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The Limits of Globalization:

Injustice, Inequality and the
Progressive Response





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EDITORIAL

THE LIMITS OF GLOBALIZATION: INJUSTICE, INEQUALITY AND THE PROGRESSIVE RESPONSE

On the evening of December 25, 1991, the red flag of the Soviet Union was lowered from the Kremlin for the last time. The following day, members of the Soviet parliament voted unanimously to dissolve the USSR, thereby transferring most state functions to the newly formed Russian Federation.

Described by academics Matt Killingworth and Matthew Sussex as a major “seismic event in international relations,” the fall of the Soviet Union meant the end of the Cold War and the advent of the current unipolar world. It also marked the beginning of globalization, as 287 million people were suddenly thrust into the global economy. With capital now free to roam across a vast expanse that covered a seventh of the Earth's surface, new businesses were created, often emerging from state-run enterprises that were sold to the private sector.

But the fall of the Iron Curtain also had profound consequences for the rest of the world. Capitalism's expansion into the former Communist Bloc meant increased international trade and greater market integration, which led, in turn, to the unprecedented movement of people and goods across countries.

The impact of these developments was especially felt in the Global South, where a number of former colonies had earlier emulated the Soviet system in the hope of achieving rapid industrialization. However, with the dissolution of the USSR, the developing world was now left with no alternative model, prompting most of these nations to conclude that the capitalist approach was the only sensible way of organizing their economies.

Using the market's ability to generate wealth, non-Western countries had contributed significantly to the phenomenal growth of the global economy, which (according to the World Bank) expanded from US\$27.5 trillion in 1990 to US\$93.8 trillion in 2021. During that period, global GDP increased by an average of 2.9 percent, while the average income per person increased by 1.6 percent.

Globalization, in other words, has expanded and accelerated growth across the world, thus leading to the “rise of the rest.” Coined by renowned author and CNN host Fareed Zakaria, the phrase refers to the economic and political empowerment of the developing world whose countries have recently become “politically stable, economically strong, (and) culturally confident.” Buoyed up by their new prosperity, non-Western nations, Zakaria observes, have now become fully capable of “asserting themselves on a global stage,” creating a world order wherein they are “no longer objects or observers but players in their own right.”

The growing confidence of “the rest” is not only reflected in their sense of parity with the West, but also in their increasing influence over international affairs. This is best reflected in BRICS—the group of countries composed of Brazil, Russia, India, China, and South Africa. Considered as the five strongest economies of the developing world, BRICS had a combined gross domestic product of US\$23.5 trillion in 2021 and constituted 25 percent of global GDP for that year. They also hold their own annual summits, with Russia hosting their first-ever meeting in June 2009.

All these trends underline one incontrovertible truth: that globalization has succeeded in narrowing the gap between the West and “the rest,” resulting in growing equality among countries.

Unfortunately, the process of globalization has also created huge income gaps across the world, which has led to growing inequality within countries. This was acknowledged even by the World Bank's former Chief Economist, Francois Bourguignon, who argued that “the same factors that can be credited for the decline in inequality among countries can also be blamed for the increase in inequality within them: globalization.” Writing in 2016, Bourguignon stated that the world has become “interconnected and unequal,” with the Gini coefficient rising by more than two percentage points from 1990 to 2010.

Francis Fukuyama also arrived at the same discomfiting conclusion, conceding that, “the liberal world order did not benefit everyone.” He further added that, “inequality (has) increased dramatically, such that many benefits of growth flowed primarily to an elite defined primarily by education.”

These observations are especially apparent in the Asian region, despite its status as the world's fastest growing economic hub. In fact, prior to the pandemic, the region enjoyed an average annual growth of seven percent. This meant a four-fold increase in its per capita GDP from US\$1,602 in 1990 to US\$6,679 in 2020.

Though this prosperity has been undeniable, the region's wealth is largely concentrated in a small segment of the population. This was, in fact, pointed out in a 2018 report by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), stating that, “economic growth has not been inclusive, leaving millions of people in a disadvantaged and precarious situation.”

Using Asia-Pacific's Gini coefficient, the report 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 for many Asian countries, increased income inequality meant “a higher concentration of wealth among the already rich, or the top 10 per cent of the population.” Ironically, the steepest increase in inequality were recorded in the region's two best performing nations. In India, for example, the top 10% of the population received 54.2% of the total national income; while in China, 41.1% of the country's total income went to the top 10% of their population. This situation, the report notes, has severe consequences, since “inequality reduces the impact of growth on poverty reduction.”

The present issue of *PRAKSIS* explores a possible set of social democratic responses to the problem of inequality that is being engendered by the globalization process. It does so in the spirit of social justice that emphasizes the just distribution of social goods as well as protection for the most vulnerable. While globalization should not, in any way, be viewed as fundamentally odious or unfair, the journal and its contributors assert that its flaws and limitations be recognized and addressed so that social democrats can build a far better future for everyone.

This issue opens with a joint article from Sustarum Thammaboosadee, Mia Hakovirta and Mirkka Danielsbacka. Claiming that globalization has led to growing inequality due to the “increase in the price of health care, education and housing,” the authors note the rise of a “new group of working class” called the precariat. Understood as those with “unstable working hours, unstable income, (and) uncertain employment contracts,” the precariat “bear the burden of suffering” due to “unstable employment conditions.” To address this phenomenon, Thammaboosadee and his colleagues call for the “development of a generous welfare system” that would guarantee a “universal comprehensive scheme, free higher education and universal pension.”

The ill effects of globalization are clearly felt in Thailand which, according to Decharut Sukkumnoed, has seen “widening wealth inequality” in the past three decades. This situation, he further argues, had generated other forms of inequality, denying millions of poor households access to “education, the internet, and learning resources.” For this reason, Sukkumnoed sees the need to “close the gap in education and human development” by establishing a “universal and comprehensive welfare system” that would protect “livelihoods from various development policies and projects.”



Image: www.asiasociety.org

Indrasari Tjandraningsih's essay, on the other hand, looks at the impact of globalization on Indonesia, and how it has prompted companies to introduce labor market flexibility. Often associated with the growing freedom of capital to abruptly alter salaries, adjust working hours and terminate employees, this novel business practice, Tjandraningsih argues, was devised by the private sector to “minimize the negative impact of economic shocks...as the economy liberalizes and internationalizes.” She also sees labor market flexibility as a “capitalist strategy to reduce production cost” by downsizing companies, outsourcing “non-essential tasks”, and by hiring temporary or part-time workers. Unfortunately, this practice has “strengthened the bargaining power of employers,” allowing them to “apply stricter conditions of work and payment.”

At the same time, labor market flexibility has also undermined the power of labor unions and their ability to bargain with management. Predominantly composed of permanent workers, unions have difficulty recruiting contractual employees who are afraid that their contracts will not be renewed once they demand better working conditions. As contractual workers begin to outnumber permanent employees, unions lose their membership and with it, their main source of strength.

To overcome this challenge, Tjandraningsih notes the importance of revitalizing the unions and the broader labor movement by “mobiliz(ing) underrepresented groups of workers” and by “strengthening internal democracy.” She also emphasizes the need for “collaborations and coalitions with other civil society groups” as a way of “amplify(ing) pressures to the government.”

Malaysia's experience with globalization, on the other hand, has been more mixed. In her article, Joyce Tan Wai Wai pointed out that globalization has had a positive impact on Malaysian development, since it helped transform the country “from one that was highly dependent on agriculture and commodities into one that is driven by manufactured goods and the service sector.” But this rapid expansion of the economy also led to chronic labor shortages that had to be plugged by hiring low-skilled migrant workers. The availability of cheap foreign labor, Wai Wai emphasized, discouraged industrial upgrading, which also prevented Malaysian firms from moving up the value-chain. This predicament then created new forms of social exclusion, which was exacerbated by the COVID-19 pandemic.

In response, the ruling Pakatan Harapan, according to Wai Wai, issued a document entitled *Action Plans* that outlines their strategy to “protect the most vulnerable in society.” Specifically, the coalition aims to strengthen worker protection by both “improving the minimum wage, (and) social security schemes.” They also intend to reduce inequality through a package of programs that include Micro-credit Financing, Direct Cash Transfers, and Community Health Access.

Nepal also had a similar experience, which is the focus of Kamal Dev Bhattarai article. In the 1980s, the Nepali government began liberalizing the economy under the structural adjustment program of the International Monetary Fund (IMF). Bhattarai sees the introduction of this policy as the “first phase of globalization.” As a result, massive foreign capital entered Nepal which rapidly expanded the market. This also placed tremendous pressure on Nepal to adhere to the rule of law and international human rights norms.

But the policies of liberalization and privatization associated with globalization also led “to the closure and collapse of government-owned industries,” and to “rising inequality between rich and poor.” In fact, as Bhattarai points out, the income of Nepal's richest 10 percent is more than three times of the poorest 40 percent.

This led, according to Bhattarai, to “intense debate within the Nepali Congress,” with some senior party leaders condemning “the growing inequality in health, education and agriculture due to the wave of globalization.” Clamoring for democratic

socialism, these leaders have proposed a progressive tax system which would impose additional taxes on the income of the rich while waiving taxes for the poor.

The next article by Justine Balane and Mark Diaz looks at the specific impact of globalization on the Philippines' education sector. They assert that globalization has been characterized by the “neglect of social services (and) the shrinking of local industries,” which led to a “chronic state of crises” for the country. This has been particularly felt by education sector since it “bore the brunt of the consequences of globalization.”

To meet the demands of the world market, the Philippine state, Balane and Diaz wrote, has surrendered its role as “provider of education services,” allowing private schools and universities to crowd out state-run institutions and create human capital for the global market. This situation has led to rising school fees that students from low-income families simply cannot afford. Globalization has also altered the rationale of education, which is now training students for future deployment as overseas employees, instead of instilling citizenship and civic consciousness. As a result, the Philippine education system, Balane and Diaz argues has “steadily degraded” since the latter part of the Cold War.

This host of problems, the two authors point out, has prompted Akbayan Youth and the Student Council Alliance of the Philippines (SCAP) to issue a statement in August 2022 calling on the government to declare an “education crisis.” The document further demanded to “increase the education budget and expand budget utilization monitoring,” as well as “ensure all-inclusive and accessible education.”

While globalization is often associated with the expansion of liberal democracy, Andina Dwifatma's article has a more nuanced take, arguing that there is an ongoing “trend of shrinking civic space for civil society organizations (CSOs), media, and academics.” The implications for democracy are extremely troubling, since the deterioration of civil society means that “the state and the market are becoming stronger.” Because of the common threat of shrinking civic space, Dwifatma echoes the call of the Bali Civil Society and Media Forum (BCSMF) 2022 for “cross-sectoral collaboration among civil society to promote democracy.”

Francis Isaac continues the discussion on globalization and inequality by citing the study of Francois Bourguignon. The former Chief Economist of the World Bank, Bourguignon claims that while globalization has led to growing equality among countries, it is also creating growing inequality within countries.

For Isaac, the problem of inequality has led to the rise of transnational movements that seek to advance social justice and solidarity by engaging various levels of decision-making—from the grassroots to the global arena. One good example is the Progressive Alliance (PA)—a network of 118 political parties and 28 associated organizations—which seeks to preserve and expand the welfare state as a way of protecting the wellbeing of all citizens. Socdem Asia has a similar attribute, albeit operating at the regional level. With a dozen parties and organizations operating in 13 countries, the Network emphasizes the importance of building a social state that can extend important social services to the most marginalized groups.

