

**Regional Conference of the Network of Social Democracy in Asia
“Effecting Real Change in Local Governance: Perspectives for Social Democratic
Policies”**

November 19-22, 2009, Penang, Malaysia

CONFERENCE SUMMARY

From 19 to 22 November 2009 about 60 representatives from 11 different countries in Asia and Europe, representing 12 social democratic parties or progressive movements met in Penang/Malaysia for the second regional conference of the “Network of Social Democracy in Asia”. The Asian participants came from Burma, Indonesia, Malaysia, Mongolia, Pakistan, the Philippines, South Korea, Sri Lanka and Thailand, the Europeans from Sweden and Germany. The conference was organised by the Network of Social Democracy in Asia in partnership with the Friedrich-Ebert-Stiftung (FES) and the Olof Palme International Centre (OPIC).

All network members were given time to introduce their parties and provide participants with an update. More detailed reports were given by the European guests, on the situation and future of the Swedish and German Social Democratic Parties.

The presences of two participants from Burma/Myanmar provided a chance to receive an update on the current political situation in that country and to discuss the chances and limits of the (hopefully) forthcoming election in 2010.

Conference Objectives

In the light of the current global financial and economic crisis the need for cross-country learning and shaping a social-democratic discourse on politics and governance is compelling. While the crisis has taken some steam out of neo-liberal ideology, it remains the task of progressives to shape alternative discourse on governance and policy reforms at the global, regional, and national level. Of paramount relevance to Southeast Asian social-democratic and progressive political parties is the reshaping of these relations at the local level. Aided by democratic decentralization, the local space provides better opportunities for progressive parties (and individuals) and citizens in the region to reshape their relations and shore up social-democratic reforms.

Therefore the topic chosen for the second regional conference was “Effecting Real Changes in Local Governance: Perspectives for Social Democrat Policy”.

The conference had three main objectives:

- To present and share party-building efforts of network members, with a particular focus on the experiences in Penang/Malaysia;
- To discuss two examples of social-democratic local governance practices and approaches;

- To initially share and discuss approaches to social policy/social protection as social-democratic policy advocacies.

The Malaysian State of Penang was considered most suitable for this discussion, as the “Democratic Action Party” of Malaysia (DAP), a member of the Socialist International, won the state election in March 2008 together with the two other parties in the “Pakatan Rakyat” (PR or Peoples Alliance), namely the “Parti Keadilan Rakyat” (PKR, or People's Justice Party) and the “Pan-Malaysian Islamic Party” (PAS). The election of 2008 was described as a “political tsunami”, depriving for the first time the ruling “Barisan Nasional” (BN or National Front) of its two third majorities in the Federal Parliament and the opposition taking the leadership of 5 out of the 14 Malaysian states including the Federal Territory of Kuala Lumpur.

In the first part of the conference the participants had a closer look at the political situation in Malaysia, especially in the states of Penang and Selangor.

Statements were made during a panel discussion by Mr. Charles Santiago, DAP Member of Parliament for Selangor; Mr. Liew Chin Tong, DAP Member of Parliament for Penang; Mr. Chow Kon Yeow, DAP Member of Parliament for Penang; Ms. Elizabeth Wong, PKR Member of State Assembly Selangor and Dr. Ooi Kee Beng, Co-ordinator, Malaysian Studies, ISEAS, Singapore. In addition, the participants had the opportunity to meet for a brief discussion with the Hon. Mr. Lim Guan Eng, Chief Minister of the State of Penang (DAP) and Prof. P. Ramasamy, Deputy Chief Minister of the State of Penang (DAP).

Highlights of the discussions:

- The DAP was founded on 18th March 1966. Its principles are: antiracial, democratic, believing in parliamentary democracy and in social democratic principles. The party was since 1966 in opposition, where it always upheld social democratic principles. The DAP’s strength lies in urban centres. The majority of its voters are Malaysians of Chinese and Indian origin. Therefore the party is accused by the BN of being anti-Malay and anti-Islam. The DAP is aware that it has to reach out to the Malay community, as social democracy is neither race nor colour blind. The 2008 elections in Penang turned out to be a landslide win for the opposition, the DAP gaining with 19 seats the majority in the state assembly. Together with its two coalition partners (Keadilan 9 seats and PAS 1 seat) it had no problems forming a new state government. The BN, now in opposition, only won 11 of the 40 state seats, its worst performance in Malaysian history.

