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Social Democracy

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**Growth,
Social Balance
and Sustainability:**
Perspectives for
Social Democratic
Economic Policies
in Asia

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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)

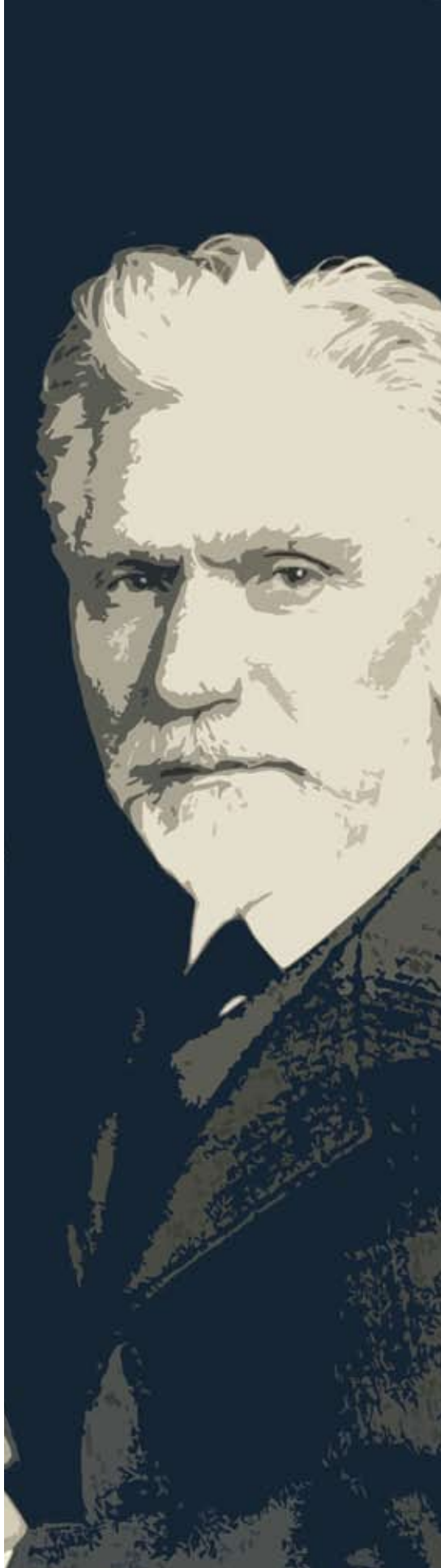


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from the editors

Greetings

This is the third edition of *Journal on Social Democracy in Asia*. The main issue covered in this edition has adopted the presentations and discussion during the 3rd Conference of the Network of Social Democracy in Asia, 19 – 22 October 2010, in Jakarta, Indonesia with the general theme “Growth, Social Balance and Sustainability: Perspectives for Social Democratic Economic Policies in Asia”.

The most interesting topics of this conference which attended by representatives of social democratic political parties, pre-parties, scholars and activists in Asia and Europe is the relationship between social democratic parties and the business community.

In Europe and in many parts of the world, there is the stereotypical perception that social democratic parties cannot deal with economy, particularly with business. In popular belief Social Democrats focus on social justice and

fair distribution while economic competence is mainly attributed to liberal or conservative parties. Many see growth as a precondition for distribution. Therefore, the electorate, especially in difficult economic times, may tend to vote for those whom they think can guarantee them economic development and jobs.

In Asia, although social democratic values were often the main foundations of the Asian countries’ independence, the need to foster high economic growth has led many governments to embrace different values. For example, Indonesia, the host of the conference, was founded based on the understanding that ‘free-market capitalism’, or currently



dubbed as 'neoliberalism', should never be the basis of the country's economic model. On the contrary, the country should develop the economy based on cooperative principles, where common goods and social justice should be top priorities. However, since 1965 until now, Indonesia seems to have swayed from its "founding fathers'" ideals.

Two other experiences showed differences in development. In Mongolia, the ruling party (Mongolian People's Revolutionary Party/MPRP) has been transformed itself into a centre-left party with social democratic ideology

that respects the basic interests, independence and national security of Mongolia.

The party has rich history of restoring independence and sovereignty of Mongolia, gaining its recognition in international arena and creating modern industries and social facilities in the 20th century. Since the mid 1980's MPRP started seeking ways to resolve the social issues faced in the country. In doing so, MPRP has reflected new social trends from reforms that took place in some countries and regions of the world and critically reviewed its ideology based on the fundamental interests of Mongolia. This has led to MPRP's declara-



from the editors

tion in 1990 to abolish its old ideology and follow social-democratic principles. From here, the MPRP turned into an influential political force with democratic and reformist values and became a ruling party in the first democratic election. And to this day, the party continues to play a leading role in implementing social reforms in Mongolia.

The economic policy of the MPRP is implemented based on principles to renovate market relations, to use an effective state coordination and to expand the social orientation of the economy. One of the vital conditions to accelerate economic development is to further expand the market relations. Therefore, MPRP is pursuing a policy to strengthen private property oriented economic system, to provide all means of support to the private sector and to promote individual's initiatives and enthusiasm. In order to achieve this, our Party believes that it is important to stay committed to creating more favorable business environment.

Another experience: Since 1948, when the Republic of Korea's first government was established, Korea has been under the neo-colonialism of the U.S so that there has been no space for Keynesianism. Instead, dictatorship and comprador capital have exploited and plundered people. Since 1997, Korean conservatives have been following a U.S.-oriented neo-imperialism strategy rather than the liberal strategy of Europe and the U.S.

Korean conservatives have focused on an export-oriented strategy for the chaebol. Especially, IMF-imposed neoliberal policies were characterized by as spreading out temporary workers (irregular workers), growth without welfare, policies to collapse agriculture and the privatization of public sectors since 1997 Asian financial crisis. Because of them, the middle class collapsed and the gap between the haves and the have-nots has become bigger. In 2010, 88.5% of Korean people think they are in the low-income bracket.

The Korean Social Democratic Party (DLP)

opposes U.S. neo-imperialism and aims for an independent people's economy to overcome the export-oriented principle; regulate financialization and speculation in the economy; overcome the subordination of trade and currency policies; abolish temp workers (irregular workers), achieve full labor rights, strengthen small and medium business, revive agriculture, etc and pursue the North-South Korea Economic community. In particular, the Korean business community is very negative toward social democracy.

Therefore, the suggestions for social democratic parties in the Asia-Pacific is creating a more just and prosperous region, through more efforts to overcome neoliberal globalization; pursue an independent people's economy; realize free education and health care systems; abolish the irregular workers system; achieve full labor rights; adopt a pro-employment and pro-environmental growth strategy and pursue international cooperation and solidarity like ALBA in South America.

Trough this biannual journal we still hope to identify different schools of thoughts, ideas and experiences in Asian, European, Latin American and Asian countries in implementing the principles and perspectives of social democracy.

This edition will also include a number of articles from the Jakarta conference, other "loose" articles, book's review, as well as profiles of social democratic organizations in Asia. In the next editions, we'll discuss on "Social and Ecological Sustainable Design of Economic Development: A New Paradigm for Development in Asia", which is the topic of the Asian Social Democracy Conference in, Ulan Bator, Mongolia, 1-2 July 2011.

We hope that the coming journal will be improved in its lay out and substances. Keep the faith in struggling for achieving the social democracy world in Asia and other places of the world.

Editors

Report of **Socdem Asia 3rd** **Regional Conference** 19-22 October 2010, Jakarta, Indonesia

Introduction

The Network of Social Democracy in Asia (Socdem Asia) held its third (3rd) regional conference in Jakarta, Indonesia from 19-22 October 2011. The theme chosen for this conference is “Growth, Social Balance and Sustainability: Perspective for Social Democratic Economic Policies in Asia”. The Conference was jointly organized with the Indonesia-based Institute of Welfare Democracy (IWD), the Olaf-Palme International Center (OPIC) and

the Friedrich Ebert Stiftung (FES) Indonesia.

Participants of the 3-day Conference represented social democratic parties and movements from Cambodia, Germany, India, Indonesia, Korea, Malaysia, Nepal, Philippines, Sweden, Timor Leste as well as Vietnam.

The key focus of the Conference will be to discuss economic growth from the perspective of social democracy and how social democrats in Asia can offer a viable economic model as we anticipate the failure of the neoliberal model



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practiced by regimes across the region. The stereotypical perception is that social democratic parties only focus on social justice. One of the objectives of the Conference therefore is to discuss where profit-oriented business activities fit within the framework of social and economic justice. And this is important not least because of the onslaught of economic liberalization in emerging economies in Asia where not only workers are faced with mighty corporations given free reign by governments but national businesses, especially local SMEs, risk being forced to go out of business by major multinational corporations (MNCs).

Below is a brief summary of the presentations and discussions at the Conference.

SESSION 1: Context for Social Democratic Economic Policies

The context of the Conference was set by three distinguished speakers who each spoke on the general concepts of social democratic economics, the current economic paradigms in Asia and streaming down to the case of Indonesia economy and economic policies.

Sebastian Thomasius from the Germany discussed the general ideas of social market

economy especially clarifying the common misconceptions about social democratic principles being in opposition to the business community. The discussion also focused on key concepts such as economic justice, social security and welfare state.

Liew Chin Tong, a Member of the Malaysian Parliament and director of Socio-Economic and

Environmental Research Institute (SERI) gave an overall picture of the present state of Asian economy. He discussed four contradictions of the Asian economy, i.e.

1. Inequality – the disappearing middle class
2. Labor, jobs & wages – employment has never been the center of discussion. Instead, capital investment has always been the focus
3. Housing bubble – property price rapidly increasing, creating problems of affordable housing for even the former middle class
4. The role of the state – very powerful government with facades of democracy, but lack of public participation in terms of freedom, equality, education, transportation, health care and infrastructure.

