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# Social Democracy

Journal



# Managing the Welfare State

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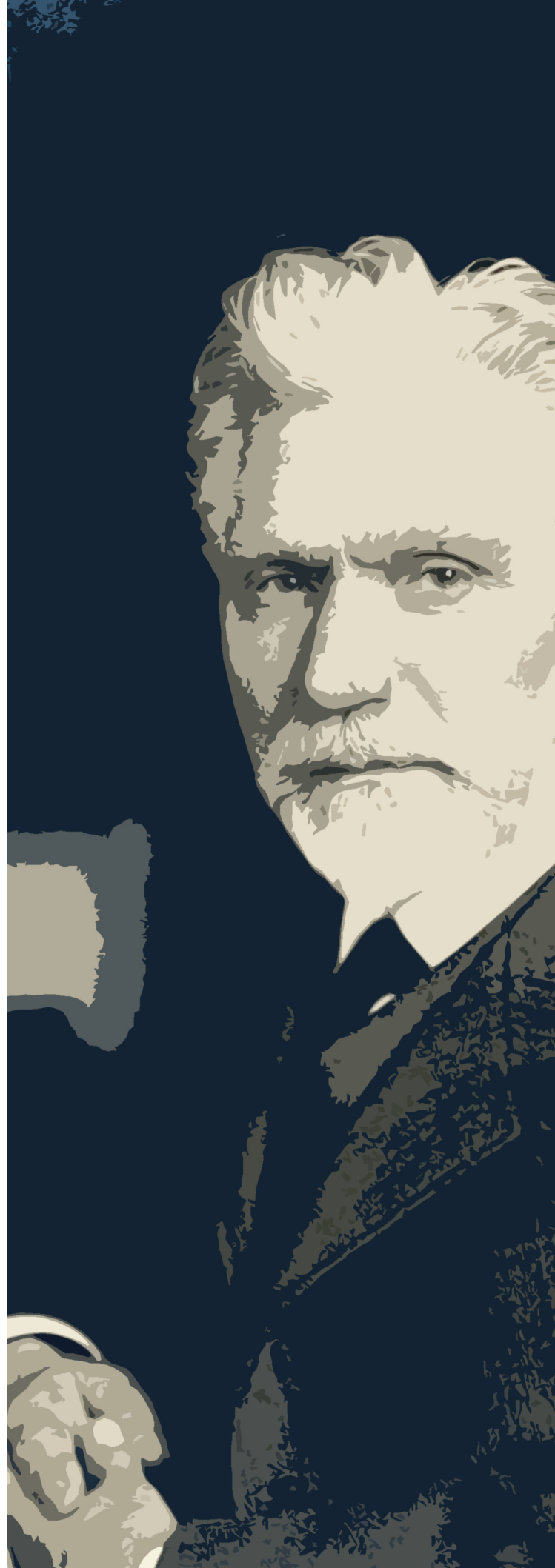


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“ But you will only agree with me  
that **we have to draw up**  
a programme which is not  
**exclusively socialist** but  
also **democratic.**

Otherwise we cannot claim  
the name of **Social Democrats**  
and think about a solution  
of the **social question**”

(August Bebel, 1869)



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# Greetings

The second edition of the Journal is coming forth, continuing the first edition published in December 2010. It is hard to consistently publish a Journal since there is need for organizing, diligence and patience. This second edition is published after reviewing all the activities and discourses that have been occurring in the last one year.

In the beginning we are publishing 3 articles from the conference in Penang 19 - 22 November 2009 with the topic "Effecting Real Change in Local Governance: Perspective For Social Democratic Policies." The interesting feature of the conference is that it is organized in Penang, a state in Malaysia that is led by the social democratic Democratic Action Party (DAP) which won the election and became the ruling party. It is hard to imagine that in Malaysia, an authoritarian country, the ruling party in the federal government is no longer the UMNO. Through this article, the editors hope that the readers can observe and learn what a ruling social democratic party has conducted on issues ranging from public needs such as public transportation management and drinking water. In addition, it is interesting to observe its political position under the power of the ruling federal party.

The Journal also publishes a number of articles on ASEAN China Free Trade Agreement (ACFTA) about the conference in Jakarta that was conducted on 22 February 2010. The Agreement has been running effective since 1 January 2010, however it is obvious that ASEAN coun-

tries, especially Indonesia, are not ready to face the situation. These circumstances make the articles and the conclusions of the conference especially interesting.

It is also interesting to observe the political change in the Philippines in relations to the general election that was recently held. The Philippines and Indonesia are now known as the most democratic countries in Southeast Asia. However, economically they still lack behind some other countries. According to World Bank data, in 2009 Indonesia with a GNI per capita of USD2,230 and the Philippines with USD1790 are still far below Singapore, USD37,220 and Malaysia with USD7,230 or Thailand with USD3,760. At the same time, China has been growing significantly. Ten years ago China's GNI was below Indonesia, now China manages to pass Indonesia and Malaysia with a GNI of USD3,590. The question is why the most democratic countries in Asia are economically weak. Is it perhaps because they are too liberal and incorporates neoliberal ideas? It seems that a more prominent role of the state is still needed together with a set of regulations that are pro the people and pro to the national interest. It is unacceptable that the free market regulates all because the dependency on capitalist entities will divert funds and resources abroad.

An article about the contemporary politics in Sri Lanka will also be published, followed by an article about Rieke Diah Pitaloka. She was a celebrity and now has become a competent female politician. Even though Rieke was a celebrity, the role

she is playing is close to the poor. As a politician, she often becomes the voice of the poor and labors. She is consistently fighting for a law on social security for workers. Through this interview we can find out about her opinion mainly about her commitment in improving workers condition.

As before, this journal also provides the readers with a book review that is written from a social democratic perspective.

The editorial board also welcomes an important seminar that will take place this October. This seminar is titled "Growth, Social Balance and Sustainability: Perspectives for Social Democratic Policies in Asia". This conference is organized together by the Friedrich - Ebert - Stiftung, the Institute for Welfare Democracy and the Olof Palme International Center. The conference will mainly address the economic and business developments based on social democratic perspective which accepts the role of social market economy. A number of parties and figures will be presented in this seminar on 19 - 22 October 2010. In the upcoming journal (third edition) the conclusions and papers of this conference will become an interesting topic.

After all, the editorial wants to invite readers to contribute for the next edition of the journal. The editorial will always try to improve the content of this journal and offer more interesting and varied articles. We wish you happy reading.

From the editors,



## The Network of Social Democracy in Asia sent **international observers** to the Philippines 2010 National Election



IOM members and army and police

racy in Asia. Akbayan also took part in the election contesting in both the senatorial and congressional race. The Network delegates joined 20 other international observers from the United States, Europe and Asia. While it was reported that there were about 300 international observers during the Philippines election under different election watchdog organizations, the Network delegates were invited to be part of the COMPACT International Observers Mission (COMPACT-IOM). COMPACT or the "Compact for a Peaceful and Credible Elections" is an independent watchdog consisting of 21 civil society organizations with the cooperation of COMELEC, the Philippines Commission on Election. The main convener of COMPACT is the non-governmental Active Citizenship Foundation (ACF).

The 2010 Philippines election was seen as crucial to the country because the last national election in 2004, which saw President Gloria Macapagal-Arroyo return to office, was plagued with allegations of massive electoral fraud. This year, there were contenders for the seats in the local government, Congress, Senate up to the Presidency.

As an estimated 50 million voters prepare to cast their votes throughout the country in May 10, there was serious concern of electoral fraud, violence and intimidation of voters. The concern was aggravated by past events in the Philip-

Recently, on the invitation of COMPACT-IOM, an election watchdog of the Philippines, the Network of Social Democracy in Asia sent a delegation of international observers to the Philippines 2010 General Election. The Network's delegation consist of Steven Sim, the Network executive secretary and

1. The Hon' Charles Santiago, MP, (DAP-Malaysia)
2. Mr. David Marshal, (DAP-Malaysia)

3. Ms. Erna Andriyani, (PPR-Indonesia)
4. Mr. Billy Franata, (IWD-Indonesia)

The mission to the Philippines was ahead of a massacre believed to be election-related in Maguindanao just less than 6 months earlier. The dead include over 30 reporters who were travelling with the actual targets of the gunmen.

The mission was in part by invitation of the Akbayan Citizens' Action Party, a partner in the Network of Social Democ-

# Report



network delegates Billy, Steven, Erna, David, and Charles

pinos election history and of course, the massacre in Maguindanao. In addition, there was widespread uncertainty because for the first time, the whole country will be going through an automated election.

The international observers were deployed for the five-day mission to 24 municipalities in the four provinces of Maguindanao, Negros Occidental, Pasig City and Pampanga. These areas were considered hot spots due to past history of election-related violence.

Below is the statement of the COMPACT-IOM delegates at the end of the mission on the conduct of the election:

We, twenty-five members of the 2010 International Observers' Mission from ten countries and organized by the Compact for Peaceful and Democratic Elections commend the Filipino people for enthusiastically exercising their democratic right

tosuffrage. Amid threats and actual acts of violence, possibility of failure of elections, fraud and outright uncertainty due to an automated election system widely criticized, many Filipinos were able to cast their votes and choose new leaders. This in itself is an achievement and a clear testament to the Filipino people's faith in the democratic process.

As election observers, we are truly honored and privileged to witness and/or observe this amazing feat and we hope that the country's recently concluded national political process would lead to the further deepening of Philippine democracy and the strengthening of its democratic institutions.

Election monitoring is increasingly the norm throughout the world. Contrary to

some assumptions, observation missions are not only conducted in countries with weak democracies. Increasingly, election observation missions are organized to create important spaces for people of different nationalities to learn from each other in their common advocacy to further democracy.

But while we join the Filipino people in celebrating this important achievement, we also would like to present some of our observations concerning the conduct of the elections in particular areas we have visited. In the spirit of objectivity and in contributing to the development of the country's democracy, we see fit that these observations are given national and international platforms. For the purpose of observing the conduct of this election, COMPACT's international election ob-





network delegates David Marshel from Msia

servers visited Pasig, Pampanga, Negros Occidental and Maguindanao.

During our five-day mission, our group arrived at a consensus that numerous election rules, procedures and protocols have not been observed and enforced. We take particular notice to the lack of voter secrecy folders. This compromises the voter's right to vote in absolute secrecy. This was seen and observed in almost all the places we visited and as such, opened possibilities for other people with vested interest to know how particular voters have voted.

It was also observed that in some cases, indelible ink was not marked on the fingers of people who have just finished voting. We could only assume that such incidents could have contributed to election fraud such as multiple voting, aside from incidents of votebuying and vote-coaching which we also have observed.

Furthermore, we observed that ballots cast in several precincts were rejected without providing voters adequate mechanisms to appeal or at the very least be provided with concrete explanations of why their votes were rejected. We are deeply concerned that such incidents could lead to a significant disenfranchisement and

undermine the people's right to vote.

Also, technical problems besieged some of the vote counting machines we monitored. From PCOS machines freezing up to out-and-out breakdown, such incidents together with the lack of BEIs and necessary support staff greatly contributed to slowing down the new voting process that was supposed to bring comfort and more efficiency.