The issue ends with Saiful Haq's article on the ideological development of social democracy. Arguing that social democracy is not a fixed set of doctrines, Haq asserts that this political tendency has evolved over time as it addressed specific historical circumstances.

During the early 20th century, for example, social democracy “proposed replacing private property with the social ownership of the means of production.” But social democracy eventually began reforming orthodox Marxism after the Second World War, advancing instead “a set of reforms that focused on social policy as a transition from capitalism to socialism.” This is often described as the ‘social democratic compromise’ wherein the welfare state plays a vital role in prioritizing human needs over the profit motive. The advent of globalization, however, gave neoliberals the opportunity to question social democracy, claiming that its policies “hinder competitiveness through excessive wages and taxes.”

But the 2008 Financial Crisis, Haq argues, has since muted these criticisms, adding that “social democratic welfare states and labor regimes have proven to be highly resilient.” Therefore, for Haq, social democracy is still the best response to globalization since its egalitarian policies “have made an important contribution to improving literacy skills at the bottom, which in turn facilitates the integration of the entire workforce into productive activities that are competitive.”

In this entire issue, our authors agree that the problems of inequality and social exclusion have been aggravated by globalization. Yet, they remain optimistic that a far better world is not only possible but it is already on her way. And “on a quiet day,” so wrote Arundhati Roy, “I can hear her breathing.” ■

Stolen Dream:

The Precariat in a Globalizing Economy and the Return of the Welfare State²

1. Introduction: Globalization and Precariat

In accordance with the transformation of the global economy, neoliberalism has become the mainstream of economic and social policy. Since 2010, it is obvious that inequality is increasing around the world. Monopolized Capital occupies the state apparatus, dominating state policy regulations. The commodification of our lives has become extreme, the increase in the price of health care, education and housing have become unacceptable if compared to the average income of the majority of people. While the majority of the population staying in relative and absolute poverty, having lost their jobs and even lives during the pandemic in 2020-2022, the wealth of the top 0.1% has increased and they continue to monopolize the economy.³ At the same time, the welfare state has become a dilapidated idea which over half of the population have become unfamiliar with. The project to destroy the idea of the welfare state started in the 1980s or more than 40 years ago.⁴ The expansion of neoliberalism has not only resulted in inequality but has also

generated a new group of working class called the 'Precariat'. The rise of the Precariat demonstrates the unequal power relations both in the economy and in politics. This means that massive reform of capitalist states is necessary to solve these unequal relations.

2. Precariat: Indicator of an Unequal Society

"Precariat", a new group of workers that has been expanding steadily in the 21st century has become an indicator for the situation of inequality both in Thailand and many countries around the world.

The word Precariat is a combination of two words: precarious (fragile) and proletariat (labor). Precariat was used by British sociologist Guy Standing around the 2010's to refer to the group of workers who bore the burden of suffering, taking on risks instead of entrepreneurs. On one hand, this state of being a Precariat is characterized by unstable working hours, unstable income, uncertain employment contract, affecting the conditions of daily life. And on the other hand, it also means having people's lives stolen.⁵

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²This article is based on a 2022 report titled *The Construction of meaning of Inequality and Justice: Mapping the Idea the of Welfare State*, by Sustarum Thammaboosadee, Phanomkorn Yothasorn and Donlawat Buapradit. The research project was supported by the Research Fund College of Interdisciplinary Studies of Thammasat University.

³Soranyi, R. (2020). Interview with Noam Chomsky: The Failure of Capitalist Logic Against COVID-19. <https://ezproxy.tulibs.net/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edsnbk&AN=17B0127A500EFA28&site=eds-live>.

⁴Brown, Wendy (2015). *Undoing the Demos: Neoliberalism's Stealth Revolution*. New York: Zone Books.

⁵Standing, Guy (2011). *The Precariat: The New Dangerous Class*. London: Bloomsbury Academic.

According to the book titled *General Theory of the Precariat* by Alex Foti, this group of workers can be divided into 4 groups:⁶

1. Creative Classes (such as artists, coders, creators, designers, etc., who are trainees, interns, or freelancers or temporary workers) who may have to work for free and are coming from different platforms.
2. The new group of workers called the New Working Class are composed of subcontracted employees, e.g., low-skilled workers or warehouse workers, transportation workers, manufacturing workers in industrial factories, food processing, construction workers, etc.
3. Hired workers comprise the Service Class or pink-collar workers, such as waiters, baristas, bus boys, cashiers, housewives, fast-food workers, or even part-time or temporary workers. They may receive a clear wage but are expected to work hard.
4. The Unemployed Class comprise those not in the Education, Work or Training system (NEETs), refugees and migrants.

The decline of the welfare state is a major cause in the emergence of the 'Precariat'. The rise in inequality after the introduction of neoliberal policies has directly transformed the proletariat into the Precariat. The expansion of the Precariat also comes with the rise in gender inequality. It has been reported that as the proportion of the Precariat expands, there is a tendency for gender inequality to increase. Women and LGBT people are more likely to be exposed to conditions of precarity than men. The same is true for long-term health problems of people whose bargaining power in the labor market decreases. Likewise, the problem is passed on to the succeeding generations who are likely to face unstable employment situations.

3. Welfare State and the Role to Reduce Inequality

Though the welfare state has become an old fashion term, it is obvious that market-oriented policies have not reduced inequality since 2010s. During the pandemic crisis, many countries introduced welfare state schemes to tackle social inequality. We will trace back the origin of the idea of the welfare state as state-citizen relations to understand how the 'welfare state' is important in reducing the vulnerable conditions of the Precariat under the neoliberal economy.

“Though the welfare state has become an old fashion term, it is obvious that market-oriented policies have not reduced inequality since 2010s. During the pandemic crisis, many countries introduced welfare state schemes to tackle social inequality.

Image: www.benarnews.org



⁶Foti, Alex (2017). *General Theory of the Precariat: Great Recession, Revolution, Reaction*. Amsterdam: Institute of Network Cultures.

3.1. Brief History of Welfare Development in Europe from Post-WWII to the Neoliberal Era (1950-2020)

The modern welfare state started to evolve when the lives of individuals and their families began to be insured against social risks of various kinds. Before the welfare state, the family was responsible for taking care of its members in all situations. The first forms of public social insurance and social security for all citizens, old-age pensions and accident and health insurance, were implemented by Chancellor Otto von Bismarck of Germany in the 1880s. Especially after the two World Wars, there was an increase in the growth of the responsibilities and power of public administration as well as demand for it.

After the Second World War, the two courses of development of the welfare state appeared with the creation of the German (Bismarckian) and the British (Beveridgean) models respectively, the former being insurance-based and the latter means-tested. The Bismarckian model slowly expanded to include a larger number of citizens, while the Beveridgean model further evolved along two different paths: those of the Nordic countries which adopted a two-tiered income-based pensions system and in Great Britain where the middle classes started to move towards privately funded pensions, which later created growing inequality because poorer members of the population had to remain within diminishing means-tested support.⁷ Sweden was among the leading nations in the evolution of the Nordic welfare states.⁸

In general, a transition from a residual and earnings-based model to an institutional one began.⁹ Differences between these models were that in the residual model, relief concerned only the poorest citizens and it was mostly charity. The earnings-based model, on the other hand, was more clearly based on the individual's earnings in working life and the role of the state began to gain considerable emphasis only in this institutional model. In the last-mentioned model, social policy

came to include all citizens. The reforms that were made to transition and transform from one model to another did not explicitly aim at the kind of welfare state that we have today. Rather, various reforms improving social security and opportunities for living, caused by pressure from surrounding society, led to the creation of modern welfare states.¹⁰ These states were thus also the creation of political struggles and compromise.¹¹

The welfare state's development after the Second World War faced setbacks and Great Britain was among the first to dismantle the structures of the welfare state. The oil crisis of the early 1970s undermined faith in the effectiveness of regulating the economy. Neoliberal economists demanded that the market economy was to be as free as possible from economic regulations in its development.¹² Prime Minister Margaret Thatcher of Great Britain (in office 1979–1990) and President Ronald Reagan of the United States (1981–1989) began to implement neoliberal economic policies in their countries. Despite the pressure of neoliberal policies and most recent challenges brought forth by an ageing population, the welfare state had managed to survive in Western Europe, with the exception of Great Britain, and it continues to enjoy the support of large sectors of the populace and in principle the whole political spectrum.¹³

4. Different Welfare System in Europe; How it works

Denmark, Finland (Nordic Model)

In Nordic countries the goal of the welfare state is to provide people with an amount of income they can live on and also to equip people with skills and abilities that enable them to become full members of society they are living in through their own efforts, primarily in the labor market. Universalism has thus been argued as a central aspect of Nordic countries. Nordic welfare states have also been described as service welfare states. This is especially due to service delivery that is provided

⁷Mann, Michael (2013). *The Sources of Social Power, Vol. 4: Globalizations, 1945–2011*. New York: Cambridge University Press; pp. 129-166.

⁸Peterson, Martin (2012). 'Pathways of the Welfare State: Growth and Democracy.' In *Transformations of the Swedish Welfare State: From Social Engineering to Governance*. Bengt Larsson, Martin Letell and Håkan Thorn. Basingstoke, ed. London: Palgrave Macmillan; pp. 23-37.

⁹Titmuss, Richard (1963). *Essays on 'The Welfare State'*. London: Unwin University Books; pp. 75-87.

¹⁰Moore, Barrington Jr. (1978). *Injustice: The Social Bases of Obedience and Revolt*. London and Basingstoke: Macmillan.

¹¹Kangas, Olli and Jon Kvist (2013). 'Nordic Welfare States.' In *The Routledge Handbook of the Welfare State*. Bent Greve, ed. London and New York: Routledge; pp. 148–160.

¹²Mhone, Guy (2005). 'Neoliberalism.' In *New Dictionary of the History of Ideas Vol. 4: Machiavelism to Phrenology*. Maryanne Cline Horowitz, ed. Farmington Hills: Thomson Gale, pp. 1625-1628.

¹³Ibid: pp. 57, 129-166.

with regard to the delivery of social care (children and elderly) and health care service by the public sector.¹⁴

Germany (Continental)

The German welfare state continues to bear traces of its Bismarckian origins. Access to social benefits is based either on a legal status of residence or on social insurance contributions, which follow from employment or other situations in one's life course that are treated somewhat similar to employment (such as care work).¹⁵

Greece and Spain (Southern Europe)

Southern European welfare arrangements starkly manifest a hybrid form where there is a core element concerning income transfers (primarily pensions) developed on an occupational basis according to the Bismarckian model. Traditionally highly fragmented, social insurance systems have undergone significant changes in the direction of levelling out benefits and introducing occupational pensions and private insurance. In the late 1970s to the early 1980s, a social democratic element was introduced into healthcare systems, indicating a significant path shift that was accomplished with varying success in each country. Social care services and social assistance remain a less-developed element of social protection. The meagre provision, funded mostly through taxation, has traditionally been based on means-testing, indicating a liberal orientation. In parallel, a strong variation as to the role of non-governmental organizations (NGOs) (including religious organizations) is observed.¹⁶

The pillars of Spanish welfare are health, pensions, education, and family. However, considering the limited scope of the latter, family policy is sometimes regarded as the 'missing' element. Universal coverage is limited, the distribution of income is only partial, and the degree of protection is low.

