



**PRAKSIS**  
THE JOURNAL OF ASIAN SOCIAL DEMOCRACY

Volume 1  
Issue 3  
November 2021

**INEQUALITY:  
ADDRESSING ASIA'S  
GREAT SCOURGE**





**PRAKSIS** is a biannual publication of the Network of Social Democracy in Asia (Socdem Asia). It seeks to combine theory and practice by providing cogent analyses to inform the strategy of the progressive movement and help shape the policy direction that should guide the region's governments.

**Marie Chris Cabrerros**  
*Network Coordinator*

**Francis Isaac**  
*Editor-in-Chief*

**Carlo Angelo Vargas**  
*Communications Officer and Editorial Assistant*

**Nando Jamolin**  
*Art and Design Assistant*

**Marlon Cornelio**  
*Program Coordinator*

**Bea Reyno**  
*Network Secretary*

#### **Editorial Board and Steering Committee**

Nurima Ribeiro Alkatiri  
Marie Chris Cabrerros  
Rafaela David  
Francis Isaac  
Anurag Shanker  
Piyabutr Saengkanokkul  
Sondang Tampubolon  
Teo Nie Ching

**Network of Social Democracy in Asia**  
Unit 3-E, 112 Maginhawa Street, Barangay Teachers' Village East,  
Quezon City 1101

Website: [www.socdemasia.com](http://www.socdemasia.com) Facebook: [facebook.com/SocDemAsia](https://facebook.com/SocDemAsia)  
E-mail: [secretariat@socdemasia.com](mailto:secretariat@socdemasia.com)

01

EDITORIAL

## **INEQUALITY: ADDRESSING ASIA'S GREAT SCOURGE**

05

## **THE FAILED PROMISES OF GROWTH**

**Persevering Social Democratic Contestations in the Philippines**

By: Veronica Alporha

11

## **NEPAL'S UNFINISHED AGENDA**

**Land Reform and the Fight Against Inequality**

By: Kamal Dev Bhattarai

18

## **MULTISCALAR INEQUALITY IN INDONESIA**

By: Mikhail Gorbachev Dom

22

## **COMMITTED TO THE FIGHT**

**The Problem of Inequality in Indonesia and the Response of the Jokowi Administration**

By: Damianus Bilo

29

## **OVERCOMING DESPAIR**

**A New Movement of Social Democrats in Thailand 2021**

By: Sustarum Thammaboosadee

34

## **NOT ONLY SKIN-DEEP**

**The Multifaceted Nature of Socio-economic Inequalities in Malaysia**

By: Jaideep Singh

40

## **A TALE OF TWO MALAYSIAS**

**The Covid-19 Great Divergence**

By: Raja Ahmad Iskandar Fareez and Morgan Loh

46

## **INEQUALITY STILL PREVAILS IN INDIA**

By: Akanksha Kumari

50

## **SOCIAL DEMOCRACY IN JAPAN**

By: Shōichi Kondō

54

## **TRANSFORMING MONGOLIA**

**Reducing Inequality and Enhancing Economic, Social, and Cultural Rights**

By: Amarbat Uurtsaikh

58

## **TRANSFORMATIVE REALISM AND THE GERMAN ELECTIONS**

By: Marc Saxer

63

## **CONFRONTING THE CHALLENGES OF OUR TIME**

**Interview with Professor Thomas Meyer**

69

## **ABOUT THE CONTRIBUTORS**

# INEQUALITY: ADDRESSING ASIA'S GREAT SCOURGE

Since the 1980s, the World Bank has been closely associated with the Washington Consensus — a set of policy prescriptions that urged developing countries to deregulate their markets and curb government spending in exchange for development aid. But in early 2016, the Bank's former Chief Economist Francois Bourguignon recommended the exact opposite.

Concerned over increasing levels of income disparity in most parts of the world, Bourguignon explained that the free market policies of the previous three and a half decades enabled “developing countries to get closer to the developed world.” But it also created “a new elite within those countries while leaving many citizens behind, thus increasing domestic inequality.”

To address this growing malady, Bourguignon proposed that “states should pursue policies aimed at

redistributing income, (and) strengthen the regulation of the labor and financial markets.” He further encouraged governments “to equalize living standards among their populations by eliminating all types of ethnic, gender and social discrimination; regulating the financial and labor markets; and implementing progressive taxation and welfare policies.”

Economists from the International Monetary Fund (IMF) went even further, claiming that global inequality is the consequence of the neoliberal ideology that their own institution had so enthusiastically promoted. In an essay written by Jonathan Orsy, Prakash Loungani and Davide Furceri, the authors argued that neoliberalism was “oversold,” since “both openness and austerity are associated with increasing income inequality,” which significantly lowers “both the level and durability of growth.”

Nowhere is this problem more apparent than in the Asian region. Prior to the pandemic, the continent was viewed as a hub of economic activity, reaching an average annual growth rate of 7% from 1990 to 2010. This meant a three-fold increase in Asia's per capita GDP, from US\$1,602 at the beginning of the period to US\$4,982 at the start of the previous decade.

But Asia's prosperity only benefitted a small segment of the population, prompting the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) to state in a 2018 report that “economic growth has not been inclusive, leaving millions of people in a disadvantaged and precarious situation.” Using the region's Gini coefficient, the UN agency noticed a significant increase in income inequality during a two-decade period, rising 5 percentage points from 33.5 in

1990-1994 to 38.4 in 2010-2014. And increased income inequality, for many Asian countries, meant a higher concentration of wealth among the top 10% of the population.

This problem has been further exacerbated by COVID-19, which has already wiped out 140 million jobs in 2020. And it doesn't end there. The Asia-Pacific will continue to suffer as 89 million people slide into poverty due to the economic disruptions caused by the pandemic.

If there's a section of society that seems unaffected, it's the world's billionaires who managed to increase their wealth by US\$3.8 trillion in the last year alone.

Aware of the enormity of the problem, this issue of *PRAKSIS* examines that root causes of social inequality in Asia and highlights the efforts that progressives in the region are undertaking to end this ongoing scourge. Particular attention is given on the efforts of social democrats to ensure fair access to societal goods and the equitable distribution of public resources.

This edition begins with a think-piece from Veronica Alporha, which analyzes the “gargantuan gap between the rich and the poor in the Philippines.” Utilizing her skills as a historian, Alporha claims that the rapid expansion of the service sector has fueled the country's economic growth in the 2010s. Its feeble manufacturing sector, however, meant that few permanent jobs were created, which eventually led to long-term employment instability and greater income inequality. Fortunately, Alporha sees much promise in Akbayan Party, which is leading the campaign to “democratize healthcare, push for land reform, advance the rights of women, and empower workers” in the Philippines.

With almost 19% of the population living below the poverty line, Nepal's income disparity is largely due to the unequal ownership of arable land. Though several land reform initiatives have been launched since the 1950s, journalist Kamal Dev Bhattarai observes that “they have not produced the desired results.” Part of the problem, he argues, is the tendency of political parties “to form their own (land reform) commission whenever they gain political power.” To address this challenge, Bhattarai proposes that a permanent mechanism be established under the supervision of “land experts, not party leaders.” If land reform is properly implemented, Bhattarai is confident that Nepal's existing absolute poverty rate will decline to 4.9% by 2030.

While inequality has been a persistent challenge in the tiny Himalayan nation, it is a relatively recent phenomenon in Indonesia that only began in the early 1990s. Looking at the various factors that could explain this trend, Mikhail Gorbachev Dom noticed that rural wages had declined in recent years, even as the informal sector of the economy continuous to grow. As a consequence, millions of Indonesians are not able to move out of poverty since they could not find employment in the formal labor market. For this reason, Dom sees the importance of forging partnerships between universities and the private sector so that they can build the “engineering ecosystem that can absorb much of the labor force.” At the same time, the government has to expand its existing social transfer programs which, Dom believes, is the initial step in “building a rudimentary welfare state.”

In a related essay, Damianus Bilo of NasDem Party outlines the measures that the Joko Widodo administration has undertaken to

address inequality. Hoping to spread development across the entire archipelago, the government has devised a strategy that would advance agrarian reform, improve commerce, modernize vocational training and education, and extend housing benefits to the urban poor. Bilo also underscored NasDem Party's pivotal role in all these efforts, with three of its senior cadres having been given ministerial posts in the Widodo Cabinet.

In contrast, the political space in Thailand is more constricted, due to the fusion of neoliberal economic dogma and outright authoritarian rule. This condition, according to Thammasat University's Sustarum Thammaboosadee, has perpetuated social inequality, which has been further worsened by the COVID-19 pandemic. Because of this growing income disparity, “the idea of the welfare state and social democratic policies have (now) become central issues in Thai politics.” As Thammaboosadee points out, social democratic principles “are no longer fringe questions confined to progressives,” but have now been embraced by the academe, civil society and by mainstream opposition parties.

In Malaysia, Jaideep Singh of the think-tank Research for Social Advancement (REFSA) notes that “the discourse on inequality” is often done “through the lens of ethnicity.” This was largely a legacy of British colonial rule, which forced the peoples of the country into their respective ethnic bubbles. But after the racial riots of 1969, the government began to “to address societal imbalances” by reducing poverty and by addressing inequality among the ethnic Malay, Chinese and Indian communities.

While these efforts have created “a slow path to convergence in household incomes,” Singh remarks that “inequality in Malaysia today is

no longer just about skin color” since there is now growing income disparity within the different ethnic communities. This is partly due to the rural-urban gap, which has widened in the last 30 years, “with development generally concentrated in the west coast of Peninsular Malaysia and around Kuala Lumpur.” At the same time, the country has over four million migrant workers who are mostly underpaid and work under difficult conditions. For this reason, Singh calls for “the expansion of needs-based assistance.” This means developing a package of programs that provide “long-term targeted basic income for all residents,” including migrant workers since “they contribute to the labor market and the economy.”

Focusing on the social effects of COVID-19, the article by Singh's REFSA colleagues Raja Ahmad Iskandar Fareez and Morgan Loh argues that the pandemic has created two Malaysias, with the

privileged “cooped up in their own homes,” while “the less privileged have to endure a much harsher reality.” Though conceding that “the pandemic itself did not cause this inequality,” the authors point out that “it did widen the gap between the haves and have-nots.” This is partly due to the failure of the National Alliance government, which only has a “wafer-thin majority” in parliament. Concerned with keeping their fragile hold on power, “policymakers were denied the chance to formulate much needed policy responses to effectively address the wide-ranging impact of the pandemic.”

However, the authors still assert that the government must be more vigorous in its “intervening role to minimize job losses.” If left unchecked, Raja and Loh argues that “the chasm between these two Malaysian realities will only grow bigger.” With 768,700 Malaysians dropping out from the labor force, the authors call for the expansion of

the Wage Subsidy Programme to enable companies to retain more employees. They also see the need for stronger social safety nets that will provide universal childcare benefits, as well as monthly cash aids to affected households.

However, inequality is not purely economic since it also has a gender dimension. This was clearly argued by journalist Akanksha Kumari, who points out that “women worldwide face high rates of unemployment due to job losses or leaving work post-maternity.” The problem is particularly acute in India which, as Kumari claims, “is among the bottom five countries in terms of women's participation in the health and economic partnership sectors.” She cites unpaid care as one of the “significant causes of gender disparity.” To address this problem, Kumari believes that “education and healthcare should be made free” even as employment opportunities are increased “so that all citizens can become self-reliant in a true sense.”

Image: [www.straitstimes.com](http://www.straitstimes.com)



In the battle against inequality, Japan offers a viable model. In his essay, Parliament member Shōichi Kondō argues that “Japan had a strong allergy to the term socialism,” which is why no leftwing party has achieved long-term political dominance. However, its robust economy has allowed the country to narrow income disparity, creating a large middle class. That being said, Japan is not free from challenges. Kondō believes that his country can still improve the condition of women. He points out that while they have a Basic Act for Gender Equal Society, it “does not uphold gender equality but only aims at joint social participation by men and women.” At the same, their laws only guarantee equal employment opportunities, but not gender equality at the workplace.

Mongolia also provides lessons in addressing social inequality. In his essay, Amarbat Uurtsaikh asserted



Image: www.malaysianow.com

that the country “has focused on the economic, social, and cultural rights of its citizen,” since the Mongolian Revolution of 1921. Despite its achievements, the government is still trying to develop “comprehensive anti-discrimination regulations,” so that it can better address inequality “on the bases of sexual orientation, gender identity, disability and marital status.”

This issue of *PRAKSIS* also includes two special articles on the future of social democracy. Reflecting on the recent elections in Germany, Marc Saxer of the Friedrich Ebert Foundation wrote that the Social Democratic Party gained victory by developing a “strategy of building bridges between different

lifeworlds.” It is based on a framework which he calls transformative realism, which “builds broad platforms on which people with different interests, identities, worldviews and values can come together to jointly fight for a better future.” It offers the premise that “the multiple crises crippling our societies cannot be pushed through by any single social group,” and that “only a broad societal alliance can muster the vast power resources needed to drive through the necessary policy changes.” Marc Saxer further clarifies that transformative realism eschews leftwing populism, since the alliances that it seeks “demarcate themselves from the extreme fringes.”

For his part, Thomas Meyer sees the results of the German elections as a repudiation of neoliberalism and a possible “new start for social democracy.” In a conversation with the staff of *PRAKSIS* and Socdem Asia, Meyer emphasized the need for social democrats to address the two main challenges of our time — the ecological crisis and negative globalization. For a social democratic renewal to occur, he argues that “it is necessary to create a new synthesis by addressing the question of globalization and the question of ecological destruction.”

This issue offers no magic bullet. But the actions that our contributors have outlined provide us with a path towards a more just and equitable future. ■

# THE FAILED PROMISES OF GROWTH

## Persevering Social Democratic Contestations in the Philippines

By: Veronica Alporha

Aside from exposing the many problems and vulnerabilities of healthcare systems around the globe, the COVID-19 pandemic also brought economies in the Global South and North to its knees. In the Philippines alone, a recession of unprecedented scale wrought havoc on almost every economic indicator. Gross domestic product contracted by 9.6% in 2020 compared to the previous year. Household consumption also fell by 7.9% in the same period and capital formation shrunk by 34.4% year-on-year. The health restrictions imposed by the Philippine government to alleviate the spread of the virus caused the service sector a staggering decline of 45.5%. Unemployment, hunger, and poverty incidence rose at levels that were never seen since the Second World War ended in 1945 (Biswas 2021). Disturbingly, as the pandemic continues to ravage the Philippines causing hunger, death, and disease to the poorest of the population, the country's billionaires got richer by 30%. The

“As the pandemic continues to ravage the Philippines, the country's billionaires got richer by 30%.”

Image: [www.sandigannews.com](http://www.sandigannews.com)



collective wealth of the 50 richest Filipinos amounted to US\$79 billion or PHP3.9 trillion (Rivas 2021).

This scenario is perhaps the greatest illustration of the gargantuan gap between the rich and the poor in the Philippines. Aside from exposing the weak public health infrastructure of the country and the absence of social safety nets, the pandemic also made explicit the callousness inherent in the Philippine economy.

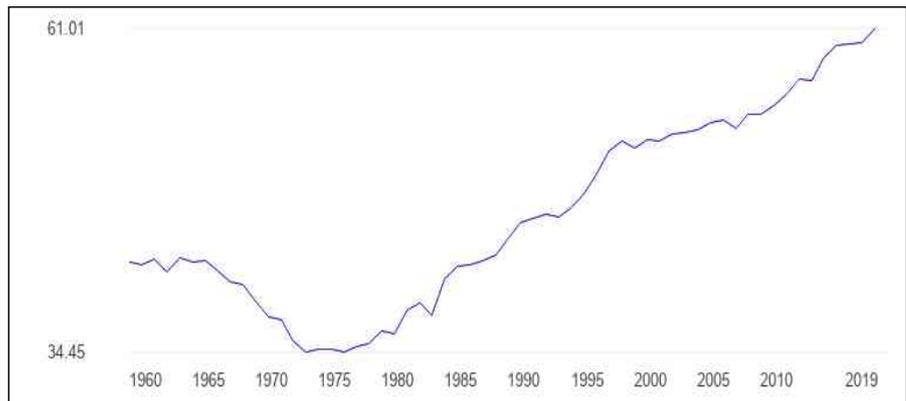
The 2010s witnessed a promising economic growth in the country. By 2013, the Philippines boasted the second fastest growth in Asia pegged at 7.8%. But the question remains: What drove the economic growth of recent years? The World Bank argues that continuously increasing private consumption makes for a positive outlook. The increase in purchasing power is often attributed to lower inflation and constant growth of remittances (Ferrolino 2019).

However, the real star of the country's economic dynamism has been the continued expansion of the service sector. This is evident in the sharp increase of its value-added as percent of the GDP.

Services also significantly contributed to the generation of jobs in the past decades. Its share in employment has consistently been above 50% since 2009 and has only continued to increase in the past decade.

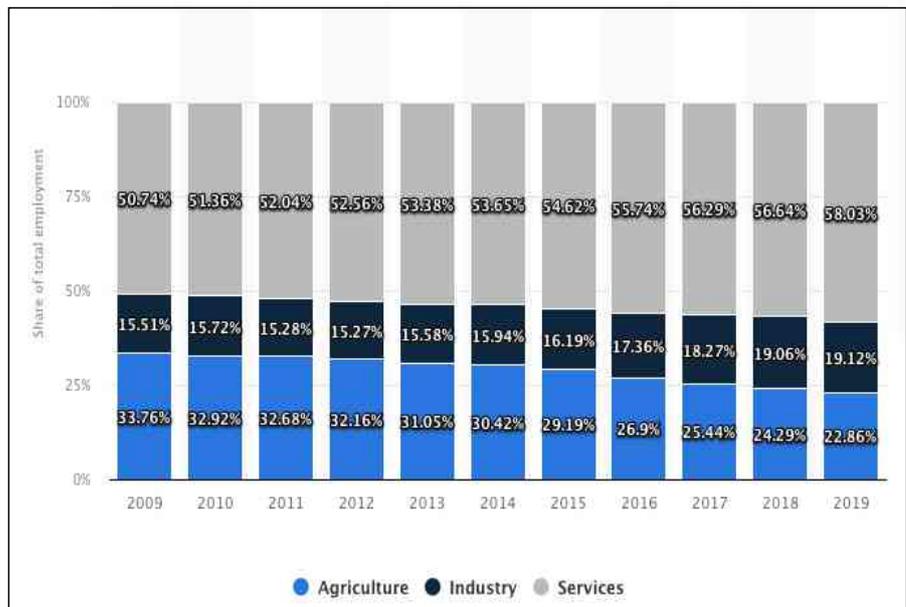
Seen relative to the agricultural and industrial sector, this indicator demonstrates how heavily service-based the Philippine economy has been. This, however, is not something unique. A similar trend is observable in many countries, in both the developed and developing world. The remarkable growth of the service sector is not unique in the Philippines.

**Figure 1:** Value added in the services sector as percent of the GDP.



Source: The Global Economy.

**Figure 2** Distribution of employment by economic sector.



Source: Statista.

**“One problem of a service-driven economy is the quality of employment.”**

Alongside the expansion of the service sector was the economic growth that the country experienced. This was most observable after the 2008 global recession and would have continued if it were not for the pandemic disruption. If the service sector served as the launching pad of the notable growth of the Philippine economy in the past decade, then what is the problem?

One problem of a service-driven economy is the quality of employment. In the earliest years of the 21st century, several countries observed a sharp increase in the incidence of part-time and temporary work that coincided with the growth of the service sector. Consequently, job stability declined and income inequality worsened (OECD 2001). In the Philippines, the decline in the quality of

employment has been significant, especially in terms of security of tenure. Precarious workers defined as wage and salary workers working on short-term and casual basis almost doubled from the year 2000 to 2015 (ILO 2017). While precarious employees increased in all economic sectors in the Philippines, it appears that the service sector had the largest number of precarious employment incidents.

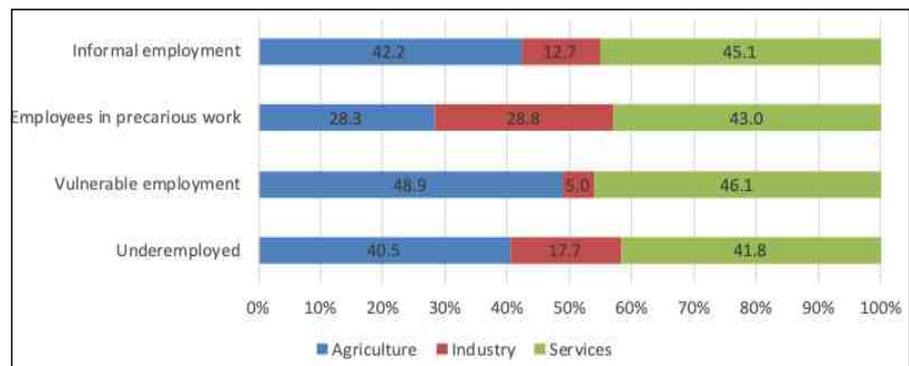
Therefore, despite the relative growth of the Philippine economy in recent years, employment stability remained utterly lacking. The said growth was also inadequate in creating enough jobs to keep up with the increase of the labor force, which subsequently created a labor surplus. The Philippines, thus, continues to be confronted with problems that accompany large-scale contractualization, like threats to workers' "right to security of tenure, labor standards, occupational safety and health, self-organization and collective bargaining, and social protection" (ibid. 2017).

One of the most perennial problems of the Philippine economy is the lack of a robust manufacturing sector that could provide elastic employment — the kind that can withstand an increase in population and a fluctuating growth rate. The graph below shows the continued and sharp decline of the value-added of the manufacturing sector in the country's GDP.

The perpetual increase of Filipinos choosing to work overseas is both an indicator of this scarcity and a contributor to the creation of a consumption-driven economy that may demonstrate record-high growth rates but do little to nothing regarding job security.

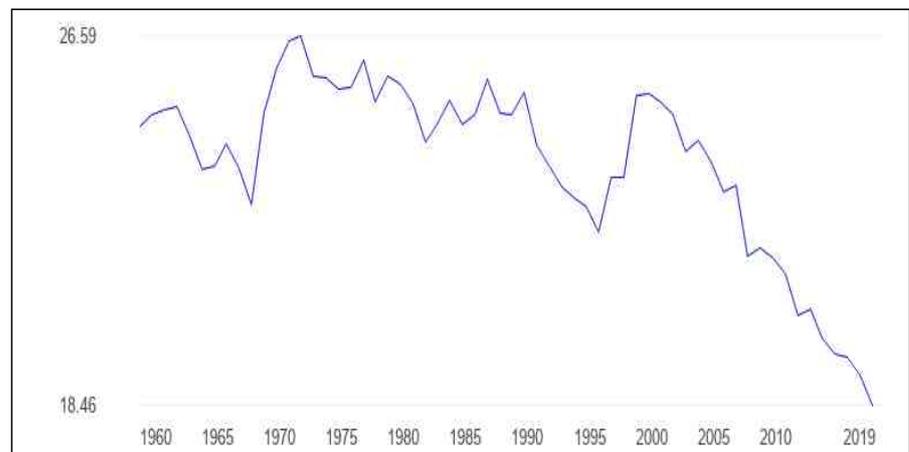
“Despite the relative growth of the Philippine economy in recent years, employment stability remained utterly lacking.