Lastly, on peace and security: we observed political tension in particular areas which resulted in heavy military and police presence in order to maintain the peace. Threats and actual acts of violence also marred the conduct of elections in some areas. In fact, violence was so real and serious in those areas that fellow observers were forced to abandon observation missions in some municipalities and barangays.

Thus, we strongly encourage the new government as well as other important stakeholders to give priority to improving the general conduct of elections. Needed and swift reforms must be realized in the areas of right to suffrage, polling center efficiency, ballot security measures, technical capacities, electoral laws, voter education,



steven presenting team report to diplomatic corp



Steven speaking in a pc

peace and order, and voter education.

How a country conducts its elections is a barometer of how mature its democracy and institutions are. The Philippines' conduct of its recent elections shows that it is willing to tread that path. However, treading the path alone is not enough. That difficult journey requires the active participation of Filipino people willing to push for and realize these much needed electoral reforms.

We are confident that the Filipino people are ready for the challenge of further electoral reforms.

# Facing a Political Lock-In Situation with Which options

Ivan Lim, Philipp Kauppert, FES Jakarta, March 2010

- By signing a Free Trade Agreement with China, ASEAN expects to strengthen its bargaining position for international trade. Being one of the key members of ASEAN, Indonesia has been promoting ACFTA proactively.
- For the supporters, ACFTA creates better opportunities for local business to export more goods to the important Chinese market and increases bilateral trade and investment across the region. For the opponents, ACFTA has the potential to seriously damage domestic industries and lead to mass layoffs.
- The Indonesian Government is urged to take preventive measures in anticipating and compensating the negative impacts of ACFTA. Those efforts include renegotiating several tariff posts, granting fiscal incentives for the affected industries, improving the national infrastructure and reforming the deficient Social Security System.

Since 1 January 2010, the ASEAN<sup>1</sup>-China Free Trade Agreement (ACFTA) has become fully effective in introducing zero tariffs on 6682 tariff posts in 17 sectors, including 12 in manufacturing and 5 in agriculture, mining and maritime sectors. This has triggered a lively public debate in Indonesia; some voices emphasize the opportunities, while others consider it as a threat to the Indonesian economy. The concern seemed plausible: the statistics of the Ministry of Trade showed that although the amount of total trade between Indonesia and China has more than tripled from US\$ 8.7 billion in 2004 to US\$ 26.8 billion in 2008 with a usual record of surplus, it indicated a deficit of US\$ 3.6 billion for Indonesia in 2008.

The political situation is unlikely to allow a complete renegotiation of the ACFTA. So facing the initiated upcoming

<sup>1</sup> The Association of Southeast Asian Nations (ASEAN) comprises Brunei-Darussalam, Cambodia, Indonesia, Lao PR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

with the ACFTA

# for Indonesia?

of the free trade agreement, this article will try to answer the following question: Is a win-win solution for Indonesia actually possible? By beginning with the introduction of ACFTA, its origins and motivation from both China and ASEAN perspectives, this article will approach its initial question. It then follows with the perspective of Indonesia, focusing on its government, business organizations and trade unions. The conclusion shows some possible solutions offered by experts from various backgrounds and the government for those fearing the negative impacts of the ACFTA implementation.<sup>2</sup>

ACFTA, the third biggest free trade area besides the European Union and the Northern American Free Trade Agreement (NAFTA), is an agreement among

the ten member states of ASEAN and China. It is predicted that the establishment of the ACFTA will create an economic region with 1.7 billion consumers, a regional Gross Domestic Product (G.D.P.) of about US\$ 2 trillion and a total trade volume estimated at US\$ 1.23 trillion. The removal of trade barriers between ASEAN and China is expected to result in lower costs of production through economies of scale, expanded intra-regional trade and increased economic efficiency. Simulations conducted by the ASEAN Secretariat using the Global Trade Analysis Project (GTAP) suggest that an ACFTA will increase ASEAN's exports to China by 48% and China's exports to ASEAN by 55.1% and could probably raise ASEAN's G.D.P. by 0.9% or by US\$ 5.4 billion while China's real G.D.P. could expand by 0.3% or by US \$2.2 billion. The governments supporting this initiative hope that with the formation of an ACFTA, enterprises in ASEAN and China will become more efficient and further promote specialization in order to be more competitive than

other world regions. This is supposed to boost productivity and economic welfare as well as attracting more investment into the region.

## The Origins of ACFTA

The idea of a free trade area between China and ASEAN was first proposed by Chinese Premier Zhu Rongji at the November 2000 China-ASEAN summit. In October 2001, the China-ASEAN Expert Group on Economic Cooperation issued an official report recommending a "WTO-consistent ASEAN-China FTA within ten years". A month later, at the November 2001 China-ASEAN summit, the relevant leaders endorsed the ideas of the Expert Group and the negotiation process officially commenced. Then, at the Eighth China-ASEAN Summit in November 2002, the ASEAN leaders and Chinese Premier Zhu Rongji signed the "Framework Agreement on Comprehensive Economic Cooperation". As laid out in the framework agreement, a free trade area covering trade in goods between China

<sup>2</sup> Ivan Lim is an International Business student at the German Swiss University of Jakarta and has worked for FES Jakarta during an internship. Philipp Kauppert is Deputy Resident Director of FES Jakarta. The opinions expressed reflect the views of the authors.



and the original five ASEAN members (Indonesia, Malaysia, Singapore, the Philippines and Thailand) is to be completed by 2010. The remaining five ASEAN members are expected to fully join by 2015.

## 1. The Perspective of China

China's new diplomatic strategy seeks to capitalize on globalization to accelerate China's economic development in order to cope with the growing demands and to hinder social conflicts. In Southeast Asia, the "peaceful rise" is promoted through an FTA agenda reflecting geopolitical and economic objectives - cultivating goodwill among neighbors, maintaining regional stability, and securing key markets and raw materials needed for China's economic growth. China sees ACFTA as a tool to respond to challenges posed by competitive regionalisms in the world economy, to consolidate growing economic ties with Southeast Asia, to secure the access to raw materials, and to ensure a peaceful environment to support China's growing influence to counterbalance American and Japanese power.

## 2. The Perspective of ASEAN

By signing a Free Trade Agreement with China, ASEAN expects to improve its bargaining position in the international arena. Moreover, increased trade between the two sides since the normalization of ASEAN-China bilateral relationships in the early 1990s has fuelled the confidence of ASEAN policy-makers, who now feel that ACFTA could provide a much needed economic boost to a Southeast Asia still weakened by the 1997 economic crisis. As China's economy lacks of natural resources,

the demand for ASEAN exports might even still increase in the near future. As a further advantage of the ACFTA, ASEAN countries can benefit from a growing number of Chinese tourists due to the rise of Chinese middle class. In any respect, ACFTA could be seen as a bulwark against potential hostile behavior from China towards the Southeast Asian region. Nevertheless, despite a closer relationship between the two parties, China might remain a concern for ASEAN countries. China's defense expenditure rose from US\$ 6.06 billion in 1990 to US\$ 14.6 billion in 2002. This development alone constitutes a key rationale for the Southeast Asian governments to seriously further engage themselves with the growing power of China.

## 3. The Perspective of Indonesia

Being the largest country in Southeast Asia and rich in resources, Indonesia is of strategic importance for the development of the whole region. As one of the key member countries of ASEAN, this country has been a major player in promoting ACFTA which has been carried out since January 1 of 2004, through an Early Harvest Program reducing tariffs on many agricultural products.

### a. Government, the Supporters of ACFTA

President Susilo Bambang Yudhoyono expressed his opinion that the Free Trade Agreement between ASEAN and China (ACFTA) would not threaten Indonesia's industries, but would rather create a higher amount of opportunities for local business to export more goods to China.

The Ministry of Trade emphasized

that the implementation of ACFTA was expected to strengthen bilateral trade and investment across the region. This is yet another important element of the context of the strategic partnership between Indonesia and China.

The Minister of State-Owned Enterprises (SOEs) explained that ACFTA created higher opportunities for three industrial sectors for exports, namely maritime, food and beverage, forestry and agriculture products. To anticipate negative impacts of the ACFTA, SOEs planned to engage in the domestic steel industry. Hereby, the Minister requested to apply more stringent regulations on imported products from China.

But there are also voices fearing a negative impact of ACFTA within the government. Based on the field research in Tanah Abang Market and Cibaduyut, the State Minister of Cooperatives and SMEs informed that local garments and shoes industries are basically fitted to compete with foreign industries in ACFTA. However, he asserted that the ACFTA might cause some damage to a high number of Medium Enterprises (SMEs) which play an important role in Indonesian overall business, quoting data from the Central Statistics Agency (BPS).

The consequences for the public financial situation also seem ambiguous. Finance Minister Sri Mulyani Indrawati estimated that ACFTA could cause government to lose Rp 1.6 trillion in import duties on the one hand, but on the other hand these losses should be compensated by increasing value added tax on imported goods, estimated to rise by more than 50% from Rp 66.3 trillion to Rp 102.2 trillion.



Rally against ACTFA in Jogja. Source: <http://politik.kompasiana.com>

**b. Profit Organizations: Controversial Issues**

Research by the Chamber of Commerce has clarified that this trade agreement provides benefits to certain sectors (i.e. rubber, minerals, machinery and equipment products), but there are others that will experience pressure such as leather, apparel and metal products. Nevertheless, the option to delay ACFTA is not a wise one because:

- The competitiveness of Indonesian products would be eroded by other ASEAN countries whose products are cheaper for China.
- The products of ASEAN countries in general could be more competitive because they could afford cheaper raw

materials or intermediate products from China.

- It could happen that other ASEAN countries get their products from China and export them to Indonesia. Although it is forbidden, it would be difficult to prevent such practices.
- In general, multilateral agreements under the umbrella of ASEAN might provide a better regulatory framework than different single bilateral agreements among the engaged countries.

The businessmen associated in the Indonesian Iron and Steel Industry Association (USIA) complained that they have been having troubles already with 5% tariffs, and that a further reduction to zero tariffs will likely cause serious consequences. The General Chairman, Fazwar Bujang

promised to enhance the competitiveness of the national steel industry if ACFTA could be postponed for another two years. In addition, he mentioned that the government should reduce the costs and guarantee a reliable availability of energy.

Indonesia Employers Association (APINDO) Chairman, Sofyan Wanandi claimed that the adverse effect could be seen in the next three to six months after the beginning of the implementation of ACFTA. He added that Indonesia, together with India and China, is one of the countries that have been able to withstand the global crisis. Therefore, now could be the most powerful momentum to attract more inward investment.

A basically optimistic view was felt by the members of Indonesian Textile

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Associations (API). But, the Executive Secretary of API also hoped that the government would provide protection to local entrepreneurs that could be undermined if there is no strict public supervision.

## c. Trade Unions and Other Opponents

According to the Indonesian Farmers Struggle Front, about twenty trade union organizations in a press conference in Jakarta held by the Labor Revolutionary Command (KOBAR) expressed their rejection against the ACFTA implementation that could cause mass layoffs. In this occasion, the Secretary General of All Indonesian Workers Organization (OPSI), Timboel Siregar stated that the signing of the agreement would lead to an increase in unemployment and de-industrialization.

