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The Limits of Globalization:

Injustice, Inequality and the Progressive Response





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The Practice of Social Democracy

Throughout its history, social democracy has generated considerable polemics, especially on its goal of achieving social justice. During the early 20th century, social democracy proposed replacing private property with the social ownership of the means of production. At that time, Marxism had a very strong influence on the underlying political attitude of social democracy, as reflected by the first social democratic party in Europe, namely, the German Social Democratic Party, or more popularly known by its acronym SPD.

However, social democracy eventually began reforming orthodox Marxism by emphasizing communitarian, corporatist, and sometimes nationalist sentiments, while rejecting economic and technological determinism. Thus, after the Second World War, social democracy proposed a set of reforms that focused on social policy as a transition from capitalism to socialism.

But a series of crises occurred in the 1970s: the energy crisis of the 1970s, the abandonment of the gold standard, the collapse of the Bretton Woods system and, along with it, the crisis of the Keynesian/social democratic mixed economy model. These crises raised questions against the social democratic welfare state, which then led to the implementation of market-oriented, monetarist and neoliberal policies (privatization, deregulation, free trade, economic globalization, anti-inflationary fiscal policies, and others).

This has led social democratic parties to adopt the Third Way—an ideology that combines

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progressivism and social liberalism with neoliberalism. However, the Great Recession of the late 2000s and early 2010s casted doubt on the so-called Washington Consensus. This ignited protests against austerity measures, leading to the rise of democratic socialist parties and policies, particularly in the United States with Bernie Sanders and in Great Britain with Jeremy Corbyn—both of whom reject the Third Way.

Nevertheless, the United Nations (UN) World Happiness Report shows that the happiest countries are concentrated in social democracies, particularly in Northern Europe. This is often attributed to the success of the Nordic model, where similar parties such as democratic socialists, workers', and social democratic have dominated the political scene and laid the foundation of the universal welfare state of the 20th century.

Nordic countries (which include Denmark, Finland, Iceland, Norway and Sweden) also rank highest on the metrics for real GDP per capita, economic equality, health, life expectancy, trust, human freedom, generosity (World Giving Index) and human development. Similar reports have also placed Scandinavian countries and other social democracies at the top on indicators such as civil liberties, democracy, press, labor and economic freedoms, peace, and anti-corruption.

Criticism Against Social Democracy

From a purely socialist point of view, social democratic reforms have been criticized for supposedly designing 'new methods' to strengthen the capitalist system, thus contradicting the socialist goal of replacing capitalism with socialism. Thus, social democracy has failed to address the systemic problems inherent in capitalism.

The American democratic socialist philosopher, David Schweickart, for example, compares social democracy with democratic socialism by defining the former as an attempt to strengthen the welfare state and the latter as an alternative economic system to capitalism. According to Schweickart, the democratic socialist criticism of social democracy is that capitalism will never be adequately humanized and that any attempt to suppress its economic contradictions will only cause them to appear elsewhere. For example, efforts to reduce unemployment that are too strong will lead to inflation; and too much job security will erode work discipline. In contrast to social democracy, democratic socialism advocates a post-capitalist economic system based on market socialism combined with worker self-management, or on some form of decentralized participatory planned economy.

Marxist socialists argue that social democratic welfare policies cannot solve the fundamental structural problems of capitalism such as cyclical fluctuations, exploitation, and alienation. Consequently, social democratic programs intended to improve living conditions in capitalism—such as unemployment benefits and taxes on profits—create further contradictions by limiting the efficiency of the capitalist system by reducing the incentives for capitalists to invest further in production.

The welfare state only serves to legitimize and prolong the exploitative and contradictory capitalist system to the detriment of society. Contemporary critics of social democracy such as Jonas Hinnfors argue that when social democracy abandoned Marxism, it also abandoned socialism and became a capitalist movement, effectively making social democrats similar to non-socialist parties such as the Democratic Party in the United States.

Market socialism also criticizes the social democratic welfare state. While both aim to achieve social and economic equality, market socialism does so by making changes in the ownership and management of enterprises, whereas social democracy seeks to do so with subsidies and taxes on privately owned enterprises to finance welfare programs.

Franklin D. Roosevelt and David Belkin criticize social democracy for retaining a property-owning capitalist class that has an active interest in reversing social democratic welfare policies and a disproportionate amount of power as a class to influence government policies.

Economists John Roemer and Pranab Bardhan point out that social democracy requires a strong labor movement to sustain its massive redistribution program through taxes, and that it is idealistic to think that such redistribution can be achieved in other countries with weak labor movements. In fact, even in Scandinavia, social democracy began to decline with the weakening of the labor movement.