United Kingdom (Liberal Model)

The UK is often considered to be the leading European example of the 'Beveridgean model' of welfare state design. However the 'origins of the welfare state' in Britain are clearly bound up with 'Bismarckian' principles.¹⁷

5. Welfare State as the Solution to the Precariat's Problem

The development of a generous welfare system would reduce the risk of the expansion of the Precariat. We made a comparison of welfare systems in different countries, utilizing the data of 'The Comparative Welfare Entitlements Dataset-2 (CWED-2) which is the data set that contains information about the structure and generosity of social insurance benefits in 33 countries. By using this data, we explore the difference in social capital and the quality of life of young people, and once people grow up in societies with different welfare systems.¹⁸

“The development of a generous welfare system would reduce the risk of the expansion of the precariat.

Image: www.bangkokpost.com



¹⁴Kangas, Olli and Jon Kvist. (2013). 'Nordic Welfare States.' In *The Routledge Handbook of the Welfare State*. Bent Greve, ed. London and New York: Routledge; pp. 148–160.

¹⁵Kuhlmann, Johanna and Klaus Schubert, eds. (2019). *Routledge Handbook of European Welfare Systems (2nd Ed.)*. London and New York: Routledge.

¹⁶Maria Petmesidou (2019) 'Southern Europe.' In *Routledge Handbook of the Welfare State: Vol. (Second Edition)*. In Bent Greve, ed. London and New York: Routledge.

¹⁷Deeming, Christopher (2019). 'The United Kingdom: New Devolved Welfare Systems in Britain.' In *Routledge Handbook of European Welfare System (2nd Edition)*. Sonja Blum, Johanna Kuhlmann and Klaus Schubert, eds. London: Routledge.

¹⁸Scruggs, Lyle (2014). *Social Welfare Generosity Scores in CWED 2: A Methodological Genealogy*. CWED Working Paper Series. Storrs, CT: University of Connecticut. http://cwed2.org/Data/CWED2_WP_01_2014_Scruggs.pdf.

Figure I

Figure shows the relationship between good welfare and social support (Source: the authors)

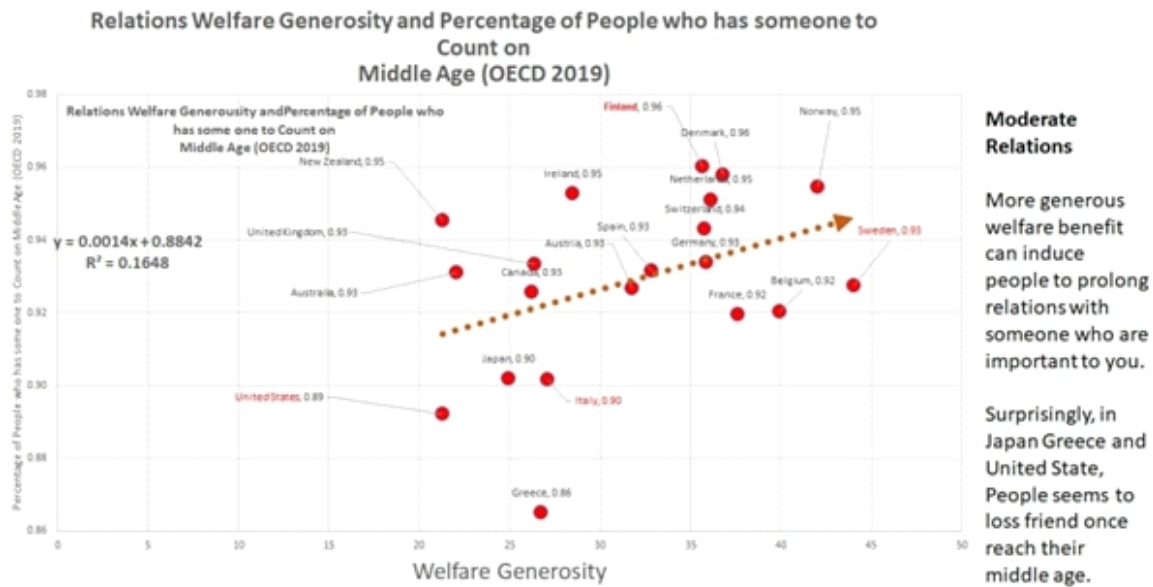


Figure II

The figure shows the relationship between good welfare and the number of people aged 15-24 who are out of school or working (NEETs). (Source: the authors)



From our preliminary analysis, we discovered that people who live in countries with more generous welfare systems tend to have more friends or family members who they can rely on. Sweden and Norway were among the countries where middle-aged people said they had the highest number of friends or family members they could rely on (about 96 percent of the population), while the United States and Japan rank last among OECD countries!¹⁹

In addition, we further proposed that a country with a more generous welfare system can make the young generation aged 15-24 more employable or get higher education. The new generation of people are less vulnerable to becoming Precariat. Sweden, Norway and the Netherlands are the countries that share the lowest incidence of this age group categorized under Not in Education, Employment or Training.

¹⁹ OECD (2022). 'Family Database: Public Policies for Families and Children.' <https://www.oecd.org/els/family/database.htm>.

6. Concluding Remark: Welfare State Benefits the 99%

The rise of the precariat replicates the unequal of power relations between the 99% and 1%. It is the result of the expansion of neoliberal globalization. According to trends in history, inequality is

reduced by welfare state policies. Since the failure of markets in the 21st century, the process of bringing the welfare state is back. Introducing universal comprehensive scheme, free higher education and universal pension are necessary to avoid the alienation in society and the increase of Precariat's ranks. ■

“The rise of the precariat replicates the unequal of power relations between the 99% and 1%. It is the result of the expansion of neoliberal globalization.”

Image: www.bangkokpost.com



Globalization and Economic Inequality in Thailand

The concept of globalization was introduced to Thai society around three decades ago. During these past three decades, the Thai economy, as well as Thai politics, had gone up and down, like a roller coaster, though the concept of globalization remains well-known and well-recognized in everyday practices. Another fact that remains relatively unchanged is inequality. This article aims to analyze the relationship between globalization and inequality in Thailand during these three decades.

There are four main questions in this article. First, how is globalization viewed in Thailand? How is it seen by various societal groups or sectors? Second, how has globalization impacted on the problem of inequality in Thailand? What are the sectors that have been most severely affected? Third, how has the problem of inequality been addressed by the Thai government? What have been the limitations in their approach? Last, how should progressives and social democrats in Thailand view globalization? What policies or actions should they undertake to address inequality in this country?

Thailand's View of Globalization

As an export-led economy, Thailand has been familiar with the concept of globalization since the second half of the 1980s. Before the economic crisis in 1997, globalization was recognized as the front-headed wind to support the flying geese formation¹ that would propel Thailand to join the ranks of Newly Industrialized Countries (NICs).

After the 1997 crisis, this NICs model was proven to be an unrealistic development model for Thailand. At that time, although questions about globalization, especially in financial aspect, were echoed in Thai society, several free-trade agreements (FTAs)—for example the FTA between Thailand and ASEAN, China, Japan, Australia, New Zealand and so on—were still signed during the 2000s. It shows that the direction towards globalization has never been changed in Thai economic development policy.

¹The flying geese paradigm is a theory in economic development that was first proposed by Japanese scholar Kaname Akamatsu in the 1960s. It argues that developing nations (or flock) achieve development by following the leading nation (or lead goose). Development is, therefore, seen as a singular process characterized by increasing economic and technological growth—*the editor*.



Image: www.apec.org

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Certainly, the move towards globalization is also generating deep societal concerns. Questions regarding the globalization process have normally come from Thai civil society. While on one hand, Thai civil society are very open-minded towards the globalization of civic rights (including the recent emergence of the non-binary marriage movement in Thailand), on another hand, they have also always been skeptical about economic globalization, especially in terms of intellectual property agreements (such as seed or drug patents), and recently, carbon trading and carbon markets. In their view, these mechanisms always act as “an exploitation process” towards the expansion of capitalism in accessing and controlling all assets that can limit the access of the poor.

Recently, during the APEC Summit in Bangkok in November 2022, Thai civil society organizations mobilized in protest against the Thai government's plan to develop carbon credit markets. This carbon market is seen by Thai protestors as “greenwashing” that aims to obfuscate actual corporate responsibility and prevent capitalists from reducing their own Greenhouse gases emissions.

Relationship Between Globalization and Inequality

In Thailand, economic inequality can be seen in various ways. However, the three most prominent ways of viewing economic inequality are: (a) inequality between agricultural and non-agricultural sectors; (b) inequality of opportunities; and (c) inequality of wealth.

Based on economic textbooks, a liberalized global market should: (a) strengthen the advantaged sectors within a given economy (i.e., the agricultural sector in the case of Thailand); and (b) provide broader and better opportunities for all people. This article will analyze what really happened in terms of inequality during the three decades of globalization.

Interestingly, in all FTA negotiations, the Thai agricultural sector, as a major food exporter, has always been viewed as the main beneficiary. However, in reality, the net gain from trade have hardly benefited Thai farmers. In case of longan and other Thai fruits, although Thailand can expand its Chinese export market impressively, market channels and mechanisms can be comprehensively controlled by Chinese traders in Thailand.

At the same time, some import agricultural products, such as vegetables and coconut, have also negatively affected the local farm market, leading to loss of income in the Thai farming sector. The existing FTA protection and relief mechanism of the Thai government does not work properly and effectively in protecting price stability and in opening newer and wider opportunities for Thai farmers.

On the aspect of inequality of opportunities, although it is also hard to mention the clear negative impact of globalization, it is obvious to say that, during the globalization process, the opportunity inequality is still widening. Access to education, the internet, and learning sources continue to increase, both (a) between the urban and the rural families (and schools) and (b) rich and poor families.

During the COVID-19 pandemic and afterwards, the learning loss and the drop-out rate, especially for poor families, has become a larger and deeper problem within the Thai education system. The latest evidence shows that only 38 percent of children from the poorest 20 percent in Thai society can finish secondary school (grade 12), compared to 88 percent of the 20 percent richest group.

Finally, during the last decade, the capital accumulation of the top one percent of rich households has clearly been seen, leading Thailand to become the top nation in wealth inequality, according to Credit Suisse. During the COVID-19 pandemic, the Thai tourism sector, one of the most important economic engines of the country, was negatively affected by the pandemic and lock-down measures, leading to increasing debts and consequently the loss of assets. Thus, there is a clear attempt to adjust existing regulations to promote more foreign investments, especially in the real estate and tourism sectors. However, recently, this attempt has led to severe criticisms towards the existing government, leading to the postponement of regulation readjustment.

Government Responses to Globalization and Inequality

Generally speaking, the Thai government has never deeply analyzed globalization in terms of changing the existing unequal economic and social structures. Normally, the Thai government looks at the globalization process as an opportunity for economic expansion and more integration into the global supply chain. Unfortunately, the unequal distribution of benefits and opportunity from the globalization process is not the main focus of the Thai government.