The Chairman of the Confederation of All-Indonesian Workers Union (KSPSI), Mathias Taming pointed out that the entry of Chinese products has a great impact on the domestic market. Not only that they are cheaper, but their qualities are better too. Subsequently, he assumed that the implementation of ACFTA would be more suitable if domestic productivity could first be overhauled to achieve equal competitiveness.

Fearing the unfavorable result of ACFTA, the Director of Operation and Service of the Jamsostek company, Ahmad Anshori calculated that about 2.5 million workers in the labor-intensive leather and garment factories and agribusiness industries could potentially lose their jobs. In the worst case, the company has prepared a budget of more than Rp. 1 trillion to fund employee termination claims.

Besides the different social and economic effects for Indonesia, the environmental impacts of ACFTA might also be quite negative. The Executive Director of the Indonesian Environment Forum (WALHI), Berry Nahdian was certain that the implementation of a free trade scheme like the ACFTA model could exploit a larger amount of Indonesian natu-

ral resources. He clarified that the ACFTA would legalize more coal dredging, logging and land acquisition activities where many were hit by the flood yearly due to forests around them that have turned into coal mining areas.

## The Political Lock-In Situation

The Indonesian President has made clear that he is not willing to break an agreement at this stage that has been designed and signed by all the ASEAN members and China already years ago. Nevertheless, he was aware that it is essential to protect public interest and prepare the relevant elements by working together with the different Ministers.

In order to help to protect the local industries, the House of Representatives' commission VI overseeing industry and trade has demanded the government to renegotiate a number of 228 tariff posts, covering garments, furniture and footwear among others. The Minister of Industry MS Hidayat assumed that the ACFTA implementation could hurt domestic firms, and expressed that the government has sent a letter regarding this matter and it would take some time to be processed.

Coordinating Economic Minister Hatta Rajasa confirmed the renegotiation and mentioned that the government was willing to help bolster local industries' competitiveness by providing more support to improve the national infrastructure as well as through fiscal incentives to those actors directly affected by the ACFTA agreement.

"We support the implementation of the Indonesian National Standard (SNI) as an anticipatory measure against goods of below standards coming into the country," stated Manpower and Transmigration Minister Muhaimin Iskandar. In seeking a solution for dealing with global competition and anticipating possible layoffs following the ACFTA implementation, he announced that the government would assign a special team to monitor and detect layoffs that are not done according to procedures and laws.

Another perspective on the anticipation of the negative effects has been expressed by Rieke Diah Pitaloka, member of the House of Representatives Commission IX. In a roundtable discussion on ACFTA organized by the network of Asian Social Democrats,<sup>3</sup> she suggested that the best solution would be a better implementation and a reform of the National Social Security System (SJSN), where the legal basis already exists since the formulation of its laws in 2004. An effective and just social security system could be a positive public measure to protect the Indonesian workers against the thread of potential massive layoffs in consequence to the free trade agreement.

In response to the anxiety among workers over potential dismissals ACFTA could cause, the employers' organization APINDO, together with a number of trade unions, decided to form the National Bipartite Forum (FBN). "Everyone realized that business continuity should be maintained in order to provide job security for all employees of the company", said Sofyan Wanandi. FBN is supposed to build mutual trust among the employers and their employees with the goal to create healthier businesses and better working conditions that could generally contribute to social welfare.

## Conclusion

The guiding question raised at the beginning of this article was whether a win-win-solution for Indonesia was still possible given the fact that Indonesia was facing a political lockin situation with regards to the implementation of ACFTA. To answer this question, the different positions presented in this article could be divided into the three following categories:

- The Government is generally supporting the ACFTA implementation, despite the fact that the Minister of Industry showed his worries about the

<sup>3</sup> This event took place in Jakarta on the 22<sup>nd</sup> of February 2010. Find more information about the network under: [www.socdem.asia](http://www.socdem.asia)

danger of hurting domestic firms.

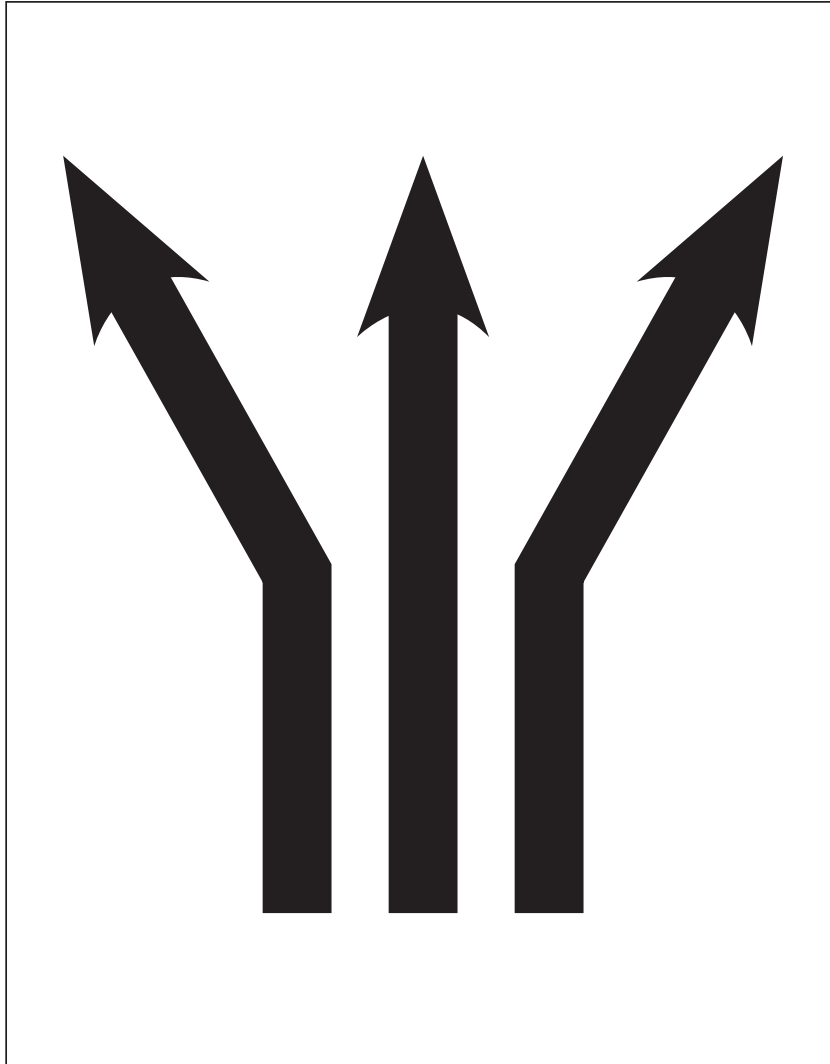
- The Business Organizations are divided into potential winners and losers of ACFTA. Finally, it depends on which industry is capable to compete and there-fore might benefit or which might rather be affected from it.
- Trade Unions and others actors who are opposing ACFTA, especially those work-ing in a labor-intensive industry which have a low chance to survive the strong competition with inflowing, cheap Chinese products.

The current political situation in Indonesia indicates that the government is committed to the agreement and has no intention to break it. However, both the supporters and the op-ponents groups are trying to design some kind of preventive measures to cope with the different future negative impacts of ACFTA. On the side of the government, the renegotia-tion of some tariff posts with the Chinese government has been requested.

Another focus lies on the improvement of the national infrastructures and the provision of fiscal incentives to the negatively affected industries. On the employers and trade unions side, some of them decided to strengthen future collaboration by forming a national bipartite forum. Their hope is that this forum would find a solution for

the improvement of industrial relations in Indonesia.

A main problem for the Indonesian industry is its deficient infrastructures, as the electricity crisis in 2008 has caused the economy and business community to suffer. That could be one of the reasons why Indonesia's imports from China out-grew its exports to China. Based on the



presentation by the former In-donesian Ambassador for China 2006-2009, there was a significant increase in the imports of electric equipment from about US\$ 400 to 800 million, steam generators from about US\$ 45 to 300 million and several capital goods that contributed the most to the deficit in the balance of trade with China.

In a public lecture held at the University of Indonesia on 9 February, he argued that investments into these capital goods would be highly valuable for future development in Indonesia. Therefore, the trading balance deficit could be regarded as a minor source of concern which could have some positive economic effects in the long term.

The Head of Research and Develop-ment of the economic and social department from the University of Indonesian Education (UPI), Nana Jiwayana concluded the threat of ACFTA should not be viewed as a frightening specter; it would be more useful if it was seen as a whip for Indonesia to keep pace with the improvement efforts. Considering the potential opportunities presented in this article, perhaps ACFTA could generate some positive effects for Indonesia's economic development. The main challenges lie in coping with the potential negative effects such as de-industrialization and unemployment. If those effects could be prevented by

public meas-ures such as an effective social security system or higher investments in the national infrastructure and education, Indonesia might create a win-win solution and be able to profit from the long-term, positive effects of ACFTA.



# Social Democracy and Distributive Justice in South Asia

Abid Hasan Minto



Social Democracy and the concept of Distributive Justice grew as a sociopolitical philosophy in market based economies of advanced industrial societies. Its purpose was to regulate the market to a certain extent so that some benefits of high growth and development are also shared with common people. It tended to present a human face of capitalism while preserving and protecting the system from movements which advocated outright socialization of means of production and

for establishment of a fully regulated economic system.

Pakistan and indeed almost all countries of south Asia are still far behind that stage of industrial and economic development which the industrial societies had achieved when they confronted the issues of socio-economic reforms and distributive justice. In Pakistan these issues are closely linked to the nature and character of its predominantly agrarian economy which continues to be controlled by feudal and big landowners.

In spite of the process of urbanization which has been on during the six decades since after the establishment of the state of Pakistan in 1947, more than 65% of its population is rural. Nearly 50% of the total labor force in Pakistan is directly employed in agriculture. Those who work on land comprise sharecroppers, landless peasants and small landowners; share of bigger landowning families in the ownership of land is above 65%. These landowners (the feudal, as they are called) control the entire economic, social and political

life of the people in the rural areas. They run parallel judicial bodies (jirga & poncho yat) and keep private jails. The local state administration including the police remains subservient to them. Political parties depend on them for their support and consequently they also grace the elected institutions thus influencing all law making. They are exempt from paying tax on their income.

Pakistan and India were locked up in armed conflicts and wars soon after independence. In Pakistan the states' emphasis was placed on achieving 'security' which inevitably brought the armed forces into ascendancy. Martial laws became a norm starting from 1958. The last military controlled political rule ended only in 2008. In a semi-developed Pakistan rise of the armed forces sucked in all revenue resources, made it heavily dependent on foreign loans and aids and turned it into a client state. That affected a smooth constitutional development, a normal democratic polity and creation of a self reliant economy. These circumstances seriously



compromised the possibility of a peaceful development in Pakistan.

Pakistan as a client state played a role in promoting cold war politics of its mentors first as a part of regional cold war pacts and then actively in Afghanistan against the erstwhile Soviet Union. It was at that time that concept of religious war (jihad) was promoted and Pakistan (then under martial law) was turned into an active religious state with militancy at its core — albeit with the active support and assistance of the world powers. The current religious militancy and armed insurrections are a legacy of that time.

