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Commentary

From the Myth of Level Playing Fields to the Reality of a Finite Planet

Comment on "A Global Social Support System: What the International Community Could Learn From the United States' National Basketball Association's Scheme for Redistribution of New Talent"

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Abstract
Despite the mythology that the global economy with its trade rules creates a 'level playing field,' international trade has never involved 'level players.' The inequalities in outcomes generated by the more powerful winning more frequently has led to innovative ideas for *ex post* redistribution to make the matches between the players both fairer, and in the analogy to basketball used by the authors, more interesting and even more competitive. The proposal for a Global Social Protection Fund, financed by a small tax on the winners to enhance social protection spending for the losers, presumably increasing the latter's capabilities to compete more effectively in the global market game, is one such idea. It has much to commend it. Several problems, however, stand in its way, apart from those inherent within nations themselves and to which the authors give some attention. First, much global trade is now intra-firm rather than international, making calculations of which nations win or lose exceedingly difficult. Second, tax havens persist without the transparency and global regulatory oversights that would allow a better rendering of where winnings are stashed. Third, pre-distribution inequalities (those arising from market activities before government tax and transfer measures apply) are still increasing as labour's power to wrestle global capital into some ameliorative social contract diminishes. Fourth, there are finite limits to a planet on the cusp of multiple environmental crises. These problems do not diminish the necessity of alternative policy playbooks such as the proposed Fund, but point to the need to embrace the new Sustainable Development Goals (SDGs) as a single set, such that economic growth for the bottom half of humanity includes deep structural reforms to both pre-distribution and redistribution, if the targets for environmental survival are to be met.
Keywords: Global Economy, International Trade, Inequality, Redistribution

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The insightful article by Ooms et al[1] invoking the redistributive competitiveness of the National Basketball Association (NBA) drafting rules immediately evokes for me two other images. The first one I encountered in the early 1990s in Aotearoa/New Zealand during that country's full embrace of neoliberal economics and its rubrics of privatization, liberalization, and labour market deregulation. A cartoon in one of the newspapers showed a wrestling match with a terrifyingly large giant (labelled the 'rich and powerful') glaring down at a tiny terrified opponent (labelled, of course, the 'poor and powerless'). One of the sideline commentators opined, 'It should be a good match, it is a level playing field.' This was an ironic reference to wrestling rules being the same for both competitors. The second image, closer to the NBA metaphor invoked by Ooms et al, was of two basketball teams both playing on the same level court following the same rules of the game. One team tops 2 meters in height, the other barely 1.5. Any doubt about which team always wins?

All three images are essentially hooks to the same story: that we have never had level playing fields since we have never had level players. Equality of opportunity, the justice construct most often invoked by both old-school liberalists and new-school neoliberalists, assumes that if procedural justice (the rules of the game) are the same for everyone, then let the games begin. As Ooms et al argue with basketball, this led to boringly uncompetitive (and for the teams, unprofitable?) games since the underdogs were never able to catch up with the alpha packs. The reverse draft pick for players to even the odds somewhat between the uber-performing and under-playing teams is given as a model for redistribution that the global economy should consider, albeit in a different form. The NBA metaphor is nonetheless a bit problematic since a basketball season (or a hockey season, or a baseball season, since most professional team sports in North America follow the same worst-team-first-new-draft-pick-formula) lasts a year, while a global economy is somewhat perpetual. Nor does it take long for teams with the deepest pockets (read most profits) to scoop up the first picks or wait the few years until these picks become 'free agents' able to command 0.001% scale salaries. The same deep pockets and political power applies to the global economy, since it has been the wealthier

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nations that have not only dominated the liberalization game, but also the rules by which it is to be played.

But the conclusion towards which the authors reach is essentially sound and essential: some global funding mechanism is needed by which the inherent wealth (and power) inequalities generated by a skewed global trading system comprised of countries of 2 meter robustly healthy giants and those of 1.5 meter (still) too-often-hungry competitors can and should be reduced *ex post* on an annual basis. Each subsequent year of international trade should then become slightly fairer, with the enhanced social spending capabilities of the 1.5 meter bottom half of the human population improving (indeed growing upwards) over time. There is little to fault in the idea of such a Global Social Protection Fund, nor even the proposed funding mechanism (a small tax paid by the winners to proportionately compensate the losers). Such ideas have been mooted for several years, largely as alternatives or additions to development financing channelled through official development assistance (ODA), from financial transaction or specific international taxes (such as on airline travel), to global environmental taxes (notably on carbon), to more effective harnessing of remittances for development purposes[2] (to which there is some objection that these are private transfers between families which should be treated no differently from revenues generated by those still within country[3]). It is not clear from their article whether the tax the authors propose would be based on the monetized value of gross domestic product (GDP) growth (or contraction) in each country; or if it is more like Keynes' original idea for an international clearing union using the monetized value of a country's net exports minus net imports (it is balance of trade) to readjust the macroeconomic scales. In either case, however, we begin to encounter at least four problems with such a Fund, apart from those the authors themselves acknowledge (the contentious 'details' in the devil where politics always resides).