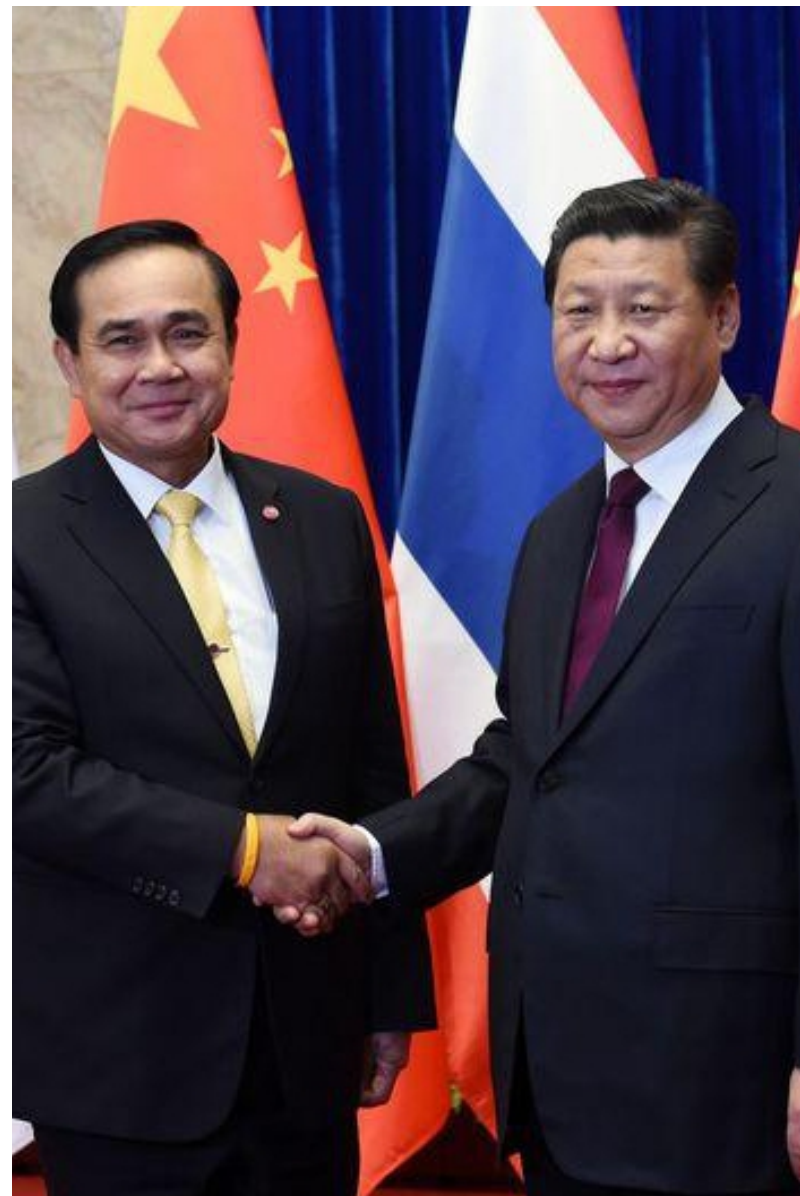


Image: www.reuters.com

“Generally speaking, the Thai government has never deeply analyzed globalization in terms of changing the existing unequal economic and social structures. Normally, the Thai government looks at the globalization process as an opportunity for economic expansion and more integration into the global supply chain.

On the negative side, the Thai government usually cites the need to readjust the Thai economy, including the farming sector, due to the inevitable forces of globalization. However, in practice, these readjustment programs are not easy for those who have limited access to resources, to knowledge, to markets, and, in several cases, even to the internet.

During these past three decades, there have been several government policies that aim to protect Thai farmers from actual (low) market prices by offering higher (government) prices. These policies, by their nature, are quite expensive since they have a high fiscal burden and can reduce trade opportunities. They also have short time periods since they have often been linked to swings in political outcomes. This is why the general economic situations of Thai farmers remain unchanged. Shortly after the end of the COVID-19 farm debt suspension period, the proportion of non-performing loans of the Thai Bank of Agriculture and Agricultural Cooperatives has increased to 12.5 percent.

One of the most controversial topics in Thailand during the last decade, and especially during the COVID-19 pandemic, is the principle of welfare system in the country, between universal welfare system versus targeted welfare system. Although after the pandemic, the universal welfare system has now gained more popular support in Thai society, the Thai government has made it clear that they are firmly committed to the targeted welfare system. However, in practice, the government's welfare card scheme cannot reach half of the 20 percent poorest groups in the country. At the same time, 30 percent of low-

income families with children between 0-6 years old cannot access the government's child allowance (600 THB/month) for low income families.

The Role of Progressives and Social Democrats in Thailand

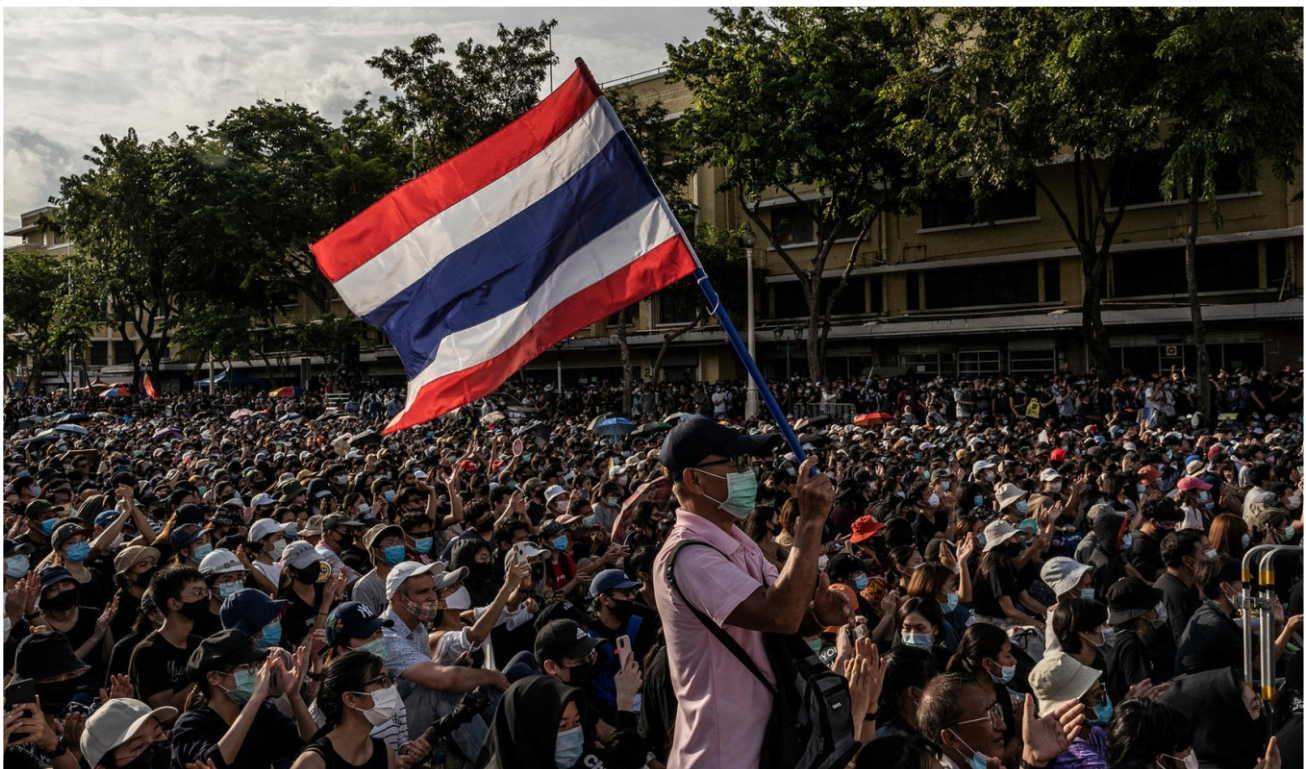
Obviously, the process of globalization is practically unstoppable now. However, a well-prepared, well-protected, and well-equipped people can still effectively participate in a more globalized world. Moreover, the unequal (existing) economic and social structure should not be taken for granted anymore. While economic restructuring in Thailand is essential, the democratic process is also required in order to ensure the meaningful and fair participation of all stakeholders within the country.

Therefore, based on these directions, the role of progressive and social democrats in Thailand should be as follows:

Promote a universal and comprehensive welfare system to protect the people from highly uncertain future scenarios and support the development of their potential in highly competitive markets.

“While economic restructuring in Thailand is essential, the democratic process is also required in order to ensure the meaningful and fair participation of all stakeholders within the country.

Image: www.usip.org



Ensure the basic rights of the Thai people by protecting their livelihoods from various development policies and projects, including the restructuring of power through the decentralization of public decision-making.

Close the gap in education and human development between the rich and the poor and between urban and rural residents in all aspects, in order to allow broad-based economic and social development and, at the same time, empower all Thai people.

Restructure economic resources, including taxes and fiscal policies in favor of pre-distribution (also called pro-poor investment policy), less market concentration, and redistribution (including progressive tax rates).

Protect democracy as a peaceful and creative way of public life (or living together), as a fair and meaningful decision-making process, and as an accountability system for the whole society.

Equalize international diplomacy for people (not only nations) to ensure that all concerns regarding globalization will be heard and addressed of by the international community. ■

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By: Indrasari Tjandraningsih

Globalization, Labor Flexibility and the Trade Union Crisis: The Experience From Indonesia

Introduction

Neo-liberal globalization has brought about radical changes in the world of work with the implementation of labor market flexibility that has broad implications for employment relations and working conditions. It emphasizes on labor cost efficiency.

Labor market flexibility is one among a variety of capitalist strategies to reduce production cost. Quoting Manuel Castells, other capital strategies concerning labor include downsizing or subcontracting certain parts of the business that can be performed in areas with lower labor costs or adopting new and innovative labor strategies such as temporary labor, part-time workers, and by automating certain tasks and functions and obtaining permission from their labor force to apply stricter conditions of work and payment in return for a furtherance of their employment (Bhalerao and Bhalerao 2017). In a more general sense, labor flexibility 'has changed labor standards, strengthened the bargaining power of employers, changed employment contracts, impaired employment security, and caused labor to become global while unions remained national (Jansson 2020).

The implementation of labor market flexibility, subcontracting and labor outsourcing as capitalist labor strategies is facilitated by state regulations. It brought a shift in work relations which was previously dominated by permanent workers into

“Neo-liberal globalization has brought about radical changes in the world of work with the implementation of labor market flexibility that has broad implications for employment relations and working conditions. It emphasizes on labor cost efficiency.

Image: www.adb.org



contract workers. The shift brought about changes in working conditions and labor rights, including the right to organize.

This article aims to explain how the implementation of labor flexibility in Indonesia has caused the union crisis. Indonesian trade unions, that once succeeded in pressuring the government to enact a social security law¹ through phenomenal concerted action, is now facing a turning point. In the last 10 years, unions have been confronting a serious challenge to maintain their existence due to the impact of labor flexibilization. Unions are struggling with the diminishing of their political influence and bargaining power.

Labor Market Flexibility and Its Impact on Workers and Unions

Labor market flexibility is a strategy adopted by capital to minimize the negative impact of economic shocks by hiring and firing workers which is a necessary step to allow business to adapt more easily to economic shocks as the economy liberalizes and internationalizes (Tjandraningsih 2013). It is understood as a powerful regime, created through the collaboration by a range of actors, policies and institutions, which systematically work to “flexibilize” all aspects of production and employment relations in order to maximize capital's profit-making opportunities (Tjandraningsih and Nugroho 2008).