In the foregoing background the task of social reform and change in Pakistan is formidable. Any successful movement for social justice in Pakistan therefore requires, as very first steps, the following:

- a) End of Feudalism - redistribution of land among those who actually till the land. This will empower the rural majority and makes it possible for them to play their role in opening up and expanding the market and in building up a grass root democratic society
- b) Firmly establishing the rule of law by making the Constitution supreme and by suppressing all bonapartist adventures
- c) Taking clear steps for the development of a viable industrial economy in place of a consumerist neo-colonial and subservient economy
- d) Establishing a reformed tax regime with emphasis on direct tax on the rich and by avoiding indirect taxation that affects the poor
- e) By generating internationally recognized rights to all working people
- f) By reducing dependence on for-



Children from poor family in Pakistan. **Source:** <http://johndierckx.wordpress.com>

eign loans; avoiding loans which impose conditions seeking an end to state subsidies and a raise in taxes, cost energy and essential services

The above and similar policies have to be undertaken by the state alone. The state that has hitherto depended on privatization of public sector enterprises for its revenue resources and budgetary gaps has to reverse these policies. Privatization has not added to resource and investment building. On the other hand, it has added to unemployment and has increased monopolistic tendencies. It has also added to the menace of already rampant corruption.

Pakistan needs to have a clear vision

with regard to the role of religion in the matters of state. A democratic state is essentially secular. A secular democratic state alone can effectively combat religious militancy both ideologically and physically. In fact in today's Pakistan those who manipulate and control the market are quite often to be seen as sympathizers of orthodoxy and obscurantism. In Pakistan therefore, question of the role of the state in building a democratic society where rule of law and social justice would prevail, remains fundamental.



# Political Solution to Gender Gap

Keynote Address by the Hon' Madam Chong Eng, MP during the Penang "Gender Mainstreaming: Justice for All" Conference held at the Paradise Sandy Beach Resort, Tanjung Bungah, Penang, Malaysia from 31 July – 1 Aug 2010. The Conference successfully produced a Declaration which was then handed to the Chief Minister of Penang as a proposal to the Penang State Government to adopt gender mainstreaming in their administration. The Conference was organized by a friend of the Network, the Good Governance and Gender Equality Society, Penang (3Gs Penang). It was supported by the Penang State Government.

The Hon' Madam Chong Eng is a 3-termed Member of Parliament from the Democratic Action Party (DAP) for the constituency of Bukit Mertajam. She is the advisor to the Penang State Government's Women, Family and Community Development Committee. Chong Eng is the Deputy Secretary General of DAP and the chief of its Wanita (Women) Wing. She is the founding President of 3Gs Penang.

### Introduction: Women In Malaysia

In 1995, Malaysia ratified the United Nation Convention On the Elimination of All Forms of Discrimination Against Women (CEDAW) and in the same year also adopted the Beijing Platform For Action. Both documents essentially emphasized on increasing women's participation in all areas of public and private lives, especially at the levels of decision-making. In addition, in the year 2000, Malaysia joined the global community to participate in achieving the Millennium Development Goals (MDGs) by 2015, of which the third goal is "to promote gender equality and empower women".<sup>1</sup>

A decade after the 1992 Wanita DAP Tanjung Declaration which, among others, called for the establishment of a Ministry of Women's Affairs within the Cabinet<sup>2</sup>, the Government of Malaysia finally setup the Ministry of Women Affairs in January 2001. By 2004, with the expansion of the Ministry's role it was renamed as the Ministry for Women, Family and Community Development.<sup>3</sup>

This brief history of the development of women agenda in Malaysia should serve as a background for our present discussion.

1 UNDP, Basic Facts About the MDGs, <http://www.undp.org/mdg/basics.shtml> accessed on 15 July 2010

2 Democratic Action Party, DAP Wanita Tanjung Declaration 1992, <http://goo.gl/r605> accessed on 15 July 2010

3 Women Family and Community Development Ministry, Background, <http://goo.gl/OXio> accessed on 15 July 2010

Today, 15 years after CEDAW and 10 years after the setting up of the Ministry of Women Affairs, women's participation in public life, especially as decision-makers is still very low.

In the Dewan Rakyat, the number of women MPs was hovering slightly above 10% for the last 3 terms, with 10.4% of women MPs in 1999, 10% in 2004 and 10.8% in 2008.

Compared to the Dewan Rakyat, there are more women in the Upper House where members are appointed rather than elected. In 2004, the percentage of women senators reached as high as 33.3% and in 2008, there were 16 women out of a total of 60 senators or 26.7%.

In the Cabinet, the number of female ministers has never exceeded three at a time since our Independence. Currently, there are 2 women Ministers out of 30 Ministers in the cabinet.

The percentage of women elected into the State Assemblies has never been more than 10%, with 4.8% in 1999 and 8.0% in 2008.

In the civil service, women made up an average of only 14% at upper echelon as secretary generals, director generals and chief executives.

Women labour force participation rate (LFPR) has basically remained stagnant the last 20 years. In 1970, the woman

LFPR was 37.2%. 20 years later, in 1990, the women LFPR increased to 46.7%. Today, after another 20 years, the women labour force participation rate dropped to 45.7%.

The point I am trying to make is that while Malaysia has in place all sorts of international conventions and an excellent National Women Policy with a women-focused Ministry to ensure the implementation of women agenda, women in Malaysia is still lagging behind in many aspect of the public life.

Overall, Malaysia's ranking in the Global Gender Gap Index have fallen from 92 in 2007, to 96 in 2008 and 101 in 2010. In a report by the Ministry of Women, Family and Community Development in 2009, the Malaysia Gender Index (MGGI) showed that while Malaysia scored well in the sub-indexes of education and health, gender gap in the political and economic empowerment sub-index remained high at 0.58 in 2007 on a scale of 0 to 1, 0 indicating no gender inequality, and 1 indicating maximum gender inequality.

Here, as it is often observed, equality in opportunities, such as accessibility to education and better healthcare do not necessarily translate into equality in results where the elevation of women into decision making positions is concerned.

## **The Importance of Increasing Women's Participation**

The need to empower women to participate in decision making is not merely an abstract human rights agenda. At the most fundamental level, to utilize the presently silent half of the population whether in the political arena or in the economy is to tap into a vast and powerful pool of human resource to drive our country's growth.

Ultimately, empowering women to enter and participate actively in the public sphere will benefit everyone, men and women.

Women not only bring with them new talents and skills but also fresh perspective especially in the field of politics. Women who traditionally are care-givers at home have better understanding on the issue of family life including health, children and education.

We ask different question when it comes to looking at challenges the country faces and usually, women place more weight on ground level solutions. In other words, we are more sensitive to the social dynamics of a policy or a government decision, especially in terms of how such policy or decision can affect other women, children, the family and society.

Women also adopt different approach in politics and governance as compared to our male counterpart. We are less likely

# The Journal

to be confrontational and are more likely to use diplomacy to achieve our targets. Often, women prefer negotiation and finding common ground. At a time when people are often frustrated with the partisan politicking in the country, women leadership can indeed provide a political breakthrough especially when we are in need of bi-partisan reform in key areas of the administration.

And perhaps a welcoming change for us in Malaysia is that women are less likely to be involved in corruption. In 2001, a World Bank Report showed that corruption cases are lower in the fields administered by women.

Finally, a report by the Organisation for Economic Co-Operation And Development (OECD) showed that achieving gender equality has positive effect on the economy. It not only generates an increase of workforce in OECD countries, but also creates more sustainable growth in non-OECD countries.

## **Political Will: The Missing Ingredient**

In Malaysia, as we discussed earlier, the low participation of women in the work force and in politics is not due to the lack of Government policies and awareness.

The question then is why there is no real breakthrough towards gender equality in Malaysia?

I think while we have all the excellent instruments and policies, what is lacking is the political will especially within the ruling party. A 2008 report from the Inter-Parliamentary Union (IPU) observed that “electoral arrangements, together with political will, are among the most important factors” which affect women’s access to the Parliament.

## **What is meant by political will?**

Without a real commitment to work towards gender equality, all the gender instruments and policies will remain lip service. Often, gender agenda is given a tokenism approach. It is just one of the checkboxes to please pressure groups or the international community.

What is needed, however, is much more than a broad address of the issue of gender inequality. The Government must be deliberate in considering the implications of its actions, in every area, for both men and women. To do this requires a paradigm shift! The Government must look into existing system and work towards removing obstacles once and for all. It may involve structural change and often this will agitate the status quo.

But unless we in Malaysia are willing to wait for another 50 years to a century to see the ground being leverage for women to compete fairly with men, especially in the political arena, gender quota and other affirmative action schemes must be introduced to reflect the urgency of building up a generation of women leaders today and now.

In Malaysia, “quota” is often looked upon as a “bad word”. This is due to the ruling party’s abuse of affirmative action policy to enrich cronies instead of empowering the needy.

But in order to hasten the rise of women to decision-making positions, affirmative action such as gender quota or proportional representation electoral system should be introduced. I must stress, however, any form of affirmative action should be temporary in nature and they should be complemented with programs which empower the target group to allow them to compete in the long run after the affirmative action policy expires.

To illustrate the effectiveness of affirmative action in promoting women to decision-making positions, out of the top 10 countries with the most women members of Parliament in 2009, 8 of them have some forms of legislated gender quota. The other two countries use proportional representation electoral system.

In 2008 as reflected in the electoral results in Parliament throughout the world reported by the IPU, women won an average of 24.5% of seats in Parliaments using proportional representation system while those using the majority system, women only managed to secure about 18% of the

seats.

As we can observe from the examples given above, gender quota and affirmative action work to fast-track the process of balancing the social representation of gender at decision making levels.

It is a chicken-and-egg puzzle for us to determine whether the empowerment of women comes first or the participation of women comes first.

Instead of indulging ourselves in this vicious puzzle, I strongly believe if we can increase women’s participation in public life, especially at decision-making level, we will soon experience the ripple effect of a more gender-balanced perspective in the decisions and policies of our Country and therefore ultimately benefit more women, and as well as men.

## **The Global Experience**

Gender equality and women empowerment are global trends. Today, all over the world, people are advocating and promoting equality as the basis of human relationship. Today, in most democracies in the world, equality is the rule, rather than the exception.

Therefore, even as we in Malaysia pride ourselves to be part of the global society and aspire to move towards being a first world Nation, we must position ourselves together with the great global movement towards gender equality.

More than 100 countries in the world have some kind of mechanism to accelerate and facilitate participation of women in Parliament.

Some of these, such as Sweden which is currently ranked second in the global top ten list of the most women MPs has a four decade-long history of “sustained pressure by political parties and women’s group within parties and in society”. Today Sweden has 47% women in the Parliament. Political parties in the country have self-imposed gender quota to satisfy the strong demands of the electorate to have a more balanced gender representation in the Parliament. Overall, public pressure and special measures in European coun-



tries ensure that women on average hold about 21% of Parliamentary seats.

In African countries such as Rwanda, Angola, Mozambique and South Africa, post-conflict reconstruction of their political systems allow the opportunity to integrate special measures within their legal and political system to enable quicker and more women's participation. Rwanda tops the list of the most women MPs in the world with 56.3% of its lower house being women members. Meanwhile, Angola (37.3%), Mozambique (34.8%) and South Africa (33%) have all reached the target of 30% women representation in their respective Parliaments.

