

## **Social Theory and Asian Dialogues: Cultivating Planetary Conversations**

**DIR - Aalborg University 23 June 2010 Fibigerstraede 2, Seminar room 2**

### **Programme**

**10.00 - 10.30 Ananta Kumar Giri: Social Theory and Asian Dialogues: Cultivating Planetary Conversations**

**Discussion**

**10.50 – 11.20 Jacques Hersh: The Clash of two Catastrophes: The Holocaust and al-Nakba**

**Discussion**

**11.40 – 12.10 Akram Hawas: Islam Beyond Traditions: In Search of a New Universalism**

**Discussion**

**12.30 – 13.30 Lunch**

**13.30 – 14.00 Jens Christensen: Reframing Economic Development: Thing or Mystery?**

**Discussion**

**14.20 – 14.50 Li Xing: China and the Capitalist World System: a civilization versus nation-state**

**Discussion**

**15.10 – 15.40 Johannes Schmidt and Bonn Juego: Social Welfare in East and West – A Tranquilizer for Dialogue**

**Discussion**

**16.00 – 17.00 Final debate**

According to the discourse of elites in East and Southeast Asia public social policy before and after the financial crises in 1997 and 2008 has been supportive of a small public sector, free trade and the allocation of growth in the market-place. This approach relied on a Weberian-type explanation emphasizing a set of Confucian or proclaimed Asian values such as hard work, discipline, enterprise, family, thrift, responsibility and respect for hierarchy and authority. It was furthermore based on an a deliberate philosophy and particularistic strategy of not emphasizing any measures of social welfare state or publicly sanctioned entitlements, as this would most certainly decrease national competitiveness in global markets.

This approach has recently been challenged by pressures from the labor sector which in tandem with increased democratization is pressuring the political agenda regarding provisions of state sanctioned welfare and social security. The old-style authoritarianism based on “Asianism” and the policy on growth priority at any cost is being questioned.

- The main purpose of the contribution is to provide a critical assessment of social policies in Southeast Asia (Thailand and Indonesia in particular, but also Malaysia and the Philippines) in a comparative perspective with the East Asian experience (Japan, Korea and Taiwan - excl. labor), and the Scandinavian experience with corporatism (incl. labor).
- Are there lessons to be learned from models of social provisioning, with the ultimate objective of ensuring decent and secure lives for all citizens - particularly the poor, the excluded sectors in society and the unemployed?
- However, given the degree of uncertainty that currently prevails, this paper will not attempt to offer definite conclusions or policy prescriptions. As a matter of fact, in terms of social welfare, equity and labor market policies the pre-crisis model of East Asia might offer lessons for the West and vice versa. Mutual learning and dialogue must be the key for future understanding and cooperation.

- "East Asian miracle" held up by the multilateral agencies as a model for world capitalism - the crisis prone economies in 1997 were shown to the world as deficient because of structural distortions.
- IMF's Stanley Fischer, "It is striking that models run out of string at some point. Communism worked very well for thirty or forty years and then started collapsing. Crony capitalism delivered for a long time in Asia but that interlocking nexus of banks, governments, corporations became quite rotten and it is rotten in the countries in crisis and they have to be reformed."
- Managing Director Michel Camdessus : "It would be a mistake to blame hedge funds or other market participants for the turmoil in Asia...Turbulence in the market is only a symptom of more serious underlying problems which are now being addressed in many countries"
- The crisis was viewed as the determining proof that no alternative to the neoliberal Anglo-Saxon type of capitalism ever existed. It was as much an over-extension of the Eurocentric annihilation of Western superiority in 1997 as it is in 2010

- It is in its essence a universalist and hegemonic discourse claiming that "progress is somehow permanent and natural in the European part of the world but not elsewhere, and progress elsewhere is mainly the result of the diffusion of the innovative ideas and products from Europe and Europeans".
- Eurocentrism can be understood as the implicit view that societies and cultures of European origin constitute the "natural" norm for assessing what goes on in the rest of the world and an explicit a way to use capitalist crises as a pretext to denounce alternatives and outright claim the superiority of neoliberal hegemony in universalistic terms.
- This double-move repeated itself in the aftermath of the 2008 where the present claimed Euro sclerosis is used as pretext for downsizing the welfare state and hard won entitlements of the labor movement and working people in general.