At the practical sphere labor flexibility became the norm of labor relations once the Law Number 13/2003 on Employment was enforced. The law stated that labor outsourcing and business process outsourcing can be applied in the production process. Labor outsourcing is a way of recruitment using labor recruiter agencies while business process outsourcing is a business practice in which an organization contracts with an external service provider to perform an essential business function or task. Labor outsourcing is limited to performing non-core work, i.e.: cleaning service, security service, catering service, transportation service and oil and gas related work activity. The highly controversial new employment law, the Omnibus Employment Creation Law enacted in 2020 removed the limitations: all kind of work can use outsourced workers. The Omnibus Employment Creation Law, in particular, the employment cluster, has been strongly rejected by the majority of unions because it reduced the rights and the protection of workers by reducing

labor costs and mandating government withdrawal from work relation issues and handing over their authority to a bipartite process. In the new law employment regulation as well as other clusters on environment, business licensing, land rights, and investment aim to provide ease of doing business by relaxing various procedures in business and investment. The critical groups see the law as putting a high priority on investment at the expense of labor and the environment.

Labor outsourcing has changed work relations from permanent workers to contractual workers, daily workers, part-time workers, casual workers which reduces workers' rights. Non-permanent workers only receive a small wage and a few allowances while permanent workers get various benefits and allowances. Contractual and casual workers are vulnerable in terms of working conditions and bargaining power. Contractual workers also discriminated because they do the same job as permanent workers but with less rights and benefits. Further implications for contractual workers are the lack of job security, income security and social security.

Workers' vulnerability are also experienced by those who work in labor intensive industries such as garments, shoes and electronics which are integrated in the global supply chain.

Hiring contractual workers has significantly reduced labor cost since they only receive wages while permanent workers, aside from wages also get allowances such as health, safety and pension.

The advantage of hiring contractual and casual workers has made employers recruit more of them and reduced permanent workers. Data from plant-level unions show that the proportion of permanent and contractual workers are now 30/40 and 70/60. Before labor outsourcing was authorized by law, the proportion was the other way round.

The increasing number of contractual workers has a negative impact on trade union power. Contractual workers are afraid or are not interested in joining unions because it will bring harm to their jobs. Employers in subtle or direct ways threaten workers of not extending their contracts if workers join unions. The threat seems to work well since more and more workers are avoiding to become union members. They prefer to keep their jobs instead of becoming union members.

¹See Tjandra 2017.



Image: www.wamu.org

“The increasing number of contractual workers has a negative impact on trade union power. Contractual workers are afraid or are not interested in joining unions because it will bring harm to their jobs. Employers in subtle or direct ways threaten workers of not extending their contracts if workers join unions.

On the other hand, unions are still focusing on permanent workers to mobilize since they have not found a proper strategy to organize contractual and outsourced workers. This has led to a significant decrease in union density.² The decrease of union density and the bargaining power of trade unions is a global phenomenon and there have been various efforts to renew and revitalize trade unions. However, the search for the right strategy to revitalize unions has not been seriously executed in Indonesia.

The diminishing power of trade unions is happening more and more since the Jokowi administration. There were three substantial labor-related policies where unions were not involved in the process, i.e.: the 16-economic policy package, government regulation on wage and employment, and regulation in the Omnibus Employment Creation Law. All of the three policies contain regulation that are not in favor of workers and trade unions. The 16 economic policy package contain stricter requirements for trade unions in

special economic zones. The government regulation on wage has removed the negotiation process in minimum wage rise and replaced it with a formula for determining the minimum wage increase. The omnibus law minimizes workers' interests: decreasing job security with the contractual and outsourced work, simplification of the layoff process, a cut of severance pay and leave and add overtime, all of which are settled unilaterally without involving unions.

The above-mentioned issues in regulation concerning working conditions are priority issues for workers. Trade unions, as the legitimate organisation representing workers, are supposed to be involved in the process of policy formulation.

Various union actions to reject regulation that harm workers' rights ranging from demonstration, protest and lobby to the president³ have not succeeded.

²Union membership in Indonesia according to the Ministry of Manpower is decreasing in the ten-year period of 2007-2017 from 3,4 million to 2,7 million.

³The presidents of the big three union confederations (KSPSI, KSPI, KSBSI) have met the Indonesian president to extend their concerns on omnibus law, but unfortunately has not been successful in bringing any change in the law.

“ Neo-liberal globalization that created the unequal share of its benefit and marginalized workers and trade unions needs some correction measures. The government needs to step in and make fairer regulations

Union Revitalization

Union revitalization needs a new strategy amidst the fast and vast changing government regulation and capitalist strategy. Union revitalization requires innovative efforts in organizing, good governance, collaboration and coalition, and member services. Organizing needs to include the following ways: mobilize underrepresented groups of workers; improving good governance within union organization; exploring new collaborations and coalitions with other civil society groups and advancements in the area of digital unionism (Chinguwo 2022).

With the implementation of labor flexibility there is a need to think of ways and method to mobilize contractual and outsourced workers whose interests should be represented by unions considering their numbers are significantly increasing while their rights are diminishing. Collaboration and coalition-building with other civil society groups also need to be put as a priority agenda in order to amplify pressures to the government. Good governance and strengthening internal democracy are imperatives to strengthen the institutional basis of union activities. In the digital era utilizing social media platforms to organize and service union members is a must.

Union revitalization will be meaningful only when government and employers weigh in union existence and put unions as legitimate organizations representing worker's interest. It should be re-recognized by both employers and government that unions are their important partners in industrial relations. An equal relationship needs to be maintained to create sound industrial relations and just economic growth. Neo-liberal globalization that created the unequal share of its benefit and marginalized workers and trade unions needs some correction measures. The government needs to step in and make fairer regulations. Exploited workers and weak trade unions are not beneficial for economic growth efforts or capital accumulation because it will only increase potential conflict as a result of dissatisfaction and gaps in the socio-economic and political sphere. ■



Image: www.insideindonesia.org

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Malaysia's Push for Equitable Economic Development

Globalization and Economic Development in Malaysia

Malaysia has had an ambivalent relationship with globalization. On one hand, Malaysia's economy has been strongly driven by globalization—harnessing trade, foreign capital, and foreign labor to grow. It has transformed the economy from one that was highly dependent on agriculture and commodities into one driven by manufactured exports and service sectors, thereby reducing poverty and inequality locally.

On the other hand, the over-reliance on low-skilled foreign workers has distorted and compromised the competitiveness of the economy, leading to high unemployment among locals and graduates, and resistance towards the implementation of the minimum wage (Ang et al. 2018; Radhi 2022; Sheikh Ahmad Tajuddin et al. 2021).

Malaysia is one of the most open economies in the world with a trade to GDP ratio of 130.73 percent in 2021 (Malaysia's trade to GDP ratio was 116.43 percent for 2020, 122.99 percent for 2019, 130.40 percent for 2018) (Macrotrends LLC n.d.). Openness to trade and investment has been key in the creation of jobs and income growth, with about 40 percent of jobs in Malaysia linked to export activities (Oxford Business Group 2022). However, there is a drawback: the openness of the Malaysian economy has made it vulnerable to global economic shocks (Lee 2021).

Foreign Labor in Malaysia

The World Bank (2020) estimated that Malaysia's foreign workforce hovers around 15 percent of the total labor force, concentrated mainly in lower-skilled occupations (World Bank Group 2020)—sectors such as manufacturing, construction, plantation, agriculture, services and domestic help (Rahmah and Ferayuliana 2014; Malaysian Investment Development Authority n.d.).

Initially, the development of export-oriented manufacturing did not call for the extensive use of foreign workers. However, due to steady economic expansion and demographic changes, by the early 1990s, Malaysia began to experience labor shortages, and relatively cheap foreign labor helped sustain the manufacturing sector for the past 30 years.

Despite that, the readily available pool of cheaper low-skilled foreign workers discourages industrial upgrading. While grants and incentives for automation and technology adoption are helpful, they are by themselves insufficient to create the necessary push for firms to move up the value-chain (Ang et al. 2018).

Research also shows an alarming trajectory. Malaysia's share of low-skilled job creation has increased to 16 percent from 8 percent in 2002 to 2010. As a matter of fact, 73 percent of net jobs created in 2015 to 2016 went to foreigners, of which almost all of them had at most a secondary education.



Image: www.hrmasia.com

“Consequently, Malaysia risks being trapped in a low-wage, low-skill conundrum. Corporations are still engaged in a 'race to the bottom' in relation to labor costs and are unwilling to pay more. By keeping wages low, it removes the pressure to change the status quo.

On the other hand, the number of graduates in Malaysia increased by around 880,000 persons over the same period, but with a corresponding high-skilled job creation of only 650,000 persons. This translates into increasing graduate/youth unemployment from 2011 to 2016, outstripping that of non-graduates.

Consequently, Malaysia risks being trapped in a low-wage, low-skill conundrum. Corporations are still engaged in a 'race to the bottom' in relation to labor costs and are unwilling to pay more. By keeping wages low, it removes the pressure to change the status quo. This distorts the natural wage clearing mechanisms that would have otherwise driven wages upwards. This has led to the depression of overall wages, particularly wages of low skilled locals (Ang et al. 2018).

Politicians on both sides of the divide, upon becoming government, have always been caught between a rock and a hard place on the policy of foreign labor, as there has been resistance towards the reduction of foreign worker employment and

also the implementation of minimum wage for the protection of local low-income workers (Ang et al. 2018; Radhi 2022; Sheikh Ahmad Tajuddin et al. 2021).

Poverty and Inequality in Malaysia

Interestingly, globalization has indirectly benefited the rural poor, through rural development programs (such as the Federal Land Development Authority scheme).¹ The success factor in 'eradicating poverty' has been identified as the absorption of educated rural workers into higher income occupations in the industrial and services sectors. Thus, insofar as the country's manufacturing sector is export-oriented, globalization has had a positive and indirect impact on the decline in the incidence of poverty in Malaysia.

Despite the plethora of benefits Malaysia reaped from globalization, inequality prevails. Inequality mainly worsened due to the pandemic.

¹The Federal Land Development Authority (FELDA) is an agency of the Malaysian government that handles the resettlement of rural poor to newly developed areas called schemes or settlements—the editor.



Image: www.isis.org.my

“To eradicate Poverty, the HARAPAN in its election manifesto provided a series of proposals to reduce inequality, which includes Micro-credit Financing, Direct Cash Transfer aid, Free Breakfast Programmes, assistance for children from impoverished families, Affordable Home Ownership and Rental, Community Health Access, building Safe Spaces in urban poor residences, and Community Kitchen initiatives.

According to UNICEF, the COVID-19 pandemic has exacerbated pre-existing poverty, inequality and social exclusion challenges (UNICEF Malaysia). Based on the *Household Income Estimates and Incidence of Poverty Report, Malaysia, 2020* from the Department of Statistics Malaysia, the incidence of absolute poverty increased from 5.6 percent (2019) to 8.4 percent. Meanwhile, the incidence of hardcore poverty is estimated to increase from 0.4 percent (2019) to 1.0 percent which involved 78.0 thousand households (2019: 27.2 thousand households) (Department of Statistics, Malaysia 2021).

Inequality in Malaysia as measured by the Gini ratio has increased slightly in 2019 due to the effects of the pandemic. The 2019 findings depicted the value of the Gini coefficient that was

calculated based on gross income increased by 0.008 percentage points from 0.399 (2016) to 0.407 (2019). Over the said period, the Gini coefficient in urban areas increased from 0.389 to 0.398 whereas the Gini coefficient in rural areas rose from 0.364 to 0.367 (Department of Statistics, Malaysia 2020).