Penang is the only social democratic governed state in Southeast Asia.

- During the past 12 months in power already some achievements have been made. DAP aims to establish a CAT-governance (CAT = Competency, Accountability and Transparency) and run a clean and people centred government, based on 3Es: Enrich the people for an equitable share in the economic cake, Empower the people with rights, opportunities and freedom, Enable the people with skills and knowledge. For the first time for any government in Malaysia, Penang has been duly recognized by the Transparency International for its anti-corruption efforts. Hard poverty, defined as less than 500 Ringgit per month and family (approx. 150 US\$), has disappeared, a task the previous government was not able to fulfil in 51 years. Another

social programme attempted is the renovation of public housing which has been neglected for many years. However, Penang does not want to become a welfare state. Important for the DAP is the equality of opportunities not the equality of income.

In addition, Penang is trying to become the first free WIFI and green state in Malaysia by the adoption of a Green Building Index for buildings and by reducing plastic bag consumption with green industries such as manufacturing bio-degradable food containers – “so good that you can eat them”.

- The Selangor State is the richest and most prosperous all of Malaysian states. It is now ruled by a coalition of Keadilan, DAP and PAS which holds 35 out of the 56 seats in the state assembly. As it is considered the crown jewel of Malaysia, the state government under the leadership of Keadilan is permanently attacked by the BN. Keadilan is not a social democratic party but a rainbow coalition of liberals, social democrats and many civil society activists. As the Selangor state is considerably well off, welfare programmes are available and the state government is trying to introduce some form of social democratic policies - beyond party lines. Also on the state’s programme is the implementation of freedom of information and a moratorium on deforestation. Selangor is the only state which has achieved a defined separation between legislation and state, an example for the whole of Malaysia.
- The most serious challenge facing the implementation of a social democratic policy on a state level comes from the political structure in Malaysia. Malaysia is supposed to practice a federal system of government, however, in reality it is a unitary system, where practically all powers and revenue generation capability rests with the federal government. The state and local governments have only very few powers and sources of revenue. Universities, hospitals and airports are all under federal government control. Despite collecting about 3 billion Ringgits in taxes a year, the State of Penang receives only 400 million Ringgits back out of a total federal budget of 191 billion Ringgits. The budgets of the 14 states combined are only 9% of the federal budget - in 1990 it was still 25%. Furthermore, the federal government controls the bureaucracy: While all civil servants working at the state government level are paid by the state, they are federally appointed and assigned to work in a particular state. The core of civil servants is not supportive for the new state governments. To make them more cooperate it is necessary to give examples, to change mindsets, to take action against corrupt civil servants and, where ever possible, appoint loyal people.
- The relationship between a federal government run by a party which holds power for more than 50 years and a state government taken over recently by the opposition is more than difficult. The power of the states is very limited. But local government is an area where projects can be implemented easier and results are easily felt by the people. The Federal Government in Kuala Lumpur is certainly aware of this and is to a large degree able to block positive changes. Therefore real political changes are only possible if the “Pakatan Rakyat” can find its way into the federal government. This is also the main reason, besides common interest in democratisation and common economic interests, for keeping the coalition together. The signs of changes are there, but changes need time. The voters became compromised over all these years, accepting racialism, corruption, the decline or absence of public goods etc. - a dangerous development. Furthermore people in Malaysia have no experiences with power change. There has been only one ruling coalition since the first

election in 1959. The BN is the longest ruling coalition in Asia, since the LDP lost in Japan. But 63% of the population live in urban areas which are a fertile ground for social democracy and young people have different perceptions.

There is a lack of media freedom in Malaysia, as the media needs to renew its licenses annually with the federal government. But the government has no means to stop the use of the internet, which contributed considerably in breaking the BN monopoly in 2008.