**Figure 3:** Informal, precarious, and vulnerable employment and underemployment by sector (2015).



Source: International Labour Organization.

**Figure 4:** Value added by the manufacturing sector as percent of GDP



Source: The Global Economy.

Be that as it may, it would not be correct to say that there is zero industrial base in the country. Manufacturing remains to hold a significant share in employment and GDP, and has been continuously increasing in the past couple of decades. Moreover, in recent decades, we could see a fundamental change in the nature of our manufacturing industry. In the last several years, food and

beverage manufacturing has been overtaken by machinery and transport equipment. We are producing more complex goods, and this is reflected in the continued increase of our manufactured exports compared to our food and agricultural exports.

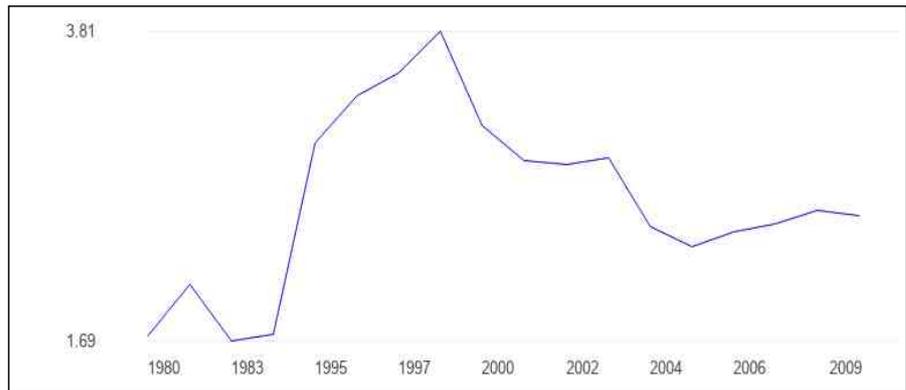
This means that despite persisting unemployment relative to our neighbors, our economic profile

indicates an expanding working class hailing from the service and industrial sectors that cater mainly to our export industry. This can be an indicator of the country's further integration in the world market that might have contributed to the growth experienced by the country in the last decade. Nevertheless, the growth in the economy and in the service and manufacturing base hardly translated to increased government spending on basic social services. For example, the latest data on education spending of the country was pegged at 2.54% of GDP in 2009. This is significantly lower than the global average of 4.68% in the same period.

The same is almost true with government expenditure on health. This data is even more relevant now in the midst of the pandemic. While there was a notable increase in the past decade, this remains far below the world average of 6.53% of other countries' GDP.

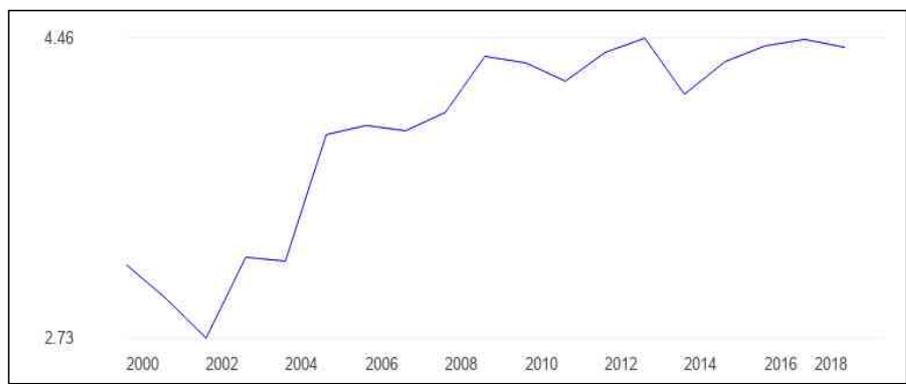
Herbert Docena (2020) of the University of the Philippines rightly points out that the Philippine government failed to translate the recent growth in the economy to greater social safety nets. Meaning, despite having more people getting gainful employment and greater purchasing power, they remain vulnerable to the insecurities inherent in the free market due to lack of social protection afforded to them by the state. This resulted to greater social anxieties despite having relatively greater access to cash. Docena further argues that these greater anxieties resulted to people gravitating towards populist and authoritarian leaders who represent a daring departure from the establishment and offer simplistic analyses and solutions to social ills.

**Figure 5:** Public spending on education as percent of GDP.



Source: The Global Economy.

**Figure 6:** Public spending on health as percent of GDP.



Source: The Global Economy.

**“The Philippine government failed to translate the recent growth in the economy to greater social safety nets.**

Image: [www.adb.org](http://www.adb.org)





Image: www.licas.news

## “Inequality in the Philippines can be attributed to the hegemonic rise of neoliberal globalization since the 1980s.

This general picture of inequality in the Philippines can be attributed to the hegemonic rise of neoliberal globalization since the 1980s. The current political economy heavily favors both foreign and domestic capital. The governments of Ferdinand Marcos until that of Rodrigo Duterte are all similarly inclined in keeping up with the neoliberal economic model. The foremost indication of this is the penchant of these governments toward debt servicing. Massive amounts of public funds go to paying our creditors in order to keep up with the good debtor model that has been adopted since the time of Corazon Aquino.

Consequently, government spending on key services and infrastructures has suffered. Without government spending, the amount

of foreign investment that flowed to the country remained small relative to that of our neighbors. Moreover, the Philippines' excessive liberalization of the market also significantly reduced government revenue, and crippled the development of our own industries (Bello, 2009). This could easily explain the relative stagnation of our manufacturing sector or its export-orientedness.

Needless to say, the neoliberal current presented profound challenges in the struggle for social justice and economic equality. In the age of *Dutertismo*, such a system was even exacerbated. It is what Justine Balane (2021) calls the deadly fusion of neoliberalism and authoritarianism where the state “blames you for your empty

stomach and punishes you when you want to do something about it.” Be that as it may, the social democratic movement in the Philippines has persevered. Working within the premise of “contested democracy,” Filipino social democrats continuously work to assert the space of the working people in a deeply flawed Philippine democracy.

Akbayan Citizens' Actions Party, for example, has been forwarding its agenda of participatory democracy and participatory socialism since its foundation in 1997. Indeed, in an economic system that excludes the people in economic growth, and consequently, in politics and governance, there is a need for a brand of politics and leadership that would not only put the agenda of

the people front and center, but would also ensure that democratic and participatory processes of crafting such agenda are upheld. Senator Risa Hontiveros of Akbayan, for instance, characterizes her legislative work as something profoundly informed by the mass movement where Akbayan is anchored. Hontiveros notes that “Akbayan affirms that we are first and always, both a parliamentary party and a mass movement party” (Hontiveros and Alporha 2021).

Indeed, Akbayan Party has consistently forwarded key legislative reforms that would democratize healthcare, push for land reform, advance the rights of women, and empower workers. Aside from this, Akbayan, as the largest social democratic organization in the country, has also been organizing communities from the urban poor, farmers, workers, fisherfolks, students, and

indigenous groups toward campaigns that would forward their sectoral interests. Through Akbayan, Philippine social democracy evolved into something that not only broadens the social movement, but more importantly, binds them with a kind of solidarity that recognizes the equal importance of the interests and welfare of diverse sectors. Such recognition enlivens the participatory character of the social movement that it leads.

The hegemonic neoliberal system in place at present has permeated every facet of our lives, not only economic, but also social, political, and cultural. Thus, the kind of mass movement that recognizes and works with the intersectionality of various struggles would best represent the countermovement that will most effectively reverse the current trend of economic and political inequality that fester Philippine society today. ■

**“Akbayan Party has consistently forwarded key legislative reforms that would democratize healthcare, push for land reform, advance the rights of women, and empower workers.**

Image: www.rappler.com



## References

Balane, Justine (2021). “The New Normal Shouldn’t be a Neolib Normal.” *SocDem Asia Quarterly*. 10 (1); pp. 1-4.

Bello, Walden (2009). *The Anti-Development State: The Political Economy of Permanent Crisis in the Philippines*. Mandaluyong: Anvil Publishing.

Biswas, Rajiv (2021). “Philippines Economy Hit by Rising COVID-19 Wave.” *IHS Markit*. 9 April. Retrieved from: <https://ihsmarkit.com/research-analysis/philippines-economy-hit-by-rising-covid19-wave-Apr21.html>.

Connolly, Anne (2014). “A Jobless Growth: Why is Unemployment Still High in the Philippines.” *52nd Annual Meeting of the Philippine Economic Society*, (pp. 1-33). Makati.

Docena, Herbert (2020,). “Deglobalization, Dissent, and Democratization.” 10 August. Ateneo Sociology and Anthropology. Retrieved from: <https://www.facebook.com/ateneosocioanthro/videos/409143710063471>.

Ferrolino, Mark Louis (2019,). “A Consumption-driven Economy.” *Business World*. 21 June. Retrieved from: <https://www.bworldonline.com/a-consumption-driven-economy/>.

Hontiveros, Risa and Veronica Alporha (2021). “To Be a Progressive in the Most Malevolent of Times: An Interview with Philippine Senator Risa Hontiveros.” *Praksis: Journal of Asian Social Democracy*, 1 (1); pp. 56-60.

International Labour Organization. (2017). *Decent Work Country Diagnostics: Philippines 2017*. Manila.

Organisation of Economic Co-operation and Development. (2001). *OECD Employment Outlook 2001*. Paris: OECD Publishing.

Rivas, Ralf (2021). “Filipino Billionaires’ Wealth Shoots Up by 30% During the Pandemic – Forbes.” *Rappler*. 9 September. Retrieved from: <https://www.rappler.com/business/billionaires-forbes-philippines-rich-list-2021>.

# NEPAL'S UNFINISHED AGENDA

## Land Reform and the Fight Against Inequality

By: Kamal Dev Bhattarai

“Nepal is suffering from social, economic and other forms of inequality. The prevailing inequality and poverty fuel political instability and hinder the development process.”

### Introduction

There is no universally accepted definition of inequality; but the *Oxford Learner's Dictionary* comes close, which describes inequality as “the unfair differences between groups of people in society, when some have more wealth, status or opportunities than others.” Inequality is growing for more than 70% of the global population, exacerbating the risk of divisions and hampering economic and social development (UN News 2020). The United Nations further states that the “rise is far from inevitable and can be tackled at a national and international level” (ibid.).

Inequality within and among countries is a persistent cause of concern for policymakers. Despite positive signs of reducing inequality in certain dimensions, such as reducing relative income inequality

in some countries and preferential trade status benefiting lower-income countries, inequality still persists (UN n.d.).

Nepal, which falls under the category of Least Developed Countries (LDC), is suffering from social, economic and other forms of inequality. The prevailing inequality and poverty fuel political instability and hinder the development process. A report from Oxfam (2019) says:

*“Inequality is already rife in Nepal, many legal and statutory provisions are taken to end inequality in Nepal. Still, millions of people live under poverty. Today, more than 8.1 million Nepalis live in poverty. Women and girls are more likely to be poor, despite the significant contribution they make to the economy, especially through unpaid care and household work.”*

The Constitution of Nepal 2015 “envisioned of ending inequality through the distribution of gains.” If the true letter and spirit of the Constitution is implemented, it can immensely contribute in reducing the prevailing inequality in society. Additionally, it is the duty of political parties to implement the provisions of the Constitution. Article 50 of the 2015 Constitution states:

*“The economic objective of the State shall be to achieve a sustainable economic development, while achieving rapid economic growth, by way of maximum mobilization of the available means and resources through participation and development of public, private and cooperatives, and to develop a socialism-oriented independent and prosperous economy while making the national economy independent, self-reliant and progressive in order to build an exploitation-free society by abolishing economic inequality through equitable distribution of the gains.”*

The Constitution clearly underscores the equitable distribution of gains to end the prevailing inequality. There are various facets of inequality which include income equality, wealth inequality, land inequality and other types of inequality; but this article is focused only on land inequality. With the establishment of democracy in the 1950s, there have been several efforts to launch land reform, but they did not produce the desired result.

### **Land Reform: An Unfinished Agenda of 70 Years**

Land reform is a long-pending issue which was and is often used as a tool by the various political parties to advance their political agenda. It first gathered momentum with the restoration of democracy in 1950.

There is a sort of competition among parties in taking credit for addressing the agenda of marginalized communities. In



Image: www.nepalitimes.com

**“The restoration of democracy in 1990 provided a space for landless peasants to voice their concerns and put forth their demands.**

1950, two prominent political parties — Nepali Congress and the Communist Party of Nepal (CPN) — had an agenda of “giving the land to the tillers” (Adhikari 2008). King Mahendra, who seized power in a coup d’état in 1960, also pronounced a populist land reform measure in 1964 as an instrument to appeal to the common people (ibid.).

During the Panchayat regime,<sup>1</sup> King Mahendra introduced some measures on land reform, announcing the goal of accelerating economic development and ending inequality, but it barely produced any concrete result. A major legislative land reform was initiated in 1964 through the enactment of Land Reform 1964. The law, for the first time, talks about equitable land distribution. The preamble of the Act says:

*“Whereas, it is expedient; to divert inactive capital and burden of population from the land to the other sectors of economy in order to accelerate the pace of economic*

*development of the country; to bring about improvement in the standards of living of the actual peasants dependent on the land by making equitable distribution of the cultivable land and by making easily accessible the necessary know-how and resources on agriculture and to keep up the convenience and economic interests of the general public by providing encouragement to make maximum increase in agricultural production; Now, therefore, be it enacted by His Majesty King Mahendra Bir Bikram Shah Dev on the advice and with the consent of the Rastriya Panchayat” (Nepal Law Commission 2021).*

### **1990 to 2006**

The restoration of democracy in 1990 provided a space for landless peasants to voice their concerns and put forth their demands. Similarly, political parties started to use land reform as an election plank. Subsequent governments started to form commissions, all promising land redistribution.

<sup>1</sup> The Panchayat era refers to the period when political parties were banned in Nepal, with King Mahendra exercising direct political rule—the editor.

In 1991, the government formed a panel led by then veteran Nepali Congress lawmaker Sailajaa Acharya, which was mandated to provide lands to squatters. The committee, however, was not able to make much progress due to the change of government in December 1994. The new government, led by the Communist Party of Nepal- Unified Marxist Leninist (CPN-UML), formed a commission and appointed Rishiram Lumsali as its chair in 1995. It is credited for distributing the largest chunk of land to the landless poor — 21,900 bighas of land (14,673 hectares) to 58,340 families (Ghimire 2021). The CPN-UML-led government also constituted a high-level commission in 1994, led by Standing Committee member Keshav Bada, which came up with a

slew of recommendations on how to conduct land reform.

After 1990, a number of land-related movements emerged in Nepal. In 1993, the Kanara movement was launched by the Tharu community to assert their land rights and fight for their livelihood. Likewise, in 1997, people in the Banke and Bardiya Districts joined the Pitamari movement and the Bagdari movement respectively. Also at that time, squatters residing in various parts of the country often launched movements to demand land.

When the Maoists began their insurgency in 1996, the distribution of land to landless tillers was one of their most prominent political and social agenda. Attracted by this call,

thousands of landless people joined the Maoist movement. The Maoist party announced an ambitious plan of having a ceiling on the size of land that the rich can own, while redistributing the remaining land to the landless. Similarly, Maoist cadres forcibly seized the land of wealthy villagers. These lands, however, were returned after the Maoists joined the peace process. Interestingly, when the Maoist movement was gaining strength, then Prime Minister Sher Bahadur Deuba launched a new land reform campaign in 2001. But, when the Maoists came to power, very little was done to implement what they had previously promised.

### **2006 to 2015: Sensitization of Land Reform Issues**

With the signing of the Comprehensive Peace Accord (CPA) in 2006 between the Maoist party and the Seven Party Alliance, a new debate kicked off concerning scientific land reform. This was mainly pushed by the Maoist party and asserted that it has been one of their major demands since their founding, and the other parties accepted it.

The CPA provides that a scientific land reform program will be implemented by ending the feudalistic system of landholding. The document further promised of “adopting a policy to provide land and other economic protection to landless squatters, Kamaiya, Halia, Harwa, Charwa and economically backward section.”

The Interim Constitution 2007, a compromise draft between the Seven Party Alliance and the Maoist party, also adopted the policy of land reform enshrined in the CPA.

**“The Comprehensive Peace Accord provides that a scientific land reform program will be implemented by ending the feudalistic system of landholding.**

Image: nepal24hours.com





Image: myrepublica.nagariknetwork.com

**“The Constitution of Nepal 2015 envisions a socialism based on democratic norms and values.**

The Interim Constitution pursued a policy of adopting scientific land reform by gradually ending feudalistic land ownership. The charter further envisioned a policy of providing economic and social security in the form of land to economically and socially backward classes including the landless, bonded laborers, tillers, and shepherds. The Interim Constitution (2007) further said:

*“The State shall pursue a policy of making special provision based on positive discrimination to the minorities, landless, squatters, bonded labourers, disabled, backward communities and sections, and the victims of conflict, including women, Dalits, indigenous tribes, Madhesis and Muslims. The State shall pursue a policy of making provision of providing basic land to the liberated bonded labourers for settlement having determined their exact numbers.”*

The Three-Year Interim Plan (2007 to 2010), that was introduced in line with the CPA and the Interim Constitution, identified the major challenges to land reform which include:

*“Limited access to land of the landless and groups lagging behind from the economic perspective, the practice of dual ownership is existing even now, scattering of lots due to fragmentation of agricultural land, land use plans not being implemented and settlement for the landless and freed Kamaiyas not managed.”*

In order to implement the CPA, the Interim Constitution and the Interim Plan, then prime minister Pushpa Kamal Dahal formed a High-Level Land Reform Commission in 2008. The Chairman of the Maoist party, Dahal appointed one of his senior leaders, Haribol Gajurel, to lead the Commission, which then took a

number of steps to advance the land reform agenda. When the Dahal-led government fell from power a year later, the report that the Commission had prepared was left in the lurch. Unsurprisingly, there is this tendency among political parties to form their own commission whenever they gain political power.

The provisions of both the Interim Constitution and the Interim Plan went unimplemented due to frequent government changes and constant wrangling among the different political parties. Despite setbacks, scientific land reform became one of the major issues of the peace process, and many still argue that it can be completed even without the government implementing it. At least in principle, the parties have not abandoned the agenda of scientific land reform, claiming that they abide by the Constitution and all other official documents.

**Socialism, the 2015 Constitution and Redistribution of Land**

The Constitution of Nepal 2015 envisions a socialism based on democratic norms and values. At the same time, the Constitution states that “Nepal is an independent, indivisible, sovereign, secular, inclusive, democratic, socialism-oriented, federal democratic republican state.”

The Constitution asserts further:

*“The State shall once provide land to the landless Dalit in accordance with law. To make scientific land reforms having regard to the interests of the farmers, while ending the dual ownership existing in the lands. To identify the freed bonded labours, Kamalari, Harawa, Charawa, tillers, landless, squatters and rehabilitate them by providing housing, housing plot for residence and cultivable land or employment for their livelihoods.”*

After the promulgation of the new Constitution in 2015, successive governments have taken initiatives to distribute land to landless people. On 14 April 2020, the government of Khadga Prasad Sharma Oli formed the Land Related Problems Resolution Commission headed by Devi Prasad Gyawali, to address the needs of Dalits and landless squatters. During its year-and-a-half existence, the Gyawali-led Commission received applications from 1,180,761 families, grouped into two categories as landless squatters and unplanned dwellers. Of the total applications, 247,940 were squatters and 932,801 fell in the category of “unplanned dwellers” (Ghimire 2021). As the Commission was making progress in distributing land, the new government led by Sher Bahadur Deuba dissolved it and formed a new commission, thereby temporarily halting the process.

Various data show that there is still inequality in the distribution of land and that many small farmers are still denied from holding land. The distribution of agricultural land remains uneven, as the majority of small farmers work on only 18% of the total agricultural land. Among rural households, 29% are landless. The distribution of land is highly unequal with a Gini coefficient of 0.65, especially in the Tarai region (NPC and UNDP 2020).

Ensuring equal access to land to all sections of society is a must to tackle poverty and inequality because land is the principal source of livelihood. In the absence of land, a large chunk of the population will be left to a hand-to-mouth existence. In order to reduce poverty and increase the income of poor people, redistribution of land is a prerequisite. Because of landlessness, many youths are forced to leave their villages to find employment abroad. If they have sufficient land, then they can engage in farming.

Approximately 74% of the working population belongs to the agriculture sector, which contributes about 33% of the country's gross domestic product or GDP (MoLRM 2011). But there are worrying signs that the number of people involved in agriculture is now gradually dwindling. The Economic Survey of the Ministry of Finance (2019) states that 73.9% of the population was previously engaged in agriculture sector; but the proportion has decreased to 60.4% in 2018. In rural areas, fertile agriculture lands are also becoming barren as rich people migrate to the cities.

There is this irony that people who hold land are not engaged in farming, while people who do not have land want to do farming. Even more pathetic is that marginalized and backward communities are facing land disparity, pushing them down to further poverty and inequality. People from marginalized and disadvantaged group are deprived of agriculture land.

**“Ensuring equal access to land to all sections of society is a must to tackle poverty and inequality because land is the principal source of livelihood.**

Image: gltn.net



Redistributive land reform increases the income of poor households and reduces inequality. Land reform increases the productivity of the crop sector, which also has a positive impact on the economy as it increases the productivity of all sectors as well as the income of all households (Paudel and Saito 2016).

With more than 66% of the Nepali people dependent on land for their livelihood, the unequal distribution of land is one of the most fundamental types of wealth inequality in the country. Around 31% of all agricultural lands are in the hands of the wealthiest 7% of households, and the incidence of landlessness is high at 29% (NPC and UNDP 2020).

If land reform is properly implemented, then Nepal's existing absolute poverty rate of 18.7% will be reduced to 4.9% by 2030; and poverty itself will be ended by 2043. Government targeted programs are being implemented to bring down the rate of multidimensional poverty from the current 28.6% to below 6% by 2030 and to below 3% by 2043 (NPC 2020).

Compared to the past, there has been some improvement in the last three decade in the distribution of land to landless people, but there is still a long way to go to achieve equality. Records at the Land Management Ministry show that around 46,000 bighas of land (30,820 hectares) have been distributed to some 150,000 families in the past three decades. However, tens of thousands of families remain landless (Ghimire 2021).

### Conclusion and Recommendations

Since the 1950s, political parties have used the issue of land reform to advance their political agenda.

However, the redistribution of land remains a herculean task. Prolonged political instability due to frequent changes in government also affects the process of scientific land reform.

After the restoration of democracy in 1950, various commissions have been formed to propose ways of implementing land reform that ensures access to land by disadvantaged groups. However, a comprehensive national land reform policy is still lacking. In principle, all political parties agree that land should be provided to the landless, squatters and other disadvantaged groups; but they differ on the details of land reform. Therefore, the followings steps must be undertaken to achieve that task.