Finally, Dr. A. Prasetyantoko presented the Indonesian scenario beginning with the observation that the founding principle of the country provided for a people-centred development, which he interpreted to be essentially social democratic. Yet, he noted that Indonesia lacked social policies especially post- the 1998 Asian financial crisis. He also argued that while the Indonesia financial system is compliant with international standards of governance, it does not benefit the majority of the people in the country. The neediest segments of the community are either outside the formal financial system or are credit unworthy, but mostly both.

DISCUSSIONS

The participants centered around the question of distinctions between social democracy and the prevailing neo-liberalism in this region which has proven to have failed to address the issue of poverty, widening gap between classes, social security and the safeguard of national industries. Participants brainstormed how to present a social democratic economic alternative to Asia in the next decades of the 21st century.

In many Asian countries, especially in South East Asia, where communism was seen in a bad light, social democrats were often linked to communism. Therefore, it is important that social democrats also distinguish themselves from communism which often has a record of restraining civil rights. As Social democrats we have to highlight our principles in regards to national and regional issues, including strengthening the civil society and the unions, empower women and children, promote jobs and social security and participate more actively in ASEAN and other regional initiatives. While social democrats can learn from our comrades in Europe, we should also contextualize based on the different needs and climates of Asian countries

SESSION 2: How to Manage Balance Between Economic Growth and Social Security: The Case of Sweden

Sebastian de Toro, an economist from Sweden shared how social democrats in Sweden, not least the Swedish Social Democratic Party (SDP) helped to revive the country after a recession in the early 90s. He gave examples of various reforms done by the SDP including the pension system, taxation, budgeting process, the wage system, social security and education reform. These policies and structural changes managed to put Sweden back on track and had a higher GDP growth than the USA in the 10 years period after the recession from 1995-2005. The role of the government should be to help the people to fulfill their dreams, therefore government must embrace free will through promotion of both negative and positive rights. He stressed that a strong welfare state will translate into a strong economy and a strong economy would in turn benefit the labour class. A welfare state is not the opposite of a strong economy, they can both go hand-in-hand.

Yet, welfare is not merely about transferring money from one place to another. There are three key concepts; firstly, welfare should aim to promote jobs and not unemployment. Secondly, it should enable the development of human resources, i.e. increase competency including via education opportunities, and finally, promote gender equality.

DISCUSSIONS

There may be different interpretations of what it means to be a social democrat. The case of Sweden may differ from Asia and different countries from Asia may differ from each other. But the Network should not let these differences override the larger effort of collaborations. Social democrats, especially in Asia should focus on the core principles of Equality, Freedom and Solidarity as the starting point for discussions. There is also an agreement that Sweden was able to create a strong

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welfare state because there was wealth to be redistributed, but the situation is different in Asia. Most Asian countries are still struggling as emerging economies and poverty rates are very high. Businesses thrive on tax-exemptions, low wages and money comes mainly from the exploitation of natural resources and foreign investments.

South Korean delegates pointed out that in the case of South Korea, wealth redistribution comes with the strengthening of democracy. The first steps towards a welfare state there was a democratic political process, not just a strong economy as proposed by the Sebastian.

SESSION 3: Relationship between Social Democratic Parties and Business: Country Experiences

The general perception of social democracy in this region is still as “anti-business and pro militant labour unions.” As such, dialogues and cooperation between social democrats and businesses remained at minimal except in those countries where the social democrats

form the ruling parties.

Yet, experiences from these countries showed that mutual partnership can exist between social democrats and businesses and in fact such collaborations should take place in the interest of the country and the people. One fundamental role of a social democratic government is to ensure capital continues to function socially, i.e. that it benefits the people as a whole and not just a certain class of capital-owners. National interest, the people’s interest and the business interest, especially national SMEs are inextricably bound and should not be antagonistic. Social democrats therefore should seek to mediate between these stakeholders, regulating where necessary, to ensure a just economy and not an exploitative one.

Panelists also emphasized on the value of consultations between social democrats and business community, facilitating conducive business environment and encouraging entrepreneur innovations while at the same time establishing a permanent dialogue with the unions to ensure their participation in formu-



lating economic policies.

There was a question on how to deal with the peasants as formerly agrarian Asian countries are now pursuing manufacturing-based and knowledge-based industries for economic growth

SESSION 4: Elections in the Philippines and Sweden

Panelists Olle Thorell from the Swedish Social Democratic Party (SDP) and Ronal Llamas from Philippines' Akbayan shared their respective experience in recently concluded national elections in their countries.

While the SDP lost and remained the Opposition, Akbayan through its partnership with President Benigno Aquino won and is now part of the Philippines Government. There are different challenges to be faced by both parties given their present circumstances, but both are optimistic about the future.

DISCUSSIONS

When the question on election campaign funding was raised; Olle clarified that the

fund for political campaigning in Sweden come from State budget and is subject to Parliamentary scrutiny. Funding for SDP also comes from supporting organizations such as the labour union. For Akbayan, funding mainly comes from consolidating the financial strength of collaborating parties and the presidential candidates.

The challenge for SDP now is to gain back the support of the members of the unions and to focus the national discussion back to unemployment and jobs creation instead of tax cuts as is happening now. For Akbayan, it is to strategize how to operate in a partnership with the liberals and how to govern since this is the first time the party is entering the mainstream as part of the ruling coalition.

Prepared by

Steven Sim
Executive Secretary
Socdem Asia

Left Turn



Liew Chin Tong*

The economic reality of contemporary Malaysia requires Pakatan Rakyat and the DAP to take a left turn as far as our economic vision is concerned. Equality and solidarity should

be placed at the forefront of the economic discourse.

The Singaporean electoral upset and the uprising in the Middle East since early this year share three common factors, namely inequality, inflation and the Facebook generation.

It is not that there was no growth in Singapore or Egypt. Far from it. In fact Singapore experienced a record 14.5 percent growth in its GDP in 2010 while Egypt and Tunisia had a growth rate that averaged 5 percent. It is fair to establish that growth alone is not sufficient to generate social cohesiveness. Failure to address issues concerning distribution and equal access to opportunities literally brought down these governments.

In short, it is inequality that fuelled anti-establishment anger. A system that privileges a small group of well-heeled elite over the others is tolerated either because growth spilled over sufficiently to keep everyone happy or

the prevailing oppressive nature of the regime kept the people in fear most of the time.

But the spike in global inflation since the global financial crisis in 2008 is felt more keenly in societies that are hugely unequal economically than those that are more equal. The poor and the middle class saw their living standards fall rapidly as inflation rose.

And the presence of the Facebook generation tilted the balance as the state is no longer able to monopolise the spread of news and communication channels to organise mass civil disobedient actions.

The lessons that all governments need to learn are these: that investors, either foreign or local, are not voters; tourists are not voters and real estate developers are not voters either. Economic growth alone without fairer distribution of the fruits of growth is not politically sustainable.

Our economic agenda needs to prioritise jobs and wages in our discourse. It is pointless if we have a huge influx of investments without generating decent jobs for the locals. While checking inflation sounds noble, it is almost impossible to curb it especially the latest wave of inflation is to a large extent a result of rising wages for workers in the eastern seaboard of China.

It is time for us to re-look at Malaysia's low-wage policy, set a minimum wage, and also put a stop to the massive influx of unskilled foreign labour. We must end the vicious cycle of low wage, low skill and low productivity.

Beyond jobs and wages, we need a paradigm shift in housing, public transport, healthcare and sustainability. While the private sector can remain a player in these sectors, the public sector must play an active role to ensure that private speculation and profiteering would not result in the majority not having a roof over their heads, those who do not own a car become immobile, and those who can't afford healthcare suffer or die miserably. And, our environment is not to be compromised either.

Hence, a "left turn" in our approach to economic is required in order to ensure that all Malaysians regardless of race and ethnicity live a decent life with equal opportunity in the face of global inflation.

* **Liew Chin Tong is a Member of Parliament in Malaysia from the Democratic Action Party (DAP). He is currently the International Secretary of DAP and the Executive Director of the Socio-economic and Environmental Institute (SERI), a State Government-linked think tank in Penang, Malaysia.**

DEVELOPMENT FUNDING

IVAN A HADAR*)



Two years ago, I was invited to a seminar in Buenos Aires with the goal was to find alternative means of development funding for developing countries. The construction of *Banco del Sur*

(The Bank of the South) for Latin America, according to all participants coming from Argentina, Brazil, Chile, Venezuela, Mexico and Peru, offers development assistance with conditionalities that suit countries in this region better than those set out by the World Bank and IMF. It helped them in solving the recent crisis.

When Asia plunged into crisis in 1998, Japan and a few other Asian countries suggested the creation of a funding organization, such as an Asian Monetary Fund. However, this proposal was never realized as it was rejected by the United States. This suggestion has been brought up once more in the current crisis. China, with the biggest monetary fund, might be expected to lead the way in the establishment of such an organization.

According to the World Bank, the spreading global economic crisis is set to trap up to 53 million more people in poverty in develop-

ing countries this year on top of the 130-155 million driven into poverty in 2008 by soaring food and fuel prices. This will bring the total of those living on less than US\$2 a day to over 1.5 billion.

The World Bank also estimates that developing countries face a financing gap of \$270-\$700 billion depending on the severity of the economic and financial crisis and the strength and timing of policy responses. Developing countries are likely to face higher spreads, and lower capital flows than over the past 7-8 years, leading to weaker investment and slower growth in the future. Aside from money, the following issues are considered to be an integral part of development funding.

Eight years ago, in Monterrey, Mexico, hundreds of world leaders reached an agreement regarding development funding. This agreement focused on issues regarding trade, development aid, investment, payment of overseas debt, mobilization of national resources and the reshaping of the international monetary architecture.