- The expectations of voters in all opposition run states are high. Both, DAP and Keadilan, still believe that they have the necessary public support. But it is important to be more offensive. There are enough issues to pursue forward and to win the next election.

In the second part of the conference the participants had a closer look at two examples of social democratic local governance practice and approaches.

“Public Transport” and “Water Supply” were selected, as both services are seen as public goods and important elements of social justice. Statements were made by Dr. Lim Mah Hui, Member of the Penang Transport Council; Mr. Jaseni Maidinsa, Chief Executive Officer, PBAPP Holdings Bhd, Malaysia and Mr. Erik Villanueva, Institute of Popular Democracy, the Philippines.

Highlights of the discussions:

“Public Transportation – The Way to Go”

- Millions of cars, each carrying only one or two passengers, are on the streets, consuming non-renewable natural resources, emitting CO₂ into the air, contributing to global warming, generating major economic externalities borne by the public, many of whom do not own or use private cars. Seen in this light, it is a form of social and economic injustice. While cars are here to stay, new and radical rethinking is required to address this imbalance. One of these is to impose economic surcharges on those who wish to enjoy the comfort of their private cars and to subsidize those who opt to use public transportation.
- The issue of public transport in Penang demonstrates once again the difficult relationship between the federal government and the state. The state government depends entirely on the federal government for loans and grants to built roads and other infrastructures. Even local issues such as issuance of transport licenses for buses and taxis, the regulation of bus routes, the collection of traffic fines and the collection of garbage etc. are all managed by the federal government.
- Despite the mentioned difficulties, the social democratic led state government is keen to solve the traffic and transportation problems by looking at the inter-related economic, ecological and social dimension. It has set up a “Penang Transport Council” (PTC) to act as an advisory and clearing centre for transportation issues. The council is made up of state and local government officials and members of the public, who all work on a voluntary basis.
- The new transport paradigm adopted by the PTC has as its vision: “Moving people not cars”. The emphases of this new approach are:
 1. People centric – involving people from planning to implementation, to feedback and improvement

2. Ecological sustainability and people friendly
3. More public and less private transportation
4. Affordability, accessibility, reliability and integration.

The PTC has recommended a series of actions from short term (within six months) to medium and long term (more than two years). A short term plan includes clearing illegal parking on streets, improving car park systems, improve one-way traffic flow etc. The medium term plan includes improving the bus and taxi system, introduce bus and bicycle lanes and pedestrian paths, introduce measures to discourage the use of private cars through area road pricing, peak hour charges etc. For the long term, there should be a master plan that is integrated with the land use and state and local master plans and an integrated public transport system involving buses, trains, ferries, taxis etc.

- The challenge for social democratic parties is to mobilise enough political will as well as public and civil support to carry out such visions and plans. In the end it is the society which has to make a choice between more cars or a safer environment. It is not possible to construct more and more roads, but it is possible to reduce the number of cars.

“Water Services as a Public Good”

- Much more positive is the case of the water services in Penang State. When the federal government decided to privatize water services in the country, the state was able to obtain 55% of the shares, 24% went to other state or government owned or dominated agencies and only 21% are held privately. Therefore, the state prevented the company’s objectives from becoming purely profit oriented, as it is the case in many other parts of Malaysia. In line with social democratic principles, the state considers water a strategic commodity which should remain in the hands of the people.
- Penang Water is by far the cheapest in Malaysia and customers living below poverty line get the water free. Still, the company makes a reasonable profit. In addition, industrial relations and collective bargaining agreements of the Penang Water Supply Company are considered exemplary for the whole country.
- When the Penang water services were compared to the services available in Metro Manila in the Philippines, where large parts of the population have no direct access to piped water and the supply is in the hands of two private companies, it became clear that public owned companies need not to be less profitable or less efficient. Private service providers do not want to take the risk of connecting areas where the majority are poor people, even in towns. Therefore, only about 80% of the people have access to potable water. Most households outside Manila and in the rural areas of the Philippines are served by Local Government Units, either directly through a provincial, city, or municipal engineering department or through community-based organisations. Service directly carried out by the local government is characterized by a severe lack of technical, financial, and management capabilities, whilst community-based organisations often operate with support from non-governmental initiatives. The main strength of these small-scale providers is their relationship with the community, its frequent customer feedback and flexible billing systems which can be adapted to each customer's needs. This approach often leads to conflicts between self help initiatives and the government organised water districts.