- The WB dictum: "fears that increased international trade and investment and less state intervention will hurt employment are mainly baseless"
- This advice was and is followed by most countries and together with the premature liberalization and deregulation of the financial sectors those were fundamentally the main causes of the crises, and it is therefore of interest to know whether this is still the case or not in 2010. After all as the New York Times recently asked "Is the United States no longer the global beacon of unfettered, free-market capitalism?"
- In extending billions in lifeline to private companies and even nationalizing several conglomerates, Washington has not only turned away from decades of rhetoric about the virtues of the free market and the dangers of government intervention, but it has also probably undercut future American efforts to promote such policies abroad. "For opponents of free markets in Europe and elsewhere, this is a wonderful opportunity to invoke the American example," said Mario Monti, the former antitrust chief at the [European Commission](#). "They will say that even the standard-bearer of the market economy, the United States, negates its fundamental principles in its behavior."
- Mr. Monti said that past financial crises in Asia, Russia and Mexico brought government to the fore, "but this is the first time it's in the heart of capitalism, which is enormously more damaging in terms of the credibility of the market economy" (NYT 17 Sept. 2008).

- The countries of East and Southeast Asia were hit differently by the crisis. Some were seriously affected whereas others appear to have escaped rather lightly.
- China seems to have been able to ride the storm without fundamentally altering its economic policies. However, social protection and labor market policies and programs have taken on sharply increased importance in China in recent years and the Chinese state used a traditional Keynesian approach to jump start the market.
- This is a clear indication of the fact that the countries of the region never represented or followed one development model. Therefore, a rethinking of the crises in 1997 and 2008 should also be a rethinking of the East Asian model and it involves a discussion about the role of social and labor policies versus flexibility both by theoretical, historical and empirical analysis. One impact of this rethinking is seen in the post-Washington consensus where social safety nets suddenly became important in World Bank parlance. The paradigm relies on careful targeting of social expenditures and social safety nets to enable social cohesion and social capital to foster smooth structural adjustment without creating social havoc and at the same time saving the market from its own destruction.

- This post-Washington Consensus might be interpreted as a boomerang for East Asian policymaker. For years, the regions technocrats cum bureaucrats, politicians and business executives looking at the expensive welfare states, regulatory structures and redistributive tax policies that developed in Scandinavia, had proclaimed the necessity of following a different developmental path. The main economic problems, before and now, of the non-welfare states in East and Southeast Asia depend on their position in the world economy. Although there are embryonic welfare constructions they are paradoxically both globally unique and hybrids of existing welfare states. With the emphasis on familialism and aversion to public social services, it remains a paradox that in a comparative framework with Scandinavia, Continental Europe and the Anglo-Saxon countries, East Asia's social security arrangements have lagged far behind its economic achievements

- In this regard the question which social sciences faces in view of globalization is whether the process will result in greater social welfare or whether globalization serves to reduce the social dimension of twentieth century capitalism. This problematique has gained special significance in the context of the breakdown of East Asian authoritarian capitalism - except in China. Will an evolution towards more democracy open the way to a greater contest over the economic surplus/social product? How will the political systems absorb the demands of the social classes at a time when adjustment to the conditionalities imposed by the IFIs goes in the direction of the dismantling of the developmental state?

- One consequence of the effects of globalization and neoliberal hegemony has been the ideologization of the role of the state in East Asia and implicitly the region's social welfare systems. Neoconservatives in Europe, the United States and East Asia are seemingly in convergence when they point to the importance of culturally-bound social values such as hard work, discipline, enterprise, family, thrift, responsibility and respect for authority. Thus, the Weberian interpretation of European capitalism as a product of Protestantism has been recycled to explain the so-called East Asian miracle in terms of a specific Confucian ethic. In fact a certain ideological convergence has made its appearance despite the much publicized divergences. Yet one of the results of economic growth and the emergence of East Asian self-confidence was based on the fact that "the preconditions for new political alliances spanning 'East' and 'West' are emerging," and "opponents of liberalism and social democracy, both inside and outside 'Asia', are drawing on each others' arguments and views with a growing synergy“

- Beneath the surface of these ideological divergences and convergences toward social welfare the bottom line of the debate is that social security issues are assuming greater importance. It is being realized that the maldistribution of wealth and increasing vulnerability of modernizing social systems in East and Southeast Asia can potentially lead to unrest and instability. It seems clear that ideological and culturalized positions of social welfare have become a factor which shape internal and external policy in various directions depending on the social circumstances