Data from the OECD shows that many countries fail to fulfill their promise to contribute 0.7 percent of their GDP. A political resolution is necessary to bring about improved qualitative and quantitative aid, as is an investigation into how large the funds transferred from the north to the south actually are. This should include the settling of overseas debt, which is considered to account for the major-

ity of fund transfers from the poor southern countries to the rich northern ones.

Efforts to reduce overseas debt have not met the targets agreed on in Monterrey, where it was decided that 0.7 percent of rich countries' GDP's would be allocated to aid poor countries. Moreover, the Millennium Declaration included an agreement to cancel the overseas debt of the poorest developing countries. For Indonesia, the duty of repaying internal and external debt through installments still holds the country's funds hostage. In the country's 2009 State Budget Plan (RAPBN), debt installments now account for 15 percent of Indonesia's total budget. Of this US \$ 59 billion is for the actual debt and US \$ 110 billion is for the interest. The Government's debt currently stands at more than US \$ 1,600 billion, which exceeds the country's national budget of US \$ 1,222 billion.

For this reason it is necessary to find a comprehensive solution so that inherited debt will not be a burden for this generation or the next. There is a possibility of making a bilateral or multilateral request for a reduction from the creditors of overseas debt. As many past debts did not reach their targets, it is necessary for the Government to take wise precautions regarding overseas debt, in particular in terms of sum obligation. This is especially important if these banks have now switched hands. At the very least, the steps taken should profit the country and reduce debt.

Lastly, the Monterrey agreement mentioned that it is compulsory for developing countries to be included in standard setting bodies, which set the standards and codes of practice for the economy. The standards used in the global economy will affect developing countries when the world falls into crisis. In reality, the weaker the economy, the worse the effects of the crisis will be.

The implementation of these standards and codes will not be of any relevance if the

Monterrey agreement is maintained and its implementation towards developing countries is carried out on a voluntary basis. However, in reality these standards and codes are consistently used by the IMF and the World Bank as conditionalities for aid.

In order to achieve the MDGs, developing countries are advised to decrease their dependence on external funding by increasing internal resources. In order to do this, fiscal reformation is needed, along with other instruments that can decrease the effects of the economic crisis. These instruments include an elective tax regime for transnational companies, ending corruption, avoiding capital flight and retrieving funds that have been stolen by corrupt officials and which have been deposited in other countries.

In terms of international trade, a change in the methods use to negotiate with the WTO is needed. Trade liberalization must occur faster and should meet development needs. At the same time, developed countries must be requested to stop all farm export subsidies. The European Union, for example, has promised to stop all farm export subsidies by the year 2013, as a result of negotiations with the WTO. This is a step that should be implemented immediately and that should be adopted by other developed countries.

The role of the IMF and its involvement in the formulation of trade policies must change. Meanwhile, the aid effectiveness agenda in OECD countries still uses the World Bank evaluations of the eligibility of organizations and a country's policy. This requires faster liberalization as a measurement of good policy and good governance. It is assumed that this is responsible for ruining the markets and micro, small and medium scale enterprises in the countries receiving aid.

***) The writer is co-editor in chief of Journal SocDem Asia**

Growth, Social Balance and Sustainability:

Perspectives for **Social Democratic Economic Policies** in Asia

Session: Relationship between Social Democratic Parties and Businesses: Experiences from Asia-Pacific

Presentation by Ms. Bolormaa Nordov, MPRP, Mongolia

Ladies and Gentlemen, Dear Friends,
On behalf of the Mongolian People's Revolutionary Party (MPRP), please accept my sincere greetings to all participants.

I would like to thank the initiators, organizers and participants of the 3rd Conference of the Socialist Democratic Parties from Asia-Pacific region.

I would also like to highlight that this conference is significantly important in terms of sharing opinions and experiences on the pressing social, economic and political issues as well as expanding cooperation with other Socialist Democratic parties.

The presentation consists of the following two parts:

1. Economic policy and business cooperation of MPRP
2. The 26th Congress and New Vision of MPRP

1. Economic Policy and Business Cooperation of MPRP

Mongolian People's Revolutionary Party (MPRP) is a centre-left party with social democratic ideology that respects the basic interests, independence and national security of Mongolia. The MPRP was established in 1921 as the first political party in Mongolia. For the past 89 years, MPRP has continuously led and initiated activities targeted at developing Mongolia and advancing social relations. The party has rich history of restoring independence and sovereignty of Mongolia, gaining its recognition in international arena and creating modern industries and social facilities in the 20th century. Since the mid 1980's MPRP started seeking ways to resolve the social issues faced in the country. In doing so, MPRP has reflected new social trends from reforms that took place in some countries and regions of the world and critically reviewed its ideology based on the fundamental interests of



Mongolia. This has led to MPRP's declaration in 1990 to abolish its old ideology and follow social-democratic principles. From here, the MPRP turned into an influential political force with democratic and reformist values and became a ruling party in the first democratic election. And to this day, the party continues to play a leading role in implementing social reforms in Mongolia.

Now I would like to briefly touch upon the economic policy of MPRP.

The key objectives of MPRP economic policy are:

- To build knowledge-based economy with dominant participation of private entities that supports domestic production, creates value-added products and are environmentally friendly, comparatively independent, competitive;
- To create a condition for every citizen of Mongolia to receive an equal share of the national wealth based on their participa-

tion, to improve access to employment and better quality of life;

The economic policy of the MPRP is implemented based on principles to renovate market relations, to use an effective state coordination and to expand the social orientation of the economy. One of the vital conditions to accelerate economic development is to further expand the market relations. Therefore, MPRP is pursuing a policy to strengthen private property oriented economic system, to provide all means of support to the private sector and to promote individual's initiatives and enthusiasm. In order to achieve this, our Party believes that it is important to stay committed to creating more favorable business environment.

The Mongolian Cabinet led by MPRP Chairman S.Batbold has announced 2010 as the "Year of Business Environment Reform" and numerous important measures have been tak-

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en to improve cooperation between the public and private sectors. The Government of Mongolia and the Mongolian National Chamber of Commerce and Industry are jointly hosting series of business forums among sectors. And the following issues are being resolved in regard to creating a favorable business environment.

1. One of the major difficulties faced by businesses is the highly bureaucratic system to obtain and extend business licenses. This needs to be changed and replaced with more efficient service that is free of bureaucracy;
2. To make Government information more easily accessible and improve online information network;
3. To create a legal framework for E-Governance and facilitate a condition to provide online services;
4. To stabilize and rationalize the tax system;
5. To create an opportunity for involvement of independent inspection in tender procedure to ensure transparency, to establish joint working group consisting of public and private sector representatives;
6. To maintain stable, secure and competent banking system;
7. To expand local economic powers and create favorable environment for small-medium enterprises (SMEs);

The Steering Council of MPRP fully supports activities directed at improving business environment and therefore organizes a joint annual meeting with business runners to focus on the pressing development issues of the country such as investment, budget, tax and banking and finance.

2. The 26th Congress and New vision of MPRP

20 years have passed since Mongolia shifted from a centrally planned economy to a market based economy. During this period, the MPRP has been in power for 16 years and still

remains as the key player in building democratic Mongolian state. While establishing democracy in its real form in the country, the MPRP made a profound contribution in instilling fundamental values such as human rights, freedom, free election, freedom of press and fair economic competition. The 26th Congress of MPRP is scheduled to convene on November 4-6, 2010. As for the most influential political force in Mongolia, the main objective of the Congress is to evaluate the successes and failures of the Party in the last 20 years and define its goal for the next 20 years.

In the past few years, the MPRP has launched a campaign called "Social Democracy" which continues into 2010 as a year of "Public Voice". In addition to this, a new development program named "MPRP IN THE 21st CENTURY" is being implemented at all level of the Party organizations. The program reflects the proposals and opinions presented during a discussion and meeting held with thousands of MPRP members. These measures are crucial for improving the party's ideology, value, structure and the liability system. During the 26th Congress, the name and ideology of the Party will be modified to meet the present time. Our Party shall deem it important to reintroduce its original name of the Mongolian People's Party (MPP). In other words, we will strive to create a market economy oriented on social policy where national democratic ideology and people are respected. We will further develop our open and friendly relations established with our lifetime immediate neighbors and other countries of the world and actively participate in regional and global economic cooperation.

Thank you for your attention.

Presentation by

Mr. Gyu Youb Choi,

Korea Democratic Labour Party -
South Korea

What is a social democracy's strategy in creating a business environment?

- ✓ Protecting small -medium sized business from the high-handedness and exploitation of big corporation.
- ✓ Protecting small and self-managed enterprises from the SSM (Super-Supermarket) chains owned by chaebol.
- ✓ (* Chaebol: Korea's family-controlled conglomerates)
- ✓ Supporting a pro-employment and pro-environmental industry strategy.
- ✓ Keeping the June 15th and October 4th Declarations signed in the summits between the two Koreas, and realizing the South-North Korea Economic Community through developing Kaesong industrial complex and the Eurasian Railway.

Is there an institutional mechanism within the party to deal with the business community?

- ✓ There is no institutional mechanism to cooperate and communicate with the business community in our party, but we have a special department that supports and protects small and self-managed enterprises.

Should a social democratic party engage with the business community? To what extent?

- ✓ It is very crucial for our party to co-oper-

ate and strengthen solidarity with small and medium business that are subjected to harsh conditions while operating amongst big corporations.

- ✓ In addition, we think it is also important to collaborate with big corporations if they want to actively participate in economic cooperation with North Korea while the Lee, Myung-bak administration is being hostile to North Korea.

How crucial is the support of the business community for the success of a social democratic party?