**First**, there must be a consensus among the major political parties on the policy and mechanism that would have to be introduced for the equitable distribution of land. At present, parties compete with one another in taking the credit for

providing land to landless people. To resolve this issue, parties should forge a consensus on the issue of land reform, and there should be no change in policy and mechanism irrespective of whatever party comes to power. A close analysis of efforts made in the last three decades shows that successive governments had disowned the initiatives that were undertaken by the immediately previous government. Parties should resolve the issue of land reform since it is a major component of the CPA.

**Second**, government should conduct a survey to identify the actual number of landless people. Similarly, the actual number of bonded laborers, such as the Mukta Kamaiya and the Haliya among others, who should be rehabilitated is yet to be identified. In the absence of data, malpractices are bound to occur. For example, hundreds of people who have sufficient land are getting additional land since they have been categorized as “squatters.”

Image: psmag.com





Image: www.landportal.org

“Until and unless, the issue of land becomes a common agenda of all political parties, then the redistribution of land will remain elusive.

**Lastly**, a permanent mechanism should be in place to address land reform issues irrespective of whatever party comes to power. Such a mechanism should be handled by land experts, not political leaders or party cadres, and appointed through political consensus. It shall be mandated to study and analyze all the reports prepared by previous land reform commissions.

Otherwise, the parties will continue to exploit this issue for their election agenda. Until and unless, the issue of land becomes a common agenda of all political parties, then the redistribution of land (which is a prerequisite for ending inequality and poverty) will remain elusive. ■

## References

Adhikari, Jaganath (2008). *Land Reform in Nepal: Problems and Prospects*. Kathmandu: ActionAid.

Ghimire, Binod (2021). Land to Landless is More Political Than a Socioeconomic Issue.” *The Kathmandu Post*. 16 September. Retrieved from: <https://kathmandupost.com/national/2021/09/16/land-to-landless-is-more-political-than-a-socioeconomic-issue>.

Ministry of Finance (2020). “Economic Survey 2019/2020.” Kathmandu.

Ministry of Land Reform and Management (2011). “Vision Paper — 2011.” Kathmandu.

National Planning Commission (2007). “Three Year Interim Plan (2007/08 — 2009/10).” Kathmandu.

National Planning Commission (2020). *The Fifteenth Plan (Fiscal Year 2019/20 — 2023/24)*. Kathmandu.

National Planning Commission and United Nations Development Programme (2021). *Nepal Human Development Report 2020 — Beyond Graduation: Productive Transformation and Prosperity*. Kathmandu.

Nepal Law Commission (2018a). “An Act Made to Amend and Consolidate the Lands Act.” Retrieved from: <https://www.lawcommission.gov.np/en/archives/category/documents/prevaling-law/statutes-acts/the-lands-act-20211964>.

Nepal Law Commission (2018b). “The Constitution of Nepal”. Retrieved from: <https://www.lawcommission.gov.np/en/archives/category/documents/prevaling-law/statutes-acts/the-lands-act-20211964>.

Nepal Law Commission (2021). “Interim Constitution 2007.” Retrieved from: <https://www.lawcommission.gov.np/en/archives/13855>.

Oxfam (2019). *Fighting Inequality in Nepal: The Road to Prosperity*. Oxford.

Paudel, Damaru Ballabha and Katsuhiko Saito (2016). “Impact of Implementation of Current Land Reform Policy in Nepal.” *The Japanese Journal of Rural Economics*. 17; pp. 35-39.

UN News (2020). “Rising Inequality Affecting More Than Two-thirds of the Globe, But It's Not Inevitable: New UN Report.” 21 January. Retrieved from: <https://news.un.org/en/story/2020/01/1055681>.

United Nations (n.d.). “Goal 10: Reduce Inequality Within and Among Countries.” Retrieved from: <https://www.un.org/sustainabledevelopment/inequality/>.

World Bank (2020). “COVID-19 to Add as Many as 150 Million Extreme Poor by 2021.” 7 October. Retrieved from: <https://www.worldbank.org/en/news/press-release/2020/10/07/covid-19-to-add-as-many-as-150-million-extreme-poor-by-2021>.

# MULTISCALAR INEQUALITY IN INDONESIA

By: Mikhail Gorbachev Dom

“Politics has had an impact on inequality and thus on the poverty reduction rate.

Indonesia was a relatively equal society during the early 1980s, with a Gini index between 30% to 35%. Inequality began to rise around 1990 — a trend that lasted until the 1998 Financial Crisis when the Gini index briefly fell below 30%, according to data from the Indonesian National Socio-Economic Survey. In the post-Suharto era, inequality again increased. It rose dramatically over the next ten years. In recent years, Indonesia's Gini index initially stabilized and then fell slightly, but the COVID-19 pandemic has again made the situation worse.

There is no single statistical breakdown or general explanation for these trends of inequality on a national scale. The report of the Asian Development Bank (ADB), *Asian Development Outlook 2012*, examined the contribution of spatial inequality (urban-rural and inter-provincial) in 2007-2009 for selected Asian economies. Using data from 2008, they found out that the estimated Gini coefficient fell

from 0.41 to 0.21. The lower decile's share of income increased more than five-fold (Hill 2021). The World Bank, for its part, points to persistent disparities in access to education and other services. Previous governments have also contributed to rising inequality, at least indirectly, by taking a broadly reactive approach to the problem. Politics has had an impact on inequality and thus on the poverty reduction rate.

The national poverty line defines the poor as those earning US \$2.00 a day. Let us look at growth during the period 1993-2013. We see that the average growth rate of expenditure per person was at 3.7% per year. In other words, by the national poverty line, the per capita expenditure of the average population had grown 22 times faster than that of the poor. This means that the country's growth policy has deteriorated since the beginning of the Reform Era (Yusuf et al. 2014).



Image: www.theguardian.com

“The main contributor to inequality in Indonesia is the inequality *within* urban and rural areas.

Based on the national poverty line, the growth of the average population in the years 1990-1996 was 77 times faster than the growth of the poor. In the period 2003-2013, the growth in expenditure per capita of the average population was more than double (2.1 times) the growth rate of the poor (5.4% versus 2.6%). For the period 1990-1996, the annual average growth rate of expenditure per person was 3.5% per year, which was 37% faster than those who live on less than US\$2.00 a day, at 2.6% a year. And in the Reformasi Era, the annual average growth rate of expenditure per person in the average population has been 97%

faster than those living on less than \$2.00 a day. There is, therefore, a huge difference between the Suharto and post-Suharto periods (ibid.).

In 2001, Indonesia began decentralization, with significant financial and administrative resources delegated to the second tier of the regional governments. Nevertheless, this is the beginning of the problem of polycentric governance in Indonesia. There was a significant commodity boom between 2005 and 2012, fueled by coal, palm oil, crude oil, and gas production. But there were

concerns that spatial inequalities would increase. So far, the evidence suggests that interregional disparities have not increased, at least at the provincial level (Hill and Vidyattama 2016). However, in 2013, Indonesia was mainly characterized by intra-provincial inequality (93.7%). Inequality between provinces contributed only 6.3% to total inequality. Similar patterns were also observed between urban and rural areas. Inequality *between* urban and rural areas is only a minor contributor (5.8%) to inequality in Indonesia. Instead, the main contributor to inequality is the inequality *within* urban and rural areas.



Image: www.thejakartapost.com

**“The labor market is the crucial element that links economic growth and an improved standard of living.**

Indonesia experienced a commodity boom in coal and palm oil, particularly in the 2000s, which could have increased inequality (Yusuf et al. 2013). Coal production more than tripled, and palm oil production also quadrupled in the period 2000-2011 (Burke and Resosudarmo). Changing sectoral contributions to growth go hand-in-hand with slower reduction in poverty and, thus, potential changes in inequality (Suryahadi et al. 2012). This commodity boom hypothesis explains the growing gap between the rich and poor in rural areas.

In the past, the formal manufacturing sector was a haven for people in rural areas looking for higher-paying jobs. When opportunities are limited, unskilled labor move to rural areas. Since the

rural labor market is flexible, real rural wages will generally rise. Official data from the Central Statistics Agency (BPS) suggests that real wages for farmworkers have declined in recent years, possibly suggesting that people are simply moving to the cities in search of formal employment (Manning and Pratomo 2013).

One of the proposed solutions to address inequality in Indonesia is to develop a policy centered on downstream industries. There are at least two main reasons for Indonesia to focus on downstream industry: First, Indonesia exports too much raw materials. Second, economic growth (GDP) is mainly based on public consumption. The dilemma that arises is that the items consumed by Indonesians are mostly imported goods. The private

sector has to cooperate with universities to build Pentahelix synergies, which is the key to building an engineering ecosystem that can absorb much of the labor force and ensure Indonesia's progress.

The labor market is the crucial element that links economic growth and an improved standard of living. Indonesia will have a demographic bonus in the period 2020-2030, which will then add to the labor force. The Indonesian labor market has always had distinctive dualistic characteristics. However, these were accentuated during the administrations of Susilo Bambang Yudhoyono and Joko Widodo through increasingly populist and restrictive labor regulations, particularly minimum wage and severance payments. For at least the first decade of this century, the result has been anemic employment in the formal sector and growing wage inequality between small protected and regulated sectors on one hand, and the large unregulated informal sector on the other. As a result, fewer Indonesians have lifted themselves out of poverty by finding jobs in the formal labor market.

The Indonesian education system has made impressive progress on most quantitative indicators. However, there is evidence that educational outcomes are inconsistent. That is, there are significant differences between socioeconomic classes in dropout rates and test performance. These differences are related to the increasing inequality of labor market outcomes, which, as mentioned earlier, are due to the globalization of the labor market and increasingly restrictive national regulations. As a result, many Indonesians are trapped in low-skilled and low-paying jobs. For that, President Joko Widodo launched the Pre-Employment Card program in 2020.

Interesting data from the World Bank show that per capita income in Indonesia has increased across all classes. Unfortunately, the Gini index remains high in Indonesia, and this is due to the Indonesian population's lack of awareness of birth control. That is the problem of inequality at the household level, where awareness regarding child marriage and birth control are so important. Population control policies are essential because many of Indonesia's workforce belong to the sandwich generation — parents who rear their children while also taking care of their elderly parents.

Before the financial crisis in 1998, there were no effective social welfare programs in Indonesia, with the partial exception of the various INPRES (Presidential Instruction) grants. Various social transfer programs have been introduced over the past two decades. These are modest in scope and have had mixed successes; but these became the initial steps in building a rudimentary welfare state. There is also the beginning of basic health insurance for those who are outside of the modern public and commercial sectors. This is important for these people since they simultaneously face the weakening of traditional support for large families due to urbanization on one hand, and having smaller families on the other. The government currently operates four main social programs: (1) the Hopeful Families Program, or PKH, which offers special conditional cash transfers; (2) the Smart Indonesia Scholarship (PIP), a cash transfer scheme that aims to keep children from low-income families in school; (3) Rastra/BPNT, which provides subsidized rice (and other food items) to low-income families, and (4) PBI JKN, which pays the health insurance premiums for low-income families. These four programs must be continued in order to break inequality, starting at the household level. ■



Image: ekonomi.bisnis.com

“Various social transfer programs have been introduced over the past two decades. These are modest in scope and have had mixed successes; but these became the initial steps in building a rudimentary welfare state.

#### References

- Burke, Paul and Budy P. Resosudarmo (2012). “Survey of Recent Developments.” *Bulletin of Indonesian Economic Studies*. 48 (3); pp. 299-324.
- Hill, Hal (2021). “What's Happened to Poverty and Inequality in Indonesia over Half a Century?” *Asian Development Review*. 38 (1); pp. 68-97.
- Hill, Hal and Yogi Vidyattama (2016). “Regional Development Dynamics in Indonesia Before and After the 'Big Bang' Decentralization.” *The Singapore Economic Review*. 61 (02); pp. 1640027-1-26.
- Manning, Chris and Devanto S. Pratomo (2013). “Do Migrants Get Stuck in the Informal Sector? Findings from a Household Survey in Four Indonesian Cities.” *Bulletin of Indonesian Economic Studies*. 49 (2), pp. 167-192.
- Suryahadi, Asep, Gracia Hadiwidjaja and Sudarno Sumarto (2012). “Economic Growth and Poverty Reduction in Indonesia Before and After the Asian Financial Crisis.” *Bulletin of Indonesian Economic Studies*. 48 (2); pp. 209-227.
- Yusuf, Arief Anshory, Ahmad Komarulzaman, Muhammad Purnagunawan and Budy P. Resosudarmo (2013). “Growth, Poverty and Labor Market Rigidity in Indonesia: A General Equilibrium Investigation.” *Working Paper in Economics and Development Studies* (No. 201304). Bandung: Department of Economics, Padjadjaran University.
- Yusuf, Arief Anshory, Andy Sumner and Irlan Adiyatma Rum (2014). “Twenty Years of Expenditure Inequality in Indonesia, 1993–2013.” *Bulletin of Indonesian Economic Studies*. 50 (2); pp. 243-254.

# COMMITTED TO THE FIGHT

## The Problem of Inequality in Indonesia and the Response of the Jokowi Administration

By: Damianus Bilo

### Introduction

The problem of inequality has become a global phenomenon. Almost no country is spared from this problem, including highly developed countries with their strong economies, advanced technology and high standards of education.

Barack Obama, in his farewell address as President, also acknowledged that there were still inequalities or gaps in the United States, whether economic, social, or educational. The form, affected sector and the contributing factors also vary.

There is a significant number of poor Americans living alongside the rich who enjoy various luxuries. There are Americans who have very limited access to healthcare and education. They are, thus, confined to a life of extreme deprivation, in spite of the superb educational,

health and economic facilities that most Americans enjoy. And there are still other stories of inequality. This is a confirmation that the problem of inequality is already a global phenomenon that spares no country.

How about Indonesia? What are the sectors affected by inequality, and what are the factors that cause it? And how has the government of Indonesia, under the leadership of President Joko Widodo, responded to overcome the problem of inequality?

The aim of this paper is to analyze the problem of inequality in Indonesia. It will try to, as optimally as possible, present important information regarding the response of the Jokowi administration. The role and contribution of NasDem Party in eliminating, or at the very least, reducing the problem of inequality in Indonesia will also be presented at the end of the article.

### Inequality in Indonesia

As a developing country, inequality certainly exists in Indonesia. This fact can be easily and visibly encountered when we go to big crowded cities, such as Jakarta, Surabaya, Bandung, Medan, Semarang or Yogyakarta. There, we can easily find poor people living in the slums, while surrounded by magnificent buildings and settlements towering everywhere. It is clear that there is a sharp contrast in people's lives, which shows the gap between the rich and the poor. Most people who live there do odd jobs in the informal sector, such as buskers, street vendors, market workers, construction workers, and other low-wage earners. Others, on the other hand, work in the formal sector with high-paying income, such as government officials, consultants, expatriates, lawyers, lecturers, city council members, entrepreneurs, and others.

This phenomenon is just one example of the form of social inequality that can easily be encountered in Indonesia. It clearly illustrates the difference between the rich and the poor, as well as the injustice that is being experienced by the lower classes. Alongside social inequality are other forms of inequality, such as unequal access to education, inequality between urban and rural areas, as well as

inequality in terms of access to public facilities and infrastructure within cities and villages. Regional inequality is also a major challenge for Indonesia, with the eastern region lagging far behind the western and central regions.

The disparity between rural and urban areas can be seen in terms of infrastructure development. In the cities, infrastructure development is

faster and more massive and than in rural villages. This inequality eventually causes many rural people to move to the cities in order to get a better life. This disparity between rural and urban areas also affects access to and the quality of education. Access and quality of education in rural areas is still minimal, and as a result, the sense of civic-mindedness among those from rural communities is not as advanced as those from urban communities.

**“Various strategic policies have been carried out by the Jokowi administration to overcome the problem of inequality.**

Image: [www.chinadaily.com.cn](http://www.chinadaily.com.cn)



There are other examples of social inequality in Indonesia. For example, people with higher or formal education have easier access to employment compared to those with no formal education. When imposing a sentence, the judiciary often favors the upper class than the lower class. Very little effort has also been made to provide persons with disabilities (PWDs) with adequate public facilities, such roads and transportation.

In addition, the standardization of education means national exams are implemented without considering the uneven quality of education in the various regions brought about by uneven public facilities and infrastructure. In other instances, there are also differences in treatment, where people who wear expensive clothes and other accessories get preferential treatment compared to those who wear work-clothes.

### **Jokowi Administration's Response**

The Indonesian government, under the leadership of President Joko Widodo, is truly committed and is working very hard to address inequality, especially inequality among the regions of Indonesia. Various strategic policies have also been carried out by the Jokowi administration to overcome the problem of inequality.

## **Overcoming Economic Inequality**

In the first period of his administration (2014-2019), Jokowi launched the Economic Equity Policy (KPE) to encourage economic growth and equity in the regions. This initiative had three pillars, namely: (1) providing land, (2) generating business opportunities, and (3) developing human resources.

Through the KPE, the government had focused on four programs called Quick Wins that have the greatest impact in reducing social inequality. The four Quick Wins include: (1) agrarian reform, including the land legalization<sup>1</sup> of transmigration; (2) vocational education and training; (3) housing for the urban poor; and (4) modern retail and traditional markets. These programs are to be harmonized into a coherent and effective government policy for reducing inequality based on economic equity.

Of the three main pillars, there are 10 areas that are meant to address the sources of inequality in society. The First Pillar, which focuses on land, covers agrarian reform and social forestry (to address the issue of landless farmers), plantation agriculture (to improve productivity and address the need for added-value commodities), and affordable housing for the urban poor, and fishermen and seaweed farmers.

Meanwhile, the second pillar, which focuses on providing opportunity for businesses, will target the problems of the tax system, manufacturing and information technology, the development of retail and traditional markets, and financing with government funds.



Image: [www.alinea.id](http://www.alinea.id)

**“Jokowi launched the Economic Equity Policy (KPE) to encourage economic growth and equity in the regions.**

The last pillar (that of increasing the capacity of human resources) seeks to solve vocational, entrepreneurship and labor market issues.

The KPE program was launched because the government has to manage the economy in a way that ensures economic growth while also reducing social inequality.

### ***Overcoming Inequality in the Western and Eastern Regions of Indonesia, Especially Papua***

In order to overcome regional inequality, President Joko Widodo has issued various strategic policies, including building a border area for regions that have been neglected for so long.

The following are the policy steps taken by the Jokowi administration to reduce inequality in Eastern Indonesia, especially in Papua.

#### *Harboror Seaport*

There are six ports spread across the provinces of Maluku, North Maluku, West Kalimantan, Papua and West Papua which were built using state funding sources (APBN). This is a manifestation of the government's commitment of building transportation infrastructures to improve connectivity in the border, outermost and disaster areas of the country.

The construction and development of these ports also shows a form of

<sup>1</sup> The transmigration program was a major initiative by previous governments to transfer landless people from densely populated areas of Indonesia to less populous provinces—the editor.

development that is not Java-centric but Indonesia-centric. This was in accordance with the Nawa Cita (Nine Programs) of the Jokowi-Jusuf Kalla government, which was to build Indonesia from the periphery by strengthening the regions and the villages.

Apart from seaports, the Jokowi administration also built an airport in Yahukimo, Papua, with funds sourced from the state budget.

### *Electricity*

Besides building seaports and airports, the government of Joko Widodo also built power stations to benefit people living in remote areas of Papua who have not enjoyed electricity for decades. Providing electricity in the interior of Papua is a tangible manifestation

of President Jokowi's commitment to provide justice for all Indonesians while reducing inequality in Eastern Indonesia.

### *One Fuel Price*

For decades, the price of premium fuel in Papua has been in the range of Rp50,000 to Rp100,000 (US\$3.57 to US\$7.14) per liter. President Joko Widodo launched a one-price fuel oil (BBM) policy, so that the price of fuel in Papua can now be the same as in Java, which is only Rp6,450 (US\$0.46) per liter.

### *Road and Bridge Construction*

The Jokowi administration, through the Ministry of Public Works and Public Housing (PU-Pera) has aggressively pushed for the Trans-Papua road construction project,

with large sections completed in 2018-2019. One of the roads that has become the focus of the project is the road segment that connects the mountainous region of Wamena-Habema-Kenyam-Mamugu that traverses 278.6 kms. The construction of that road must be carried out to help reduce the high cost of living being experienced by the people who live in the mountains of Wamena, Papua.

In order to complete the construction of roads and bridges in Papua, the Ministry of Public Works has allocated a budget of Rp2.3 trillion (US\$164.2 million). The budget includes the construction of Trans-Papua which covers a total of 4,000 kilometers. What a really big initiative of the Jokowi administration!

**“The government of Joko Widodo built power stations to benefit people living in remote areas of Papua who have not enjoyed electricity for decades.**

Image: nasional.kompas.com



## ***Reducing Inequality Through Infrastructure Development***

The incessant infrastructure development outside of Java is part of the government's effort to reduce inequality by ensuring that there will be a balanced infrastructure development among Indonesia's western, central, and eastern regions. Because infrastructure development is not fairly distributed, those in the eastern region do not enjoy the same opportunities being enjoyed by their brothers and sisters in Java. In fact, infrastructure inequality is not just an economic problem; but it is also a fundamental issue of social justice for all Indonesian people.

## ***National Capital Relocation***

So strong is Jokowi's commitment to overcome the problem of inequality that he issued a policy that no one had previously imagined — moving the county's capital from Jakarta to East Kalimantan. According to experts, this policy will have a very positive impact on the development of Eastern Indonesia. It will be a significant boon for the region since it will become a new economic growth area. Previously, there were only Makassar and Manado, both in Sulawesi. Now, the prospects are even more awesome! The economy will grow rapidly, and the gap between East and West Indonesia, Java and outside of Java, will narrow in the future.

## ***Results Achieved***

There are signs that inequality in Indonesia continues to decrease, and the gap is starting to narrow and thin out.

With the establishment of Trans-Papua, Trans Sumatra and Trans-Kalimantan, the mobility of both people and goods have become faster, thereby lowering the price of basic commodities in various areas

of Indonesia. Likewise, economic turnover has become much faster in areas outside of Java, especially in Eastern Indonesia, which has led to an increase in purchasing power.

With the acceleration of infrastructure development, regional inequality has been greatly reduced. Fairness is also apparent in how the budget has been distributed. Approximately 60% of the budget for the highway sector has been allocated for Eastern Indonesia, while 40% has gone to the western region.

The one fuel price policy made by Jokowi has also helped address the problem of price volatility in Papua,

where in October 2016, the province experienced a deflation of 0.09%. At present, there is increased business enthusiasm, with small- and medium-scale enterprises continuing to grow.

Apart from increasing the number of businesses, the one fuel price policy has also helped stabilize the price of basic commodities. Because the price of gasoline used for transportation in food distribution has decreased, food prices have also declined. Prices of basic necessities usually increase due to extreme weather. With this policy, prices of basic necessities in Eastern Indonesia remain stable despite facing extreme weather.

**“The incessant infrastructure development outside of Java is part of the government's effort to reduce inequality by ensuring that there will be a balanced infrastructure development among Indonesia's western, central, and eastern regions.**

Image: [www.thejakartapost.com](http://www.thejakartapost.com)





Image: jakartaglobe.id

“Through its cadres who have been appointed as Cabinet Ministers, the NasDem Party has directly contributed to the government's efforts to combat inequality.