Unlike universal welfare states, and due to existing structures, the government stratified citizens according to their income levels to channel aid to vulnerable groups more effectively—namely the Top 20 percent (T20), Middle 40 percent (M40), and Bottom 40 percent (B40). This is based on the Department of Statistics' (DOSM) Household Income and Basic Amenities (HIS/BA) survey of 2019. The HIS/BA is conducted twice every five years (Department of Statistics, Malaysia 2021).

The government of Malaysia has been focused on addressing the well-being of the poorest. Following the removal of broad-based subsidies, the government adopted targeted measures to support B40 communities, mainly in the form of direct cash transfers to low-income households. This form of subsidy has transcended election cycles and outlasted governments.

However, there are still gaps in the statistics, leading the *Pakatan Harapan* coalition (Alliance of Hope) to propose Action Plans to protect the most vulnerable in society.

Pakatan Harapan's (Alliance of Hope) Action Plan for Malaysia

Pakatan Harapan is a Malaysian political coalition consisting of center-left political parties, namely the Democratic Action Party (DAP), the People's Justice Party (PKR), National Trust Party (AMANAH), and the United Progressive Kinabalu Organisation (UPKO). Pakatan Harapan is now in government after winning the 15th General Elections.

The Action Plans proposed by the Pakatan Harapan coalition to combat inequality, *inter alia* are: (A) Eradicating Poverty, and (B) Strengthening Worker Protection (Pakatan Harapan 2022).

To eradicate poverty, the HARAPAN in its election manifesto provided a series of proposals to reduce inequality, which includes Micro-credit Financing, Direct Cash Transfer aid, Free Breakfast Programmes, assistance for children from impoverished families, Affordable Home Ownership and Rental, Community Health Access, building Safe Spaces in urban poor residences, and Community Kitchen initiatives.

In order to strengthen worker protection, there are measures to take care of workers' welfare by further improving minimum wage, social security schemes, and eliminating challenges stemming from workplace discrimination.

Conclusion and Summary

Globalization has had a very significant impact on Malaysia. The country's engagement in globalization can be traced to the pre-independence period. The engagement—through trade, foreign capital, and labor migration flows—helped shaped Malaysia as it is today.

The country's economic openness in terms of trade and investment brought about the development of an export-oriented manufacturing economy. However, this brought on another problem of over-dependence on low-skilled foreign labor.

The pandemic has exacerbated pre-existing poverty, inequality and social exclusion challenges, and the response of the government is direct cash transfers.

The Pakatan Harapan Unity Government supports globalization that is socially just. Therefore, the gaps within the system were identified, and policy measures proposed to protect the most vulnerable in society. ■

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By: Kamal Dev Bhattarai

Globalization and Nepal

During the 104-year autocratic rule of the Rana regime, from 1846 to 1950, Nepal adopted an inward-looking and isolationist approach. The Rana rulers only engaged with external powers to garner support for their regime's sustainability.

With the establishment of democracy in 1950, Nepal opened itself to the outside world. Subsequently, Nepal became a member of the United Nations in 1955 which provided an opportunity to engage and interact with the wide international community. Similarly, Nepal started establishing diplomatic relationship with big countries which paved the way for bringing foreign assistance.

After ascending as monarch in 1955, King Mahendra adopted a policy of diversifying Nepal's foreign and economic policy beyond India and China. But his move to dismantle multi-party democracy and replace it with the party-less Panchayat regime was a stumbling block to liberal policies both on the political and economic fronts.

During the 30 years of the Panchayat regime, there was stagnation in economic activities, although Nepal was interacting with the wider world and some sort of developmental activities were on the move. Yet the policies of the government, then, were not liberal to the extent that it could not become part of the global economy. This could have been the strategic approach of the regime precisely because a liberal economy also requires a liberal political order for which the regime was not really prepared for.

“During the 30 years of the Panchayat regime, there was stagnation in economic activities, although Nepal was interacting with the wider world and some sort of developmental activities were on the move. Yet the policies of the government, then, were not liberal to the extent that it could not become part of the global economy.

Image: www.thestatesman.com



The consequences of such policies was that Nepal's economy had suffered from a prolonged state of stagnation. During 1960-1985, the per capita growth rate was only 0.1 percent, argues Krishna Hachhethu – a political scientist at the Tribhuvan University. He further argues that industrial development was held back because the pattern of investment was highly concentrated in the trade sector.

Ganesh Kumar Shrestha (former executive director of Nepal Rastra Bank) states that after the 1980s, Nepal started liberalizing its economy under the structural adjustment program which ultimately opened the country to economic liberalization. Structural adjustment is one component of globalization. This first phase of that globalization could well be seen in the reform of the financial sector, which was initiated in mid-1980. Following this policy, Nepal secured foreign investment in the banking sector, Shrestha argues. The Nepal Indosuez Bank Limited and Nepal Grindlays Bank Limited were established in 1985 and 1987 respectively as joint venture commercial banks.

Shrestha observes:

Under the Structural Adjustment Program of the IMF, the financial sector was further liberalized in 1987. The focus of NRB was placed on indirect monetary control. The emphasis was laid on increased financial intermediation, deepening of financial markets and increase in the role of market forces in the financial system. The auction mechanism was introduced for the first time to sell treasury bills (NRB 1996).

As stated by Shrestha, measures taken mainly after the 1980s was the beginning of Nepal's embrace of globalization. After the restoration of multi-party democracy in 1990, Nepal adopted a policy of liberalization, privatization and marketization. Shrestha is of the view that after the restoration of democracy, the succeeding democratic governments under its open and liberal economic policy gave more emphasis on the liberalization of the financial sector. As a result, the Nepalese financial sector has grown very rapidly since 1990s, he argues.

Like other small countries, globalization came with both opportunities as well as challenges. First and foremost, it helped to strengthen democratic norms and values, human rights, rule of law, inclusion, and pluralism among others. On the economic front, Nepal adopted a policy of economic liberalization, increased foreign direct investment, expansion of the market and alleviate poverty. Similarly, there has been rapid developments in the areas of Information Technology.

At the same time, globalization generated a lot of challenges and there are various perspectives on its positive and negative implications in Nepali society. The liberalization policy adopted by the first government after the restoration of democracy in 1990 had drawn criticisms from political parties, mainly from left-leaning politicians and experts. They are of the view that the policy of liberalization and privatization led to the closure and collapse of government-owned industries, it led to rising inequality between rich and poor, and contributed to ballooning trade-imbalance.

Communist parties highlight the negative consequences of globalization. For instance, Nepal's Maoist party, which launched 10-year long insurgency, is critical of liberal economic policy. The political document presented in the party's plenum in 2021 by Pushpa Kamal Dahal states that through liberalization and privatization, big countries are exploiting the resources and manpower of poorer countries. The party is of the view that the anti-human effects of global imperialism and financial capitalism must be exposed. The party does not subscribe to the view that national boundaries are broken.

There is an intense debate within the Nepali Congress, the grand old democratic party, over liberalization and privatization. The party's senior leader Ram Chandra Poudel, who is critical of neo-liberal economic policy and is advocating for democratic socialism, has proposed new measures to bridge the growing inequality in Nepal. His opinion piece published in Kantipur Daily in 2020 talks about the growing inequality in health, education and agriculture due to the wave of globalization. He has proposed the implementation of a progressive tax system which means imposing more taxes on the income of rich people and waiving tax for poor people.

Globalization provided a lot of employment opportunities. The free flow of goods, services, labor, investment and technology has helped millions of people get out of the poverty. But it has also created inequality in Nepal after the rapid growth of economic globalization.

At the same time, like elsewhere, globalization has led Nepal towards more inequality between rich and poor. A report published by the World Bank reveals trends in income and wealth that shows the clear gap between the rich and poor: economic inequality is extreme and growing. In 2010/11, Nepal had one of the highest income Gini coefficients in the world, at 49.42, and the level of income disparity had increased considerably in the preceding fifteen years, the report says. The Palma



Image: www.nepal.ion.int

“Globalization provided a lot of employment opportunities. The free flow of goods, services, labor, investment and technology has helped millions of people get out of poverty. But it has also created inequality in Nepal after the rapid growth of economic globalization.

ratio, which compares the income share of the top 10 % and the bottom 40 %, shows a similar trend. Today, the income of the richest 10% of Nepalese is more than three times that of the poorest 40%.

The richest person in Nepal saw his net worth rise by US\$200 million in 2018. This represented a 14.5% rise from 2017, taking his total net worth to US\$1.5 billion. The rise in this person's wealth

could pay for more than half of Nepal's spending on social protection. It would also take a poor Nepali more than 100,000 years to earn this amount, according to the report.

According to Nepal's Human Development Report 2020, Nepal's overall human development loss due to inequality is below the loss experienced by most South Asian countries, except Bangladesh, the Maldives and Sri Lanka. Nepal is behind all South Asian countries in terms of inequality in income, however, having among the highest disparities in the region despite relatively lower inequality in health and education, the report says.

There are scholars who are of the view that globalization has internationalized Nepal's economic life, increasing its interactions and engagement with many countries of the world (Dahal 2020). But the benefits of globalization particularly that of economic globalization has not really been reaped by all. The capital it has generated has not been spent on the productive sectors of the economy. In contrast, it has only increased the culture of consumerism in the country.

This, perhaps, is the main reason why Nepal has not been able to generate its own internal economic market. The country depended too much on the services provided by globalization. Similarly, market-centered economic globalization is also responsible for destroying internal capacity, skills, knowledge, internal characteristics, production and labor markets.

Alongside globalization is the global aid regime which, in the name of assistance, tried to intervene in domestic affairs. Such an approach tried to impose some of the global agenda, either through social engineering which is not well taken in Nepal and has reverse results. In fact, globalization and marketization are two edges of the same sword and they need to be contextualized. In the absence of that they can have serious consequences for the internal production capacity of the state. Nepal's increased dependency on the outside world for everything is part of that phenomenon. Today, Nepali producers are struggling to get access in the international market but there is uncontrolled flow of international goods which is crippling local production.

To our dismay, economic liberalization has barely offered anything concrete to Nepal other than making it an appendage of the global market. Under the garb of liberalization and privatization – two important pillars of globalization – Nepal has

privatized public utilities such as education and health and as a result the people at large are not able to enjoy the democratic dividend. In hindsight, the two indicators of economic globalization, trade and investment sectors (import and export) have evolved disappointingly in Nepal. Instead of narrowing the gap between export and import transactions, liberalization widened it to an alarming level. While imports have skyrocketed, exports have dropped exponentially (Shakya 2019). Globalization has merely focused on trade and not on production and as a result the internal market was flooded with external goods and services.

This has reduced national productivity to the extent that Nepal has become a full importer of agricultural products. The remittance that constitutes a large part of Nepal's GDP (around 26 percent) is spent largely on importing day-to-day goods and services. This has a huge impact on the balance of payment. The financial sector that has boomed in the cities does not necessarily create employment for Nepal. In contrast, the money that is generated by the financial sector is reinvested again to make money not necessarily to create employment. What has happened in Nepal is jobless economic growth and not development which otherwise could have benefitted all. The ultimate result of such a state of affairs could be witnessed in politics – the rise of populism and nationalism are part and parcel of this sort of economic globalization.

Nepal became a member of World Trade Organization(WTO) in 2004 which further accelerated Nepal's globalization process. Countries like Nepal have not been able to reap the benefits from globalization. Presenting Nepal's position during the Ministerial Conference of WTO in 2022, Minister for Commerce and Supplies Dilendra Badu argued that the challenges faced by developing economies, mainly supply-side constraints, weak productive capacity, insufficient trade infrastructures, and non-tariff barrier, have constrained them in getting the benefits from the multilateral trading system.