- ✓ Currently, the Democratic Labor Party's (DLP) rating is 5 percent, and it is ranked third among seven parties in Korea. As a minor party with five lawmakers, it is very important to gain support from small and medium sized enterprises that comprise the majority of the business community.
- ✓ However, under the condition that we have low ratings and a small membership, our priority is to put more energy into organizing workers because it is much easier to get support from workers than small and medium enterprises.

Are business interests always in conflict with social democratic interests?

- ✓ We don't think we have conflict with small

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and medium business, but the relationship between our party and them is not good. That is because they think the DLP only represents the interests of militant trade unions, and that the policies for them are still abstract and the DLP does not make an effort to cooperate with them for several reasons.

How do social democrats balance economic growth with the provision of social security?

- ✓ So far, Korean capitalism has aimed for only growth. In particular, growth without employment has gone on since 1997. Korean social security ranked the lowest among the OECD countries as of 2009.
- ✓ That's because the DLP insists that Korea needs to have social welfare revolution for balancing growth and welfare.
- ✓ However, we don't insist social security without growth. Korea needs pro-employment and pro-environmental growth at once.

What differentiates a social democratic strategy for business from a liberal strategy?

- ✓ Since 1948, when the Republic of Korea's first government was established, Korea has been under the neo-colonialism of the U.S. That's why there has been no space for Keynesianism, like in the U.S. and Europe. Instead, dictatorship and comprador capital have exploited and plundered people. Since 1997, Korean conservatives have been following a U.S.-oriented neo-imperialism strategy rather than the liberal strategy of Europe and the U.S.
- ✓ Korean conservatives have focused on an export-oriented strategy for chaebol. Especially, IMF-imposed neoliberal policies were characterized by as spreading out temporary workers(irregular workers), growth without welfare, policies to collapse agriculture and the privatization of public sectors since 1997 Asian financial crisis. Because of them, the middle class

collapsed and the gap between the haves and the have-nots has become bigger. In 2010, 88.5% of Korean people think they are in the low-income bracket.

- ✓ The DLP opposes U.S. neo-imperialism and aims for an independent people's economy to:
 - Overcome the export-oriented principle
 - Regulate financialization and speculation in the economy
 - Overcome the subordination of trade and currency policies
 - Abolish temp workers (irregular workers), achieve full labor rights, strengthen small and medium business, revive agriculture, etc.
 - Pursue the North-South Korea Economic community

What is the perception of the business community toward social democratic parties?

- ✓ In particular, the Korean business community is very negative toward social democracy

What can social democratic parties in the Asia-Pacific do to create a more just and prosperous region?

- ✓ Make more efforts to overcome neoliberal globalization.
- ✓ Pursue an independent people's economy.
- ✓ Realize free education and health care systems.
- ✓ Abolish the irregular workers system.
- ✓ Achieve full labor rights.
- ✓ Adopt a pro-employment and pro-environmental growth strategy.
- ✓ Pursue international cooperation and solidarity like ALBA in South America.

***** Answered by Gyu Youb Choi, Executive Director of the New Community Institute.**



Sri Lankan Social Democrats formed council to improve collaboration

In October 2010, a group of social democrats in Sri Lanka got together in the capital city, Colombo for a historic moment to give a formal structure to traditional solidarity. They formed the Council for Social Democrats (CSD) to strengthen the struggle for just governance in Sri Lanka.

The Sri Lankan social democrats then held a two-day conference and was joined by other members of the Network of Social Democracy in Asia especially those from South Asia.

In the conference, the social democrats from South Asian countries articulated the common strands of challenges facing their respective countries, not least their shared history of colonialism, decades of neoliberal rule, communalist extremism, political hegemony,

problems of poverty as well as the effects of globalization. Participants then saw the opportunity in the form of a political vacuum in the region for a credible political alternative to the neoliberalism of the existing regimes which not only failed to bring economic growth but also was the main cause of poverty throughout the region.

The South Asian social democrats also realized that due to the struggle against colonialism, each of their countries have historical affinity to mass movements. This means, the culture and values of social democracy are not alien to South Asia. It is now the challenge for social democrats of the region to recover and revitalize social democracy vis a vis the people's movements to bring about positive

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change to their countries.

Below is declaration of the formation of the Sri Lanka's Council for Social Democrats:

The preface:

Sri Lanka is one of the first countries, which embraced the neo-liberal socio-economic concept from the inception. Because of the inherent political dynamics of this economic model, we were compelled to impose stringent restrictions on democracy, with the aim of realizing the development goals. After grappling with this economic model for the past three decades not only did we fail to reach the expected developmental goals, but also contracted the democratic Freedom that we enjoyed. Parallel to this, we the Sri Lankan society has experienced a process of transformation of the individual into mere consumer of the market, which dismantled the natural social institutions of the human life. Additionally, though a limited group of people have been able to temporarily solve their problems through this so-called development the vast majority of the society has been subjected to a severe disempowerment,

It is a fact that the democratic freedom, liberties and the rights that the Sri Lankan society hitherto enjoyed, have been systematically curtailed in order to prevent expression of social displeasure through political means. The state structure is established contrary to the accepted democratic norms. Also the space to elect representatives who are closer to their social life has been curtailed or otherwise abolished.

Instead, an executive and a set of peoples' representatives, who are insensitive to the people's aspirations, have been appointed through the popular ballot, to implement this alien socio-economic program. Anti-socials elements such as finance profiteers, drug dealers and tribute collectors have been baptized

as people's representatives. Democracy has been restricted to a mere voting exercise for the people designated by the political authority. It is our responsibility to transform the consumer who is a direct outcome of the neo liberal economic model into a conscious social being. In this context, building a rationale society is a serious challenge to us and in this regard we set out the following objectives and goals to overcome these challenges.

We believe that we have a challenge and an obligation towards society to build a democratic social movement for the reestablishment of democracy in this country.

Who are we and where are we heading?

The Council for Social Democrats (CSD) in Sri Lanka is a newly formed platform for people who are committed to the core values of Social Democracy; justice, freedom, equality and solidarity. CSD is a network of individuals and organizations, who are striving to develop an alternative socio-economic model in lieu of the existing socio-economic model created by the new world order and the neo-liberal economic policies. It is an initiative launched by politically-conscious intellectuals, academics, political activists and organizations in Sri Lanka who have come forward to introduce principled politics based on a proper ideological framework. This is unique due to the fact that ideally for the first time in the Sri Lankan political history, politically-diverse individuals and groups have come together, shedding their power oriented goals to develop a common socio-economic ideology and interact with each other on one common ideological platform. The CSD is an "indigenous" network of people who are aspiring to contribute its knowledge, wealth and experiences to build a prosperous and stable Sri Lankan nation state.

Where do we want to go?

CDS is striving to create through its network membership, a sustained political environment and a process for political dialogue that could be utilized as a regular and established meeting place for political actors and experts and so that their deliberations and dialogues may contribute to generate a pragmatic and locally-adaptable socio-economic and cultural policy framework based on universal ideals of Social Democracy.

For the Sri Lankan people, there is no necessity to introduce social democracy afresh, yet because of the historical changes which occurred through the past three decades, it is obvious the concept has been on the decline. However, social democratic discourse is once again gaining in importance due to the nagging trend of authoritarianism that brought to us instead the agreed benefits of neo-liberal economic model

Which path have we chosen?

CSD is a political platform that is open to all people and organizations that are sensitive towards 'centre left/right' politics, humanity and total human dignity of mankind. At the same time it believes in pragmatic socio-economic development which is a combination of market forces and social justice. Also it believes in the importance of localization, which in turn will bring it closer to the local experiences. In this regard, CSD believes that although the market is potentially the most efficient allocation mechanism, it does require regulation since it is incapable of regulating itself. Therefore there should be an active State to introduce socially-responsible regulations to the market economy. CSD also believes that there should be a clear commitment to the real economy, as opposed to the financial economy and steps should be taken to strengthen it through active State

regulations.

On the one hand, the active State is tasked with ensuring competitive conditions for private sector companies. This includes public investment in infrastructure. On the other, the State should strive to be an active player in the economy by means of incentive and sanction mechanisms, which will not only guarantee fair competition but also ensure that the State participates in fair competition.

The enormous increase in the importance of the global financial economy as against that of the real economy is at least as much the result of the failure of the State as of the failure of market mechanisms.

Therefore, there is a need for political decisions that can regulate the financial markets, the supply of liquidity, the spread of the use of highly-speculative financial instruments, excessive pursuit of returns and the formation of elusive economic bubbles.

Therefore the role of the State that the CSD has envisaged in its political choice is an active State. The role of the new active State is of particular significance in three areas: social policy, industrial policy and the regulation of markets.

CSD emphasizes on achieving a socio-economic model that is economically, socially and environmentally sustainable. *Economic* sustainability is about trying to ensure that future generations inherit more assets than liabilities; *social* sustainability is about future generations enjoying more opportunities than the present generation and *environmental* sustainability is about future generations having a creative rather than a destructive relationship with nature.

Economic sustainability:

CSD invites rethinking of our traditional approach to growth with a view to developing an up-to-date concept of individual and

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societal progress. New growth in order to achieve societal progress, can no longer be understood merely as GDP growth, but must strongly bring to the fore hitherto-neglected dimensions such as quality of life and environmental externalities.

Social sustainability

CSD highlights the importance of an active and 'preventive' social policy in order to preserve the welfare state and social cohesion.

Environmental sustainability

CSD emphasizes that the environmental dimension of sustainability as an economic and social issue for the future. CSD also believes Markets should be reformed so that they can provide private goods in a sustainable manner.

CSD adopted this path not due to any other sensational reasons but because of the existing economic fallout and economic 'dampness' that have brought forth escalating social inequalities that we are experiencing today. This tendency has brought misery to the majority of the people in our society. It is quite clear that unless we put our heads together, we will not be in a position to develop alternatives to this misery. Therefore we invite all like-minded human beings of Sri Lanka to come forward to explore an alternative socio-economic future for our beloved country. Hence we declare our commitment to this innovative path in this manner.