The third part of the conference was entitled “Social Democrats respond to the Crisis: Building a Social Protection Agenda”.

Inputs were provided by Ms. Maris Dela Cruz, Social Protection Network, the Philippines; Mr. Kyou-Youb Choi, DLP, Korea and Mr. Martin Manurung REPDEM-PDI-P, Indonesia.

Highlights of the discussions:

- The discussion round on social protection started by contextualizing the term “social protection” and how it is used in the discourse of the World Bank and other International Financial Institutions but also by the International Labour Organisation in its “Social Protection Floor”. Social democrats insist on social rights, equally important to civil, political or economic rights.
- Social protection describes all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalized, with the overall objective of reducing the economic and social vulnerability. However, social protection should not stop here; it extends to arenas such as equity, empowerment and economic, social and cultural rights as enshrined in the international human rights covenants, laws and other instruments.

Social protection can therefore be looked at, firstly, in the framework of human rights, e.g. the access to education, housing including water and electricity, health, public transport etc.; secondly as a means to empower the poor and vulnerable strata of society to contribute to changes in government policies towards a more people centred governance.

- A social democratic aspired social protection has to go beyond the traditional social welfare programmes for the poor. It challenges the limited ambition of social protection from being “social safety nets” and from providing “economic protection” against livelihood shocks to one that can be affordable, extends to all the population, contributes to poverty reduction goals, and empowers marginalized people. It addresses livelihood threats from vulnerability associated with “being poor” (for which assistance is needed), vulnerability associated with “becoming poor” (for which social insurance is needed), as well as social injustice arising from structural inequality and abuses of power (for which social equity is needed).
- Some legal forms of protection do exist in most countries, but they lack the necessary enforcement. If a state has the means to bail out banks, it could as well allocate funds to social protection. It is only a matter of political will.
- The current financial crisis has again put questions of social protection in the centre of international development discussion. But as it was the case after the 1997 Asian financial crisis, the discussion slowly disappears, once the crisis is over. Therefore social democrats have to insist on institutionalised social protection. For that, the role of the state is crucial; the market will and cannot solve the problems of social protection. However, as most developing countries lack the administrative and fiscal capacities to design and implement full fledged social protection policies effectively, it was suggested to concentrate on concrete issues by choosing a step by step approach and by gaining public acceptance.

In the last session of the meeting the participants used as a conversational process the “World Café” methodology, sharing ideas and experiences regarding:

“Transforming politics and governance – Expectations, Cooperation and Challenges for Social Democratic Policies”

- **What messages can overcome the stigma that is still attached to the left/socialists/social democrats in Asia?**
For example by stressing that labels are useful but practices do matter far more; by referring to social democratic notions in constitutions; etc.
- **How do we prepare for the task of governing?**
For example by capacity and skills building; by identifying constraints and developing specific solutions; by permanent communication with the people; by using social movements as watchdogs; etc.
- **How to overcome clientelism, corruption and ‘spoils of office’?**
For example by a ‘common good’ orientation in governance; by information and education; by horizontal checks and balances; by programs and visible front line public services delivery, not ‘sweets’; by breaking the information monopoly; by laws on campaign finance; etc.
- **What does regional integration mean to social democratic parties?:**
For example by asking: Whose interest is being promoted? How does it benefit the whole region? How to implement common standards? How to reach a consensus on core values? How to promote the vision of social democracy in the region? Etc.

Finally, the next steps:

The participants decided to publish the first edition of an “Asian Social Democracy Journal” before the end of this year and two further editions in 2010. A Steering Committee and an Editorial Committee Meeting will be held in February 2010 and the 3rd Regional Network Conference is planned for October 2010 in Jakarta. As a possible working title “SOCDEM and Business: Asian Social Democracy Economic Forum” was agreed upon.

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