In March 2021, the level of inequality in the expenditure of the Indonesian population as measured by the Gini Ratio was 0.384. This figure decreased by 0.001 points, compared to the September 2020 Gini Ratio of 0.385 and an increase of 0.003 points compared to the March 2020 Gini Ratio of 0.381.

### **Role and Contribution of NasDem Party**

Directly or indirectly, the NasDem Party has a major contribution in the success of the Government of Indonesia under President Jokowi's leadership, as the NasDem Party has supported Jokowi from the very

beginning. Through its cadres who have been appointed as Cabinet Ministers, the NasDem Party has directly contributed to the government's efforts to combat inequality.

As an example, in the agriculture sector, Minister Sahrul Yasin Limpo, who is also a cadre of the NasDem Party, has worked very hard to assist the President in alleviating the lives of small low-income farmers by ensuring food sovereignty and self-sufficiency in various regions. This is being done by expanding the area of arable land and by applying technology to increase production capacity.

Through this strategy, small farmers are now greatly benefitting from increased income.

Small farmers complained for years how difficult it was to access cheap fertilizers and seeds, and to receive assistance from the government. But now, they are happy with the Minister's efforts in providing seeds, fertilizers, and various agricultural equipment and facilities.

Minister Sahrul has also initiated the Food Estate Program to combat economic inequality in Eastern Indonesia, and ensure food security and sovereignty. An independent nation must have the ability to meet its own food needs.

Because Indonesia has great potential in realizing food sovereignty, the Ministry of Agriculture continues to apply agricultural industrial technology to improve the welfare of farmers, and realize the country's goal of becoming the world's food granary by 2045. The Ministry is implementing programs designed to increase productivity and ensure the quality of agricultural products so that the country is able to meet both market needs and domestic demand (consumption, industry and import substitution, etc.) Increasing agricultural exports is a major commitment that must be achieved.

In the environmental and forestry sector, Minister Siti Nurbaya Bakar, who is also a cadre of the NasDem Party, has also been assisting the President to improve the lives of small low-income farmers. This is being done through a strategy of increasing the income of rural communities through the Social Forestry Program. This is a policy that allows local communities to plant crops in designated areas of forest lands. In exchange, they are tasked with maintaining and taking care of the forests.



Image: facebook.com/OfficialNasDem



Image: facebook.com/OfficialNasDem

**“The NasDem Party is also combating inequality through its active involvement in the government's effort to end the COVID-19 pandemic.**

<sup>2</sup> The Bintang Mahaputera (Star of Mahaputera) is the second highest decoration awarded by the Government of the Republic of Indonesia—the editor.

As head of the Ministry of Environment and Forestry, Minister Siti has been very successful in saving the environment and Indonesia's forests from catastrophic destruction by significantly reducing forest fires. For this extraordinary success, she was awarded the prestigious Bintang Mahaputera Adipradana<sup>2</sup> by President Jokowi.

Another NasDem Party cadre, Johnny G. Plate, currently serves as the Minister of Communication and Information. He is using his position to address inequality by building telecommunications network facilities in all regions of Indonesia. He is focusing on remote and underdeveloped areas outside of Java, particularly Eastern Indonesia, to end years of neglect and isolation. Thanks to his efforts, poor families in underdeveloped areas now enjoy easier access to information and communication.

In addition to the initiatives of NasDem Party's three cadre ministers, the Party is also combating inequality through its active involvement in the government's effort to end the COVID-19 pandemic. Up to the present time, the NasDem Party has been conducting vaccination drives in various regions of Indonesia. The Party has also been proactive in providing ambulances and hearses, especially during surges. The NasDem Party has also been assisting patients who need to be rushed to hospitals or treatment centers. The General Chair of the Party, Surya Paloh, even loaned one of his five-star hotels to the government, so that it can be utilized as an isolation facility and a rest area for nursing staff handling COVID-19 cases.

It is clear that the Party has been undertaking efforts to address inequality, and it will not rest until this scourge is finally eradicated. ■

# OVERCOMING DESPAIR

## A New Movement of Social Democrats in Thailand 2021

By: Sustarum Thammaboosadee

### Introduction

Under the 2020-2021 pandemic crisis, inequality in Thailand has become more apparent. Many people lost their jobs and their income, and experienced lack of welfare benefits in the wake of the economic recession that followed (Ockey 2021). These are the results of having a market-oriented social protection system that forces individuals to take on the bulk of the risks. It is obvious that the market has failed both in maintaining a robust economy and in protecting people's lives (Rodriguez 2020). This is in stark contrast to countries that have adopted the universal welfare state model, proving that people's lives, jobs, and livelihood can be preserved. According to former Finnish Prime Minister Antti Rinne, there is a need to maintain and expand the welfare state whenever society faces a crisis

(Rinne 2020). In contrast, societies like Thailand, which are dominated by neoliberal economic policies and under the thumb of authoritarian governments, are often plagued by inequality. In this article, we will examine the nature of inequality in

Thai society and the three social disorders that it has created. We will also explore the role of social democrats in pushing for the establishment of a universal welfare state and the realization of democratic socialism.

**“Societies like Thailand, which are dominated by neoliberal economic policies and under the thumb of authoritarian governments, are often plagued by inequality.**

Image: worldbank.org



## Four Dimensions of Inequality

In 1942, William Beveridge presented a report that identified the five “giant evils” that hindered progress in 20th century British society. These were: want, disease, ignorance, squalor and idleness. The proposal at the time became an important precursor to the creation of the welfare state in post-World War II Great Britain and Western Europe (Esping-Andersen 1990). Focusing on 21st century Thailand, there are four factors that perpetuate social inequality:

### 1. Economic Insecurity.

Thailand's working age population is approximately 38 million. Of this number, more than 20 million are informal workers with no stable income. Half of them earn less than THB10,000 (US\$300) per month. In addition to the insufficiency and uncertainty of their income, their working hours are more than 50 hours a week. Women, agricultural workers and the people in rural areas are more likely to stay in precarious conditions, with 30% of the Thai working-age population sharing these three characteristics (Ruengorn et al. 2021). But even for those with fixed incomes, the minimum wage in Thailand has only been slightly increased and remains inconsistent with the consumer price index. About 5 million people receiving minimum wage are likely to live within the minimum wage throughout their working life. The average household income in Thailand is THB26,000 (US\$783) per month, while the monthly base cost for a family of three is at THB27,000 (US\$813). The implication of these figures is that more than half of the Kingdom's population live in uncertainty throughout their whole lives (Boonyord and Teuprakhon 2020).



Image: www.ucanews.com

**“The insufficiency of welfare benefits violates the basic condition of human dignity.**

**2. Human Dignity.** Economic insecurity directly affects the perception of human dignity. The insufficiency of welfare benefits violates the basic condition of human dignity. The quality of welfare that an individual receives mainly depends on his or her family's economic condition, which covers housing, healthcare, and education. According to current data, 50% of the total number of physicians are in the Bangkok Metropolitan Area. On the aspect of education, only 30% of students who start primary school have the opportunity to study at the university level. Student dropouts are mainly caused by economic factors. Social inequality undermines human dignity and affects every aspect of people's lives (Thammaboosadee 2020).

**3. Freedom of Choice.** The authoritarian government's rule for almost 8 years (2014-2021) has undermined political freedoms in an already unequal society (Mérieau 2019). Their economic vulnerability discourages people from questioning the quality of their lives. This includes their right to negotiate for better working conditions. In Thailand, less than 2% of workers are members of trade unions. Moreover, the ability to gain education depends heavily on the financial capacity of each household. While members of the elite and upper middle class are able to receive higher education which they then use to establish their network and accumulate further wealth, lower-income students eventually end up in relatively low-income fields of study and

careers. Correspondingly, more than 70% of the elderly do not have financial freedom after their retirement, since they mainly rely on their working age children for their income.

**4. Social Mobility.** In 2018, the World Bank published a report on intergenerational social mobility which indicates that individuals can change the social and economic status that they were born into. This raises some interesting issues: **(1) For Thais who were born into the lower half of the economic pyramid**, they have a 65% chance of remaining in the bottom half of society, and a 35% chance of falling into the poorest stratum (lowest 25%). **(2) If you were born into the**

**richest stratum (top 25%),** you have a 46% chance of remaining in the top economic group, and only a 19% chance of falling into the poorest stratum (lowest 25%). Based on the intergenerational income persistence index, a Thai parent's 100 units of assets has a 38% chance of being passed on to their offspring, while in welfare states such as Sweden, Denmark, Norway or Finland, it is only about 20% to 25%. This means that the majority of Thais are practically imprisoned within the economic status that they were born into. This is mainly due to the low welfare benefits that they are receiving. Life opportunities are tied to the economic status of the family (Thammaboosadee 2021b).

“The idea of the welfare state and social democratic policies have become central issues in Thai politics and are no longer fringe questions confined to progressives.

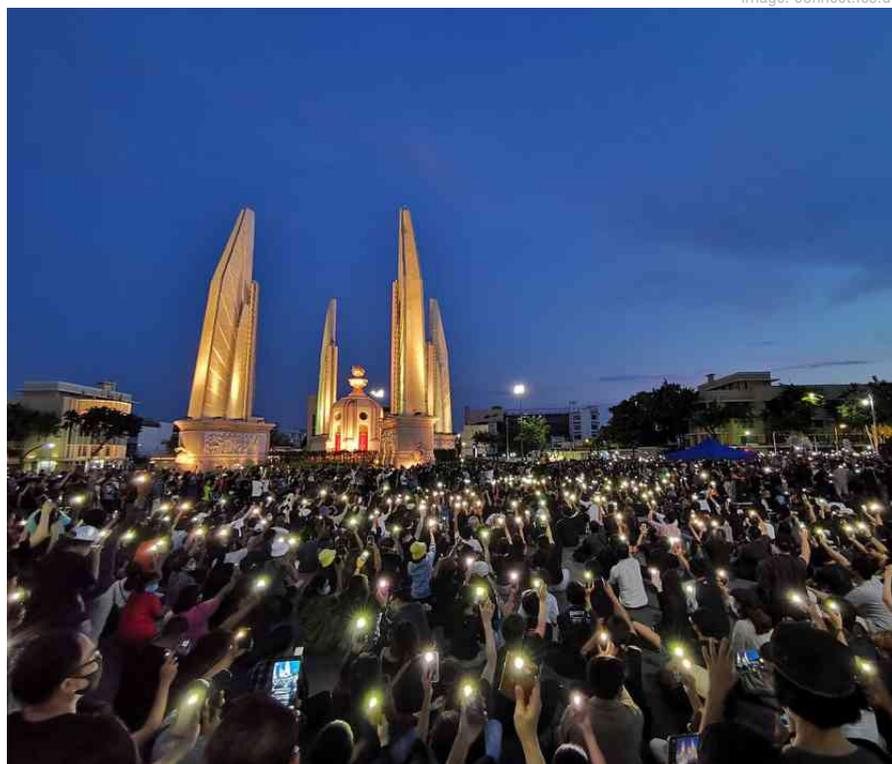


Image: connect.fes.de

### Three Social Abnormalities

The four dimensions of inequality in Thai society have created three abnormalities in the country's social structure that are being perpetuated by the top 1% — the network of Thai elites: (1) **Economic inequality**; only a few business tycoons have economic influence, and their interests are deeply connected to both formal and informal political power. (2) **Authoritarian politics**; previous military coups have created tight connections between state power and big business. The link between the people and the state has further weakened under the current authoritarian government, which has been in power for more than eight years. (3) **Conservative social values**, which predisposes people to uncritically accept the unequal relations that exist in society. These values are spread through the family, formal education, and religion — all emphasizing the central theme of hard work and sacrifice. The monarchy is at the core of these values that promote this inequality. The role of the monarchy, therefore, takes on several roles — as an actual capitalist, as a supporter of authoritarianism, and as a promoter of traditional conservative values (Ockey 2021).

### The Rebirth of Social Democracy in Thailand, 2020-2021

Due to the campaign for the 2019 general election, the idea of the welfare state and social democratic policies have become central issues in Thai politics and are no longer fringe questions confined to progressives (Thammaboosadee 2021a). The renewed relevance of democratic socialist ideology among the young generation bodes well for social democracy as a movement. At the same time, the leaders during the yellow-red conflict of 2005-2013, some of whom hold to social

democratic principles, began to lose their leadership role in the movement. This has had the effect of broadening the appeal of social democratic ideas and making them more attractive to a new generation of progressives, thereby helping create a wider movement. During the period of 2020-2021, there have been various groups advocating for democratic socialism. These are:

**1. Student Movement.** There were two main student groups in 2020. One is the United Front of Thammasat and Demonstration (UFTD) which proffered three liberal proposals for revamping the government and reforming the monarchy (Sunthonchatrawat 2020). The other is the Free Youth Network (FYN) which holds leftist ideas. FYN has played an important role in pushing the issues of socialism and the welfare state, so that these can be discussed more widely in public. By increasing the role and symbolism of the working class under the REDEM movement's banner, they have played an important role in pushing socialism as a central issue of the social movement (Sirikhan and Kota 2020).

**2. Academe and University.** Conservative ideas have long dominated Thai academe for years. This is especially true in the fields of engineering and health sciences, which have traditionally excluded political issues from academic study. As for the social sciences, liberal scholars more often get the spotlight from the public more than leftwing academics. However, the student movement's resurgence has

pushed left discourse into the center of academic discussions. Thammasat University Marxism Studies (TUMS) has been pivotal in bringing Marxism back into the academic mainstream. The group's members come from diverse backgrounds, but they all apply socialist ideas in educating students in their respective fields. In addition, the Welfare and Justice Studies Research Center, which was established in Thammasat University, has played an important role in spreading the idea of the welfare state. Studies on the welfare state have become more extensive, especially in regional universities where such discussions among faculty and students have become more frequent.

**3. Political Parties.** It is undeniable that the dissolution of the Future Forward Party (FWD) in 2020 has slowed the growth of the social democratic movement (Thammaboosadee 2019). Looking at other political parties, Pheu Thai Party had policies in the past that approximated certain social democratic principles, such as universal healthcare which was introduced in 2001. However, the current economic approach of the Pheu Thai Party is clearly liberal. Meanwhile, the Move Forward Party sees itself as the ideological successor of the Future Forward Party. This allows former FWD leaders to still push for progressive proposals even though they are barred from engaging in political activity (McCargo and Chattharakul 2020). But given the combination of left, liberal, and rightwing tendencies inside the

party, progressives in Move Forward will not have an easy time pushing for reforms. Therefore, it is necessary for the younger generation of social democrats to work with other anti-authoritarian political parties to push for more progressive policies.

**4. Civil Society.** Civil society plays an important role in bringing the issues of the student movement to a wider audience, in synthesizing various proposals from academic research, and in recommending policies that should be adopted by political parties. Various civil society groups are taking on very important roles, such as the Pension Network, which proposed the Universal Pensions Act, despite its rejection by the government. Another important civil society group is the Wefair Network, which unites different NGOs working on various issues such as housing, labor rights, healthcare, students' welfare, gender diversity, multiculturalism, etc. These groups have joined together to call on the government to establish a welfare state. By doing so, the work that NGOs are doing have expanded from specific issues to broader social democratic themes. In fact, in 2021, the Wefair Network, despite its limited budget, was able to organize a welfare state camp for both central and regional students, as well as a media training activity, which included the general public, in order for them to understand the issues surrounding the welfare state.

## Conclusion

Inequality in Thailand has four dimensions: economic insecurity, lack of human dignity, lack of political freedom and the limits on social mobility. As a result, Thailand has suffered from three key abnormalities: economic inequality, political authoritarianism and the prevalence of social conservative values. However, the possibility of political revolution remains, and such a potential lies with the younger generation who are more active and do not hesitate to use socialist language in communicating with the public. Building a social democratic welfare state cannot solely rely on parliamentary politics, but must include the civic movement, with the academe also playing an important role. ■

## References

Boonyord, Soonthorn and Chetawan Teuprakhon (2020). "Soonthorn Boonyord: 'Labor' Movement in Political Parties and the "New Future Protection Act." Progressive Faculty. Retrieved from: <https://progressivemovement.in.th/article/interview/520/>.

Esping-Andersen, Gøsta (1990). *The Three Worlds of Welfare Capitalism*. Cambridge: Polity Press.

McCargo, Duncan and Anyarat Chattharakul (2020). *Future Forward: The Rise and Fall of a Thai Political Party*. Copenhagen: NIAS Press.

Mérieau, Eugénie (2019). "Thailand in 2018: Military Dictatorship Under Royal Command." *Southeast Asian Affairs*. Daljit Singh and Malcolm Cook, eds. Singapore: ISEAS Publishing.

Ockey, James (2021). "Thailand in 2020: Politics, Protests, and a Pandemic." *Asian Survey*. 61 (1); pp. 115-122.

Phongpaichit, Pasuk (2016). "Inequality, Wealth and Thailand's Politics." *Journal of Contemporary Asia*. 46 (3); pp. 1-20.



Image: theguardian.com

**“Building a social democratic welfare state cannot solely rely on parliamentary politics, but must include the civic movement, with the academe also playing an important role.**

Rinne, Antti (2020). "The Nordic Welfare State is the Best Cure for the Epidemic": Antti Rinne on Finland's Post-Pandemic Future." *Helsinki Times*. 16 May. Retrieved from: <https://www.helsinkitimes.fi/columns/columns/mp-talk/17678-the-nordic-welfare-state-is-the-best-cure-for-the-epidemic-antti-rinne-on-finland-s-post-pandemic-future.html>.

Rodriguez, Soranyi (2020). "Interview with Noam Chomsky: The Failure of Capitalist Logic Against COVID-19." Retrieved from: <https://ezproxy.tulib.net/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edsnk&AN=17B0127A500EFA28&site=eds-live>.

Ruengorn, Chidchanok, Ratanaporn Awiphan, Nahathai Wongpakaran, Tinakon Wongpakaran, and Surapon Nochaiwong (2021). "Association of Job Loss, Income Loss, and Financial Burden with Adverse Mental Health Outcomes During Coronavirus Disease 2019 Pandemic in Thailand: A Nationwide Cross-Sectional Study." *Depression and Anxiety*. 38 (6); pp. 648-660.

Sirikhan, Jutatip and Influence Kota (2020). "Jutatip Sirikhan: Life, Friends and Dream." *Way Magazine*. 5 Decemer. Retrieved from: <https://waymagazine.org/the-golden-sky-10/>.

Sunthonchatrawat, Weerapong (2020). "Penguin-Prit Chivarak: A Historical Footnote and Acknowledgement of Poetry." *Way Magazine*. 7 Decemer. Retrieved from: <https://waymagazine.org/the-golden-sky-13/>.

Thammaboosadee, Sustarum (2019). "After the Winter of Despair: An Awakening to the Welfare State in Thailand via Civic Movements and Political Parties in the 2019 General Elections." *Socdem Asia Quarterly*. 8 (1); pp. 19-26.

Thammaboosadee, Sustarum (2020). "The Reduction of Inequality and Justice Promotion via Welfare State: The Debate Between Universal Welfare and Residual Benefit Through the Lens of Philosophy, Politics and Economics." *Social Justice and Inequality Journal*. 1 (1); pp. 56-66.

Thammaboosadee, Sustarum (2021a). "A Century of Struggle Brief History of Thailand's Social Democratic Movement, 1932-2020." *PRAKSIS: The Journal of Asian Social Democracy*. 1 (1); pp. 33-47.

Thammaboosadee, Sustarum (2021b). "The Relations of Intergenerational Social Mobility and the Degree of Welfare Generosity: A Comparative Case Studies of United States, Norway, Japan and Thailand." *Journal of Human Rights and Peace Studies*. 7 (1); pp. 1-20. ch as F&B, retail and tourism.

# NOT ONLY SKIN-DEEP

## The Multifaceted Nature of Socio-economic Inequalities in Malaysia

By: Jaideep Singh

For better or worse, ethnicity is an inescapable part of the social fabric of multicultural Malaysia. At birth, every Malaysian is assigned a 'race': native Bumiputera (comprising ethnic Malays and the indigenous Orang Asli or Asal), Chinese, Indian or other. This label stays with us for the rest of our lives and informs so many of our actions, both officially and implicitly.

Malaysia's tendency to look at the world through the lens of ethnicity naturally colors the discourse on inequality. Inter-ethnic inequalities are held to be self-evident, an unending legacy of the colonial policy of divide and rule. To be sure, this was the state of affairs through most of the 20th century, as the next section explains. These days, however, beyond just skin color, a person's prospects in Malaysian society are driven by a more complex combination of ethnicity, location, status, class, and nationality.

“Malaysia's tendency to look at the world through the lens of ethnicity naturally colors the discourse on inequality. Inter-ethnic inequalities are held to be self-evident, an unending legacy of the colonial policy of divide and rule.

Image: [www.todayonline.com](http://www.todayonline.com)



“The government introduced the New Economic Policy (NEP) to address societal imbalances, with the twin goals of reducing poverty across the board and redistributing wealth to the Bumiputera through affirmative action.

Yet the specter of ethnicity continues to haunt discussions on inequality and public policy, especially in officialdom.

Polarization is a given: depending on who you speak to, either the Bumiputera are “left behind” and the Chinese “control” the wealth-generating private sector or the Bumiputera are “privileged” and the non-Bumiputera are “second-class citizens.” Why is this the case?

The subsequent sections explore the multifaceted nature of inequality in Malaysia, beginning with its political and historical underpinnings, followed by the evolution of its more recent socio-economic dimensions, as well as policy proposals from a social democratic perspective.

### **Inter-ethnic Inequality: The Political and Historical Dimensions**

Under British rule, each community in what was then Malaya existed in its own bubble, in line with the colonizers' economic needs. The Bumiputera were predominantly rural and agrarian; the Chinese often worked as tin miners or traders near urban areas; while the Indians were mostly involved in rubber tapping, with a minority in low civil service positions, uniformed services or trade (Sultan Nazrin Shah 2019).

After independence in 1957, when the three ethnic groups intermingled more closely,

inequality became plain to see. The prevalence of laissez-faire policies favoring the export of the country's natural resources of tin and rubber had given rise to an unequal society. It is estimated that in 1967-8, the average Malay household income was 40% of that of the average Chinese household and 51% of the average Indian household (Anand 1983). But what the averages alone do not tell us is that, barring a small group of elites, most Malaysians were poor then.

Over the next decade, there was rising frustration over poverty and the inequality of outcomes under the status quo. Different communities perceived inequality differently. The Malays felt under-represented in economically significant sectors; the Chinese argued that there were many squatters in their community without basic facilities or access to rural development funds (Andaya and Andaya 2001); while the Indians complained about unemployment and displacement brought about by the fragmentation of once large-scale rubber plantations (Arokiam and Sundara Raja 2019).

By 1969, Malaysia was at a crossroads. The general elections on 10 May that year became the battleground for divisive views on the future direction of Malaysia in the context of ethnic relations, education and language (Andaya and Andaya 2001). Though the elections returned to power the ruling Alliance Party that had

governed since independence, the party suffered its weakest performance hitherto. While the Party lost support among all ethnic groups, the election was portrayed as a rejection of the ruling coalition by the non-Malays. On 13 May, the country's worst racial riots happened, where an estimated 200 people of different ethnicities lost their lives.