Proposed policies:-

The Approach:

Main challenge of the present day world is to generate empirical solutions to current political crises faced by the human kind. Mainly they are the democratization crisis within the modern economic model and the democrati-

zation crisis within society. Therefore we can go on to say that the society and economic space are plagued with a democratic crisis. This crisis of democracy can be seen within the institutions, spaces, policies, perspectives, economic and social opportunities and also in the exercise of rights and in social performances. This democratic crisis is evident in the performance of duties and the demanding of rights.

To free ourselves from this crisis, an empirical, centre left/right-oriented, humane, rights-based and localized approach is being suggested instead of a moralistic attitude because what are ultimately needed are practical solutions. As such it is being suggested to bring about a democratic revolution in the areas mentioned below as a solution to this crisis.

1. Political System
2. Basic Rights
3. Public Political Sphere
4. Civil Society
5. Sub-systems of Social Democratization
6. Social State
7. Educational System
8. Economic Constitution
9. Economic Regulation
10. Corporate Constitution
11. Political Culture
12. Culture

1. Democratization of Political System:

It is our belief that the existence of free opportunities alone would not be sufficient for individuals to enter into a production process and that the individuals need a proper human organization, political system and a set of political attitudes that make possible such an active contribution towards a production process. The fundamental norm which should govern such an organizational system and the

relevant attitudes is the assumption that the human being is a collective social being and thus political systems should always consider satisfying the social and developmental needs of a human being.

2. Democratization of protection and enjoyment of Basic Rights:

In the liberal bourgeois societies, rights are recognized as negative and positive rights. Nevertheless, when it comes to the protection and promotion of human rights, these societies emphasize only the negative rights. The socio-economic rights, which are termed positive rights, get secondary attention in these societies. They do not recognize socio-economic rights as an entrenched right of a human being. Therefore, political system of bourgeois never intervenes to build an environment which is available for enjoying all of the basic rights of a human being. These societies recognizes the enjoyment of economic, social and cultural rights only as they are achievable within the appropriate political and economic system. For example, within liberal bourgeois systems, **political rights and rights with regard to bearing, possessing and distributing resources** are introduced as active positive rights. And the 'activeness' of the State depends on the economic and philosophical capability of the incumbent political system.

When we accept the fact that the human is a collective social being, basic rights of human beings include both the aforesaid positive and other negative rights. Therefore democratization of basic rights would mean acknowledging, protecting and making space for enjoyment of both these types of rights.

3. Democratization of Public Political Sphere:

It is a well-established fact that political freedom within the political society cannot be enjoyed through a majoritarian democracy. It is true that within majoritarian decision-making system, national minorities, under privileged segments of people and other powerless groups would not be given the opportunity to enjoy their political freedom. Therefore the democratization of public political sphere means:

1. Building Plural Democratic structures, strategies and attitudes.
2. Building Consensual Democratic structures, strategies and attitudes.
3. Building Participatory Democratic structures, strategies and attitudes.
4. Building Deliberative Democratic structures, strategies and attitudes.

4. Democratization of the Civil Society:

In political science parlance, Civil Society is known as the space between the family and the State. Within such a space, people should be able to enjoy all human rights irrespective of the political connotation given to those human rights. Nevertheless, when the emphasis is given to negative rights in which civil and political rights of an individual are paramount, it is quite obvious that this individual will be represented only by certain powerful segments of people such as male individuals, individuals of the majority community or those who possess wealth or wield power. In such a context, the remaining group within the civil society will become degenerated and powerless. This group generally consists of female individuals, individuals of minority communities or under-privileged people who are not in a position to enjoy political and civil rights within the civil society. Thus the democratization of civil

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society primarily entails the provision of civil and political rights to the people who are marginalized in this manner.

5. Democratization of social sub-systems:

Empowering under-privileged, oppressed segments of people is the intended democratization here.

6. Democratization of Social State:

Here the democratization means the conduct and the empowerment of Social State according to the social contract entered into between the people and people's representatives. The primary emphasis in this context is the notion of citizenship which is based on the concepts of good governance and equality.

7. Democratization of Educational System:

In any country, educational system is the means of building knowledge, capacities and attitudes for enhancing the self-understanding and the ability of the individual. In that, the objective of a humane and collective society of people should be emphasized, firstly it should build knowledge, capacities and attitudes that consider the democratic needs of the individual and secondly, to provide education to fulfill the developmental needs of the society.

8. Democratization of Economic Constitution:

The new liberal economic constitution has been socialized today as the realistic economic system. New liberal economic system consists of:

1. The market economy
2. De-regularization of economy
3. Privatization of public enterprises
4. No space for public good and public welfare
5. The human rights that emphasizes consumption instead of collective basic rights

The monetary globalization and the deregulated world market can be referred to as an extension of the new liberal economic system. Within this system, it is capable of creating a continuous national economic crisis as well as an international monetary crisis. The inherent social, economic and cultural inequality will result in the consolidation of unemployment, deprivation of jobs and lack of employment opportunities. As such, there exists a huge need for the democratization of the economic system. We can put forward this need in the following manner.

1. The need for political rationalism which is over-determined by the collectivity, freedom, justice and equality instead of the market super-determining everything.
2. The need to defeat the oligarchies through a coordinated economy instead of free trade.
3. The need to enjoy all the human rights by all the humans instead of basing everything on freedom of the individual.
4. The need to reach together the productivity goals of the economy and the social development aims, instead of an economic constitution that emphasizes productivity of the economy only.
5. The need of a strong welfare state instead of an economic constitution that emphasizes basic social protection only.
6. The need to decide on the working conditions by the working people, employers and the State getting together instead of such decisions being made unilaterally.

9. Democratization of Economic Regulation:

It is worth insisting on the facts mentioned below for the purpose of the democratization of economic regulation.

1. Coordination of economic relations should be through non-market organizational

structures. For example, decisions will be taken through a process that would get the State, the entrepreneurs and the organized working class together.

2. State intervention in long-term investments, prevention of monopolies and social discrepancies and protection and promotion of public good and public welfare.
3. Deciding on working conditions within the framework of collective agreements instead of bilateral agreements.
4. Measuring economic progress based together on social justice, efficiency and productivity.
5. A code of ethics for the private sector.

10. Democratization of Private enterprise:

While emphasizing the need for the existence of entrepreneurship against the state-focused capitalism, it is also acknowledged that private enterprises are an essential factor of the country. What the democratization of private enterprises means is the coordination of private enterprises through a code of ethics which ensures the safety of the national economy, public good and social existence. (This does not mean controlling it in any manner)

11. Political Culture:

Within our understanding, political culture means not making a code of ethics for the members of parliament and ministers. According to Gabriel A. Armond and Sydney Verba, (both of whom are politicians belong to behaviorist school) political culture is a phenomenon which is based on psychological behavior of a person or a society. It is all about the respect extended to the political institutions and law by politicians and people. The declined respect for the institutions and the law will further decline the culture of politicians.

The democratization of political culture means that

1. Equal emphasis is placed on the rights as well as the duties.
2. Politics should lead to fulfilling the aspirations for freedom, equality and the development of the collective human being.
3. The primary objectives of politics are ensuring the freedom and equality, public good, public welfare, social justice as well as sustainable development.
4. Emphasis should be placed on the significance of human progress and that efficiency and productivity provides that access to development.

Democratization of Culture:

Human beings are never satisfied with its economic progress, which is the foundation for its existence. He/she always wants to get closer to the art and aesthetics, which is the highest form of our culture. Culture is the phenomenon that helped human being to humanize the nature that he/she was surrounded. It is a well known fact that the human being reached its new horizons through the production, science and culture.

As a social being, humans have resorted to arts, aesthetics and classical literature in order to expand his/her perceptual world. Therefore he/she has developed languages and various symbols in which novel thinking is generated. Thereby the arts, aesthetics and classical literature has become cornerstones of human consciousness. We believe therefore that art and culture are unavoidable conditions when one strives to develop a cultural being instead of just an individual. In such a context we steadfastly emphasize the need for liberty and freedom in art and culture and in the quest for making our society more humane and creative, we accept that there is a role to be played in fostering and strengthening art and culture in our society.

OPEN LETTER OF AKBAYAN REP. WALDEN BELLO TO PRES. BENIGNO SIMEON AQUINO III ON THE COUNTRY'S ECONOMIC WOES

May 5, 2011

PRESIDENT BENIGNO SIMEON AQUINO III
Malacañang Palace
Compound J. P. Laurel St., San Miguel
Manila City

Dear Mr. President:

Allow me to first congratulate the administration in its implementation of anti-poverty and anti-graft and corruption measures. The administration's efforts to fulfill the promises it made to the Filipino people is truly laudable.

However, as is the problem of developing economies, the masses are consistently beset by economic difficulties.

Since we deepened the national economy's integration to the global production line, millions of Filipinos have been victimized by the ups- and downturns of the global market. The people continue to suffer the skyrocketing prices of fuel and the often-fluctuating prices of basic food commodities, and the scarcity of permanent employment and adequate wages.

It is important to implement short-term programs that would alleviate the burden of ordinary Filipino people. It is likewise imperative to put into motion medium-term and longer-term programs that would lead the country to self-sustainability.

Allow me to propose policies that would deal with the nation's top three concerns: inflation, wages, and jobs.

Revisiting Fuel Price Regulation

The ever-increasing price of fuel remain on top of people's concerns, as the price of fuel increased by 9.7% from the first quarter of 2010 and the public continues to suffer fuel price hikes reflecting the movement of the price of fuel in the global market due to the brewing unrest in the Middle East.