First, we are no longer living in a world where international trade means finished goods moving from one nation to another. Yes, this occurs; but it occurs increasingly through vertically integrated global chains of production, creating an entanglement of determining where economic value is actually created and how to allocate it from one country to the next.[4] The 2008 financial crisis re-incentivized the Organization for Economic Co-operation and Development (OECD) and G20 governments to develop a system whereby taxation, at least, would be levied where value was created, thereby minimizing the predatory practices of transfer pricing.[5,6] Little progress on this front has so far been made, despite many governments' desire to improve their fiscal balance sheets skewed by bank bailouts, stimulus spending and a GDP downturn. Global corporate practices such as transfer pricing still remain a shell game run by banks and accounting firms for whom much of their own profit now is based on hiding the profits of the global companies they serve.[7-9] There is general consensus that the global financial beast that led to 2008 is far from having been tamed.

Second, and relatedly, little has been done to regulate 'offshore financial centres' aka 'tax havens.'[10] If all banking and currency exchanges were regulated and publicly transparent, the winners and losers compensation scheme envisioned by the authors might work, assuming that small tax haven nations suddenly found themselves having to contribute large tax remittances to a Global Social Protection Fund because their banks were busily sheltering individual and corporate wealth of the 'rich and powerful.' But such regulation and transparency is still some way off in the future, albeit civil society pressures for some means of improving global tax fairness are building.

Third, there is a need to move beyond redistribution to what Robert Reich describes as the importance of ending the 'upwards pre-distributions to the rich.'[11] Competition in global markets is not just between unequal countries. It is between unequal players within the same countries, ie, between capital and labour (while also acknowledging the further stratifying inequities of gender, race, caste and even geography). Sticking closer to the great schism between capital and labour, it is well-documented that over the past 35 years the market-based shares of economic productivity (the 'pre-distribution' of income and wealth before government tax and transfers kick in) have gone increasingly to capital (the 1% or even 0.1% who can avail themselves of banks and accounting firms to dodge their tax obligations) as the bargaining power of organized labour has shrunk.[12] Back in the era of the (more or less) nationally confined capitalist economy, Henry Ford is credited with saying that 'I have to pay my workers enough money to buy the cars they make for me.' While hardly benign – Ford's generous increase in pay to his assembly line workers had more to with short-term competition for labour than long-term enlightened economics[13] – no such capital/labour contract exists globally. Even with a compensating Global Social Protection Fund, our global economy remains awash in surplus labour, sluggish aggregate demand and slow economic growth (at best). This is not a macroeconomic problem that a socially compensated and fairer trading regime would correct; neither, given the recent accord on the Trans Pacific Partnership Agreement, is it one that most rich countries appear to have much appetite to create.

There is a fourth problem, which I will touch on only briefly: the increasingly devastating environmental impacts of economic growth, regardless of how equitably pre- or even post-market distribution the income rewards of that economy might be configured. As with the need for innovating in fairer forms of global financing for human needs and development, the limits to economic growth as the metric panacea of progress are not new.[14] The urgency for dismantling the growth-at-almost-any-cost gold standard in global economic policy, however, is now underscored by the increasing rapidity and reach of climate change, warnings of a (probable) sixth mass species extinction, our diminishing natural resources (notably water) and the waves of climate refugees soon to overtake those escaping conflicts; conflicts which, in many instances, are arising in the wake of shrinking natural resources. Even if the 'real economy' of production and consumption (the historic stuff of national capitalisms and international trade) were able to be jump-started back into a global economic growth that a global compensating scheme slowly made fairer for the players, we would still face the finite limits of growth. These ecological limits are precisely why the new Sustainable Development Goals (SDGs) cannot (or at least should not) be read in isolation from each other. Increasing the income of the bottom 40% of the world's population (one of the key targets for the inequality goal) cannot be done without deep structural reforms to both market pre-distribution and post-market redistribution, if the numerous environmental protection goals and targets that are now central to the global policy agenda are to have more than hortatory meaning.

These four problems do not reduce the inventiveness of the scheme proposed by Ooms et al,[1] which could even be enhanced by urging the equally improbable imposition of financial transaction taxes capable of generating redistributive global revenues an order of a magnitude greater than those estimated for the Global Social Protection Fund. Their idea is necessary, even if insufficient. Whether or not such a necessity takes the shape of the Fund they advocate or some other form is less important than having such options available as alternative public policy playbooks for when the next global crisis (whether economic or ecological) hits (and it will) creating another possible window of more radical socio-economic change.

Ethical issues
Not applicable.

Competing interests
The author declares that he has no competing interests.

Author's contribution
RL is the single author of the manuscript.

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