Our neighbor in Indonesia has enacted laws to encourage party-based gender quota since 2003 with a further amendment in 2008 to strengthen such mechanism. Although the Indonesia gender quota laws have been criticized for being relatively weak and did not impose any real sanction on parties which do not comply, the introduction of such laws have resulted in increase of women representation in Indonesia Parliament. In 1999, before the introduction of the laws, women made up 8% of the Lower House. After the enactment of the laws in 2003, in the 2004 election, women membership in the Lower House increased to 11.3% and in 2009, the figure further increased to 16.8%.

**Women and Men at the Grassroots Must Make Gender Agenda an Election Demand**

Politics is about the economy of numbers. In order to ensure that our Government commit towards gender equality, the electorate must make gender agenda into an election demand.

This was one of the reasons why 3Gs is actively organizing our Introducing Gender Equality workshops. It is part of our gender sensitization project which aims at creating awareness in the public especially among women, but also with the men, on the importance of advocating for gender issues.

Today, everywhere in the world, even here in Malaysia, we hear calls for politi-

cal change. We hear calls to change from narrow ideology to more inclusive and progressive ones, from autocratic to an accountable government, from oppressive regime to one which respect human rights and rule of law.

I hope Malaysians will begin to see that our call for inclusiveness, for accountability, for justice and human rights will be inconsistent if we neglect the call to empower half of our populations, our sisters, the women of Malaysia.

Recently, in the famed Atlantic Magazine, there was an article which analyzed the current trend in America where there is a gradual but steady reversal of social roles between men and women. The article had an eerie title, "The End of Men". Among others, it observed:

"... woman ... now hold a majority of the nation's jobs. The working class, which has long defined our notions of masculinity, is slowly turning into a matriarchy, with men increasingly absent from the home and women making all the decisions. Women dominate today's colleges and professional schools – for every 2 men who will receive a B.A. this year, 3 women will do the same. Of the 15 job categories projected to grow the most in the next decade in the U.S., all but 2 are occupied primarily by women ... Men dominate just 2 of the 15: janitor and computer engineer. Women have everything else ..."

While the article described the trend in the USA, some leaders in Malaysia are worried as well. And there is a basis in their fear. After all, women in Malaysia made up 62.3% of the undergraduates in public universities and 53.3% of the students in private higher learning institutions. Women are also fast catching up at post graduate level with 52.7% of Masters' students in public universities are women.

Recall earlier this year, the secretary-general of CUEPACS (Congress of Unions of Employees in the Public and Civil Services of Malaysia) expressed concerned that the "increasing dominance of female employees in the civil service will have long term implications on the prog-

ress and growth of our country".

Leaders are worried about social dynamics and family structure which they felt are threatened by the pursuit of gender equality. But we must understand that gender equality is not the battle of the sexes. It is not about pitting women against men. We are not striving to replace the dominance of one gender with another.

Gender equality is about both women and men. It is not a women's agenda, but a social justice agenda. If there is indeed a natural social evolution towards a more female-friendly public life and marketplace, then men should realize from now that gender policy is important not only for women but for men as well. Gender policy is to achieve balance and fairness for both men and women.

The aspiration towards gender equality therefore is not a new thing, if we contemplate further; it is part of the whole package of the struggle for equal human rights. We are essentially standing in the shadows of the equal rights advocates such as Mahatma Gandhi, Martin Luther King Jr, Nelson Mandela. The proclamation for gender equality is one that is as old as our first cry for social equality. But this call is now being renewed globally, because as the world struggle for equality, it was convenient to forget about the mothers, sisters and wives. We are forgotten and passed-over because we were silent. I urge you, sisters and brothers, break your silence, because without gender equality, there is no social equality. Make the demand for gender equality a political demand. If half of the population cannot fully live out their fullest potential, then not only we are regressing in human rights, but we are also risking regression of our country's growth. Until today, those who suffer the consequences of gender inequality are women. But just like what is happening in America at the present, the trend may be reversed. We must mitigate the situation today because we want a fairer world where both men and women can have equal rights.



A Cure to the Country's Housing Crisis

# Lies in the Arms of a Healthy Balance\*)

IVAN HADAR\*\*)



In 2007, the SBY-JK administration proclaimed its "1,000 Towers" plan, the provision of one million high-rise apartments, mostly in Jakarta and other large cities in Java, to address a growing housing crisis. According to official estimates, the demand for housing in Indonesia has reached at least 5.5 million units and will increase annually by approximately one million units. The towers were originally scheduled for completion this year, but by the end of 2008 only 86 towers had been built.

The official estimates of housing needs do not fully reflect the realities of the housing situation. Missing are the millions of

families who are registered as owning a residence that does not meet eligibility standards. Many of these housing situations are a result of natural disasters.

In general, the housing crisis is marked by slum housing, including sheds and illegal shelters in river floodplains and under bridges, that has expanded and reached into most corners of large cities. The housing crisis is also marked by social-space inequalities resulting in the number of houses occupied exceeding the capacity, a very high housing density in certain regions, the unavailability of space for privacy, the loss of public space and recreation and housing locations that are at some distance from the workplace.

As a member of Habitat International, Indonesia has officially ratified the housing basic needs clause. The Constitution also clearly states that "the state is obliged to help to provide proper houses for the people of Indonesia." Similarly, the 2000 Law on the National Development Program (Propenas) and the Building Act of 2003 also require local governments to "empower the poor who do not have access to housing." All these constitutional directives aim to provide access to housing for the people of Indonesia, especially for lower-income families.

Affirmative actions are needed in the process of developing a system for social housing. The actions are empowering and facilitating citizens and communities to be

able to produce and repair (or upgrade) their houses. The main role of government is to ensure that basic resources of housing, such as land, building, infrastructure, facilities and funds can be accessed by the majority of communities, therefore not being monopolized by a few people or companies.

The essence of social housing system is to focus on the involvement of state, private investor, including financial institutions, as well as the prospective tenants/house owners in solving the housing crisis. Theoretically, the housing crisis and its solutions can be considered from the perspectives of two major groups. The first group views the housing crisis as a "capital and income issue," whereas the second group sees it as a "cleanliness, health and regulations issue."

For the first group, the housing crisis is directly related to the high price of land caused by unproductive ownership, land and building speculation, and the control of housing stock and land by only a few people. This perspective has succeeded in "exposing" various negative behaviors on the part of housing developers.

This criticism of housing and land speculation is supported by many progressive thinkers, urban planners and local politicians who, in several countries, have been successful in initiating the housing reform movement.

The solutions offered attempt to ad-

dress the financial issues, such as the lack of funding for the development of modest housing, the high interest rates for home mortgage loans, mortgage manipulations in order to speculatively auction the land and the low level of community income.

Meanwhile, the perspective that is held by the second group reduces the housing crisis to only an issue of village renovation and rejuvenation, a culture of poverty and the lack of country supervision due to the expansion of slum housing. These various views color the long history of housing policy in the country.

Despite the corruption that comes with government-subsidized housing, there are those individuals with high ideals who are committed to housing development that is community-focused. However, it seems that the various initiatives are increasingly far from a consensus, depend upon external funding and have only resulted in a small number of pilot projects.

The funding required for adequate housing is beyond the financial capacity of those who need housing. Thus, a kind of selection process eventually occurs, which sacrifices those who are weak. The utilization of high-rise apartments in Jakarta, for example, was initially conceived for those who could not otherwise afford housing.

Yet in practice, this housing is often controlled by those who turn the apartments into a business proposition by buying and then renting them. The dilemma is

rooted in the fact that the housing problem is closely related to a funding issue. Also, the concept of self-help by the community will not, by itself, be able to overcome the problem from a larger perspective.

Several lessons from other countries could prove useful in finding a housing solution for Indonesia. Singapore presents an example of the dominant role of government in overcoming a housing problem. This city-state established the Housing Development Board in 1960, a time when a large number of people were still living in unhygienic, potentially hazardous slums and crowded squatter settlements packed in the city centers. With government support to acquire land at cheap prices, the HDB proceeded to build and rent houses, especially to those in the lower income strata. Presently, about 84 percent of Singaporeans live in HDB housing. Singapore also has the Central Provident Fund, an old-age social security fund that collects money from workers and employers and also supports housing development.

For Indonesia, land seized from big developers who have problems with the Bank Restructuring Board (BPPN) could be utilized to build housing for the lower and middle-income groups, a demographic that has often faced difficulties due to the high price of urban land. Meanwhile, the Civil Servants Housing Savings (Tapeturum) could be expanded to a wider scope and assist with solving the housing issue.

Germany offers another example. Following World War II, in which the majority of German cities were heavily damaged by Allied bombing, Germany made the development of housing a key engine of economic development through the provision of tax incentives, cheap credit and related incentives to those developers who would build housing for the lower and middle classes.

Despite a relatively small profit margin, there was almost a 100 percent certainty of the developers earning a profit from these building activities.

Thus, it should not be surprising that more than 60 percent of the housing in Germany was built by developers under this government incentive program. Those who seek greater profits must, of course, face correspondingly greater market risks.

There are many opportunities to solve the housing crisis in Indonesia. The political will of the government and the willingness of all parties to find a healthy balance to the various interests are the two key prerequisites for solving the country's housing problems. The rest is a technical issue.

\*) This is a revised version of the same titled article published in Jakarta Globe, July 29, 2009

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# Managing the Welfare State

By Budiman Sudjatmiko



The conception of the welfare state as was aspired by our founding fathers must continue to flourish. The welfare state should encompass a modern attitude, effective, efficient but is still based on the nation's local wisdoms.

Because the pioneers established this Republic based on good will, we should not worsen the queue of their confused heirs and be inferior in facing the challenges. Right now there are a number of young people who love this country and

are currently working on an inventory of what the country needs for the next 50 years.

What I mean are the needs to establish and finance a complete social security system through tax collection, profit sharing of revenues from national resources, or else.

In general the idea would look like this. The production process and consumption from all our economic sectors (imagine for instance the dynamic of crude oil price in Indo-

nesia), the capacity and the surplus generated by these processes to finance the welfare state (for instance a rise in income due to price changes in oil), decision making at the lowest level (rice farmers in the villages, or the production chain of a food factory), and other relevant factors (demographic structures, and special distribution from poverty pockets in cities or villages for instance) will be organized in one command cluster. This cluster is based on many networks working simultaneously,

and the network is based on information supply and real time developments which allows reducing the inefficiency in the use of resources.

Through social cybernetics, I imagine that you will be more convinced to say: "In  $t$  time, because of an increase in oil price of 0,02 percent in  $t-1$ , Indonesia will increase  $X$  beds and  $Y$  medical equipments in district  $Z$ . These facilities are available for the people in  $t+1$ ."

Social cybernetics has become more relevant, because since 2001 we have been conducting decentralization and local autonomy. Therefore, we are faced by the complexity of decision making including at the local level which is very limited if conducted through traditional bureaucratic approaches. In relation to welfare state, building the social security system must consider the capacity to manage the system which includes among others, financing capacity, service delivery, the capacity to monitor, evaluate and verify. Local wisdom is the basis of its management.

## Local Wisdoms

The concept of the Indonesian welfare state will prosper if it is based on local wisdoms in the country related to social

collaboration. I would like to show two examples from these experiences. The first is subak in Bali and the system of whale hunting in Lamalera which have been tested by a complex system.