It is also the lack of transparency by which oil cartels determine oil and fuel prices that make it seem like the determination of fuel prices is arbitrary and solely geared to meet the profit-motive of big oil companies. This creates the impression that the people are powerless and the market reigns supreme when it comes to crucial economic issues, and



leaves masses insecure.

The administration has already made the initial step to address this problem by declaring that it will look closely into the price hikes that have successively been implemented over the first 4 months of this year. We urge you to look deeper into their books to determine the profit margins that the big oil companies have maintained. While oil firms have justified the price hike as a means to cope with the increasing global fuel prices, it is important to dispel the worry of the people that the oil cartel also takes advantage of the crisis to earn super-profits. The Department of Energy must take the necessary action against any hint of over-pricing.

To substantially reduce the burden of fuel price inflation on the masses, it is important for the government to gain partial control of the market. We need a team of experts that would direct the government's intervention; this should include the secretary of the Energy department, independent technical experts on the fuel industry and representatives of the big oil companies. The mission of this team: to keep fuel prices at a reasonable, minimum

price – one that allows the people respite from the economic hardships of today, at the same time that it ensures minimum profit for local fuel suppliers. The team should further monitor the prices and make periodic adjustments whenever necessary. It is important to make the point that, clearly, we are no longer leaving the price-setting power solely to the oil cartel, because the market has failed the Filipino people.

Towards Food Security

Let us now discuss food security. We are very happy that the Department of Agriculture announced that we would be able to meet palay production targets for the year. This is proof that food security is within our reach, so long as the administration continues to provide support and technical innovations to our local producers. Intelligence reports, however, warn against a looming rice crisis. Whether or not the report is accurate, it creates the impression that supply remains inadequate, which may produce a sudden spike of palay prices.

In response, we must increase the government's capability to intervene in the local market by filling local warehouses with domestically produced rice. By ensuring that local warehouses are sufficiently stocked, government has the flexibility to "flood the market" to drive down retail rice prices. Likewise, it would be important to consider setting a price for palay sold in the market.

It is important to source rice domestically for the simple reason that this will allow us to protect consumers, small farmers, and local producers simultaneously. Let me elaborate: In 2008, the Arroyo administration, in a bid to control rising rice prices, flooded the

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market using imported rice. While it was able to help control retail rice prices to a certain degree, it resulted in greater poverty in the countryside because it dampened local farm gate prices. What we had then were local producers who were forced to sell their palay at a loss, pushing them deeper into poverty and destitution.

Filling up warehouses with rice sourced from small farmers at fair prices will help ensure that government has the capacity to intervene in the rice market, at the same time that we are able to support local farmers. In this case, I recommend to the administration to look into increasing local palay farm gate prices. This will pose as an increase in the income of small farmers, which, over and above existing subsidies and cash transfers, would improve their purchasing power and assist tremendously in allowing small producers to meet daily needs, especially in a time of economic difficulty.

I also propose that the administration prepare for unforeseen impacts of climate change and other factors on global and national rice supply by making arrangements with ASEAN to procure rice in case of emergencies through the ASEAN Plus Three Emergency Rice Reserve (APTERR). One of the risks attached to limiting importation is the fact that, should global and national rice supplies be compromised by climate change events and other factors, the Philippines will not have enough supply to meet the consumption requirements of its population. To minimize this risk, government should maximize arrangements through ASEAN to have access to regional rice stocks at fair prices, under the APTERR in times of emergencies and volatilities in the global rice market.

On top of these proposals, I also urge the government to support Akbayan's cocktail of agricultural legislative measures that would provide greater social, financial and technical assistance to small local producers and reinvigorate Philippine agriculture, especially in meeting the challenge of climate change and

trade liberalization.

Wage hike and Non-Wage Benefits

The disparity between economic growth statistics and poverty incidence would persist if growth does not lead to the optimal employment of human resources, reduction of inequality, and the substantial improvement of the opportunities and lives of the poor. It is therefore of grave importance to any development program and all poverty alleviation efforts to make employment opportunities available to the poor and unemployed and ensure that wages and non-wage benefits are adequately provided and in compliance with the labor law.

As the cost of living continues to rise, minimum wage becomes increasingly inadequate for workers and their families. And because the pool of unemployed is so vast and jobs are scarce, the Filipino masses would take on any available job, forgoing the risks and the making do with the bare-minimum benefits whatever sort of employment affords. This has granted, for the longest time, the private sector the upper hand in labor-management relations.

For workers, the call to increase wages to bring it closer to the "living wage," or the level that would allow workers to adequately meet the costs of living, becomes a matter of both economic urgency and social justice. A serious consideration of a substantial wage increase becomes vital in meeting the needs of the people.

It would also be important to heed the discontentment of labor organizations regarding the powers of regional wage boards and consider their abolition. In essence, regional wage boards have been used as a means to consolidate the power of employers against labor, which has rendered its existence anti-thetic to its main purpose – to empower workers especially when it comes to the determination of wages.

In the meantime, that wage increase re-

mains unresolved, a good measure that the government can undertake is to provide, and encourage the private sector to provide, increased non-wage benefits such as tax exemptions, emergency allowance and other social security subsidies that would improve the capacity of workers and their families to weather economic difficulties.

Job Creation

In terms of creating jobs, I urge the administration to implement the labor-based/equipment supported (LBES) technology when undertaking infrastructure and public works construction and maintenance. Endorsed by the International Labor Organization (ILO), this means optimizing the number of laborers to construct and maintain public infrastructure, instead of the commonly preferred alternative, which is to intensify capital or equipment. Using LBES, employment in construction projects would increase by 10- 30 per cent, it is particularly ideal for boosting employment and social welfare in developing countries that have high unemployment rates and scores of development projects in the pipeline.

In the early 1980s up to 2000, various infrastructure projects were undertaken by the different administrations employing LBES. In these projects, LBES was proven effective in generating employment and creating socio-economic benefits especially for rural communities and local governments.

As the Aquino administration sets out to implement 10 important projects for 2011 and some 70 projects in the medium-term, it is in the best position to maximize the Philippine labor force and improve over-all welfare of the people by employing LBES technology.

The jobs created will translate into a constant income stream for families that have had to weather the one-two punch of poverty and underdevelopment and put them on the path to improving their lives.

By encouraging the implementation of LB



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technology in infrastructure development, we are also able to ensure that the contribution of the private sector to the economy is not solely for the improvement of growth rates and other statistical economic indicators but also trickles down to grassroots communities and improves the standard of living for a majority of the population.

Moreover, this will complement the government's conditional cash transfer program, as it would cover households who became poor after potential CCT beneficiaries were already selected. It also requires no additional budget overlays as it would create jobs from existing projects and budgets, which will be made available to the underemployed poor earning the equivalent of the maximum CCT incomes.

End Labor Contractualization

I also propose that the administration look into the private sector's sub-contracting practice. Sub-contracting is the new trend in employment, the private sector minimizes costs and obligations to their employees by keeping them on short-term contracts. However, especially at a time of economic crisis, the periodic termination of employment leaves workers and their families with very little to prevent their descent into poverty. By periodically replacing employed people by unemployed ones, this employment illusion will certainly provide no improvement to the nation's 7.4 per cent unemployment rate, nor will it have considerable contribution in the administration's anti-poverty efforts.

It is important to ensure that employers will not make radical cuts in employment to maintain profit margins, and ensure that workers are provided with permanent employment and the corresponding benefits, as stipulated in the labor code. The administration must remain on the side of workers and regulate, and even minimize, the private sector's sub-contracting practices. Akbayan, pro-labor representatives and our labor partners spearhead the on-going legislative effort to redesign the

rules governing contractual work and ensure the security of tenure of workers, to ensure the jobs for the Filipino people; the administration must also certify the Security of Tenure bill pending in Congress as urgent.

In essence, more stable jobs and higher wages would create a wider base of working people that would serve as the fuel to the economy. As the workers' purchasing power improves and they are able to meet the needs of their families, the better-off they become, and the better they perform in their jobs.

Economic Reforms, Perfect Complement to Pnoy's Political Reforms

Restoring integrity to our democratic institutions by cracking down on graft and corruption, and easing the economic burden on the poor through conditional cash transfers and other poverty alleviation programs are in-roads to more sustainable development. We commend the efforts of the government to embark on this difficult task.

The perfect complement to the administration's efforts at reform is, still, economic reforms that would protect consumers and producers from economic shocks brought about by our integration to the global market, and enable a more pro-labor environment of employment.

It is a matter of both political will and innovative policies that the Aquino administration can make the most out of reforms. And in all these efforts, Akbayan is one with the administration in pursuing the development of the grassroots communities and local economies, and the improvement of the standards of living of each and every Filipino.

Sincerely yours,

HON. WALDEN BELLO
AkbayanPartylist

Social Democracy and Business:

Lessons learned from the 3rd Conference of the Network of Social Democracy in Asia (Socdem Asia)

Martin Manurung
Steering Committee of Socdem Asia

From October 19 to 23, 2010, social democratic political parties, pre-parties, scholars and activists in Asia had a gathering and discussions on “Growth, Social Balance and Sustainability: Perspectives for Social Democratic Economic Policies in Asia.”

One of the most interesting topics is the relationship between social democratic parties and the business community. It is easy to notice from the discussions, that social democratic parties in Asia are *uneasy* when talking about how should they ‘work together’ with the business community. Although history shows that social democracy is never an “anti-business” ideology, debates subsequently occurred on what kind of relationship they should create with the business, along with the main priority to put the interests of workers and the three social democratic principles; freedom, justice and solidarity.

Nevertheless, it is certain that at the heart of social democracy remains dialogue and participation. Therefore, contrary to the economic practices of the (neo)liberals, the economy is too important to be left only at the hands of a closed group of people dubbed as ‘the technocrats’. Economic and business policies should be designed, discussed, decided and subsequently implemented with the participation of all stakeholders: the government, the

employers, the workers, and the community.