The government soon introduced the New Economic Policy (NEP) to address societal imbalances, with the twin goals of reducing poverty across the board and redistributing wealth to the Bumiputera through affirmative action. This complemented constitutional references to the special rights of the Bumiputera, which covered quotas in civil service, scholarship allocation, university enrollment and business licenses.<sup>1</sup>

The NEP was expected to last a generation. It was formally replaced by other development policies in 1991 and 2001, which shifted attention to 'balanced development' to reduce income inequality *between and within* ethnicities (Sultan Nazrin Shah 2019). Nevertheless, the NEP's spirit lives on in the form of ethnic-based redistribution.

Did the NEP and its successors work? The jury is still out, but during the NEP's tenure, there was a slow path to convergence in household incomes. In 1989, the average Bumiputera household

---

<sup>1</sup> See the Federal Constitution of Malaysia, Article 153 (2).

## “While the debate over ethnic privileges flares up time and again, inequality in Malaysia today is no longer just about skin color.

income stood at about 58% and 77% of those of the Chinese and Indians respectively. Over the following three decades, inter-ethnic inequalities declined even further. By 2019, the average Bumiputera household enjoyed an income of about 73% and 91% of their Chinese and Indian counterparts respectively (see Figure 1 below).

The NEP and subsequent policies helped create a sizeable Bumiputera middle and upper class. At the same time, the country's rapid economic growth for most of the late 20th century on the back of a relatively open

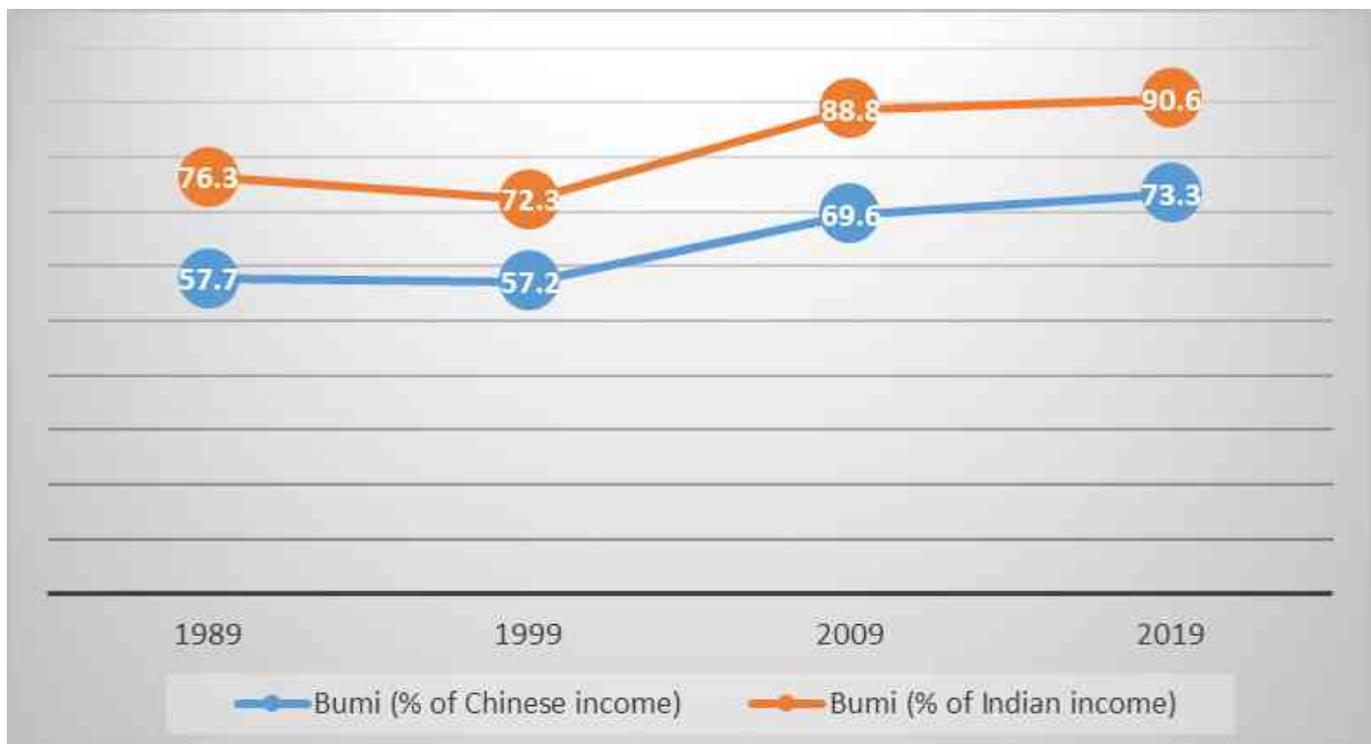
investment and trade regime, the discovery of petroleum deposits and export-oriented industrialization increased the size of the pie for all. It seemed that Malaysia had come a long way since the 1969 riots.

Indeed, ethnic tensions have been assuaged but not eliminated entirely. Redistribution has certainly not been without its unintended consequences. Some non-Bumiputeras have argued that policies for education and social mobility — such as the provision of ethnic quotas at the pre-university and tertiary levels — are not “meritocratic” (Jomo 2004). Many have chosen to “vote with their

feet” by emigrating to Singapore, Australia and the United Kingdom among others, where the playing field is perceived to be more “even”. The counterargument is that there remains inequality of opportunity as well as an implicit bias in the job and rental markets against Bumiputeras (and Indians) (Muhammed Abdul Khalid 2014). Both have some degree of truth to them: privilege is not confined to one ethnicity alone.

But while the debate over ethnic privileges flares up time and again, inequality in Malaysia today is no longer just about skin color.

**Figure 1:** Mean household income of Bumiputeras as a share of mean Chinese and Indian incomes, 1989-2019.



Source: Economic Planning Unit (2020).

## Evolution of Inequality: The Socio-economic Dimension

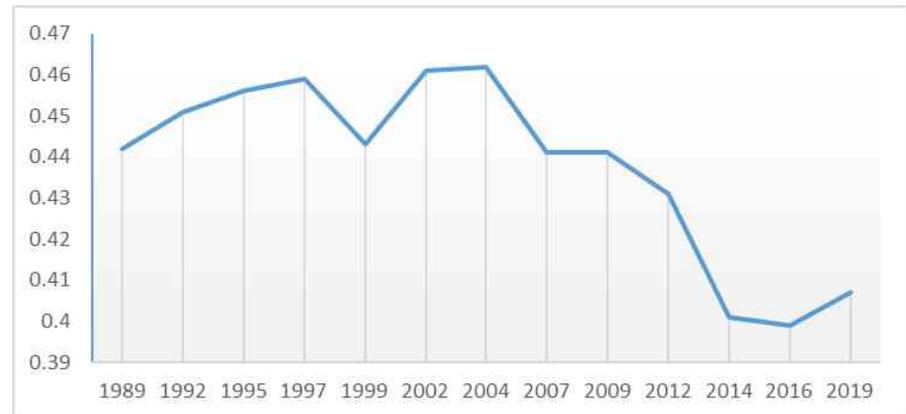
Superficially, official statistics suggest that as of the 2010s, Malaysian society is more equal than it used to be, with the Gini coefficient dropping below 0.4 in 2016 where it had been over 0.46 in the early 2000s (see Figure 2).

This does not paint the full picture for a number of reasons. First, it says nothing about intra-ethnic inequalities. The rural-urban gap has widened in the last 30 years. The average rural household income was almost 63% of that of the mean urban household in 1989. In 2019, this went down to just over 58% (Economic Planning Unit 2020). With development generally concentrated in the west coast of Peninsular Malaysia in and around Kuala Lumpur, rural households — Bumiputera, Chinese and Indian alike — have not enjoyed the same spoils of growth. Even within cities, the rise of the urban poor, who cannot cope with the rising cost of living, affects all ethnicities.

Second, the politico-economic tug of war between the Malays and Chinese often leaves out other Malaysian people groups, some of whom face marginalization under specific conditions, including:

- Indians who were based in rubber and plantation estates at the time of independence. The estates were cleared to make way for new developments, resulting in their displacement. Lack of access to affirmative action on the one hand and to business connections on the other hand contributed to their disenfranchisement,

**Figure 2:** Malaysia's Gini coefficient, 1989-2019.



Source: Economic Planning Unit (2020). Note: A score of 0 indicates perfect equality and a score of 1 indicates total inequality, so a lower score indicates declining inequality.

exacerbating socio-economic issues such as disproportionately high unemployment and crime.

- The aboriginal Orang Asli and Asal communities. Though officially entitled to the same privileges as the Malays under the Bumiputera banner, these people groups tend to face heavy inequality of opportunity, typically associated with living in remote areas with limited access to quality education and infrastructure.

Finally, there is a large section of the resident population that falls through the cracks by virtue of being undercounted. These are the country's low-skilled foreign workers, who predominantly come from South and Southeast Asia. How did they end up here and how is this a form of inequality?

In the 1990s, after a mixed and largely disappointing track record in heavy industry investment, Malaysia found its footing in manufacturing in the labor-

intensive electronics industry, especially in component assembly. The country had gained a reputation as an attractive FDI (foreign direct investment) destination due to the low cost of manufacturing relative to East Asia. But the rapid pace of growth had also led to an increase in domestic wages and labor shortages. To plug the gap, manufacturers turned to migrant workers, who were willing to work for much lower salaries and in difficult conditions while the office had become the mainstay of many a Malaysian.

Over time, more and more migrant workers were brought in to save costs in manufacturing, construction and low-skilled services. Malaysia's industrialization model continued to rely on labor-intensive exports even as the rest of developing Asia, with its abundance of home-grown low-cost labor, started industrializing.

Today, Malaysia is estimated to have over 4 million migrant workers, making up more than 12% of the

**“Malaysia is estimated to have over 4 million migrant workers, making up more than 12% of the population, easily exceeding the number of ethnic Indian Malaysians. They experience a multitude of issues, including limited labor protection, poor living conditions and exploitation by recruitment agencies.**

population, easily exceeding the number of ethnic Indian Malaysians (Loh et al. 2019). They experience a multitude of issues, including limited labor protection, poor living conditions and exploitation by recruitment agencies. Undocumented migrants fare even worse, lacking access to affordable public healthcare and social security as well as facing the threat of detention (CIVICUS 2020). And they are often treated with suspicion and scorn by Malaysians: an ILO survey found that 68% of respondents considered migrant workers to be a threat to national culture, with 44% saying they could not be trusted (ILO 2019).

Then came the pandemic. As COVID-19 swept across the country, the faults in the system could no longer be pushed aside. Even with nominally strict lockdowns in place, the virus spread like wildfire. The overcrowded living conditions of migrant workers accelerated transmission in many cases; and because they lived in and shopped within the same communities as locals, nobody was immune. Foreign workers became the scapegoat when it was their employers and the whole migrant management machinery that were to blame.

Ultimately, the presence of a large number of foreign workers has made complicated the demographics of Malaysia. It is therefore time for a more nuanced discussion on inequality, going beyond the traditional approach of understanding this issue through an ethnic lens.

### Policy Recommendations

The social democratic landscape calls for the expansion of needs-based assistance in Malaysia in line with the shifting patterns of inequality. We are already seeing



Image: www.malaysianow.com

**“Inclusive social protection policies must take center stage so that all residents can live a dignified life and enjoy the fruits of progress.**

the emergence of color-blind, pro-poor initiatives as a result of the pandemic.

The debilitating effect of Malaysia's frequent lockdowns on lives and livelihoods in the country forced the government to introduce fiscal stimulus packages covering cash transfer programs for those in the bottom 40% of the income distribution (Ong et al. 2021).

But we can go further. Disparate programs should be combined and streamlined to create a mechanism for shock-responsive, long-term targeted basic income for all residents with income levels below

suitable thresholds that reflect purchasing power and living wages.

The current social protection framework relies heavily on the categorization of people into brackets — namely the bottom 40% (B40), middle 40% (M40) and top 20% (T20) (REFSA 2020). These categories use a static threshold, when in reality, they are dynamic: in 2021, for example, over 580,000 M40 households fell into the B40 category due to the lockdown-induced loss of income and jobs (Yunus and Teh Athira 2021). Therefore, there should be targeted income thresholds in line with the provision of basic income.

Migrant workers should be accorded the same access to social protection and public services as Malaysians, given that they contribute to the labor market and the economy. Punitive measures to round up undocumented workers would be counterproductive, particularly during the pandemic, as these only make them more undetectable and reluctant to step forward to receive medical treatment if they test positive.

Finally, more effort is needed to uphold workers' rights and protect them from exploitation, especially migrant workers. Trade union power in Malaysia is very weak, and many workers are not unionized, often giving employers free rein to act unilaterally for their own benefit. Labor law reform should be on the table to ensure fairness in employer-employee relations.

In conclusion, inequality is now a multi-dimensional issue in Malaysia, far from just being under the domain of ethnicity. Though the country has mostly succeeded in shedding the colonial baggage

associated with inter-ethnic disparities that colored Malaysian society in the mid-20th century, the last three decades has seen new forms of inequality emerge. In the pandemic-stricken world of today, inequality, particularly where the treatment of migrant workers is concerned, has become as much a humanitarian issue as it is a socio-economic problem. Moving forward, inclusive social protection policies must take center stage so that all residents can live a dignified life and enjoy the fruits of progress. ■

### References

Anand, Sudhir (1983). *Inequality and Poverty in Malaysia: Measurement and Decomposition*. Oxford: Oxford University Press.

Andaya, Barbara Watson and Leonard Y. Andaya (2001). *A History of Malaysia*. Basingstoke: Palgrave.

Arokiam, Sivagami and Sivachandralingam Sundara Raja (2019). "Path Dependent Development of Indian Plantation Labourers in Malaysia: Unfolding the Historical Events in Understanding their Socioeconomic Problems." *Institutions and Economies*. 11 (4); pp. 79-102.

CIVICUS (2020). "Malaysia: 'Migrants are Amongst the First to be Victimized and Discriminated During the Pandemic'." 27 April. Retrieved from: <https://www.civicus.org/index.php/media-resources/news/interviews/4389-malaysia-migrants-are-amongst-the-first-to-be-victimized-and-discriminated-during-the-pandemic>.

Economic Planning Unit, Prime Minister's Department (2020). "Household Income, Poverty and Household Expenditure." Retrieved from: <https://www.epu.gov.my/en/socio-economic-statistics/household-income-poverty-and-household-expenditure>.

"Federal Constitution of Malaysia."

International Labour Organization (2019). *Public Attitudes Towards Migrant Workers in Japan, Malaysia, Singapore, and Thailand*. Bangkok.

Jomo, K. S. (2004). "The New Economic Policy and Interethnic Relations in Malaysia." *Identities, Conflict, Cohesion Programme Paper (7)*. Geneva: United Nations Research Institute for Social Development.

Loh, Wei San, Kenneth Simler, Kershia Tan Wei, and Soonhwa Yi (2019). *Malaysia: Estimating the Number of Foreign Workers: A Report from the Labor Market Data for Monetary Policy Task*. Washington, DC: The World Bank.

Muhammed Abdul Khalid (2021). *The Colour of Inequality: Ethnicity, Class, Income and Wealth in Malaysia*. Selangor: MPH Group Publishing.

Ong Kian Ming, Frederik Paulus and Jaideep Singh (2021). *Strategy 3: Continued and Targeted Economic Assistance to Employers and Employees*. Kuala Lumpur: Research for Social Advancement.

Research for Social Advancement (2020). "Rethinking Malaysia's Income Reclassification: Not B40 but B20." *REFSA Brief (2)*. Kuala Lumpur.

Sultan Nazrin Shah (2019). *Striving for Inclusive Development: from Pangkor to a Modern Malaysian State*. Oxford: Oxford University Press.

Yunus, Afra and Teh Athira Yusof. (2021). "Over Half a Million M40 Households are Now B40, Says PM." *New Straits Times*. 21 September. Retrieved from: <https://www.nst.com.my/news/nation/2021/09/729370/over-half-million-m40-households-are-now-b40-says-pm>.

**“The social democratic landscape calls for the expansion of needs-based assistance in Malaysia in line with the shifting patterns of inequality.**

Image: p4h.world



# A TALE OF TWO MALAYSIAS

## The Covid-19 Great Divergence

By: Raja Ahmad Iskandar Fareez and Morgan Loh

They called COVID-19 the great equalizer. The great leveler. Yet, it turns out that not everyone faces the same or equal hardship during the pandemic. Some, as the Orwellian saying goes, were more equal than others.

As Malaysia went into its first ever nationwide lockdown on 18 March 2020, two distinct lockdown realities emerged. One for the privileged - as many tried to cope with living in the new normal being cooped up in their own homes, they turned to popular 'lockdown trends' that were a craze at the time such as whipping up their own frothy Dalgona coffee, bingeing on the latest shows or their usual favorites on widely available streaming platforms, trying their hand at breadmaking, gardening, exercising, or reading, and the list goes on.

Concurrently, the less privileged had to endure a much harsher reality. Survival was and still is a

daily struggle. They are often left in the lurch wondering when their next meal would be, and if they could manage to survive through the night. At times, they are at a loss as the government urges them to stay at home, yet they have no such place they can call home.

This disparity is not new. We have to recognize that the pandemic itself did not cause this inequality. But it did widen the gap between the haves and have-nots and further exposed the cracks in our system. This was further exacerbated by the then government's response of implementing strict lockdown measures, hoping to rein in the COVID-19 outbreak. At the onset of

“The pandemic did not cause inequality. But it did widen the gap between the haves and have-nots and further exposed the cracks in our system.

the lockdown, the unemployment rate amongst heads of low-income households, was at roughly 25%, which was five times the national average (5.3%). For female heads of low-income households, the rate was higher at 32% (UNICEF 2020). Indeed, COVID-19 was not a leveler.

### Political Survival Trumping People's Well-being

While the health crisis continues to persist, the political turmoil in Malaysia has added insult to injury as social problems worsened. The then newly formed *Perikatan Nasional* (National Alliance) administration which ascended to power via a political coup at the end



Image: www.straitstimes.com

## “Economic solidarity should be at the forefront of any government's post-pandemic recovery agenda.

of February 2020 only commanded a wafer-thin majority. It came as no surprise then that in its fixation to survive politically, it somehow neglected pursuing proactive data-backed measures to systematically address the surging cases of COVID-19 (Singh et al. 2021). Instead, it fully relied on a disruptive strategy of perpetual lockdowns that crushed more lives and livelihoods than it did the virus.

Facing threats from its own fold, then Prime Minister Muhyiddin Yassin resorted to calling for a national emergency which effectively suspended parliament for seven months from January to July 2021 in hopes of staving off any attempt to remove him from office. Consequently, policymakers were denied the chance to formulate much needed policy responses to

effectively address the wide-ranging impact of the pandemic as well as keeping the government in check (Ong and Paulus 2021).

The lack of meaningful policy interventions led to worsening conditions. Since the pandemic began, more than half a million of Malaysian middle-income (M40) households earning between RM4,850 (US\$1,168) and RM10,959 (US\$2,640) have slipped into the bottom 40% (B40) income category (Yunus and Teh Athira 2021). Meanwhile the absolute poverty figure shot up to 8.4% in 2020 from 5.6% in 2019 (pre-pandemic). Additionally, more than 10,000 individuals have been declared bankrupt during the lockdown period of March to July 2020 according to the Malaysian Department of Insolvency or Mdi (BERNAMA 2021).

Taking matters into their own hands, kind-hearted and enterprising Malaysians banded together and initiated a crowdsourced aid distribution network dubbed the #KitaJagaKita (we take care of each other) Initiative in 2020 to match organizations with individuals who are in dire need of assistance and a separate #BenderaPutih (white flag) initiative in 2021 invoking the same community spirit to help lower income families signal distress and receive aid.

While these inspiring movements symbolize a sense of solidarity among the people, charitable acts alone are not sufficient nor are they sustainable to address the economic hardships faced by these vulnerable groups. More is needed to be done to ensure that Malaysians do not fall through the cracks.

Given the systemic nature of these challenges, the state must play a role in addressing them (Paulus). Amplified by the COVID-19 pandemic, Malaysians today experience the combined challenges of **economic insecurity** due to the destruction of jobs and the **lack of social protection** stemming from a fragmented system. If left unchecked, the chasm between these two Malaysian realities will only grow bigger. Thus, economic solidarity should be at the forefront of any government's post-pandemic recovery agenda, paving the way for the nation to build back better.

The following sections delve deeper into these challenges and attempt to respond to them through a social democratic framework.

### Saving Jobs and Livelihoods

Beyond being a means of survival, employment or jobs form an integral part of our modern identity. It gives us a sense of security,

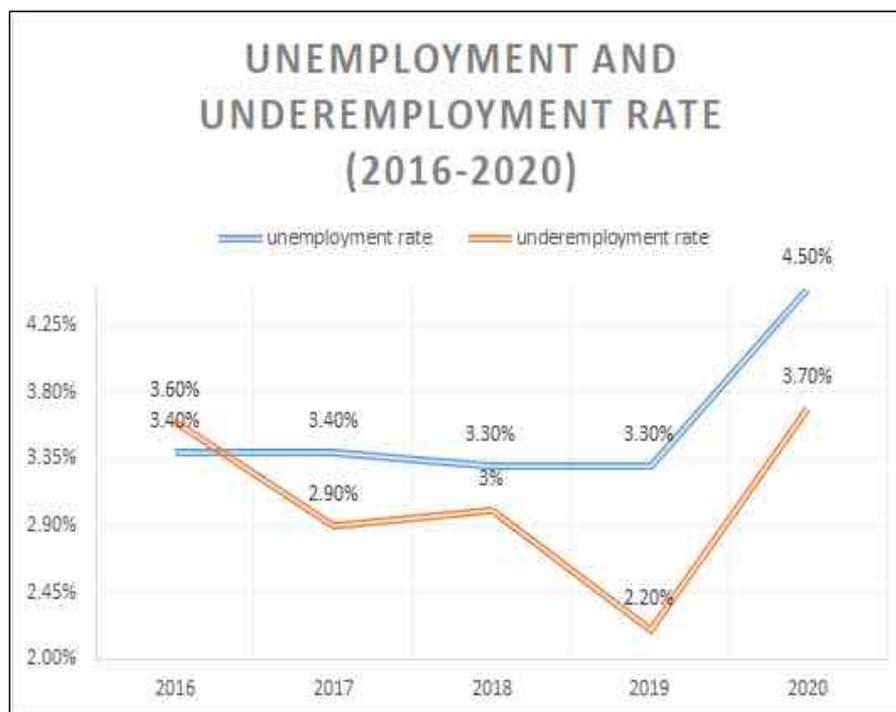
purpose and direction. Losing one's job is akin to losing a part of oneself. As the pandemic stretched from weeks to months, safeguarding jobs must be the first line of defense in protecting Malaysians' lives and livelihoods.

During the implementation of the nationwide lockdowns, both unemployment and underemployment rates reached record levels while approximately 768,700 Malaysians dropped out from the labor force. The reduction in work hours could signify that the lockdown has forced some full-time workers into part-time work, perhaps bringing home lower pay as well.