Nepal's government is of the view that medium, small and micro enterprises (MSMEs) are the backbone of the economy in providing jobs, reducing poverty, and contributing to inclusive development. Minister Badu in WTO meeting said: “However, they have been least benefited from the international trade regime. Development partners, therefore, need to give high priorities in capacity development and technology transfer to MSMEs of (LDCs).

To minimize the negative effects of globalization, Nepal, since 1990 is implementing short-term and long-term visions in order to address the problem of inequality and poverty. The 10th Plan (2002 to 2007) has developed a policy of creating infrastructures to assist poverty alleviation and achieve high and sustainable economic growth by minimizing regional imbalance and social inequality through proper mobilization, allocation, and utilization of available resources.

The 15th plan unveiled by NPC states that Nepal's overall poverty and human development indicators have improved significantly. According to the document, the population below the poverty line is 18.7 percent, the multidimensional poverty index is 28.6 percent and the human development index is 0.579. Despite this, many of the targets set in the areas of poverty alleviation and reduction of economic inequality are yet to be met.

Nepal's progressive constitution adopted in 2015 has progressive provisions which aims to minimize the negative effects of globalization. The constitution states about developing a socialism-oriented independent and prosperous economy while making the national economy independent, self-reliant and progressive through the equitable distribution of achievements made in order to build an exploitation-free society by abolishing economic inequality.

As per the constitution, Nepal's government has ensured the right to get compulsory and free education up to the basic level and free education up to the secondary level from the state. The constitution further states that every citizen shall have the right to free basic health services from the state, and no one shall be deprived of emergency health services. The Nepali government has already adopted various social security and specific employment programs in order to minimize the effects of globalization. In this sense, Nepal's political parties have realized the negative consequences of liberalization and privatization and are taking measures to address the problems brought by globalization. ■

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Image: www.onmanorama.com



By: Justine Balane and Mark Diaz

Screw Global Competitiveness:

A History of Globalization's Effects on the Philippine Education System and How to Get Rid of It

The Philippines' globalization experience is marked by a chronic state of crises drawn over the years. The neglect of social services, the shrinking of local industries, and the resulting civic disempowerment has festered after decades of economic restructuring due to globalization policies that started even before the fall of the Iron Curtain.

The education sector bore the brunt of the consequences of globalization. In the 1960s, the Philippine education system was regarded as one of the most developed in the Asian region with high adult literacy, high participation rates and high cohort completion rates. This has steadily degraded after state policies, complying with globalization agreements, weakened the state's role and investment in human development.

During the 1970s and 80s, the World Bank and the International Monetary Fund (IMF) used their loan programs with attached conditionalities to manipulate the fiscal policies of countries in the Global South. From 1987-1995, the Philippines was in the top 10 country borrowers for education-related projects of these financial institutions. (Global Education Monitoring Report Team 2021). All the administrations from the 70s onwards toed the World Bank's line of molding the education system to the demands of the global market and surrendering the state's role to big businesses as provider of education services.

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Image: www.rappler.com



A negative effect of globalization has been the increasing privatization of the education system in the country. As private schools and universities have crowded out public schools, low-income families have been trapped in a vicious cycle where generation after generation are left out of the education system, spiraling into the poverty trap.

Private higher education institutions numbered to 1,729 all over the country while there are only 133 state and local universities and colleges. (CHED 2021) Higher education costs in private schools are estimated at Php100,000 (US\$1,800) on average. This is alarming in a country where 48% of the population is poor and a family of five earn only Php12,000 (US\$216).

The main culprit of the deregulated nature of the exploitative private sector-run education system can be traced back to the Education Act of 1982, the main framework of education governance which basically neutered the state's power to protect families from rising costs of tuition fees. This was implemented under the dictatorship of Ferdinand Marcos Sr. who was reliant on loans from the World Bank which his clan eventually plundered. The policy was a product of a series of education development projects, financed by the World Bank, starting from 1973.

A section of the Act reads: “Each private school shall determine its rate of tuition and other school fees or charges. The rates and charges adopted by schools pursuant to this provision shall be collectible, and their application or use authorized, subject to rules and regulations promulgated by the Ministry of Education, Culture and Sports.”

This gave for-profit educational institutions, owned and managed by the country's tycoons, uncontested power to raise tuition fee rates and impose miscellaneous fees.

Fast forward to 2012, the policy of deregulation of the education system has become a norm. The Philippine government introduced two more years in the secondary education level. To fill in the gap in public schools, one of the country's giant conglomerates Ayala Corporation and transnational corporation Pearson went on a commercial venture to establish Affordable Private Education Center (APEC) schools, a business model which easily raked them a profit of more than US\$125 million in their pilot year (Riep 2015).

Globalization policies have also led to the obsession of the Philippine government to be a competitive global player, often at the expense of addressing domestic woes. The Philippine government wants

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Image: www.goodnewsphilippines.com



to be seen as a model creditor in the eyes of international financial institutions so they accede to demands of prioritizing debt repayment over financing basic social services such as education.

In 1989, a study published by Oxfam reported that the Department of Education, Culture and Sports (DECS) received a Php24 billion (US\$480 million) budget, a meager sum compared to the Php97 billion (US\$1.9 billion) spent on debt servicing. In the same year, the Philippines' economic managers with the guidance of IMF officials, endorsed the 1989 Letter of Intent to the International Monetary Fund, which outlined the policy of giving debt repayments the biggest slice of the pie in the annual budget appropriations. (Ofreneo 1991)

Fast forward to 2022, education financing is still a paltry sum compared to repayments made to global and domestic lenders. According to the 2023 National Expenditure Program (NEP), Php1.6 trillion (US\$32 billion) will be allocated to debt servicing compared to the Php852 billion (US\$17 billion) of the Department of Education. This is while state universities and colleges will suffer a Php10 billion (US\$200 million) budget cut in 2023.

The Commission on Higher Education over the years, because of globalization policies that tied the hands of the state from performing its duties to protect, have been rendered toothless. Sections of the Education Act of 1982 that applied pressure on public schools to generate their own income streams and to open partnerships to the private sector made government agencies mandated to regulate, inutile and ineffective.

A World Bank paper in 1988 recommended for the Philippine government to “rationalize” public higher education institutions by having them compete for financing with private schools. Instead of direct state investment to public colleges and universities, financing will be done through student scholarship programs, limited through means testing, which schools will compete for in attracting more government scholars. Public schools were also encouraged to raise fees so that future profits can finance these subsidy programs.

This same language is evident years later under the government's Roadmap for Public Higher Education Reform of 2011 where programs of state universities and colleges that are deemed inefficient and “tend to crowd out private provision” were shut down (CHED 2011). With the shutdown of these state university programs, financing will go to programs that “respond to industry needs” such as semiconductor and electronics and business process outsourcing.

There is an intensive push coming from Philippine education agencies to align learning outcomes of higher education to the demands of globalization. The Commission on Higher Education on its strategic development plan for 2017-2022 stressed that there is that there is a need for the Philippine education system to upgrade its systems and programs towards achieving global competitiveness (CHED 2017). Consistent with keeping at par with globalization, CHED's 1995-2005 long term development plan also underlines its major objective on striving for world competitiveness to exponentially increase labor and manpower resources. Putting premium on Science and Technology (STEM) has also been one of the key goals of the Commission in its 10-year plan in which it states:

1. Encourage HEIs to improve or enrich higher education curricula and undertake educational innovation or reforms to cope with emerging needs and demands of a newly industrializing country . . . 3. Provide attractive incentive for students to pursue scientific engineering, and technology programmes and other programmes related to the strategic needs of the country.

In 2002, the Asian Development Bank and the World Bank under the administration of President Gloria Macapagal-Arroyo sponsored the *Millennium Curriculum* in pursuit of producing a globally competitive labor force. Under the *Millennium Curriculum*, subjects such as Math, Sciences, and English were emphasized putting subjects like Social Sciences and Humanities into the sideline of the Philippine education system. This extreme devotion of the Philippine education system to being globally competitive has only served the needs of transnational economic forces and domestic elites falling short in addressing social and economic problems of poor majorities.

The productivist view of globalization on education has also taken away the main tenets of education for active citizenship. Educational institutions have a key responsibility of molding citizens to engage in political affairs, evaluate programs and projects by the government, and be empowered to participate in nation-building, among others. Since the time globalization policies have permeated Philippine educational policies, the overall curriculum infrastructure has been oriented towards producing mere human capital necessary for the market.

By divorcing education from its role of molding active citizens, the education system has alienated students from the day-to-day realities of their own communities. Instead, they are geared towards

providing cheap or uncompensated labor to capital while in school, in the form of unpaid internships or work-immersion programs. The mandated National Service Training Program (NSTP) which is aimed at enhancing the civic consciousness of young learners is under threat of being replaced by a mandatory militarism course.

The Philippine state also used the education system in distorting what it means to be an active citizen. Under the late dictator Marcos, the education system became a significant tool in facilitating the mainstreaming of migrant labor and in advancing his government's labor export policies. Marcos' labor export policy served as glossy plaster for the dearth of the development of local industries and employment opportunities in the country. In textbooks published under Marcos' New Society and financed by multilateral agencies, active citizenship was equated with participating in the deployment of Filipino workers abroad.

The education system in the Philippines is in dire need of salvation from the failures of globalization. The worsening inequality and the aggravating education crisis in the country are proof that globalization has overstayed its welcome. For us progressives, the vision for our education system must be clear: education should be liberative, it should develop people to become better humans. The education system must break off from its parasitic relationship with transnational corporate elites, who for far too long, exploited the labor of the working class, robbing them of their dignity.

Globalization's harmful influence on our social services deserve a critical questioning. The question then stands: how can we break free from globalization? Student movements in the Philippines have already shown the way of defying a future sold to the highest global bidder.

In 2017, student movements won the campaign for the passage of the Free Tertiary Education Act which mandated for state universities and colleges to eliminate tuition and other fees. This was won despite intense lobbying by the business sector to reject the legislation and opt for a financial scheme that would direct some state funds to for-profit schools instead. The passage of the law was a stark contrast from the Philippine government's decades-long policy of leaving higher education provision to private corporations.

In August of 2022, democratic socialist Akbayan Youth along with the Student Council Alliance of the Philippines (SCAP) released its call for the declaration of an education crisis. This call to declare an education crisis carries the demand of a broad base of student organizations, student

councils, and other youth formations to address the 12-point education agenda:

- Increase education budget and expand budget utilization monitoring
- Urge Schools to Immediately Release Responsive Guidelines for the Safe Reopening of Schools
- Ensure All-inclusive and Accessible Education
- Provide Accessible and Quality Mental Health Services
- Pass the Students' Rights and Welfare (STRAW) Bill
- Protect Safe Spaces and Recognize SOGIE Equality in Schools
- Oppose Historical Distortion and Disinformation
- Provide Adequate Educational Infrastructures and Materials
- Oppose Mandatory ROTC, Uphold Academic Freedom
- Develop Contextualized Curriculum and Effective Pedagogy
- Expand Social Welfare Programs
- Modernize Administration and Bureaucracy

The campaign by the student movement has gained traction, leading to the filing of Resolution 901 in the Philippine Senate which called for the state to respond to the students' wellness needs, craft a plan to address education's multiple crises, and utilize the education budget effectively. There is no greater time for the education system to be reimagined as an accelerator for our humanist political project than now. In a time where authoritarians are taking hold of seats of power, where corporations are polluting our way to mass extinction, a liberative education system is even imperative to wake the working class from stupor. If we are to create a fairer and freer world, a citizenry educated about their latent power, their rights, and a progressive vision will provide the tools to build it. ■

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By: Andina Dwifatma

Shrinking Civic Space

How Threats to Democracy Affect Civil Society and the Media

The trend of shrinking civic space for civil society organizations (CSOs), media, and academics has been occurring even before the COVID-19 pandemic. Rather than improving, civil society is experiencing tougher circumstances to play its role as one of the pillars of democracy. Civil society in its broadest definition consists of the public working collaboratively for democracy and the protection of public rights (Ghaus-Pasha 2005). Thus, as a result of the deterioration of civil society, the state and the market are becoming stronger.