Based on freedom, justice and solidarity, social democracy aims at “living together” as a community, a nation, a region, and citizens of the world. Thus, “living together” must be an end to be put above all means, including the market system. The market system is a genius to allocate resources efficiently, but it doesn’t work for justice and equality. Hence, the market is a good servant, but a bad master.

Because we live together, then partnership becomes important. We learned from the “German experience”, which they have created an association of social democratic business managers, social-democratic parties/groups could create a space where their “traditional” constituents can meet, discuss and subsequently find common ground with other groups of the society such as the business community.

The common ground would be fundamental to put forward common agenda between the social democratic parties and the business. The “Swedish experience” has shown that social democratic policies and the welfare state system were first implemented as a result of common interests and common agenda from both the workers and the employers. They wanted a system that makes Sweden work for all and indeed it has lasted for a century.

Making Social Democracy Acceptable:

A Report of the Exhibitions on Social Democracy

Paskal Kleden*

Since 2009, Friedrich – Ebert – Stiftung (FES) Indonesian Office has been conducting exhibitions on social democracy in several cities. During the New Order, the Indonesian government had the tendency to put anything with a socialist label in the same basket with communism. The exhibitions try to correct that stereotypical perception and making the social democratic ideology more acceptable for the young people.

This is conducted by two means. First, by explaining to the audience that the thinking of the Indonesian founding fathers like the first Vice President Mohammad Hatta, first Prime Minister Sutan Sjahrir, and anti – colonial activist Tan Malaka are essentially social democratic. They embrace freedom, social justice, and solidarity. Today, these principles

are reflected in the 1945 Constitution which stipulates among others that every citizen has the right to an education, that natural resources are utilized as much as possible for the welfare of the people, and that the poor and neglected children are taken care of by the state. The cooperation with Tempo Institute, the NGO arm of the well known magazine Tempo, made it possible to explain the history and thoughts of Hatta, Sjahrir, and Tan Malaka in 25 banners. Secondly, in addition to displaying and elucidating the political thinking of the three founding fathers mentioned above, the exhibition also constitutes the history of the Social Democratic Party of Germany (SPD). Here it is made clear that the SPD has been in constant disagreement with the Communist Party of Germany or also known as the

Bicara tentang Akar Demokrasi Indonesia

Gedung Pusat Kegiatan Penelitian (PKP)
Kampus Tamalanrea - Universitas Hasanuddin Makassar
Senin - Kamis, 30 Agustus - 2 September 2010

Pameran - Diskusi Panel - Kuis - Talkshow - Peluncuran Buku - Pemutaran Film - Musik

Pembicara:
Dr. H.M. Jusuf Kalla (*), Budiman Sudjatmiko MSc. Mphil., Dr. Laode Ida, Dr. Ignas Kleden, Prof. Dr. Rasyid Asba, Drs. Alwy Rachman, Prof. Franz-Magnis Suseno, Hezar Patria, Bonnie Triyana, Nugroho Dewanto, Hilmar Farid, Dr. Edward L. Poelinggomang, Dr. Surtadi Mappangara, Dr. Makmur Keliat, Boni Hargens, Prof. Dr. Sangkala, Dr. Alwi, Arie Sujito, Joni Suryawan, Ridwan Monoarfa, Erwin Schweishelm, Rieke Diah Pitaloka*), Dr. Bambang Sulisty, Andi Arfan Sabran, Theresia E.E. Pardede, Prof. Dr. Siti Musdah Mulia. (*) tbc.

Cultural Night:
Sinrilik (Musik Tradisional Makassar)
Kelompok Penyanyi Jalanan (KPJ) Makassar
Music Performance by Tere and Thinkerbelle

FRIEDRICH EBERT STIFTUNG
Committed to Social Democracy

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Kommunistische Partei Deutschlands (KPD) in the early 20th century and that the two parties promoted different values. The history of the SPD is elucidated by using of 29 banners created by the FES department of history in Germany.

In conducting the exhibition, FES cooperates with universities, student groups, and local NGOs. Students are usually involved as exhibition guides explaining the history of social democracy in Indonesia and Germany as well as organizers.

The first exhibition was conducted in Parahyangan University, Bandung on 11 – 13 November 2009. It was attended by 531 participants and was considered as very successful. One session asserts about the comparative perspectives on social democracy. Former FES

Singapore Resident Director Norbert von Hofmann covered the German practice of social democracy while Member of Parliament from Parti Keadilan Rakyat, Tian Chua asserted about the progress of social democracy in Malaysia. Tian Chua reminded the participants that socialists should stop their disagreements about who is more correct, and should rather stress cooperation in shaping policies. His statement was a reminder for social democratic groups in Indonesia which are highly fragmented.

In April 2010, FES conducted the second exhibition, this time at the University of Indonesia (UI) in Depok. The title “Speaking about the Original Indonesian Version of Democracy” triggered criticisms from several speakers such as sociologists Ignas Kleden and Robertus



Robert who assert that there is no Indonesian version of democracy. The idea of democracy was broached in ancient Greece and its principles are further developed by mostly western thinkers. Insisting that there is an Indonesian version of democracy could become a risk for democracy itself because authoritarian leaders could deviate from its principles by arguing that they are speaking on behalf of a form of democracy rooted in local values. Their statements prompted a discussion about when local values must be respected and when they must be forfeited to give space to more universal values such as democracy. A new topic that was discussed was “My Way of Politics” which elaborated on the alternative ways that have been conducted by people to express their concerns about Indonesia’s political development for instance through songs, poems, or documentary. Almost 1500 participants attended the four days exhibition at UI.

The third exhibition was held several months later, in Oktober 2010 in Makassar, Sulawesi, and was the first exhibition orga-

nized outside Java. The Department of History and the Department of Public Administration of Hasanuddin University became enthusiastic partners and managed to invite the Mayor of Makassar Irwan Arief Sirajuddin to give an opening remark. Moreover, there were also lessons learned from the two previous exhibitions. FES realized that there was only very little media coverage. At UI, Member of Parliament Budiman Sudjatmiko who attended as one of the speakers challenged the organizers “Where is the media?” he demanded. To address that particular problem FES decided to cooperate with the Association of Independent Journalists (AJI) in Makassar. The organization had been cooperating on numerous issues related to press freedom with FES at a national level and was luckily also eager to cooperate in Makassar. The cooperation with AJI boosted the media coverage. Every day during the exhibition there was media coverage from the local media. Makassar is known as a violent city with numerous demonstrations. Former FES Indonesia Resident Director



Erwin Schweisshelm admitted in his opening speech about his misgivings with the situation. Fortunately, with the cooperation of the local organizers everything went safely, and despite being conducted during the fasting period enthusiasm remained high and the number of participants reached almost 2000.

FES carried out its most recent exhibition in Medan with the cooperation of the Faculty of Social and Political Science Universitas Sumatera Utara and the Social Urban Working Group (KKSP) which was an FES partner in implementing programs on reform of civic education. Unlike in Makassar this time the communication with the media was taken care of by a number of alumni of the university. For the first time, there was a minister to open the exhibition. Fadel Muhammad, Minister for Maritime Affairs and Fisheries took his time to share his thoughts on the constitutional mandate for a people's oriented economy. He also informed the participants that his vision was to reform his ministry to be able to address the needs of its target group, namely

fishermen. In the past the ministry's budget only allocated 10 – 15% for the fishermen. The budget was increased this year up to 35% and will be further increased next year to 50%. The visit of Fadel Muhammad attracted a significant number of participants but proved to be a challenge for the organizers who must comply with the required protocol. A few days before the exhibition several ministerial staff came to visit the venue and asked the organizers to make improvements where necessary.

A topic on political identity was suggested to address the partisan divide in Medan. Ethnic and religion has segregated the local government, business community, and even NGOs. Priest and professor, Franz Magnis Suseno made a remark that was widely applauded. He called for a more humble implementation of religion. "We all received our religion from humans. No one has ever met God himself" he asserts. Moreover, in a book launching on the history of Pancasila the speakers were challenged by a female activist from Hizbut Tahrir Indonesia, a fundamental Moslem organiza-

The Journal

tion. She argues that all the values in Pancasila which became the state philosophy in Indonesia are already reflected in the Quran. Therefore, according to her, Islam is able to provide a universal solution for Indonesia. She also argues that Pancasila is not really an ideology. There are only three ideologies namely capitalism, communism and Islam. Writer Yudi Latief contradicts her, and elucidates that she only derogates Islam by putting it at the same plane with human made ideologies. The event was the most successful and was visited by over 3000 participants during the four days.

The exhibition has been a breakthrough for FES in reaching out to the young people.

Several students who were asked to give comments on the exhibition in the last days were surprised about the methodology used. The discussions were serious but were packaged in a popular way. With such enthusiasms it is not unlikely that social democratic principles as promulgated in the 1945 Constitution can be truly implemented in Indonesia. An Indonesian proverb says "Not knowing means not loving". Hopefully FES can contribute to social democracy by making it more known and acceptable to the public.