The subak system is more than 1000 years old. What is relatively unknown to us is perhaps how social dilemmas are solved wittily there. These social dilemmas are closely related to the division of limited resources, but can benefit every participating member.

As we know, because of the topography, the rice fields are designed in staircase steps. Water is flowing to the rice fields from the upper to the lower streams, thus creating the possibility that owners of rice fields in the lower streams lack water. In addition the mice have become a serious threat to rice farmers in the upper as well as in the lower streams and have become a threat to everyone.

The Balinese farmers have therefore decided to water and to harvest their crops simultaneously. As a result, the mice cannot move from one subak to another and began to extinct.

The moral of the story is the cooperation among farmers to reach their common interest. Each farmer realizes that act-

ing based on their individual interest could result into a smaller per capita harvest than through a collective collaboration. This structure of cooperation makes the farmers realize that they could be punished if reverting from the collaboration. This is an important lesson for the Indonesian welfare state: how to make social cooperation beneficial for everyone, so that a dynamic system can survive and is sustainable.

### Social Solidarity

The experience of whale hunters in Lamalera, East Nusa Tenggara is also worth mentioning.

Hunting whales is not an easy matter. It is dangerous especially when using traditional boats, and needs solid coordination and social collaboration. A boat dispatch for whale hunting consists of a maximum of 14 people, and often more than one boat is involved. Sometimes a boat topples to the sea and needs assistance.

The most important part is how the capture is divided. The mechanism has its own norms of social collaboration. Firstly, the capture is immediately divided among the fishermen involved in the hunting. They receive the most important parts of the whale. The next recipients are the crew

members which have been taking care of the boats.

Other recipients are people who are indirectly involved in the hunting. Finally the capture is also distributed to the original inhabitants of Lembata island as a concession for land use.

This is a complex social system. So what happens if a party is violating these agreed norms? There was a case when a boat drowned and did not receive any assistance from the other fishermen.

If in Bali people rely on a common incentive, social collaboration, while in Lamalera people are using another form of incentive, namely social punishment. Both of these social collaborations are based on hand on social solidarity mechanism (also known in Indonesia as gotong royong) and on social reciprocity on the other. These two elements are crucial in establishing a welfare state.

**Budiman Sudjatmiko**  
(Member of Parliament PDI - P)

## Public Transportation – **The Way to Go**

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

November 19-22, 2009, Penang, Malaysia

Michael Lim Mah-Hui



*“We need to see public transport not as a technical means of transporting people from point A to B, but as a form of social justice.” Richard Burdett, Professor of Architecture and Urbanism, London School of Economics (2007).*

### **A. Philosophical and Conceptual Basis of Public Transportation**

We need a whole new way of thinking about public transportation as shown in the above quote. Transportation is not simply a technical problem to be solved by engineers who build more roads to carry more cars. It is a social problem, an economic problem and an ecological problem.

The car industry born in Detroit over a century ago has no doubt revolutionized the world and left a lasting legacy for better or for worse. In the United States, it crowded out railway as a leading form of transportation, led to sprawling suburbanization and decline of cities, changed the lifestyles of most Americans, pushed

America to foreign aggression in search of oil, and contributed greatly to environmental pollution and climate change. A one thousand kilogram machine carrying a one hundred kilogram person is not an efficient form of transportation invented by human beings. In fact, it could rank as one of the most inefficient and ecologically unsustainable form of human inventions – compared to bicycles, trains, ships and planes.

Millions of cars, each car carrying one or two passengers on the highway, guzzling non-renewable natural resource, spewing CO<sub>2</sub> into the air, contributing to global warming are generating major economic externalities borne by the majority of public who don't own or use private cars. Seen in this light, it is a form of social and economic injustice. While cars are here to stay, new and radical rethinking is required to address this imbalance. One of these is to impose economic surcharge on those who wish to enjoy the comfort of their private cars and subsidize those who opt to use public transportation.

While Malaysians are still far behind in adopting such a vision of public transpor-

tation, they are, nevertheless, quite ready to embrace public transportation for economic and personal reasons.

The first has to do with affordability. Globally the depletion of petroleum resources has led to an escalation of oil prices – from an average of US\$35 per barrel a few years ago to a high of \$150 per barrel in 2008. While prices have dropped to \$70 per barrel in 2009, some forecast it could rise to \$200 in the near future. Before too long, increased fuel costs will render private vehicles too expensive to operate for a sizeable portion of Malaysian population. An efficient and affordable public transport system is a necessity rather than an inconvenient option. Transportation mobility, accessibility and affordability should be considered a basic need of the people and an objective of social equity.

The second is uncontrolled private car ownership and usage defeats the objective of getting people from point A to B quickly and efficiently. Massive traffic jams has reduced, not increased, the speed of travel in cities. Most people in Malaysia are frustrated. Yet they have no good alternative public transportation system in the major



cities. This is a legacy of the Mahatir era when he promoted widespread ownership of cars in order to support his dream of building Proton into a national car company. As an example, in the state of Penang with 1.6 million people there are more vehicles (cars, motor bicycles, trucks etc) than there are people.

## **B. Implementation – From Vision to Action**

The present state government of Penang is keen to solve the traffic and transportation problem that has worsened over the years. After the Pakatan parties won the state elections in March 2008, it requested input from civil society to help tackle the transportation issue. A number of persons formed a group consisting of professionals from various walks of life with active interest in issues of transport in Penang. These included planners, engineers, environmentalist and activists in public transport.

The group met from May 2008 onwards and first submitted a comprehensive report to the state government on how to transform the Penang transport system. After several meetings with various departments and committees in the state and local governments, the state government finally officially set up a Penang Transport Council (PTC) to act as an advisory and clearing center for transportation issues in the state. There are currently about 16 members in the council and they include state and local government officials and members of the public. All public members work on a voluntary basis.

The new transport paradigm adopted by the PTC has as its vision: **Moving People Not Cars.**

The emphases of this new approach are:

1. People centric – involving people at every step of the way from planning to implementation to feedback and improvement
2. Ecological sustainability and people friendly
3. More public and less private transportation
4. Affordability, accessibility, reliability and integrated

The PTC has recommended a series of actions for the state to take ranging from short term (within 6 months), to medium term (6 months to 2 years) and long term (more than 2 years) plans.

The short-term plans include decongesting traffic, clearing illegal parking on streets, improving car park systems and fee structure, improve one-way traffic flows, informing and engaging public in the projects. The medium-term plans include – starting the master plan process, improving the bus and taxi systems, introduce bus and bicycle lanes and pedestrian paths, introduce measures to discourage use of private vehicles through area road pricing, peak hours charges, higher parking fees etc. For the long term, there should be a master plan that is integrated with the land use and state and local master plans and an integrated public transport system involving bus, trains, ferries, taxis, bicycles etc.

## **Challenges and Obstacles**

The most serious challenges facing the implementation of this vision and plan come from the political structure in Malaysia. Malaysia is supposed to practice a federal system of government. In reality, it is a unitary system of government, where practically all powers and revenue generation capability rest with the federal government. The state and local (municipal)

governments have few powers and sources of revenue. The state government's only sources of revenue are the sale of state land and the levy of land taxes in the form of quit rent. Local councils sources of revenue come mainly from property assessments. Furthermore, they have no ability to raise funds (loans) from the public unless approved by the federal government. The state government depends on the federal government for loans and grants to build roads and other infrastructures.

Even local issues such as issuance of transport licenses (bus and taxis), the regulation of bus routes, collection of traffic fines, collection of garbage etc. are all controlled by the federal government.

The Pakatan political parties that form the state government of Penang rule the state but are opposition parties at the federal level. Hence they face a great deal of obstruction from the federal government. Historically, the federal government discriminates against states in Malaysia that are ruled by opposition parties, as in the case of Kelantan and Trengganu. All kinds of assistance are withheld, even revenue that are supposed to accrue to the state are cut off.

The federal government controls even the bureaucracy. While all civil servants working at the state government level are paid by the state, they are federally appointed and assigned to work in the different states. Hence most owe and display their loyalty to the federal rather than the state governments.

The state government of Penang has to work within these fiscal and political constraints. The challenge is to mobilize enough public and civil support for them to carry out their vision and plan.

# Interview with Reike

Everytime I visit the Dewan Perwakilan Rakyat(DPR) Republik Indonesia, the country's Parliament, I cannot help but notice the bustling activities along its hallways. The vibrancy of the DPR is for most part fueled by the Indonesian consciousness of democracy. Such consciousness is not only a matter of academic debate and far less a foreign concept rooted in the Enlightenment tradition of the West. Instead, it is grounded in the founding philosophy of the country itself not least, expressed its Pancasila, the official philosophy of Indonesia.

My last visit to the DPR was on the invitation of Ibu Rieke Diah Pitaloka, an Indonesia legislator.

I first met Rieke when she was a speaker at a roundtable discussion in Jakarta entitled "Is A Win-Win Solution Possible?: The Pros and Cons of ACFTA" jointly-organized by the Network of Social Democracy in Asia and the Jakarta-based Institute for Welfare Democracy. Even then, I was impressed not only by her grasp of the issue at hand but also by her fiery passion for the fate of the labour class in the light of ACFTA.

Briefly about Rieke; before participating in active politics, she already crafted her name in Indonesia as an accomplished actress, artiste, theater practitioner and writer. However, any discussion about Rieke will not be complete without a reference to the lovable character "Oneng" whom she played in one of Indonesia's longest running TV series, Bajaj Bajuri. While Oneng was a naive housewife of a bajaj (a three-wheeled motorized taxi) rider, Ibu Rieke is indeed far from such gender stereotype. Elected into the DPR in 2009, Rieke has a Master's degree in Philosophy from the University of Indonesia. Her thesis explored Hannah Arendt's concept of the banality of evil and the socio-political dynamics of the Indonesian society. The thesis was later published into a book entitled "Kekerasan Negara Menular ke Masyarakat" (State Violence Spreads to the Society). I took the opportunity of my visit to ask her a few questions regarding her life and work.

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Interviewer: Steven Sim Chee Keong

*What caused you to make the transition from the world of art and entertainment into politics?*

I have never left the world of art to enter the world of politics to begin with. I grow up with both art and politics. When I was young, my father would discuss politics with us at home. In the 90s, I was part of the student activism in the University of Indonesia.

*But what about your career as an actress? How was that political?*

To me, art has goals not merely in itself but towards the society. In other words, art is not merely to entertain, but to enrich the lives of the people. In this aspect, art needs politics. One can say that art is a form of social message to the masses. Therefore responsible artistic expressions must have the wellbeing of the people in mind. If we are serious about art, we must empathize, and in the same way, politics must empathize. Therefore, as an actress and artiste, I was not detached from politics. Playing Oneng for example, was an artistic depiction of the life and social reality of the labour class.



## ***What are some of the challenges you face as a Member of Parliament?***

People don't judge you by what you think, but they judge you by your appearance. Some members even call me Oneng during Parliamentary sessions. They don't see me as someone to reckon with or as their equal. In my former Party, even fellow members questioned why as an actress I should join politics.