Unemployment is defined as individuals available for work and actively seeking employment. Underemployment rate refers to the rate of employed people working less than 30 hours.

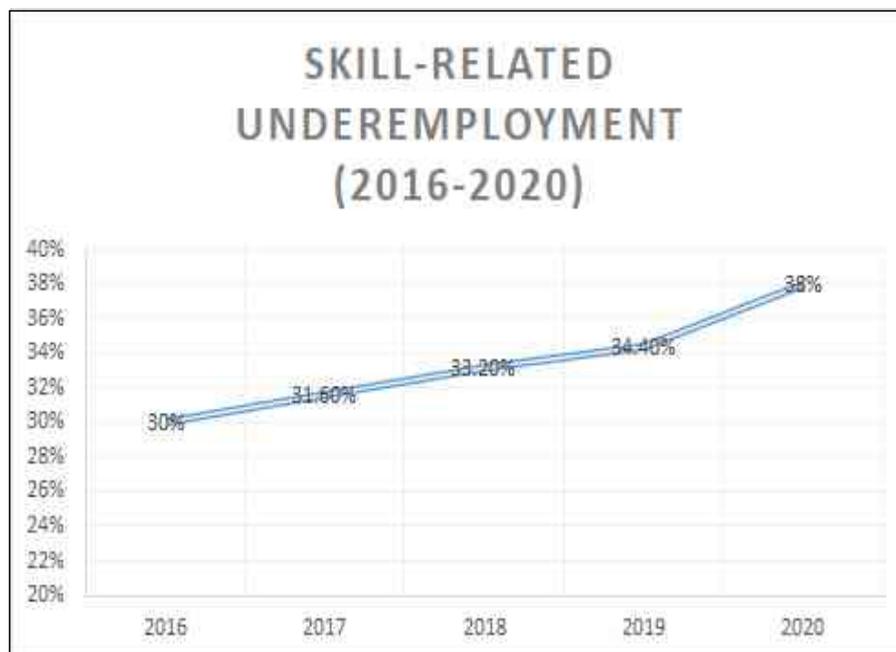
Within the same timeframe, skill-related underemployment also increased by 18.9%, indicating a job mismatch where individuals ended up accepting jobs with lower requirements than their educational attainment.<sup>1</sup> While this was steadily increasing prior to the COVID-19 pandemic, the more significant rise in 2020 may be attributed to individuals who were forced to transition into the informal sector as they faced redundancies from their previous roles. This would be applicable to pilots, flight attendants, tourism, hospitality, and other workers in sectors severely affected by the pandemic and lockdowns who then decided to take up gig work as e-hailing or delivery riders or other segments of informal work.

**Graph 1:** Unemployment and Underemployment.



Source: Department of Statistics Malaysia (2021).

**Graph 2:** Skilled-Related Underemployment.



Source: Department of Statistics Malaysia (2021).

<sup>1</sup> Skills-related underemployment covers individuals with tertiary education and working in the semi-skilled and low-skilled category.

The grim reality is that not everyone has the luxury to work from home. In fact, only 44% of Malaysian workers were working from home at the start of Malaysia's nationwide lockdown. Meanwhile, only one in four self-employed individuals were able to choose to work from home (Siti Aiyshah 2020). In contrast, daily wage workers in the services sector have no such option and short of any modified guidelines or arrangement allowing them to work safely during a pandemic, they had to abide by the 'stay-at-home' order without receiving any source of income.

At a time when the private sector is struggling to maintain their businesses due to severe disruptions, the government plays a vital intervening role to minimize job losses. To this extent, the Malaysian government introduced the Wage Subsidy Programme (WSP) via its various stimulus measures to eligible employers to retain their employees (Niles 2020). Unfortunately, according to the Federation of Malaysian Manufacturers (FMM), the WSP covers only 19% of the total monthly wage bill of private companies. It also excludes foreign employees and informal workers (Ong et al. 2021).

Clearly, the level of support should be increased, and the coverage needs to be widened (ibid.). Better management and utilization of data can help the government identify priority businesses that would require support, such as businesses that have had a large share of employees that tested positive for COVID-19, businesses that have just started operations in 2020 and 2021, and businesses in the worst hit sectors, such as F&B, retail and tourism.



Image: blogs.worldbank.org

**“At a time when the private sector is struggling to maintain their businesses due to severe disruptions, the government plays a vital intervening role to minimize job losses.**

In light of the increasing need for manpower in high demand sectors such as healthcare and education, temporary jobs may also be created for job seekers who are transitioning from severely hit sectors, provided they undergo the required occupational training. For example, flight attendants may be retrained as contact tracers to beef up the end-to-end process for detection and mitigation of COVID-19 transmissions. This would be a manageable transition since the role does not require any medical training. Another example includes tour van or bus drivers who can be retrained and redeployed to transport patients to quarantine centers.

In the longer horizon, there is an urgent need to reform the job market to create more sustainable, long-term and respectably paid jobs.

This can be done by increasing investment in the public health and education sectors (REFSA 2020a), both considered as strategic and essential sectors for the nation if it were to build up preparedness against any future crises of pandemics as well as emerging green sectors such as sustainable agriculture, energy, transport, and waste management.

### **Ensuring No One is Left Behind**

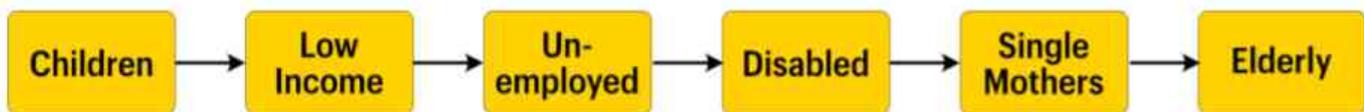
The need for a stronger social safety net in Malaysia has been emphasized well before the COVID-19 pandemic occurred. Despite efforts over the years, these social protection programs remain fragmented causing some individuals to fall through the cracks into vulnerability.



Image: www.malaymail.com

“Investing in comprehensive social protection infrastructure makes economic sense as it allows even the most vulnerable within society to live with dignity and be able to contribute to the economy.”

**Figure 1:** Proposed lifecycle for social protection system.



Source: REFSA (2020b).

During lockdowns, the one-off cash payments provided by the government were helpful but stopped short of serving the purpose of a social safety net. The take up for the Employment Insurance Scheme (EIS) is also only half of eligible registered employees due to its relatively recent introduction in 2018. While both the social insurance scheme provided by SOCSO (Social Security Organisation) and retirement funds by EPF (Employees Provident Fund) allow informal or gig workers to contribute voluntarily, a more thorough social protection plan is needed for informal workers not to be left out of the radar. It is reported that almost a quarter (22%) of 400 e-hailing and delivery drivers surveyed do not have any form of social safety net, either in the form of life and health

insurance, emergency savings, insurance against social setbacks or retirement savings (Goh and Omar 2020).

Confronted with the dynamic challenges that threaten our economic security at different stages of our lives, it is recommended that Malaysia organize its social protection ecosystem into a lifecycle approach as presented in Figure 1.

Providing universal childcare benefits or subsidies to parents will not only ensure no child is left behind during this important stage of cognitive, physical and social development, but also enable both parents the opportunity to earn a living and support their families. Introducing monthly cash aids amounting to the minimum wage level as support payments for

affected households during pandemics or other disasters can establish a semblance of certainty and security for vulnerable groups. Ultimately, investing in comprehensive social protection infrastructure makes economic sense as it allows even the most vulnerable within society to live with dignity and be able to contribute to the economy.

Although the pandemic has worsened social and economic divisions, behind every great crisis certainly lies great opportunity. Undoubtedly, change requires massive political will and an even bigger societal effort. As Malaysia charts its first medium-term roadmap, the 12th Malaysia Plan, following the devastating onslaught of COVID-19, there is no better time to build back better. ■

## References

BERNAMA (2021). "10,317 Individuals Declared Bankrupt During MCO Period - PM." *Astro Awani*. 28 September.

Retrieved from: <https://www.astroawani.com/berita-malaysia/10317-individuals-declared-bankrupt-during-mco-period-pm-322336>.

Department of Statistics Malaysia (2021). "Labour Force Survey Report, Malaysia, 2020." 22 April Putrajaya.

Goh, Edwin and Nelleita Omar (2020). "Ensuring Social Protection Coverage for Malaysia's Gig Workers." The Centre. 13 February. Retrieved from: <https://www.centre.my/post/voluntary-versus-automatic-figuring-out-the-right-approach-on-social-protection-for-informal-workers>.

Niles, Shiranee (2020). "Wage Subsidy Programme, Employee Retention Programme: What's the Difference, Who Can Apply?" *Malay Mail*. 22 April. Retrieved from: <https://www.malaymail.com/news/what-you-think/2020/04/22/wage-subsidy-programme-employee-retention-programme-whats-the-difference-wh/1859183>.

Ong Kian Ming and Frederik Paulus (2021). *Strategy 1: FTTIS+V*. Kuala Lumpur: Research for Social Advancement.

Ong Kian Ming, Frederik Paulus and Jaideep Singh (2021). *Strategy 3: Continued and Targeted Economic Assistance to Employers and Employees*. Kuala Lumpur: Research for Social Advancement.

Paulus, Frederik (2020). "Revisiting the Role of Government in the Economy." *The Edge Markets*. 30 July. Retrieved from: <https://www.theedgemarkets.com/article/my-say-revisiting-role-government-economy>.

Research for Social Advancement (2020a). "Creating Jobs Through Public Education and Healthcare Investment." *REFSA Brief* (9). Kuala Lumpur.

Research for Social Advancement (2020b). "Budget 2021: Ushering in the New Economic Paradigm." *REFSA Policy Brief*. Kuala Lumpur.

Singh, Jaideep, Frederik Paulus and Ong Kian Ming (2021). *Strategy 2: Open Up Sectors Responsibly*. Kuala Lumpur: Research for Social Advancement.

Siti Aisyah Tumin (2020, Nov 23). "Covid-19 and Work in Malaysia: How Common is Working from Home?" LSE Southeast Asia Blog. 23 November. Retrieved from: <https://blogs.lse.ac.uk/seac/2020/11/23/covid-19-and-work-in-malaysia-how-common-is-working-from-home/>.

United Nations Children's Fund, Malaysia (2020). *Families on the Edge*. Putrajaya.

Yunus, Arfa and Teh Athira Yusof (2021). "Over Half a Million M40 Households are Now B40, Says PM." *New Straits Times*. 21 September. Retrieved from: <https://www.nst.com.my/news/nation/2021/09/729370/over-half-million-m40-households-are-now-b40-says-pm>.

Image: [www.nst.com.my](http://www.nst.com.my)



# INEQUALITY STILL PREVAILS IN INDIA

By: Akanksha Kumari

**D**espite being a democracy, India is still far from attaining 'equality.' The Constitution of India acknowledges that all individuals are equal, but inequality remains a critical issue that affects every region and section of society.

This article talks about the problem of inequality that affects India and many other countries as well. Internationally, there have been talks of fighting inequality, but efforts have so far been in vain. Inequality has haunted humanity for centuries, and it continues to persist in the present century.

While globalization has placed the world on the path to development, sections of society still struggle for basic needs. Social, economic, educational, regional, and industrial inequalities remain the biggest hindrance to the development of any country. Many countries are witnessing a rise in inequality due to social disparity, which has

effectively marred morality and our sense of humanity.

The situation remains grave across many countries of Asia, including India. The pace of reforms on social issues like illiteracy, poverty, hunger, malnutrition, food, electricity, water, medicine, unemployment,

discrimination, etc., is plodding. In India, with a whopping population of about 1.39 billion, millions of people are still socially excluded from the mainstream, and many are still homeless. They are the ones paying the price for the government's failure to address inequality.

**“In India, millions of people are still socially excluded from the mainstream. They are the ones paying the price for the government's failure to address inequality.**

Image: [www.eco-business.com](http://www.eco-business.com)



This situation leads to regressive politics and destroys social cohesion. Inequality also affects mobility. Even relatively poor people, even if they are not deficient in the absolute sense, cannot pass on to their children a share of the benefits of social capital, education, and inheritance that rich people pass on to their children. Inequality, therefore, is passed on from generation to generation, turning into a curse.

The rise of the affluent class in India has further contributed to the nation's economic inequality. As a result, income inequality is at its highest level in the country. Moreover, due to the lack of basic facilities, some people are not getting enough bread. No wonder

reports of farmers committing suicide in some areas of Maharashtra, Andhra Pradesh, and Uttar Pradesh keep floating.

The social and economic status of women in India has seldom witnessed any significant difference. The condition of women in rural areas remains stagnant. The condition of women's health, survival and economic participation has deteriorated, slipping four places to 112 from a year ago.

According to the World Economic Forum's 2020 report, gender inequality is determined based on four main factors. These include economic opportunities available to women, political empowerment,

educational achievements, and health and life expectancy. Yemen has the worst position in the gender gap index. The report further points out that China, Sri Lanka, and Nepal have better slots on the gender gap index than India. In addition, India is among the bottom five countries in terms of women's participation in the health and economic partnership sectors, as per the annual survey report of the World Economic Forum on the increasing gap between women and men in various fields. India ranked 108th on this list in 2019. The country ranks below China (106), Sri Lanka (102), Nepal (101), Brazil (92), Indonesia (85), and Bangladesh (50) in the World Economic Forum's gender gap report.

**“It will take 100 years to achieve an equal sex ratio, but the situation has worsened due to the COVID-19 pandemic.**

Image: [www.hindustantimes.com](http://www.hindustantimes.com)



Iceland has the highest gender equality score. A poll on gender equality among 17 countries reveals that half of the world's population will be under the leadership of women by 2030. The survey also shows that there is global public support for gender equality and that people expect leaders to take meaningful action to bridge the gender divide in politics and business.

As previously estimated by the World Economic Forum, it will take 100 years to achieve an equal sex ratio, but the situation has worsened due to the COVID-19 pandemic. Women worldwide face high rates of unemployment due to job losses or leaving work post-maternity. Periods of economic crises also has a gender dimension. Companies cannot ignore the fact that during the present crisis, women are more likely to lose their jobs than men due to the prevailing gender inequality. According to the report released this year, 33.9% of women have experienced anxiety, irritability, anger, and lack of sleep during the lockdown compared to 18.2% of men.



Image: [www.lowyjinstitute.org](http://www.lowyjinstitute.org)

### **There is a Need to Raise Women's Social and Economic Status**

India celebrates International Women's Day every 8 March of each year. Governments, voluntary institutions, and NGOs also keep organizing programs focusing on the upliftment of women. But the participation of women in these programs, especially at the village level, remains negligible. The biggest reason for this is illiteracy, which is also responsible for women not exercising their rights or even not knowing how to use them.

It is important to mention that respondents in all 17 countries said that equal pay is crucial for achieving economic justice. Unpaid care, household chores, and parental responsibility have also been cited as significant causes of gender disparity. The private sector can help address women's economic empowerment by undertaking programs that address wage inequality and help eliminate widespread gender inequality in the workplace — providing paid parental leave and child guarantee, to name a few.

As of 2020, 50 countries still do not have legislation that protect employees from sexual harassment in the workplace. The private sector can introduce initiatives to help prevent sexual harassment. It can also use its resources to affect change through public communication and marketing campaigns. As a key stakeholder in the digital communications industry, the private sector can significantly prevent cyber violence

### **India Still Lags in Health, Hygiene and Well-Being**

Many states in India still lack development in terms of health and sanitation. Even though the central government has been actively working on these areas, many places still lack health facilities. This situation has been made apparent during the ongoing corona pandemic. According to Oxfam's *India Inequality Report 2021*, nearly 50% of Scheduled Caste (SC) and Scheduled Tribe (ST) households also face difficulties accessing non-COVID medical facilities, compared to 18.2% of the general population category households. The report reveals that 65.7% of the general category

households have better sanitation facilities, while only 25.9% of the ST households have good sanitation facilities.

The report also found that children in more than 12.6% of SC families did not develop appropriately than those in the general category families. The report analyzes health outcomes across different socioeconomic groups to measure the level of health inequality existing in the country. It also mentions that the COVID-19 pandemic has exacerbated these inequalities. According to the report, Hindu households are doing better than Muslim families in accessing health facilities. Low-income earners are facing five times more discrimination in their community than others when infected with COVID-19. Less girls get vaccinated than boys, and vaccination is higher in urban areas than in rural areas. Vaccination in the SC and ST communities is less compared to others. The report also said that states that reduced inequalities and spent more on health facilities has fewer infections. It also found out that the recovery rate from COVID-19 has been higher in states with higher health expenditures.

## We Need to Work Together to Tackle Inequality

It is interesting to note that the Constitution of India broadly defines equality. Anyone living in India, whether a citizen or not, has the right to equality. No person can be discriminated in India based on religion, language, caste, or gender. The Constitution guarantees, in every possible way, that all people get equal opportunity.

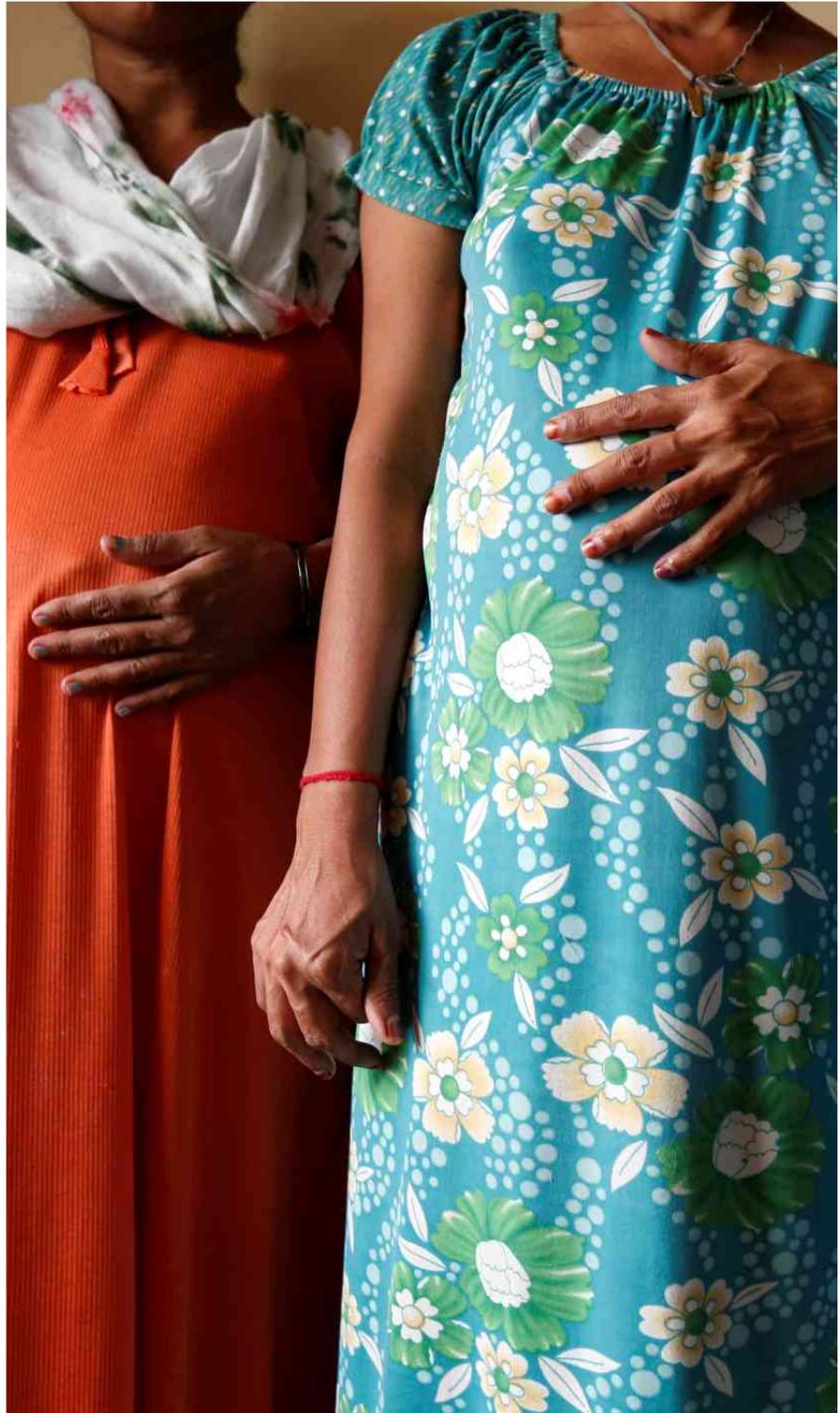
To attain equality for all people, social democrats have often raised their voices for the untouched people, bringing their demands before the central government. Democrats insist that providing equal opportunity to all citizens is a must to reduce economic disparity in India. But first of all, education and healthcare should be made free. Employment opportunities should also be increased so that all citizens can become self-reliant in a true sense.

Inequality also has political implications. Wealthy people often use their power and political contacts to serve their interests and establish their position in society. The central government had promised to provide shelter to all by 2022, but progress has been sluggish. However, the government is sensitive to this issue. It has adopted the concepts of “self-reliant” India and “Make in India” to strengthen infrastructure, increase employment, uplift the rural economy, improve agriculture, etc.

Several self-help groups, financial institutions, etc., are helping propel the work of “Make in India” initiative. But, along with the central government, state governments will also have to accelerate the work in this regard. ■

“Education and healthcare should be made free. Employment opportunities should also be increased so that all citizens can become self-reliant in a true sense.

Image: [www.newsclick.in](http://www.newsclick.in)



# SOCIAL DEMOCRACY IN JAPAN

By: Shōichi Kondō

The only political party in Japan that today openly espouses social democracy is the Social Democratic Party (SDP), but it has only two members in the Diet at present. However, there has been an increase recently in the number of Diet members who assert that Japan should adopt European-style social democracy. They advocate for the introduction of social democratic policies in their policy proposals. In addition, the former Democratic Party of Japan (DPJ) and the Constitutional Democratic Party (CDP) that came after it are relatively close ideologically to a social democratic political party.

After World War II, the conservative Liberal Democratic Party (LDP) and the reformist Japan Socialist Party (JSP) competed against each other amid the East-West Cold War. However, this was not an outright clash

“There has been an increase in the number of Diet members who assert that Japan should adopt European-style social democracy. They advocate for the introduction of social democratic policies in their policy proposals.

Image: freedomhouse.org



between an ideology prioritizing competition and one prioritizing fairness. Japan achieved phenomenal economic growth during its post-war period of rapid economic development, and at one time, there were even allusions to “Japan as Number One.” Social disparity also narrowed with economic growth, and this was an era in which all Japanese considered themselves to be middle class. Some even claimed that Japan was the most successful socialist country. This economic growth was built on the so-called “convoy system,” where the government and the private sector worked closely together for a common goal, while the workers exerted long hours of hard work. Furthermore, corporate housing, family allowance, and other benefits sustained the labor structure under the Japanese family system, in which men joined the workforce while women stayed home.

Under the so-called “1955 System,” the JSP criticized the LDP government throughout its prolonged hold on power to harmonize policies. This resulted in a mechanism that was effective under certain circumstances. This also meant that in effect, it can be said that there was an extended period when certain social democratic policies were partially realized.