*** The writer is Assistant to Resident Director at FES Indonesia Office**



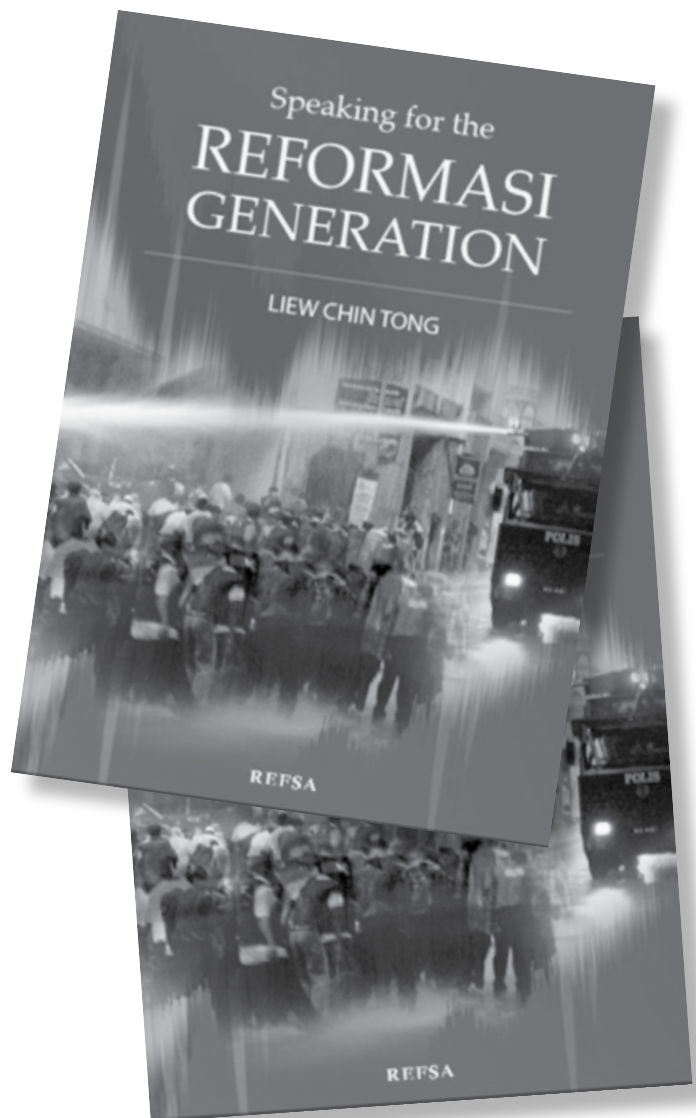
Speaking For The Reformasi Generation (REFSA, Kuala Lumpur, 2009)

by Liew Chin Tong

It was the best of times, it was the worst of times - that best describe the times we are in, at least for us here in Malaysia, especially in the period between 1998-2008.

In the past decade, Malaysia collectively have gone through a unique experience of turmoils and growth; the 1997 Asia financial crisis, the unprecedented 1998 Reformasi movement, the rise and fall of Mahathir Mohammad, the longest-serving Prime Minister, the ripple effect of post-911 global paranoid and finally, the 308 political tsunami which eventually saw the end of the rule of Prime Minister Abdullah Ahmad Badawi and the rise of Najib Tun Razak amidst controversies.

Speaking for the Reformasi Generation (SFTRG) is a book which speaks of the events that marked this past decade. Author Liew Chin Tong is arguably the emerging voice of this generation. A scholar, political strategist and now Member of the Malaysian Parliament, Liew who was a college student



Book Review

during the 1998 Reformasi period, could not have been in a better position to, so to speak, speak for the Reformasi Generation.

The Reformasi Generation

The Reformasi Generation (R-Generation) is roughly the Generation Y of Malaysia. Emerging from the confused modernism of Gen X, the R-Generation is in effect the real heir of the Baby Boomers, if only by our shared commitment to counterculture movement.

We grew up in the era of Mahathirism, of mega projects and political hegemony. Liew echoed many young Malaysians of our times when he wrote, "We were a generation growing up without knowing any other Prime Minister except Dr Mahathir".

Mahathir gave this generation unprecedented access to the Internet, and therefore access to a source of infinite ideologies and thoughts, via his Multimedia Super Corridor (MSC) pet project. It was Mahathir who gave this generation its most revered icon of counterculture, Anwar Ibrahim when he paved the way for the latter in national politics and eventually appointed him as his Deputy in 1993. And it was also Mahathir who gave rise the opportunity for the birth of the Reformasi movement when he sacked Anwar Ibrahim in 1998.

Ironically, it was Mahathir and his Mahathirism which the R-Generation rebelled against the most.

A Biography of A Nation in Transition

Liew was not merely a passive observer of the events in the last ten years. As political aide to a number of key Opposition leaders from the Democratic Action Party (DAP) such

as Teresa Kok, Fong Kui Lun, DAP Supremo Lim Kit Siang and eventually, to the Secretary-General of DAP and the future Chief Minister of Penang, Lim Guan Eng, Liew wrote from the perspective of a participant, drawing from his personal encounters with the issues and players of the political scene of the country.

In a way, SFTRG reads like an autobiography of this young emerging political leader of Malaysia. It probed into the author's mind on thoughts ranging from national history to economics to politics to social issues such as gender, housing, foreign workers and public transportation.

But on the other hand, SFTRG is also the biography of a Nation in transition. For Malaysia, just like for the R-Generation, the period between 1998-2008 was a period where we were going through late adolescence into another level of maturity. After more than two decades of authoritarian-rule of Mahathir where fundamental freedoms such as intellectual freedom, press freedom and freedom of association were greatly suppressed, the Nation and along with her, the R-Generation thirsted for these dynamics.

In his own way, Liew had managed to chronicle this transition, beginning with his own stories of participating in the Reformasi street protests and then proceeding to using his skills as a political scholar to analyse the different events and milestones which eventually shape our Nation in her present form. For a generation often muffled from history other than those portraying the ruling UMNO-Barisan Nasional Government in positive light, Liew the scholar-analyst re-tell for us history

beyond official history.

Thoughts on PAS

One of the most interesting sections of the SFTRG must be the part on Parti Islam Se-Malaysia or PAS. UMNO, in order to win votes had always painted PAS as the extremist Islamic party and DAP as the extremist Chinese socialist party. By portraying its political opponents as religious far-right and communalist far-left, UMNO had managed to sell itself as the moderate centre party, although there were many instances when it tried to out-Islam PAS to win the Malay-Muslims' votes.

Liew's perspective into PAS therefore, is a very much welcomed fresh air. He was not only writing as a scholar whose main research was on the Islamic party, but also as a leader of DAP, a party which was demonized by UMNO along with PAS and a party which had bitter-sweet relationship with PAS since their partnership in the Barisan Alternatif (BA) in 1999.

It is interesting to note that at the end of the section on PAS, Liew identified himself not only with, but as one of the Erdogans, a label given to the progressive section of the Islamic party. This perhaps is a glimpse of a new era of co-operation between DAP and PAS even as both parties struggled to form the political alternative to UMNO-Barisan Nasional.

A Generation Where Change Is Possible

The R-Generation had enjoyed the benefits of unprecedented wealth from the rapid modernization of the Mahathir era. Yet, precisely because of this reason, we are more exposed to progressive political idea of rights and therefore are more keenly aware of the cor-

ruptions of UMNO-Barisan Nasional's half-a-century rule.

From the perspective of R-Generation, Liew's diagnosis of our Nation's problem is acute. In his own words, "our problems are much more serious than contesting in elections and winning political matches. They are becoming permanent, and the country is caught holding the short end of the stick as the international economy evolves in ways that threaten to make us a failed state."

But the R-Generation is a generation of change, it is after all a generation of "reform".

Liew spoke for many of us when he wrote, "the essential differences between us - those who desire reforms - and them - those who favour the status quo and thus decline - are that we crave new ideas and knowledge, we go beyond the usual racial caricatures and embrace not only all Malaysians but also the world, and we believe that essential change is possible".

Steven Sim

The author is the Executive Secretary of the Network of Social Democracy in Asia and was formerly Special Assistant to Penang State Executive Councillor for Youth and Sports. He is currently pursuing his post-graduate degree in Philosophy. In 1998 during the Reformasi movement, he was a 16-year old student.

Speaking For The Reformasi Generation is available for purchase at

<http://www.refsa.org/books.html>

2011

Socdem Asia

International Workers' Day

Message

In the capitalist system the ever present need for workforce is accompanied by the the ever present oppressions of the workers. While workers everywhere observe this year's International Workers' Day, we are aware of the ongoing challenges and new obstacles workers face as the world moves into the second decade of the 21st century. Today, escalating food prices and cost of living made it impossible for many wage earners to live a decent life in their own countries. Many of these workers eventually have to seek employment in other countries. The workers have no country, so goes the old saying. This is even truer for migrant workers because not only they are strangers in the countries where they work, but more often than not, they receive no protection from their home countries.

SOCDEM Asia is committed to advocate for the strengthening of social security in particular here in Asia. The right to social security must be extended to both domestic and migrant workers. Workers who labour for the country must be allowed to enjoy the fruits of their labour, share in the nation's prosperity and be cared for in return when they can no longer contribute their labour. Without social security, a worker labours in vain for

others, sacrificing the best part of his or her life without any hope of reaping a return. This situation is very real in Asia with studies showing only about 25% of workers in major parts of the region are covered by some kind of pension schemes. Governments in this region must begin to listen to the cries of the workers. The recent revolutions in Africa and the middle east displayed the strength of the working class who will react when governments continually ignore our pleas. The workers who generate economic growths can also generate political changes.

Finally, we hope that this year's observation of the International Workers' Day will give strength to workers to continue our struggle for a better world. Comrades, let us arise and move forth stronger in unity. Happy International Workers' Day.

In solidarity,

Steven Sim
Executive Secretary
Network of Social Democracy in Asia
01 May 2011



Willy Brandt

(18 December 1913-8 October 1992)

Wir wollen mehr Demokratie
wagen. Wir wollen eine
Gesellschaft, die mehr
Freiheit bietet und mehr
Mitverantwortung fordert.

We want to dare more
democracy. We want a society
that offers more freedom and
calls for more responsibility.



Participants of Conference of the Network of Social Democracy in Asia:
"Growth, Social Balance and Sustainability:
Perspectives for Social Democratic Economic Policies in Asia",
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