## ***There has been increase of women members in the DPR in this session, from 8% in 1999 to almost 17% in 2009. Does that strengthen the position of women especially in decision-making and policies formulation?***

More women in the DPR does not mean more empowerment for women. What is more important than the quantity of woman members is a change in gender paradigm. For example, most of the women members in DPR actually rejected the domestic workers and migrant workers bill.

## ***Why is that so?***

I believe it is due to a feudalistic worldview. Some members endorse policies not due to the value of the policies, but rather based on a blind obedience to their Party. That's feudalistic. But I am an optimistic woman; I choose to believe that change is possible. In my course of work, I am supported by many like-minded organizations. Their support carries me through the challenges I face.

## ***I know you are a fierce fighter for labour rights, why do you choose this issue as your cause?***

I have been advocating for the rights of workers, including the improvement of work conditions, especially for migrant workers. To me, work is not just to put food on the table, but it is an extension of our being. Work is vital to our humanness. But sadly, many have to toil daily in bad working conditions without any certainty for the future. For migrant workers, some of them are treated as less than humans.

Migrant workers are some of the most marginalized people in this country. The Government instead of appreciating their contribution to the country has turned a deaf ear towards them. These workers did not wait for the Government to provide jobs in the country, instead they took the risk of going far away from home to find work. This is indeed a commendable spirit, but unfortunately, the contributions of migrant workers are often unappreciated and they are being oppressed. From July to August 2010 alone, we have received almost 400 cases of abuse, and every day, there's report of death of migrant workers.

## ***Do you think the host countries should be responsible?***

I think there's no point if we start to point fingers at others. No doubt there are others who should be held responsible, but the biggest problem is the Indonesian Government itself. The Government seems to have washed its hands on Indonesians who are working overseas. But these are our citizens too, the Government has constitutional duties to protect them.

## ***What are some of the immediate actions you think the Indonesian Government should take?***

Firstly, the Government should get serious about this issue. Take for example the recent moratorium towards Malaysia. I do not think it was observed strictly. When our own Government does not take care of our workers, how can we expect other Governments to care for them?

I also believe that workers should be given more training, not just in the skills related to their jobs, but also awareness of their rights and safety. They should also be accorded social security and work security. Migrant workers should also be accorded legal protection from the moment they leave the homeland until their return. Labour laws should be reformed to ensure all these are implemented.

## ***Final question, do see yourself as a social democrat?***

Yang menilai itu orang lain (Let others judge me). But labour is close to my heart, both domestic workers and migrant workers. We are facing with an unprecedented outsourcing and union-bustings which weakened the position of workers. I work with anyone who shares the same passion to uphold the labour class of our country. Labels are only as useful as the hardwork put into the cause by those carrying those labels.

*Thank you Rieke, on behalf of the Network of Social Democracy in Asia, I wish you all the best in your undertakings.*

## **Biodata**

### **Name:**

Rieke Diah Pitaloka Intan Permatasari

### **Date of birth:**

8 January 1974

### **Place of birth:**

Garut, West Java, Indonesia

### **Education:**

MA (Philosophy), University of Indonesia

### **Occupation prior to being elected as MP:**

Actress, writer

### **Political party:**

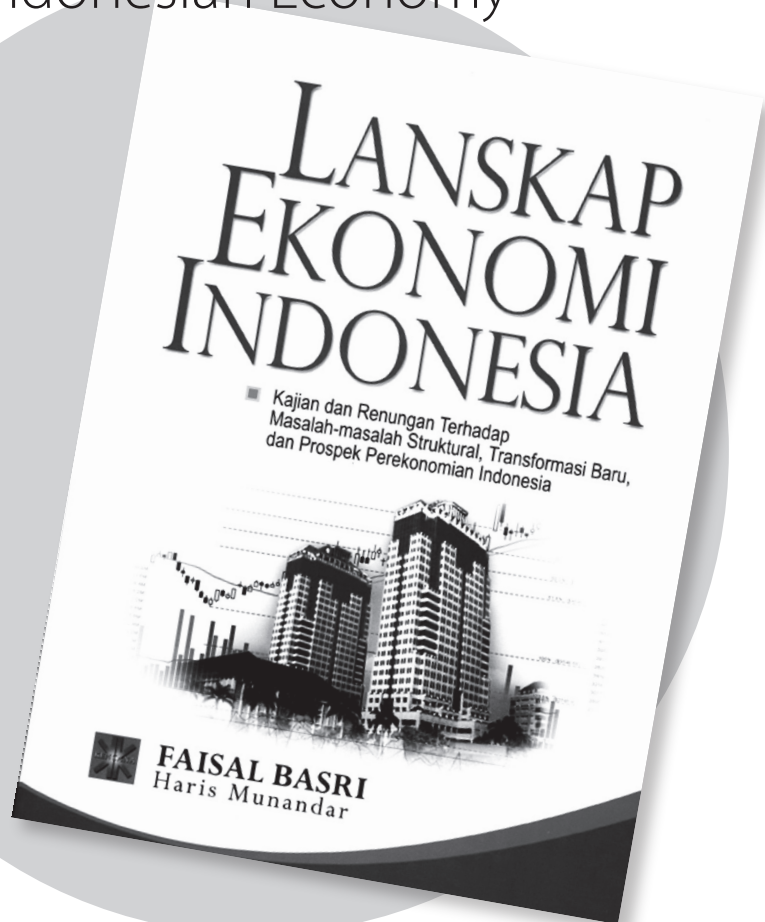
Partai Demokratik Indonesia-Perjuangan (PDI-P)

### **Family life:**

Married to Donny Gahral Adian, a philosophy lecturer at the University of Indonesia)

## Book Review:

# A Note of Concern for the Hollow Indonesian Economy



Book : **The Landscape of Indonesia's Economy: A Study and Contemplation on Structural Issues, New Transformations and the Prospects of Indonesia's Economy**

Authors : **Faisal Basri** and **Haris Munandar**

Thickness : xxxiv, 622 pages; 26 cm

Publisher : Kencana, 2009

As the title suggests, *The Landscape of Indonesia's Economy: A Study and Contemplation on Structural Issues, New Transformation and the Prospect of Indonesia's Economy*, is a detailed and comprehensive discussion of the contemporary Indonesian economy. With this

book, authors Faisal Basri and Haris Munandar, hope to empower the citizen's role in understanding the current economic situation so that in the future citizens are able to pay close attention and make better judgments over whether the government is really serious with its promise of revital-

izing the economy and increase the living standards of society. Therefore, the topic of the book revolves around economic issues that Indonesian's frequently hear about in the mass media. Furthermore, by placing the issues in a precise and systematic context, the book allows readers to clearly see the inter-connection and the roots of the economic issues.

Readers of this book should feel concerned, not because the book itself makes sensational or extravagant arguments, but simply by the facts it presents to the reader. As we all know, reality sometimes is much more worrying than scathing arguments, because facts are something that we, like it or not, have to face. This book is using an analytical point of view using numbers and statistics to support the authors' opinion, making it not merely a subjective-emotional argument. As such, the book is an effort to honestly present the fact without closing the space to have a dialog. Based on the facts, we will be able to see explanations that are contradictory with the government version of a successful Indonesian economy.

The economic crisis 1998 is used as a reference or starting point of analysis in this book, because Faisal Basri and Haris Munandar believe that Indonesia has not in fact come out of the bad effect of 1998 economic crisis. Besides, there are various economic issues that Indonesia is facing that are inherited from the Suharto's hollow regime period and that have not been completely tackled by the post-reformation government. Compared to 1998, the Indonesian economic situation clearly has gone through several fundamental changes. Therefore, to achieve a thorough analysis, the book also presents a comparison of the contemporary economic conditions with those of 1998.

### **The Problem on the Surface**

Around 2008, there was a long debate on the governments success in eradicating poverty. At the time, the government claimed that the poverty index in Indonesia had decreased to less than 15% of total



Indonesia's population. However, this long debate appeared because there is no agreed to standard of poverty line to be used as a threshold. The data that the government used is a standard of those who live with less than USD 1 per day. Meanwhile, if we use a standard of those who live with less than USD 2 per day, the percentage is about 45.2% or almost half of the Indonesian population.

The issues of poverty and the high unemployment rate are examples of the reality and truth of the condition in the Indonesia's economy, but they are often misunderstood. These two things are actually very closely connected with the issues behind Indonesia's economic growth that are often used by the government to tell its success story. However, there are several important notes from the authors that we have to know. There are at least 4 new issues appeared behind the success of economic growth, for example:

- 1) The deterioration of real/direct investment.
- 2) The change of balance and on going transaction composition.
- 3) The deterioration of national competitiveness.
- 4) The decrease in the economic growth quality.

The relatively stable Indonesian economic growth is a factor that has saved Indonesia from the global economic recession threat which began in the third quarter of 2008. However the existence of the four above mentioned issues are actually evidence that there are a lot of things to be concerned in the foundation of the economy, especially in the long term. The issue of the decrease of economic growth, for example, can be seen in the comparison of non-tradable and tradable sectors' growth. The tradable sector consists of agriculture, mining and manufacturing and is closely related to production and trade in the conventional understanding. Meanwhile, the non-tradable sector is the service sector, which cannot be loosely traded. The 2008 data shows that non-tradable sector has

grown up to 9.5%, while the tradable sector has only grown 3.2%. The implication of this imbalance economic growth is very important: the little economic growth in the tradable sector led to a decrease in the unemployment absorption as well as lower the quality of economic growth. Because in the non-tradable sector there is only a small number of employment absorption, and the export value is much smaller than in the tradable sector.

Meanwhile, the informal sector in Indonesia is currently the sector that gets the most attention because of its remarkable growth. In 2007 the number of people working in the informal sector had reached 69% of Indonesia's population. Many argue that this is a great achievement of Indonesia's economic growth that opens a broad business opportunity for more citizens. However, Faisal Basri and Haris Munandar argue that working in the informal sector is not an ideal condition because essentially informal sector is merely a survival economy, or something of an emergency. In other words the existence should be only be temporary:

*"Usually, when the economic sector continues to develop, there are a lot of players in the informal sector that will be able to increase their business to eventually go into the formal sector and have a formal and registered business place, have employees, have a neat cash-flow data, and pay tax... but if the informal sector is increasing, it means that there is something wrong with the economy. The more modern an economy, the smaller number of informal sector, and vice versa" (Page: 67)*

There are several government programs to empower the informal sector and there are indeed those who are successful in developing their business. But according to Faisal and Haris it is only happening to a small amount of people, the majority of informal sector businessmen still hold the following criteria: very low income (it is often lower than Regional Minimum Wage), the workers are not protected with social security, it is hard to apply for credit

because they do not have tax registration number (*NPWP-Nomor Pokok Wajib Pajak*) or permanent address so it is difficult to develop the business. In other words the role of the state in informal sector is very limited.

Besides, there are other issues in the economy such as the subsidy in oil and electricity. The burden of oil subsidy to the national budget is very big, it could reach 223 trillion Rupiah in 2008. This has led to a cut in the budget allocation of capital investment as well social welfare. More ironically, most of the subsidy is used to cover those who are able to afford welfare payments themselves, because most motorized vehicles owners are those who belong to the middle class and above. It is like horns of dilemma, any effort to decrease the subsidy is seen as non-popular policy or giving a bigger burden to the people because it will be followed by the price increase of standard needs goods.