However, this process became untenable eventually. Partly due to the combined United States-induced yen depreciation, rising wages as a result of economic growth, and Japanese companies shifting their production overseas, there were diminishing jobs at home. In addition, since the 1990s, workers have been dealt a serious blow with the enactment of the Law for Securing the Proper Operation of Worker Dispatching Undertakings and Improved

Working Conditions for Dispatched Workers (1985) and its subsequent amendment in the wrong direction.

In light of this situation, I believe that there was a renewed clamor for social democracy in Japan. Yet, it seems that for some reason, Japan had a strong allergy to the term “socialism.” Even after the 2008 financial and economic crisis, it appears that there was still antipathy toward socialist and social democratic thinking. This was, amongst others, the result of the JSP's failure in its strenuous effort to transform from a class-oriented political party drawing support mainly from the labor unions, into a national political party expanding its support base to the middle class. The pursuit of ideology became the party's main concern, resulting in a loss of support. For sure, the JSP (later the SDP) played an important role in Japanese politics. I believe that part of the problem was the LDP government-induced diffusion of the “principle of self-responsibility” among the Japanese people.

Japan has a “livelihood protection” system, which corresponds to “social security” in Western countries. It is a mechanism that guarantees the minimum level of livelihood for the people. Japan's use of the term “livelihood protection” makes it a difficult system to use for those in real need. The term itself insults their pride and exposes them to social stigma (they are regarded as lazybones). Furthermore, “verification of protection by family members and relatives,” which is not legally required, is frequently undertaken by the authorities, thus discouraging those in need to apply for assistance. Studies have shown that only 15% to 18% of people in need in Japan (based on a 2010 survey) actually receive aid.

The DPJ, founded in 1996, achieved a change of government in 2009, taking up the plight of non-regular workers and other social disparity issues, pledging a raise in child allowance, expansion of income subsidy for farming households, free high school education, abolition of expressway tolls, and other social democratic policies. However, the administration did not last long. Personally, I have my misgivings about the reasoning behind the exclusion of Masayoshi Takemura from the former New Party Sakigake and Tomiichi Murayama, a former prime minister from the SDP, when the DPJ was founded. On the other hand, there were also excessively hasty and strong expectations that “everything will work out with the change of administration.” In reaction to the failure of the DPJ administration (2009-2012), the people later turned to pinning their hopes on the trickle-down effects of Prime Minister Shinzo Abe's Abenomics. At the same time, the rise in stock prices and the maintenance of a high job opening-to-application ratio were well-received, even though this was achieved by a significant increase in government spending through the issuance of bonds and pumping liquidity into the market.

I think it is difficult to identify major programs and policies introduced by the progressives that have brought changes in the Japanese people's life. In other words, since no essentially social democratic political party has taken over the administration for an extended period of time in Japan, the country has a Basic Act for Gender Equal Society that does not uphold gender equality but only aims at joint social participation by men and women. Its Act on Securing of Equal Opportunity and



Image: www.wallpaperflare.com

“Policies that are close to being social democratic, albeit inadequate in their essence, have been enacted. This was a product of many people's hard work.

Treatment between Men and Women in Employment is not about gender equality at the workplace but only about pursuing equal employment opportunity. Likewise, the Act for Eliminating Discrimination against Persons with Disabilities does not prohibit discrimination, but only aims to eliminate it. The same goes for the Act on the Promotion of Efforts to Eliminate Unfair Discriminatory Speech and Behavior against Persons Originating from Outside Japan. Japan has repeatedly been admonished by the United Nations

Commission on Human Rights to make amends, and it ranks an embarrassing 121st place in the World Economic Forum's Global Gender Gap Report. Nevertheless, the Act to Guarantee Access to Supplementary Learning (enacted in December 2016) is one of the few progressive policies that can be very effective if utilized properly.

I have stated that Japan has been extremely deficient in the implementation of social democratic policies. However, it is also a fact that policies that are

close to being social democratic, albeit inadequate in their essence, have been enacted. This was a product of many people's hard work, as well as the tragic circumstances that prompted legislation. However, issues were obscured during the period of rapid economic growth. Also, the Japanese people have always been stoic, in a sense, while there has always been strong opposition from the forces of resistance. The Japanese “vices” of “consideration” and “solicitude” were also contributing factors.

I think it is difficult to point out what lessons Japan has learned from the implementation of past policies that can be considered social democratic. However, the tremendous impact of the COVID-19 epidemic has exposed the contradictions caused by social disparities that were not apparent under Abenomics. I think many people, especially young people, have come to truly feel that they are powerless to do many things on their own, and they have become acutely aware of the need for society to support individuals' lives. In the name of the principle of self-responsibility, so long emphasized by LDP governments, the people now are supposed to take responsibility even for their own health. COVID-19 measures by the government are insufficient. The number of public health centers and workers responsible for public health was reduced in previous decades. Thus, it has become essential for people to take care of their own health, and they often have to pay costly medical fees if they get sick. Precarious medical services in underpopulated areas also do not receive adequate government support. What the government should be doing is to enhance its public health policies to establish systems for COVID-19 prevention and treatment. What it needs to do right now is to protect companies, organizations, and individuals from the effects of this pandemic.

At present, in light of strong public awareness of these issues, it is important to offer rigorous recommendations on social democratic policies, particularly in the economic realm, and propose policies that the LDP has failed to fully institute such as policies on the environment (the Suga administration calls for carbon neutrality by 2050 but refuses to talk about eliminating nuclear power), gender equality, and

multicultural coexistence. In recent years, many people have come to realize that something must be done about global warming, which has also caused natural disasters resulting in serious devastation in Japan. Furthermore, I believe that LGBT and immigration policies have become extremely important issues of interest. I think it is necessary to put forth sound policy proposals on these issues. In

addition, there are more and more people who are wary about the risks of leaning excessively toward the US amid the new US-China confrontation. In that sense, it is also important to set out an independent foreign and security policy.

I believe that many people want to see a progressive political party that will tackle the above issues. ■

**“The tremendous impact of the COVID-19 epidemic has exposed the contradictions caused by social disparities that were not apparent under Abenomics.**

Image: [www.wsj.com](http://www.wsj.com)



# TRANSFORMING MONGOLIA

## Reducing Inequality and Enhancing Economic, Social, and Cultural Rights

By: Amarbata Uurtsaikh

### Party Initiatives on Human Rights

The Mongolian People's Party (MPP) is the ruling party in Mongolia, which was established 100 years ago on 1 March 1921. The incumbent President of Mongolia was nominated by MPP. The Party has successfully participated in elections for the Citizens Representative Khurals of the country's 21 provinces, as well as in local elections in the capital city of Mongolia, Ulaanbaatar. MPP currently has a majority in 13 provinces and in Ulaanbaatar. We have successfully participated in several elections and have gained the trust and support of the public. In this regard, MPP is leading the initiative to become an organization that supports human rights, aiming to develop Mongolia into a country that respects human rights and freedom, and enabling its citizens to exercise their rights.

### Emphasis on Economic, Social, Cultural Rights and Equality

In 1946, the United Nations adopted the Universal Declaration of Human Rights, followed by the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights in 1966. The rights contained in these documents are also reflected in the current legislation of Mongolia. Historically, in the period between the People's Revolution of 1921 and the Democratic Revolution of 1990, our country has focused on the economic, social, and cultural rights of its citizens. Since the 1990s, however, more focus has been given on the exercise of civil and political rights, such as the right to vote, to be elected, to speak, to publish, and to be free from torture.

In order to implement MPP's initiative to become an organization that supports human rights, a comprehensive study of the human rights situation in Mongolia was conducted by leading researchers, for the first time. Specific human rights issues have been studied, but the situation as a whole has not been assessed, with each of the more than 12,000 provisions of the more than 320 existing laws never being assessed for human rights violations. Therefore, this study is of fundamental importance for us to map out a comprehensive roadmap for human rights protection.

The main findings of this study show that there is significant inequality in the realization of economic, social, and cultural rights. Hence, this article emphasizes economic, social, and cultural rights as well as inequality.



Image: www.ifj.org

**“Economic, social, and cultural rights must be taken into account in order to achieve the fundamental goals of social democracy.**

Economic, social, and cultural rights must be taken into account in order to achieve the fundamental goals of social democracy. Therefore, the exercise of the above-mentioned rights is presented as the key goal for the successful implementation of the human rights initiative of MPP.

**Issues of Inequality Within the Sphere of Economic, Social, and Cultural Rights**

Economic, social, and cultural rights include the universal right to an adequate standard of living,

physical and mental health, social security, health protection, education, and labor. It is often not possible for countries to fully implement all their economic, social, and cultural rights in a short period of time,<sup>1</sup> but the government is responsible for using all its domestic resources to the best of its ability to provide appropriate, equitable and quality basic services to society, families, and citizens.<sup>2</sup>

However, the government is obliged to immediately provide legal guarantees for the exercise of

certain economic, social, and cultural rights. These include: women and men must be equal in economic, social, and cultural relations; ensure equal pay for all employees and equal work without discrimination; guarantee the right of workers to form trade unions or to organize strikes; protect children and adolescents from economic and social oppression; provide compulsory and free primary education to everyone; and respect the freedoms necessary for scientific research and artistic activity, among others.<sup>3</sup> The research highlights the various forms of inequality that hinder Mongolia's citizens from fully enjoying their economic, social, and cultural rights.

**1. Inequality in labor relations and the system of protection of victims**

- Although the Constitution and other relevant laws prohibit discrimination, illegal restrictions, and unfair privileges in labor relations, comprehensive anti-discrimination regulations, including on the basis of sexual orientation, gender identity, disability, marital status, and marital status, were weak in Mongolia. It was progressively amended in 2021 by the Labor Law, which was revised by the Parliament of Mongolia. However, the implementation of the law has not been effectively addressed, including issues such as the prevention of re-victimization of employees who have complained of discrimination, and the improvement of awareness, knowledge, and attitudes towards discrimination among dispute resolution bodies and their officials.

<sup>1</sup> See CESCR General Comment No. 3: The nature of States Parties' Obligations (Art.2, Para. 1 of the Covenant) para 9.  
<sup>2</sup> See International Covenant on Civil and Political Rights, Article 2. Retrieved from: <https://www.ohchr.org/en/professionalinterest/pages/ccpr.aspx>.  
<sup>3</sup> See International Justice Resource Center, 'Economic, Social and Cultural Rights.' Retrieved from: <https://ijrcenter.org/thematic-research-guides/economic-social-and-cultural-rights-2/>.

## 2. Inequality in the exercise of the right to education -

Education is a human right guaranteed by the Mongolian Constitution and international human rights laws, and is an indispensable tool for the guaranteed and effective exercise of other rights and freedoms. In particular, education is a tool for economically and socially marginalized groups (such as low-income earners, children, and people with disabilities) to overcome poverty. Education plays an important role in empowering women, protecting children from

hard labor and sexual exploitation, promoting human rights and democracy, and protecting the environment.<sup>4</sup>The law is responsible for ensuring the availability, accessibility, acceptability, and adaptability of education, as set out in international treaties. Despite ongoing changes in education policy and legislation, there is a need for sustainable policies, sound governance strategies, adequate budgets, adequate financial resources, and efficient allocation of resources, which are essential in ensuring effective implementation.

The most pressing part in ensuring these rights is in creating opportunities for minimizing inequality of education services between ethnic minorities in the west of Mongolia (namely the Tsaatan people living in the northern taiga), children from families working in mining areas, children with disabilities, and those from state-owned districts in the suburbs of the capital on one hand, and that of children attending private schools for US\$40,000 a year on the other.

## 3. Inequality in the exercise of the right to free trade and business -

Although the Constitution of Mongolia does not specifically provide for the right to trade freely and to make a profit from doing business, this right is the most important right in a free market society. We assessed the fairness of the legal framework for property rights, free trade, and the business environment. Inequitable requirements and conditions are not uncommon due to corruption, which requires government agencies to set uniform standards and enforce them fairly. The Prime Minister of Mongolia is working to establish a National Anti-Corruption Commission to address this issue, but only through long-term commitment can this issue be addressed. Recently, farmers in Mongolia protested against the ban imposed by government officials on the sale of their crops in the capital city, and the government intervened with its decision to side with the farmers. Without legalizing the right to free trade, this type of issue will likely occur again.

The priority is to minimize inequality by developing and implementing solutions to each of the three above-mentioned issues.

“The government is obliged to immediately provide legal guarantees for the exercise of certain economic, social, and cultural rights.

Image: www.reuters.com



<sup>4</sup>See CESCR, General Comment No. 13: The Right to Education (Art. 13) (1).



Image: www.culturalsurvival.org

“Equality can be achieved by actively cooperating with various stakeholders, rigorously enforcing standards and requirements, and confronting the root cause rather than challenging its symptoms.

### Conclusion

Inequality is caused by various social, economic, and political conditions and policies, and if left unchecked, it can be exacerbated. Inequality widens the gap between the rich and the poor. On the other hand, social democracy seeks to keep the prosperous middle class as the majority of the population. In order to create a prosperous middle class, it is essential to reduce inequality in access to education and healthcare, thereby reducing disparities in the exercise of the right to work and to live in a healthy and safe environment.

Therefore, the MPP human rights initiative is based on the necessity of the current times. Under this initiative, we are introducing the following four main objectives:

1. A comprehensive assessment of the human rights situation in Mongolia. To this end, we have started conducting the above-mentioned research and four other studies, and have commenced the process of drawing conclusions from the research findings.
2. Introduce provisions to ensure and protect human rights in the more than 320 laws currently in force in Mongolia, and repeal provisions that violate human rights.
3. Establish an effective system for the protection of human rights and the restoration of violated rights by public officials responsible for the protection of human rights.
4. Cooperate with domestic and international organizations in the field of human rights protection and raise citizens' knowledge and awareness about human rights and its issues.

Inequality does not arise spontaneously, but is caused by unfair systems, poor government decisions and legislation, unequal criteria for public administration by government authorities, and a lack of public awareness of human rights. Therefore, we believe that equality can be achieved by actively cooperating with various stakeholders, rigorously enforcing standards and requirements, and confronting the root cause rather than challenging its symptoms. ■

# TRANSFORMATIVE REALISM AND THE GERMAN ELECTIONS

By: Marc Saxer

**Social Democracy is shaping the transformation by taking the center of society with it.**

The Social Democratic Party of Germany (SPD) won the election because voters believe that Olaf Scholz can “tackle” the looming major restructuring competently, assertively and in a socially balanced way. The prerequisite for this to be successful was for the party to stand in closed ranks behind its candidate. How was it possible to rally the squabbling tribes of Social Democracy, until recently so hopelessly divided, behind the banner of “respect”? And what can European Social Democrats learn from the German campaign?

## ***Unity Through Bridge-Building***

Two debates about the right line to take had been tearing Social Democracy apart at the seams. In material terms, it was about the

legacy of the “Third Way.” Was it the Agenda reforms, i.e., the cut-back of the incompetent state and the elevation of the market as the universal yardstick against which all things must be measured that unleashed a decade of robust growth, low unemployment figures and gushing tax revenues? Or have slashes in the welfare system widened the social gulf, creating a disconnected “precariat,” thereby offering fertile ground for the rise of rightwing populists? With the “Welfare State Paper,” unanimously adopted in 2019, the Social Democrats managed to forge a compromise among the party wings and put an end to the seemingly endless internal fighting. In the wake of years of “neoliberal aberration,” the SPD (and the Greens) moved perceptibly, but not radically, to the left, thus winning back millions of former voters who, angered by the “betrayal by the former labor party,” had recently migrated to the radical left or right or to the bloc of non-voters.

Secondly, there was a dispute over whether the leftwing of society today should be representing discriminated people of color or disenchanted white workers left behind. While *Die Linke* (the socialist Left Party) is being torn apart by the culture war, the SPD has managed to unite its identitarian tribes under the banner of “respect.” Respect for people of color and queer people who feel excluded; respect for the hard-working population, who keep the country up and running in their effort to make ends meet for their families; respect for people in eastern Germany, whose life's work has been tarnished and sullied; respect for people in the Rust Belts who feel abandoned and forsaken; respect for the mundane ordinary folk who see their lifestyle denigrated by hip urbanites. Respect served as a bridge which everyone could walk across.

After all this quarrelling between “democratic socialists and progressive neoliberals” or “somewheres and anywheres,” it was in the end the strategy of building bridges between different lifeworlds that came out on top with the voters. But bridge-building is more than a compromise recipe for the temporary pacification and reconciliation of social or inner-party conflicts; it sets out the strategic role of Social Democracy in the 2020s.

### ***The Role of Social Democracy in the 2020s***

The countries of the West have been shaken to the core by the financial, euro, climate, refugee, democracy and corona crises. The question of how to deal with all these emergencies politically has redrawn the lines on the political map. On the one side, conservatives and rightwing populists are frozen in a state of denial, rebuffing any need for any fundamental change,

or are busily engaged in conning people into believing that we can revive a golden past that never existed in the first place. On the other side of the spectrum are the Greens and progressive neoliberals, pushing for disruptive reform no matter the cost to the potential losers. Between these poles, Social Democracy is the force shaping the Great Transformation by taking the broad center of society on board.

### ***Transformative Realism means rethinking politics in terms of social power relations***

Transformative Realism shows how this can be achieved. Transformative Realism maintains that the magnitude of the challenges ahead of us no longer allows us to simply muddle along. It offers an answer to the question of how things can be done better by developing transformative politics with a clear-eyed view of the social balance of power. Against the backdrop of the existing political economy, changes in the development path can only be the outcome of social struggles between the forces of the status quo, and those who want to shift course. If we seek to change the way we live and work, produce and consume, commute and travel, this inevitably spawns strong counterforces opposing such major transformations. Some oppose change because they believe they benefit from the political economy of the status quo. Others stonewall because they do not want to give up their cherished way of life.

In the face of resistance by the forces of the status quo, the shift in trajectory necessary to overcome the multiple crises crippling our societies cannot be pushed through by any single social group — no matter how powerful it may be. Only a broad societal alliance can muster the vast power resources needed to drive through the necessary policy changes. Anyone who wants to build broad coalitions must not divide, and instead join forces with allies.

“It was the strategy of building bridges between different lifeworlds that came out on top with the voters.

Image: [www.thetimes.co.uk](http://www.thetimes.co.uk)



## A New Formula for Broad Alliances

Transformative Realism therefore builds broad platforms on which people with different interests, identities, worldviews and values can come together to jointly fight for a better future. This means that shared visions, broadly appealing narratives and policy platforms must be constructed in such a way that they can connect with as many lifeworlds (e.g., the milieus of post-industrial societies encompassing people with shared socioeconomic class interests, notions of morality and ideological concepts) as possible. As a starting point, sociological studies<sup>1</sup> help us to better understand what the people in these lifeworlds want and need, fear and hope for. Because German lifeworlds differ from those of their European neighbors, political platforms constructed from and for the German context cannot simply be borrowed or transferred. What is universally applicable, however, is the method of developing alliance platforms in such a way that they reflect the material opportunities and hardships, hopes and fears, values and worldviews of as many lifeworlds as possible.

A case in point illustrating how this works is the field of climate policy. Radical calls for a “climate revolution” or a “climate emergency,” which hardly reach anyone outside the lifeworld of the young, highly educated, progressive urbanites, and indeed frighten many people away. In the fight against climate change, it is therefore not uncompromising avant-gardism that we need, but broad policy platforms upon which as many lifeworlds as possible can coalesce. But even the alliance for “green growth,” composed of



Image: www.ft.com

“Transformative Realism builds broad platforms on which people with different interests, identities, worldviews and values can come together to jointly fight for a better future.

climate activists, technocrats, capital markets and tech companies, is not yet broad enough. As the French yellow vests have shown: If you do the math without including the losers of structural change in the equation, you will reap protests that throw climate protection off track. Only a genuine “Green *New Deal*” that compensates losers from structural change can find acceptance across a majority of society. Socio-ecological transformation can therefore only succeed if we take the center of society on board.

Important lessons in the construction of alliance platforms can be extrapolated from this example. In the progressive camp, a variety of approaches to alliance-building can be discerned, each of which seeks to bring together

different social groups. Intersectional alliances bring together social movements fighting, for example, against housing shortages, climate change or racism. However, intersectional alliances between marginalized minorities and precarious academics cannot mobilize the power resources needed to break through the resistance of the status quo's forces. Intersectional alliances between activists with sometimes conflicting interests, identities and ideologies tend to be fragile, reaching out to too few comrades-in-arms beyond the lifeworld of highly educated, progressive urbanites. The approach of “unifying class politics” attempts to broaden the scope of progressive alliances by bringing together 99% of the population in cross-class alliances against the elite 1%.

<sup>1</sup> See Rita Müller-Hilmer and Jérémie Gagné (2018). “Was verbindet, was trennt die Deutschen: Werte und Konfliktlinien in der deutschen Wählerschaft im Jahr 2017.” *Forschungsförderung Report*, No. 2. Düsseldorf: Hans-Böckler-Stiftung.

“Social Democracy accelerates the social-ecological-digital transformation by reassuring sceptics and compensating potential losers, and as a result broadens the social basis for the necessary structural reforms.



In practice, however, this rarely works. Leftist populism is not compatible enough with the dominant discourses in politics, academia and the media to be able to win discourse hegemony. And if discourse power as the only significant power resource available falls short, left populist alliances are too weak to bring about the structural changes needed to overcome the systemic crisis. Even the centrist catch-all approach, which offers every demographic niche, no matter how small, a policy tested and analyzed by means of polls and focus groups (“I have a policy for that”), is running up against its limits in the post-factual age. The sterile slogans of marketing agencies are no match for the emotional force of populist campaigns.

The platforms of Transformative Realism are, on the one hand, broadly based in order to bring together people with different interests, identities, worldviews and values; but on the other hand seek to demarcate themselves from the extreme fringes. The crucial difference lies in who defines the agenda of the alliance. In most progressive approaches, highly educated urban strata dominate

public debates, articulate actual solutions and thus set the agenda. This agenda, however, primarily reflects the fears and hopes, the worldviews and lifestyles of their own lifeworld(s). If, however, a social milieu clads itself as the moral avant-garde, it summons up reactionary counterforces to resist it. Proponents and opponents of change then neutralize each other in moral mud-slinging matches. The attempt to impose an avant-garde agenda on society is therefore doomed to fail because of the social balance of power.

This does not mean that young, highly educated, progressive urbanites have no role to play. Their expertise, but also their passion, are indispensable. They must be willing and able to compromise with other lifeworlds, however, because only a broad transformative alliance is capable of asserting itself in the social balance of power. It is high time, then, to remove cultural class blinders and reexamine what normative visions have broad appeal, which policies are widely acceptable and which narratives resonate across as many different lifeworlds as possible — and which ones do not.

***Social Democracy is accelerating modernization by broadening its social base***

Who, then, is able to build transformative alliances between the different lifeworlds of a pluralist society? Forging social compromises between social groups has always been *the* strength of Social Democracy. It restored social peace in the last Great Transformation by negotiating the welfare state compromise between capital and labor. And today it is again the role of Social Democracy to uphold and maintain social balance in order to shepherd as many people as possible through the vertigo of change of the next Great Transformation.