Civil society groups from different parts of the world have been experiencing worsening shortages of resources to do their work. They face the problems of public distrust and uncertainty regarding their relevance and legitimacy, legislative and administrative measures by governments to limit civil society's action, and reliance on donor funding, particularly for civil society in the Global South (VanDyck 2017). There are also CSOs that are funded by political parties and elites, which muddies the precise definition of a civil society organization and may alter the public's perception of them.

The Indonesian government enacted a new Penal Code (KUHP) in December 2022,¹ its most recent legislative initiative. Articles such as “Contempt of the President and State Institutions” in the new

“Civil society groups from different parts of the world have been experiencing worsening shortages of resources to do their work.”

Image: www.adb.org



¹ KUHP stands for *Kitab Undang-undang Hukum Pidana*, which literally means Law Book of Penal Code—the editor.

penal code could be detrimental to the people's freedom of expression, which is essential for the role of civil society as government watchdogs and ensure the system of checks-and-balance. Contempt may be difficult to define, and government criticism may fall within this category. With so many regulations in the KUHP aimed at preventing people from criticizing those in power, the new code has the potential to harm democracy by preventing individuals and groups from voicing their opinions on crucial issues (Komnas HAM Republik Indonesia 2022).

The same holds true for the media. Even though there are specific laws for journalists (“UU Pers”), those in power have a tendency to use other laws, such as the Electronic Information and Transactions Law (“UU ITE”), to imprison journalists. The new Penal Code will only facilitate this for those in authority.

There is also the issue of financial sustainability for media. The majority of media outlets continue to rely on click-based advertising for revenue (Este and Cassimaly 2016). Consequently, they must produce sensational and click-worthy news regardless of the significance of the issue. News about those without a voice and left behind is often overlooked because it is not clickable. Journalists are also frequently underpaid and susceptible to *doxxing* (the act of revealing someone's personal information online) as well as cyber and offline attacks. Currently, they rely on solidarity among themselves by supporting each other in the face of crisis.

The Bali Civil Society and Media Forum (BCSMF) 2022 discussed how it is pertinent and timely for civil society, media, academics and business to be in the same platform to keep democracies alive. One way is to do more research-based, cross-sectoral collaboration among civil society to promote democracy. Also, since CSOs and journalists are the channels that democracy needs to engage the grassroots, it is only sensible for government representatives to negotiate and provide a sustained platform for civil society and media to generate networks and knowledge.

To form what is known as participatory democracy (della Porta 2019), civil society must come together. We must stop reducing 'democracy' to events such as elections; rather, democracy should be understood as an ongoing process in which individuals are granted the right to voice their concerns and hold those in power accountable. CSOs and academics must collaborate on specific issues in order to encourage the government to create better policies.



Image: www.iseas.edu.sg

“Collaboration is also a central concept in the media industry. Recent research indicates that collaborative or participatory journalism may be the future of the media industry.

Collaboration is also a central concept in the media industry. Recent research indicates that collaborative or participatory journalism may be the future of the media industry (Heikka and Carayannis 2019; Lawrence et al. 2018; van der Haak et al. 2012) because it bolsters the journalistic values of public service. By involving the public in every aspect of the news workflow, from choosing the news topic to reporting and even co-writing with the press, there will be a sense that news is a public good, something that is done for the benefit of all.

Similar initiatives, such as Project Multatuli, currently exist in the Indonesian media industry. Their membership program entails inviting members (“Kawan M”) to editorial meetings where they can submit news ideas and contribute to a reader-specific column. This strategy was also employed by older media such as *Tempo* magazine. They auction off news topics for readers to vote on and link the poll to the crowdfunding website kitabisa.com, where readers can fund the reporting. Then, *Tempo* invites some readers to co-report alongside the journalists and provide financial reports on the funds collected.

Global democratic backsliding (Wunsch and Blanchard 2022), which occurs when the government subtly erodes democratic safeguards until the public suddenly realizes they have been dismantled entirely, is a phenomenon of our time. Now is the time for the public to collaborate and put up a good fight against the state and market in order to ensure the survival of democracy. ■

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By: Francis Isaac

Globalization's Unintended Consequence

In May 2008, journalist Fareed Zakaria released his book *The Post-American World*, which *Publishers Weekly* described as a “lucid, thought-provoking appraisal of world affairs” (2008). Nearly 300 pages in length, the volume contains one of the most penetrating analyses of globalization, arguing that heightened economic interdependence and the spread of capital across the world has led to the “rise of the rest.” Characterized by the economic and political empowerment of the developing world, we now live in a world wherein “countries in every region are becoming politically stable, economically strong, (and) culturally confident—and as a consequence they are asserting themselves on a global stage” (Zakaria 2012: xi-xii).

“Look around,” Zakaria writes. “The tallest building is now in Taipei, and it will soon be overtaken by one being built in Dubai. The world's richest man is Mexican, and its largest publicly traded corporation is Chinese...By many measures, London is becoming the leading financial center, and the United Arab Emirates is home to the most richly endowed investment fund. Once quintessentially American icons have been appropriated by foreigners. The world's largest Ferris wheel is in Singapore. Its number one casino is not in Las Vegas but in Macao, which has also overtaken Vegas in annual gambling revenues. The biggest movie industry, in terms of both movies made and tickets sold, is Bollywood, not Hollywood” (ibid.: 2-3).

The book further notes that the economic contribution of non-Western nations has led to increased prosperity and the unprecedented growth of the global economy. Citing the “movement of Western capital to Asia and across the globe,” Zakaria attests that the world's economic output grew from US\$22.1 trillion in 1990 to US\$62 trillion in 2010, with emerging markets accounting for nearly half of this growth (ibid.: 21). Even COVID-19 failed to halt this trend, as the global economy grew by 12 percent within the short span of a year—from US\$94 trillion in 2021 to US\$100 trillion in 2022. Because of their newfound wealth, the “rest” have begun to catch up to the West, thereby creating (in Zakaria's own words) “a truly global order” (ibid.: 4).

The World Bank's former Chief Economist, Francois Bourguignon, also shares this view, claiming that the “expansion of international trade, the mobility of capital and labor (as well as) the spread of technological innovation have partially bridged the gap between the wealthiest countries and the developing countries” (2015: 3). This means that inequality between countries “has started to decline” (ibid.: 2), and “will continue to fall for some (foreseeable) time” (2016: 11). Bourguignon traces this development to the early 2000s, with the “rising fortunes of the developing world, particularly China and India” (ibid.: 11).

But there's a catch.

Inequality Within Countries

While global inequality has significantly declined, inequality *within* countries is now on the rise. According to Bourguignon, part of the problem is due to the worsening income gap in much of the industrialized West, including the United States, where the Gini coefficient rose by six percentage points during a 30-year period from 1990 to 2020.

But the situation is also equally dire in the developing world, particularly here in the Asian continent. In its 2018 report, for example, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) disclosed that though the region had experienced unprecedented development in recent decades, “economic growth has not been inclusive, leaving millions of people in a disadvantaged and precarious situation” (UNESCAP 2018: 20).

Ironically, the problem of inequality is being caused by the very same process that has enabled the “rest” to stand toe-to-toe with the West. Writing in 2016, Bourguignon argued that the

“same factor that can be credited for the decline in inequality among countries can also be blamed for the increase in inequality within them: globalization” (14).

One issue, in particular, is the practice of offshoring, wherein Western companies move their production to countries like India, Thailand and the Philippines to take advantage of the developing world's massive cheap labor. This, in turn, allowed Asia, Africa and Latin America to gain fresh capital and achieve faster economic growth. But this new prosperity has created a new elite, thereby increasing domestic inequality in much of the Global South. China's 1.4 billion population, for example, has an average net salary of US\$1,060 per month. But it is also home to 562 billionaires, with the richest 10 percent owning 62 percent of the country's wealth.

At the same time, inequality is severely affecting workers in the industrialized West. As firms seek cheap labor elsewhere, jobs have grown relatively scarce in Europe and the United States, resulting in the dramatic fall, not only of real wages, but of the quality of life as well.

“While global inequality has significantly declined, inequality *within* countries is now on the rise.



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“Because inequality has become one of the most pressing and powerful threats to human progress, various social movements have emerged across the globe to address this malady.

Social Movement Response

Because inequality has become one of the most pressing and powerful threats to human progress (World Bank 2016), various social movements have emerged across the globe to address this malady. Understood as collective campaigns of claim-making, social movements appear “as a response to a felt sense of injustice” (Johnston et al. 1994: 3-4), with members acting “on the basis of a shared collective identity” (Diani 1992: 13).

One good example is the Progressive Alliance (PA), which was formed in Leipzig, Germany on 22 May 2013. Describing itself as a “network of progressive forces for the 21st century,” PA is composed of 118 political parties and 28 associated organizations, all seeking to create “a global political and economic system which places humans at the center of attention” (Progressive Alliance 2013: 1).

Specifically, the Progressive Alliance aims to end the “sharp trends towards inequality” since these “undermine democratic processes” (2016b: 1). For this reason, PA sees the need to “invest in our educational systems” and to “invest in our economies to provide for decent jobs” (ibid.: 6). This requires the “preservation and expansion of the welfare state” that could provide “health, pension, accident and disability insurance” to enable each individual to “live one's own life in self-determination” (2016a: 6).

A similar formation also exists here in the Asian region.

Formed in 2009, the Network for Social Democracy in Asia (Socdem Asia) has a dozen political parties and organizations working to “combat inequality and ensure human dignity for all” (2018). Present in 13 countries, the Network describes capitalism as a “system where the rule is to survive the race to the bottom” (ibid.: 2) and offers an alternative vision wherein “income is fairly distributed, (and) corporate hegemony is reversed” (ibid.: 3). This requires the creation, Socdem Asia argues, of a social state that provides a “broad spectrum of basic social services including health, education, clean water, electricity, humane housing, education, adequate and affordable food for all, and living pension and assistance to vulnerable groups” (ibid.: 4).

They also stress the importance of a “people-centered regional integration” that not merely focuses on free trade but also addresses “shared concerns among nations, from climate change to food security, poverty eradication, workers' rights, health and migration” (ibid.: 4).

These proposals are ambitious, to be sure. But these would have to be realized if we are to tame a world that now allows some to be more equal than others. ■

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Image: www.brookings.edu



By: Andi Saiful Haq

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

“While globalization should not be viewed as inherently repugnant or unfair, its shortcomings and limitations must be recognized and addressed so that social democrats can build a much better future for everyone.

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.

While globalization should not be viewed as inherently repugnant or unfair, its shortcomings and limitations must be recognized and addressed so that social democrats can build a much better future for everyone.



Image: www.tsetkab.go.id

“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.

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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