Joseph Stalin was also an outspoken critic of social democracy, who coined the term social fascism in the 1930s to describe social democracy because of its adoption of the corporatist economic model, which was similar to the model advocated by fascism. This view was held by the Communist International. It was said that capitalist society had entered the Third Period wherein a working class revolution was already imminent, but it could be prevented by social democrats and other fascist forces.



Image: www.asiatimes.com

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A Way of Compromise

Some critics claim that social democracy abandoned socialism in the 1930s in favor of Keynesian welfare capitalism. The democratic socialist political theorist Michael Harrington argues that social democracy historically supported Keynesianism as part of the “social democratic compromise” between capitalism and socialism.

This compromise created the welfare state and Harrington argues that while the compromise does not allow for the rapid construction of socialism, it “acknowledges the non-capitalist-and even anti-capitalist principle of human needs over and above the imperative of profit”. More recently, social democrats who support the Third Way have been accused of supporting capitalism. The critics include anti-Third Way social democrats who accuse Third Way supporters like Anthony Giddens of being anti-social and anti-socialist in practice.

For a long time, discussions about the impact of economic globalization on full employment/welfare state policies carried out by social democratic governments were tinged with doom and gloom. The neoliberal argument about the impossibility of sustaining social democratic policies, which might hinder competitiveness through excessive wages and taxes in the new international environment was initially difficult to counter, because social

democrats failed to use equally complex and internally consistent economic doctrines to disprove evidence on empirical grounds.

Recently, careful and comprehensive comparative studies have produced evidence that, despite the undeniable problems posed by economic internationalization, social democratic welfare states and labor regimes have proven to be highly resilient (Scharpf and Schmidt, 2000; Huber and Stephens, 2001).

Indeed, certain types of traditional social democratic policies (such as the emphasis on labor mobilization through active labor market policies and social services that allow for combining labor force participation with child rearing) and the emphasis on human capital formation have facilitated adaptation to new economic conditions.

In addition, newly available data on skills distribution and income distribution indicate that the egalitarian-driven characteristics of social democratic policies have made an important contribution to improving literacy skills at the bottom, which in turn facilitates integration of the entire workforce into productive activities that are competitive in high-quality markets.

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Image: www.tsetkab.go.id

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Policymakers who advocate a socio-democratic model of the public health process try to reconcile perceived conflicting values. Combining individualism with communal cooperation, social democrats promote personal freedom in a collective context. For them, public health policy must combine material interests with moral values. Perceiving health as a public good, not private gain, they try to 'decommodify' health services.

Health care providers should seek to serve the community in an altruistic way, rather than maximizing their income. However great their attachment to moral values, social democrats also pursue material interests. Income redistribution measures are key policies to expand equal access to health care services, secure egalitarian health protection, and achieve similar health outcomes.

Social democrats implement health policies that reconcile any tension between freedom and equality. Assuming that everyone has the same human dignity, they want everyone to have equal access to health care services, equal treatment by health care providers, and equal health status.

Progressive methods of improving finances minimize costs for the poor. Physicians retain broad freedom over diagnosis and treatment. Patients have several options for their general practitioners (GP).

Globalization and Agrarian Reform in Indonesia

It is undeniable that globalization has created massive and widespread capital expansion, not the least in Indonesia. Ownership of land and natural resources creates asset gaps between corporations and citizens, especially when corporations have strong relations with the state and bureaucracy in the name of investment. Land is an important means of production for citizens, but corporate operations in mining, plantations and housing can be a nightmare for citizens. Therefore, the Indonesian government has consistently implemented agrarian reform policies, in this case the land redistribution policy, to address the destructive effects of corporate actions.

In the context of Indonesia, Joko Widodo's government is noted for trying hard to balance the state, market and citizens. Despite the threat of a global crisis in the context of a post-COVID-19 pandemic, Indonesia has recorded significant economic growth. Jokowi is very focused on infrastructure development, structuring the extraction and processing industries, while at the same time implementing a social security agenda in the fields of health, education and employment. Investments are opened without disregarding the aspects of justice, environment, welfare and social justice.

It is fair to say that Joko Widodo's current policies adopts a social democratic model with regard to asset redistribution and economic access. The most significant policy is agrarian reform which focuses on land and land redistribution. The legality of land assets through the issuance of land certificates, on the one hand, has the potential to increase the value of land, giving the community a sense of security for their land assets.

Meanwhile, on the other hand, there has been an increase in public access to financial institutions. Thus, the redistribution of land has helped to improve the socio-economic conditions and the welfare of the land-owning community.

However, the current land certification program that has been carried out by the government so far still leaves room for improvement. It should be broadened further to target beneficiaries such as farmers, fishermen, transmigrants, as well as small and micro business actors. ■

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