By compensating potential losers, Social Democracy engages potential countervailing forces. By offering a social safety net, a well-equipped police force and easily accessible public services, it provides all those who are anxious the security they need to embrace the new. By inviting people to participate in shaping the transformation, it overcomes feelings of powerlessness and empowers people to make a difference in their communities. By positing that *respect* for all life achievements and lifestyles is a virtue, it reaches out to people from all walks of life who feel excluded, belittled or abandoned. Social Democracy thus accelerates the social-ecological-digital transformation by reassuring sceptics and compensating potential losers, and as a result broadens the social basis for the necessary structural reforms.

Based on this recipe, “accelerating transformation by broadening the social base,” it is possible to build

platforms for broad societal alliances in every political field. Designed for the German context, the platform of the “human economy” takes people on board in the journey into digital automation. The “nurturing and caring gardener state” rebalances the relationship between the state, the market and civil society. “A sovereign Europe as a community of solidary and security” is the platform upon which Europe can reform itself internally and assert itself externally. And the combination of progressive patriotism and healthy communities strengthens social cohesion in a society characterized by net immigration.

### ***The Decade of Modernization: With the Progressive Coalition Into a New Era***

Joe Biden had already won the US elections with a similar platform which combines greater optimism in the ability of the state to usher in a new era of progress with a clear commitment to take all those on board who feel anxious, excluded or looked down upon. With the billion-dollar “Build Back Better” program, the new president has sounded the death knell for the neoliberal era and elevated neo-Keynesianism as the guiding principle of his administration. With his retreat from Afghanistan, he is closing the chapter on the era of humanitarian interventionism in order to focus America’s resources on reconstruction at home and the geopolitical challenge in Asia. The new era, however, confronts Europeans with new challenges. In the competition between the United States and China, economic relations are being politicized, market access is being restricted, and allies are being put under pressure. This changes the opportunity structures for Germany’s vaunted export model, forces Europeans to organize their security more independently, and

deal more assertively with centrifugal forces within and outside the European Union.

These paradigm shifts in economic, foreign, and security policy will stake out the German government’s latitude for maneuver even before it takes office. The new government thus faces the momentous task of making the Great Transformation faster, more resolute, and more disruptive, but at the same time politically inclusive, socially cushioning, and imbued with cultural humility.

The contours of the new government’s mission are already aptly charted out in the narrative of a coalition for progress, a coalition for change, or a coalition for the future. The two *milieu* parties are selling themselves as engines of modernization, with the Greens posing as drivers of the socio-

ecological transformation, the Free Democratic Party as a digitalization turbo. The SPD is playing its historic role of cushioning the Great Transformation socially and thus lending the Republic the political stability needed in the vertigo of change. A “traffic light” coalition offers the potential to accelerate social-ecological-digital progress while maintaining political stability and social balance. With this modernization platform, the country has what it takes to overcome the stagnation of the Merkel years.

Transformative Realism as an overarching label furnishes Social Democracy with an unmistakable political calling card. With this as a compass, the SPD can successfully pilot its Progressive Coalition with the Greens and Liberals through the torrents of change. ■

Image: [www.cbsnews.com](http://www.cbsnews.com)



# CONFRONTING THE CHALLENGES OF OUR TIME

## Interview with Professor Thomas Meyer

*Professor Thomas Meyer is one of the leading progressive thinkers in Germany today. He recently talked with PRAKSIS Editor-in-Chief Francis Isaac and Socdem Asia's Carlo Vargas to share his thoughts on the outcome of the last German elections and the future of social democracy.*

**Francis Isaac:** The Social Democrats (SPD) won a resounding victory in the recent German elections. But before that, social democratic parties were largely on the decline. What do you think were the reasons for this decline? And do you think the elections mark a global shift in favor of social democracy?

**Thomas Meyer:** It is my hope that this is a new start for social democracy. I think this is a shift in the focus of public attention. In our analysis, after the crisis of neoliberalism and all the problems it has left behind such as increasing inequality and increasing exclusion of people from social progress, from social benefits, from democracy, and all these, it was time to renew the project of social democracy. The main point for social democracy is that it offers an idea for the 99% of

society — the concept that full freedom is the only desirable answer to their problems. By full freedom, we mean freedom in terms of protection of rights and freedom in terms of having the resources to live a self-determined life. The combination of these two aspects — formal freedom (that I have a certain space of action) and the material point of view (that I have the resources to fill this space of action according to my own decisions and convictions) — makes social democracy special because none of the other movements and ideologies are able to pursue such a comprehensive idea of freedom.

The vision of liberal, libertarian, or neoliberal democracy is an exclusive society for the successful. Only those who succeed in the market are included; while the rest

are, more or less, excluded. This system, therefore, produces mass exclusion, and mass exclusion leads to all other problems such as challenges to democracy, rightwing populism, etc.

On the other hand, social democracy was conceived in Europe in the mid-19th century to create a society of equal freedom — and creating a society of equal freedom means solving the contradictions among the economic classes. In other words, the main challenge was tackling the basic contradiction between Labor and Capital — Capital being those who command all the resources, while Labor refers to workers who are excluded from these resources. This contradiction or cleavage became very strong that it shaped all aspects of social life.



Image: www.omnipresent.com

“Two new cleavages arose which social democracy failed to decisively tackle — the *ecological cleavage*, and *negative globalization*.”

However, two new cleavages eventually arose which social democracy failed to decisively tackle. The first is the *ecological cleavage*, which arose in the 1970s as a critique of how uncontrolled industrialized economies destroy the natural conditions of human life. This cleavage produced a new ideology, new political interests, new political parties, and new social movements. This is a cleavage that we have not tackled sufficiently and seriously enough.

The second new cleavage is a pressing concern in my own country, but I do not know how big is this an issue in Asian countries. That cleavage is the cleavage of *negative globalization*. By negative globalization, we refer to the globalization of markets without the corresponding globalization of social

rights and market controls. This contradiction was created by untrammelled globalization in the industrial countries of the West, and to a certain degree, in East and South Asia.

Negative globalization did not create new mechanisms of fair control and just compensation and as a result, two new classes emerged — the winners of globalization and the losers of globalization. Globalized markets favor people who are highly educated, providing them with the opportunity to manage digitalization, shape culture, and influence international affairs. Those who are able to master the globalized economy are the winners. They get big salaries and can travel around the world. Those who are not part of this group are

often employed in low-paying jobs in the service sector. They are the losers. They are the ones who suffer the most during times of economic crises. Not only do they receive low wages, but they also looked down upon in society. This new cleavage is a very serious problem. It produces new forms of inequality which, in turn, fuels the rise of populism.

We, the social democrats, failed to adequately address these two new cleavages. We saw them; we analyzed them; but the responses that we gave were insufficient. The political and social space that social democracy had filled 30-40 years ago is now being filled by two different political groups: the ecologists on one hand, and the rightwing parties on the other. They are the ones organizing the losers of globalization. Because these new cleavages have not been tackled in a sufficient and appropriate way, we now have two new competitors that are eating away a substantial part of social democratic voters. At the same time, they are also shaping the discussion in the public sphere. It is necessary to create a new synthesis by addressing the question of globalization and the question of ecological destruction. As long as this new synthesis is not forthcoming, then we will always have these two competitors.

This is one part of the explanation of why we are on the defensive. But we are trying to address these two new cleavages, and we are trying to convince the losers that we are the ones who can best provide answers to their questions. In that regard, we are partially successful. One good proof is our recent electoral victory in Germany, as well as similar successes in other European countries. Rightwing populist parties are no longer growing; they have been stopped. The Green Party has also been stopped. We are succeeding in striking this new synthesis, this new compromise.

Another main factor of success was having credible people who represent the ideals of our movement. For us, it was important to have individuals who not only advocate for social democracy but who also embody that idea. To be credible, to be convincing, that person must epitomize social democracy. Willy Brandt was such a figure. When you saw him, you knew that he *was* social democracy. We did not have convincing persons for a long time.

We succeeded in combining all three factors: a convincing program, a convincing performance record, and a convincing leader. When these three factors come together, success is possible. We now have two women leaders at the *lander*<sup>1</sup> level who are very convincing and have been successful in the recent elections. One is in north Germany and the other is in Berlin. They are both young, highly credible, and very able. This signals a new future for social democracy.

**Isaac:** You are very hopeful that there is now a global shift towards social democracy, while also honestly pointing out the two shortcomings of social democracy: the inability to address the ecological cleavage and the problem of negative globalization. But if we are to move into the future, then we should also remain proud of our past, and social democracy's past is rooted in the labor movement and the welfare state. What will be the role of the labor movement and the welfare state in the new social democratic synthesis that you are proposing?

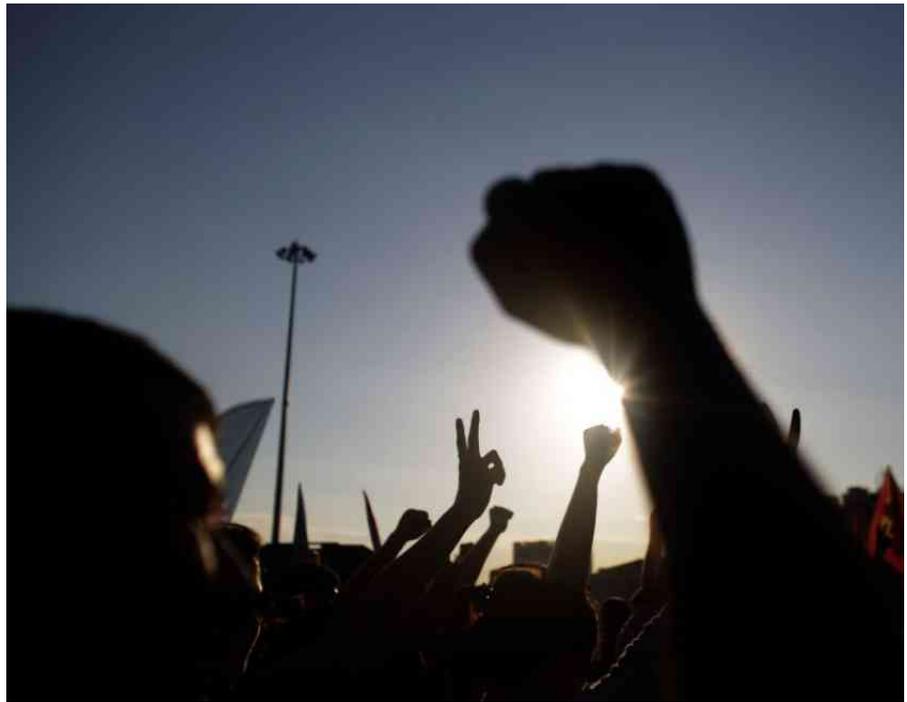


Image: [www.timesofisrael.com](http://www.timesofisrael.com)

**“The idea of social democracy has become so powerful that almost nobody dares to contradict it publicly... This has been our main success — we made the idea of social democracy very convincing.**

**Meyer:** I would like to stress two factors. One is, if we compare the societies here in Europe and wherever social democracy has governed for some time, you will see that a very radical change has taken place in the direction of social democracy. Social democracy is not a zero-sum game of either complete social democracy or no social democracy. It is a gradual project. You can have more or less social democracy. In some European countries, in Scandinavia and some Central European countries, you have a high degree of social democracy with comprehensive welfare states and regulated market economies. There are also certain degrees of equality.

You can say the idea of social democracy — the idea for the 99% of society — has become so powerful that almost nobody dares to contradict it publicly. In this way, we have infiltrated the other democratic parties. Even the Christian democratic parties, the moderate conservative parties, are infiltrated to a certain degree by the idea of social democracy. Even the liberals here in Europe do not deny social democracy altogether. So, this has been our main success — we made the idea of social democracy very acceptable. And we did so by having credible people. Our experience tells us that if we propagate social democracy through credible people, then the idea

<sup>1</sup>A *lander* refers to one of the sixteen political units that constitute the Federal Republic of Germany—the editor.

spreads itself in society and eventually, no one will dare contradict it anymore. Only the populists contradict it, but not directly. Instead, they distort its essence and give their own fake answers to the challenges that are being addressed by social democracy.

It is clear to me that having 99% of the people behind us is not enough, because there are other factors that prevent us from governing all the time. When social democracy was still in its infancy in Germany, Ferdinand Lasalle said that we represent the interests of the two-thirds of the people, and calculated that the social democrats will gain the political majority within a few years. But this did not happen. And it did not happen because of a variety of reasons. The 1% of the people who do not support the idea of equal freedom for all possessed the wealth of society and most of its resources. And they used those resources to deceive people. We see this now in the United States, where the wealthy use their billions to buy mandates, to buy politicians, and to buy the news media. They need their billions to perpetuate inequality. They need those resources to deceive people about their real interests.

That is why it is important for social democracy to promote enlightenment through platforms outside of the mass media. This can be done through social movements, social media, and through media controlled by the social movements and political parties. We also need to develop our capacity to mobilize people behind very precise and concrete political demands. We should always support political demands that are most popular and convincing, not ones that are abstract. We cannot sell the general idea of social democracy. We must identify issues closely related to social democracy such as schools,

**“We should not turn identity politics into a question about providing special rights for some while excluding others.”**

healthcare, or social security, select the most popular ones, bring these issues to the people, and mobilize them around those issues. Then, we must implement them. Our communication should not be preoccupied with teaching people about general ideas, but must focus on their concrete interests such as schools, etc.

One ability that social democratic organizers should possess is the ability for compromise. One of the philosophers of social democracy said that compromise is the only way by which ideas can be realized on Earth. We will not gain anything if our demand is “either give us everything or nothing.” But the compromises that we make must bear the features of our ideas. This means that the compromises that we make must lead to greater freedom and greater justice.

We must also develop a new synthesis that includes ecological concerns. If people need jobs, then the jobs that will be created should address both ecological interests and the labor interests. We must find projects that combine both these needs.

Let us now discuss identity politics. It is a very tricky issue because there are two types of identity politics: exclusive and inclusive identity politics. Exclusive identity politics means advocating special rights for a particular group, e.g., special rights for white people, special rights for men, or special rights for the ethnic majority. This means you prefer the interests of one identity group over the interests of other or competing identity groups. This cannot be a social democratic program.

Inclusive identity politics is related to social democracy's universalistic program where you have equal freedom for all. It is a universalistic demand. No one should ever be excluded. If there is a group that is excluded, then they must be included. For instance, women have been excluded for a long time. So, we need to include women. It means equal rights. It is a question about equality and not a question about identity. It would be best if women are organized in a way that they will demand for their political inclusion so that they can also enjoy universal rights. By doing so, their demand for inclusion becomes a demand for universal rights and not a demand for special rights.

Then you also have the issue regarding sexual minorities. The social democratic position is that private affairs are not public concerns, and nobody should ever be discriminated for their sexual preference. People should all enjoy universal rights. Therefore, we should not turn identity politics into a question about providing special rights for some while excluding others.

Of course, identity politics is a very tricky issue, as we can see in the US or even in Germany. There is the rise of rightwing identity politics — the identity politics of the white majority. Many people voted for Donald Trump in the United States because of their problematic social situation. Many of them lost their jobs. They also confront other social problems (such as low salaries and poor healthcare), which then lead to high degrees of social insecurity. They feel marginalized within their own societies and that they are not respected as full citizens.

This becomes the entry point for rightwing populists. They say that these people are still better off because they are white, that they have more worth and that they are more valuable than others. Then they will argue that the Left has concentrated too much on the interests of the minorities, and that this is the reason for the suffering of the white majority. The populists will use this argument to get their support on the promise that they will end this arrangement, and bring better security and better jobs to the white majority. So, rightwing populists misuse real insecurity, real poverty, and real social problems and give fake solutions on the bases of prejudices and identity politics. This is how rightwing populism works. This is also how Trump's politics works. Therefore, we must make it clear that we have the real answers to social problems.

Of course, if people begin to believe that the political class of a full-fledged democracy are not delivering, then populists will take advantage of this situation and impose authoritarian rule. Hence, even democracies can create their own populists. In a democracy, it is about inputs and outputs. Input means elections, and the output is the delivery of social goods that people need. If elections continue but the output never arrives, then democracy loses its credibility.

**Carlo Vargas:** In the 1950s, social democratic parties were able to push for reforms owing to the strong social movement partners that they had. But by the 1980s, they began to weaken due to the effects of Reaganism and Thatcherism. So now, it is hard to push for even just a modicum of social democratic policies. Even in the US where President Joe Biden is trying to push for a US\$3.5

trillion social safety plan which includes a host of social services, it is facing strong opposition; and this is also true in other countries. We see that the social democratic parties of today are not as strong as they were before. If our aim is the renewal of social democracy, what kind of coalitions should we build in order to achieve this renewal?

**Meyer:** The United States is a very unique country, an exception in a way. Even their politicians stress the exceptional nature of their country. Their exception is that when they were founded in the 18th century, their population was originally subjected to religious persecution and they saw that part of their mission upon independence is to promote the idea of religious freedom worldwide. So, religion plays a very vital role in the United States. This has an effect on people, who see tragedies in life as a test from God. This means that they have this strong tendency of turning social questions into religious or ideological questions.

For example, the question on Obamacare, which is a minimum for health security, has been turned into a question of communism versus freedom. Mass media also spread this kind of discourse. This means that leftwing projects will always confront major obstacles.

Another problem is the absence of strong leftwing trade unions in the United States, because of various reasons. Also, the amount of money needed for electoral campaigns is prohibitive. Therefore, only those who pursue policies that are supported by Big Money have a chance of getting elected. This arrangement is highly undemocratic.

These problems are not present in Europe, which has allowed a

certain degree of social democracy. And of course, we always have allies to support us. In Europe, the main allies of social democracy have always been the trade unions. We also have the bourgeois liberal parties whose electorates have supported certain aspects of social democracy, because they know that a peaceful, integrated and stable society is only possible with a sufficient degree of social security. However, their support is not automatic, and it is still necessary to reach out to these people.

Willy Brandt said that the politics of social democracy is an alliance of the working class and the enlightened segments of the bourgeoisie. This is a good formula for addressing the cleavages brought about by the ecological crisis and globalization. We see people who have high incomes and come from the professional class (such as engineers, artists, digital experts, etc.) who understand the need for an integrated society and for protecting the environment. On the other side, you have peasants, people from the countryside, the poor, and the working class who are concerned with the other cleavage, negative globalization. If you organize them, they will always be the majority.

**Isaac:** You mentioned that the new project of social democracy is an inclusive democracy that pulls in those who are excluded from society and extends to them universal rights. In classical Marxism, there is a historical subject, the proletariat, which is the universal class that will liberate the other classes such as the peasants and the petty bourgeoisie. You also mentioned that social democracy is the alliance of the working class and the enlightened bourgeoisie.

**“Social democracy is the alliance between the working class and the enlightened segments of the bourgeoisie.**

In the new synthesis of social democracy, is there a universal class? Or is it a coalition of classes and identities?

**Meyer:** It's a bit difficult. Classes in the old sense no longer exist in modern societies. What exists are milieus. Milieus are people who may share a profession but also share a lifestyle, a way of thinking and who share an everyday life ethics. These can be people from different sectors of the economy. And these milieus have great differences with other milieus.

During the 1970s, we won the majority by researching which are the relevant milieus. We undertook this type of research because the

proletariat, as Marx conceived it, is an abstract theoretical concept; and it existed only in the minds of self-declared revolutionaries who have always been intellectuals. If you look at the leading group of the Russian Revolution, they were all intellectuals. And the proletariat only existed in their minds. This is because they always maintained that they knew the interests of the people better than the people themselves. If you have this concept in mind, you can never reach out to the majority.

Instead, you should look into what kind of people actually exist in society. Maybe they are students; maybe they are the enlightened bourgeoisie in the big cities; maybe

they are skilled workers or unskilled workers. Society is highly segmented. Then, you must find out, through empirical study, the common interests of these milieu groups. Once you find these out, then you can develop the appropriate strategy for reaching out to them and identify the ideas or initiatives that can unite them. If you do this, then you become close to the real people, and begin to understand their thinking and their real interests.

Two of the leading research institutes in Germany are SINUS and SIGMA. They conduct research across the world, including Asia, on the relevant milieus, what constitute the identities of these groups, and the commonalities among these milieus. They have a map of at least 10 to 12 milieus which include the milieus of Big Money, the industries, low-skilled workers, etc.

**“The proletariat, as Marx conceived it, was an abstract theoretical concept; and it existed only in the minds of self-declared revolutionaries who have always been intellectuals.**

Image: [www.pinterest.ph](http://www.pinterest.ph)



Bearing this in mind, the proletariat is, therefore, an abstract category that does not exist in real life because the working class is highly differentiated. You can have highly skilled workers in the digital industries who may not share the thinking and everyday lifestyles of poor workers in the agrarian sector. If we go back to Marx's idea, those who do not own the means of production are the proletariat and the owners are the capitalists. However, a manager who does not own the means of production can earn a hundred times more, is much more educated and has a lifestyle different from that of a worker. Classes, in the general sense, must be understood in real-life terms — their real thinking, real interests, their real habits. Only then can you get an idea of how to approach them. The proletariat is a highly abstract idea that brackets different people. ■

# ABOUT THE CONTRIBUTORS

**Veronica Alporha** teaches history at the University of the Philippines-Los Baños.

**Kamal Dev Bhattarai** is a Nepali journalist based in Kathmandu.

**Damianus Bilo** works as a legal consultant and has a master's degree in Legal Studies from Atma Jaya University, Yogyakarta.

**Mikhail Gorbachev Dom** is Director of the Environment Directorate of the Indonesian Solidarity Party (PSI). He is currently taking his doctorate in environmental science at the University of Indonesia.

**Francis Isaac** is the Editor-in-Chief of *PRAKSIS: The Journal of Asian Social Democracy*.

**Akanksha Kumari** is a freelance journalist based in Delhi, specializing on politics and special reports. She began her journalistic career as a staff reporter at TV100 India, and later worked as a reporter with the News India, Navtej TV and APN News. Kumari holds a master's degree in journalism.

**Shōichi Kondō** is a member of Japan's House of Representatives.

**Morgan Loh** is a Research Analyst for Kuala Lumpur-based think-tank Research for Social Advancement (REFSA).

**Thomas Meyer** is Professor Emeritus of Political Science at the Technical University of Dortmund and editor-in-chief of the journal *Neue Gesellschaft/Frankfurter Hefte*.

**Raja Ahmad Iskandar Fareez** is the Communications Director of REFSA.

**Marc Saxer** heads the Asia Department of the Frierich-Ebert-Stiftung (FES). He previously worked in the FES regional office in India and Thailand. His latest book *Transformativer Realismus* was released early this year.

**Jaideep Singh** is a researcher for REFSA.

**Sustarum Thammaboosadee** teaches at the College of Interdisciplinary Studies in Thammasat University.

**Amarbat Uurtsaikh** is Head of the Legal Division of the Mongolian People's Party. He is a lawyer by profession.

**Carlos Vargas** is the Communications Officer of Socdem Asia.

 /SocDemAsia

 [www.socdemasia.com](http://www.socdemasia.com)

**INEQUALITY:  
ADDRESSING ASIA'S  
GREAT SCOURGE**