### **The Root of the Problem**

It is hoped that this 622 pages book in not only a series of description regarding various economic problems in Indonesia. There are a lot of examples of economic problem that have been explained before originated in the root of problem that causes it. This book explains that the main source of Indonesia's economic problem is nothing else but the structural problem that has already been discussed frequently, but the government has not been able to fix. Faisal Basri and Haris think there are three major structural problems that have to be fixed immediately, they are: human resources, physical infrastructure and the institutional or organizational frame.

The abundant natural resources of Indonesia and low level of development that the country has achieved have been a continuous complaint that we have heard over and over again in every discussion or seminar on Indonesia's economy. The root of the problem is actually closely related to the low Human Development Index (HDI), which generally means Indonesia has a very low quality of Human Resources.

What makes Indonesia's HDI low is, first of all, the fact that there is no adequate health service, which is supposedly the fundamental requirement for human quality development of a nation. Another important thing is of course regarding education. The massive schools development and 20% allocation of National Budget for education, increased the quantity of Indonesia's education, however there are still questions regarding the achievements in the quality. Furthermore, the government is lacking attention for the development and research sectors. This is part of the policy that does not put long-term investments onto Indonesia's economy output (such as education and research), but the myopic policies such as oil and electricity subsidy.

The very concerning physical infrastructure condition in Indonesia has become the main obstacle for the development of Indonesia's economy. Physical infrastructure of a nation is like a spine that is supporting the domestic economy, because the flow of goods and service can only be possible with the existence of the infrastructure. The traffic jam in Jakarta, if we may take an example, has caused material loss of IDR 17.2 trillion per year if there is no effective measure to overcome it. Furthermore, other hard infrastructure like the port, train system, clean water and sanitation, electricity, energy distribution and public transportation seem to become a bunch of tangled problems that cannot be untangled.

Douglas North briefly explained that the institutional or organizational frame is the limitations created by human beings to form or manage interaction among human beings, so it creates the foundation in the trading activity among human beings, politically socially as well as economically. This book mentioned that the institutional frames in several nations are different, depending on the economic system that they practice, like Sweden with its welfare-state and United States of America with its free market economy. The regulation frame in Indonesia which is made and/or implemented by the executive, legislative,

judiciary, private and non-governmental organizations is hoped to have the quality to improve the welfare of all its citizen. However the tangled problems also including our institutional frame in the form of defective government/executive role, the ineffectiveness of the rule of law, the inadequate democracy foundation, as well as a chronic problem that has to be eradicated; corruption. The corruption problem within an organizational frame may be the first thing that we have to immediately eradicate, because should the corruption habit rooted in an organizational frame, it is the same with counting down for the destruction of the nation. It is impossible for an organizational frame that has a mission for the people's interest to have a corrupt mentality within itself.

### **The Effort to Entangle the Tangled Yarns**

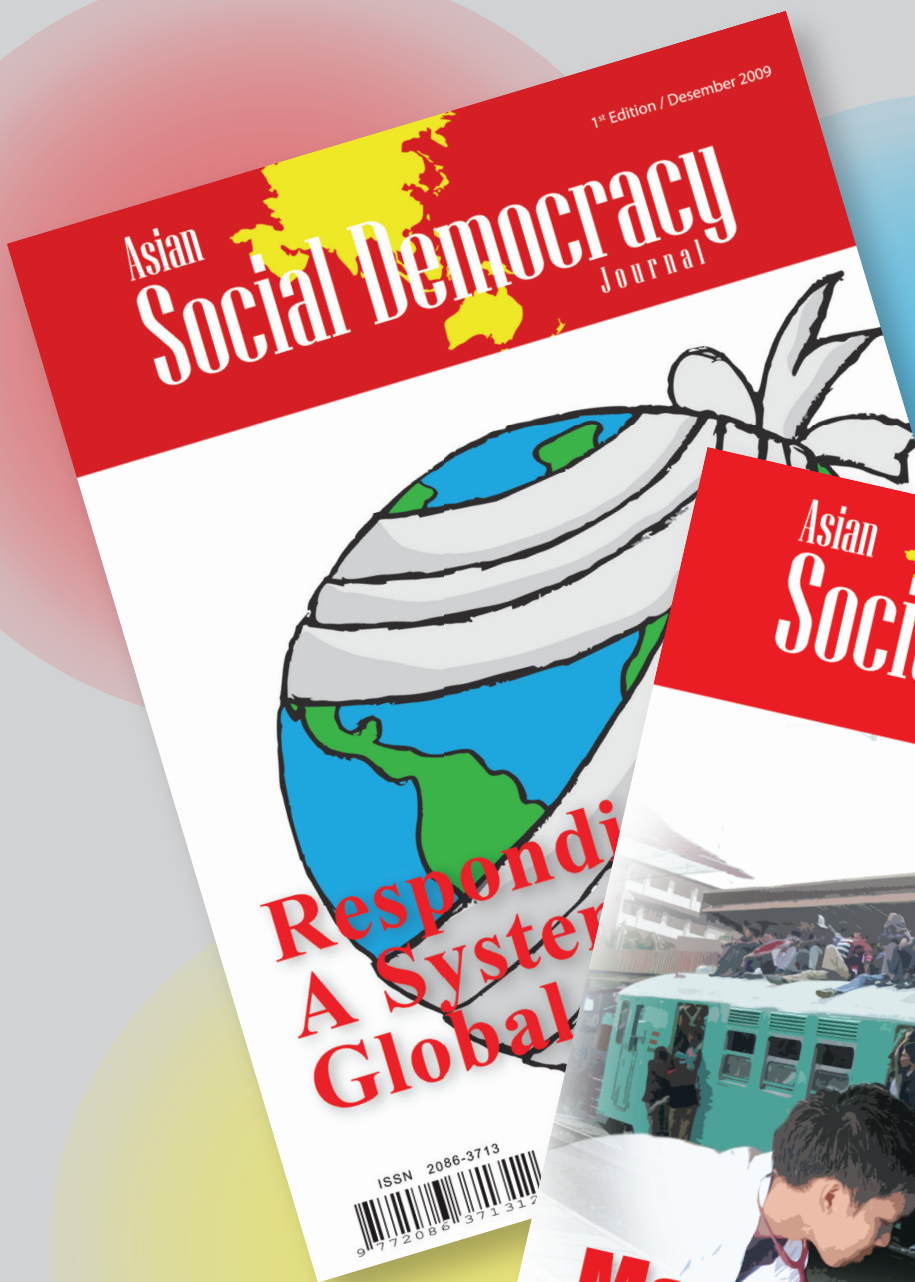
Of course what we can retrieve by reading this book are not merely a series of concerns about the future of Indonesia's economy. Faisal Basri and Haris Munandar also present important advice that needs to be implemented to avoid the concerning forecasts from happening. There are at least three explanations that we hope will be able to support our economic potential. The three things are tax reformation, empowerment of State Owned Enterprises and optimizing regional economic potential. By making a reform on structural problems in these three sectors, high economic growth followed by better welfare for the citizen (pro growth, pro poor) will be able to become reality. However, once again, it needs the seriousness of the government and our participation to monitor and to be involved in it.

It is very true that *The Landscape of Indonesia's Economy: A Study and Contemplation on Structural Issues, New Transformation and the Prospect of Indonesia's Economy* does not merely serve as a popular reference on the contemporary Indonesian economic. This book can also be seen as a kind of road map for Indonesia's economy looking at the details comprehensively. It also con-

tains tactical as well as strategic advise on the explanation of the existing problems. Furthermore, the authors' analysis is not only based on the macro economic calculations or Indonesia's economic growth. The emphasized analysis of the citizen's welfare level as well as real condition in the field such as unemployment and poverty makes this book a suitable reading material for those who are hoping for an Indonesian economy that is directly affecting the population.

This book is also suitable for those who feel that the Indonesian economic condition has been a dead end for a reformation. There are a lot of important solutions to be used as references for the government or the citizen to support the improvement efforts. For example, Direct Cash Assistance (BLT), should it be implemented in a more orderly and organized way (like the example of *Bolsa Familia* program in Brazil created by Lula da Silva) then, it will be able to significantly decrease the poverty rate. Because for those whose income is less than USD 1 per day it is very meaningful to make use of the capital to fulfill their basic needs (the fulfillment of basic needs means that health as a fundamental requirement for Human Resources is also fulfilled), as well as to start small business to increase their income. The authors also advise to focus on increasing Foreign Direct Investment (FDI) as the "nutritious food" for Indonesia's economic growth. Meanwhile, the informal sector has to slowly be upgraded to become the formal sector so it can give a real contribution for the economy.

After reading this book we will realize that behind the landscape of Indonesia's economy that is full of success stories by the government, it is in fact still hollow inside. However, all this must not be seen as a great embarrassment. In the contrary, when a lot thing seems impossible, a hope of certainty in changes will soon appear in the surface. It depends on how we want to welcome it. **(Bramantya Basuki – PUSIK UNPAR).**



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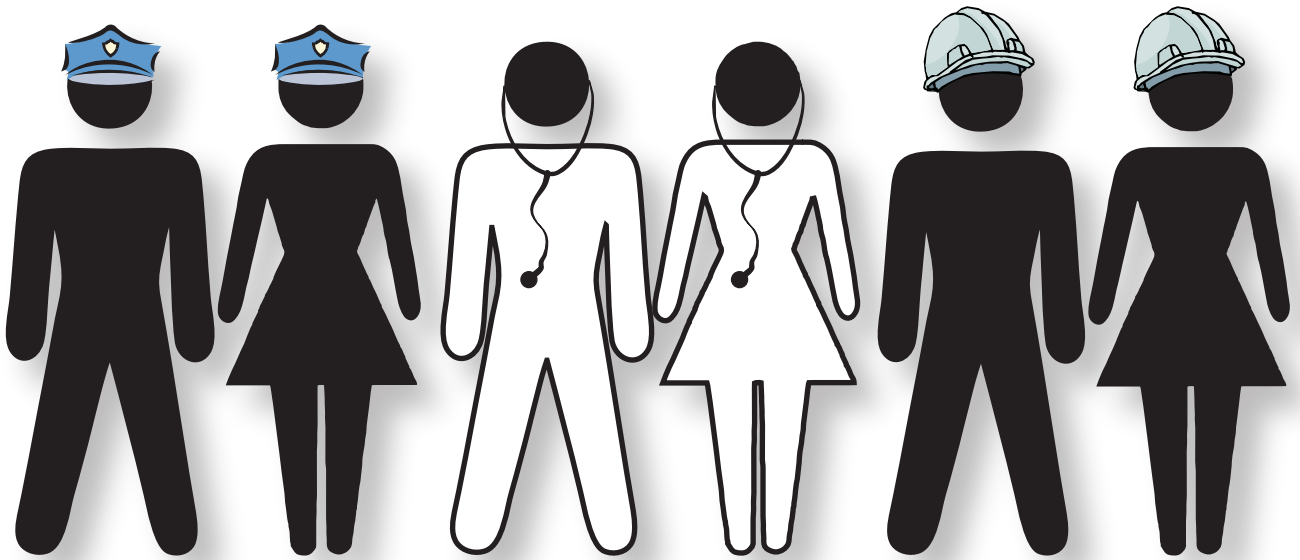
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