington, DC.
- World Bank** (2016), *World development report 2016. Digital dividends*. Washington, DC.
- World Bank** (2018a), *The Future of Work: Race with – not against – the Machine*. Malaysia: World Bank Group.
- World Bank** (2018b), *The Human Capital Project*. Washington, DC.
- World Bank** (2019), *World Development Report 2019. The changing nature of work*. Washington, DC: World Bank.
- World Bank** (2021), *World Development Report 2021. Data for better lives*. Washington DC: World Bank.
- World Economic Forum** (2018), *Towards a Reskilling Revolution*. Geneva: WEF.
- Zelenev, S.** (2015), Universal social protection: The World Bank Group and ILO join forces in launching the Universal Social Protection Initiative. *International Social Work* 58(6): 840–843.

Cite this article: Silva V (2024). The Schumpeterian Consensus: The New Logic of Global Social Policy to Face Digital Transformation. *Journal of Social Policy* 53, 1147–1163. <https://doi.org/10.1017/S0047279422000861>