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Development and Social Policy

The win–win strategies of developmental social policy

Edited by
Christian Aspalter and
Kenny Teguh Pribadi

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Development and Social Policy

In recent years, government and policymakers around the world have shifted their attention away from money-oriented, supply-side economics to institutional economics and people-oriented social and economic development. Issues such as poverty reduction, win–win solutions and strategies in social policy and their implementation, universalization, and a variety of new large-scale conditional cash transfer programs have become ever-present in the global discussion about development and social policy.

This book provides win–win strategies for social policies on the ground, as developed and put forward by the normative theoretical paradigm of Developmental Social Policy (DSP). Taking the state-of-the-art general development theory as a starting point of reference and discussion, it goes on to discuss in detail the key win–win strategies that form the basis and core of the DSP paradigm. It examines key related issues such as the performance of provident fund systems, the performance of conditional cash transfer systems (especially their elements that are based on asset- and means-testing), universalism and extension in social security provision in the context of especially developing countries, and "non-economically targeted" social welfare benefits and services.

Providing fully-fledged theoretical guidance paired with key social policy strategies and solutions, it will be highly valuable for students and scholars of social policy, development studies and Asia Pacific studies.

Christian Aspalter is Professor of Social Policy at Beijing Normal University-Hong Kong Baptist University United International College, China.

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For my daughters, may they grow up in a better and better world!

Christian Aspalter

For my parents, Suhardyo and Imelda, and my sisters, Vina and Gaby. Thank you for your continuous support, love and faith.
For my future wife, Shierly Mayasari. Thank you for coming into my life and making my life much more meaningful. Let's explore life together.

Kenny Teguh Pribadi

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Introductory part

1 Introduction

Christian Aspalter and Kenny Teguh Pribadi

This book focuses on the *Developmental Social Policy* (DSP) paradigm that supports both social development and economic development of rich and poor countries, regions, cities and rural areas wherever they are, and as such it is continuing a series of studies that in the past have proposed a new *summa summarum* middle road in social policy.

DSP is a paradigm that is not necessarily always centered in the middle, and often proposes social policy solutions that may here and there be identified by some to be located on the right or left of the political spectrum (as if such a classification would have ever made sense in the first place). It is not a road of socialism envisioned by proponents of this new social policy paradigm. On the contrary, advocates of developmental social policy oppose ideas of full-fledged state socialism as a whole. At the same time, neoliberalism or any kind of laissez-faire capitalism is also strongly opposed by these experts, who come from different countries, and may share different political backgrounds.

Proponents of DSP support a wide array of social policy solutions/measures, such as universal public social security systems, benefits and services, or mandatory provident fund systems that are in essence private savings accounts (see especially Midgley, 2008, 2013; and also Lee *et al.*, 2014; McKerman and Sherraden, 2008; Midgley and Tang, 2008; Schreiner and Sherraden, 2006; Tang, 2000, 2006a, 2000b; Tang and Wong, 2003).

The best case is if mandatory provident fund systems are state-run, as these are cheaper and more efficient, as long as the government institutions in the country/region in question are not corrupt—hopefully combined with some forms of insurance elements and public top-up schemes, as in the case of Singapore; *and* broad-based universal social benefits and services, as in, for example, Sri Lanka and Thailand.

The pragmatism of developmental social policy is built on the practice of supporting *what works* and opposing *what does not work, or does not work as well as other solutions*, it is as simple as that. Therefore, what is to be supported or opposed depends on empirical evidence on the ground, not lofty theoretical or political ideas.

DSP is a technician's choice. It is the voice and choice of comparative evaluation of empirical evidence across the board, across as many countries and regions of the earth as possible. Experts from many countries have in the past embraced the practical solutions and policy strategies of DSP, as they have proven to be non-political and working in favor of the poor and the vulnerable and in favor of overall national (economic and social) development, given their correct application and their correct combination.

Improving efficiency *and* effectiveness at the same time is most important in the profession of social policy. Social policy experts need to achieve these two paramount objectives, not in order to please any political leaders, parties or opinion makers, but to save lives and improve lives in the real world.

In terms of efficiency, for example, saving time, paperwork and/or money also means saving lives (very important) *if* that money is in return put to good work to buy medicines, medical treatment, water, food and shelter for the poor and vulnerable populations of this earth.

In terms of effectiveness, for example, it is vital to see and understand that millions of people in China alone, for example, are dying every year because of smoking, and again more millions die from drinking alcohol (including those dying of cancer caused by long-term excessive consumption of alcohol), and it is not only money that can help; public awareness and education is crucial for saving lives—tens of millions of lives every year around the world.

> Therefore, *it is the way money is spent and the way behaviors are changed that matters, not only how much money is spent in total.*

Social policy attends to three major objectives at all levels of government (international, national, regional, and local):

1. saving people from premature death, unnecessary injury and diseases, suffering, poverty, social exclusion, discrimination, violence, crime, abuse and neglect (decreasing diswelfare and dehumanization);
2. increasing well-being and humanization (in other words "welfare"), social justice and social rights (as human rights); as well as,
3. enabling and sustaining social development in all types of societies (developed, developing and not-yet-developing societies).

The social development objective of social policy sums up all decrease in diswelfare and increase in welfare, and on top guarantees an overall positive and practical outlook on societal (social and economic) development. The overlapping focus of these three main social policy objectives is wanted and necessary, as we are in need of overlapping objectives in the sense that multiple policies are necessary to address/cure and prevent almost any given social problem, and to avoid as much as possible any gaps (i.e., social problems and social development not being addressed or addressed successfully) in overall social policy that would lead to costly and dehumanizing loss of lives, welfare and social/human development.

Social development has and is often mentioned in connection with developing and not-yet-developing countries, or the "development context" (see

Midgley, 1995, 1996; Patel *et al*., 2015). But proponents of DSP clearly have pointed out in the past (see, for example, Hokenstad and Midgley, 2004; Midgley, 2008, 2013; Midgley and Sherraden, 2000; Midgley and Tang, 2008) that social development is also a necessary social policy objective in, for example, all highly developed industrial countries, whether the United States or societies across the European Union. To be sure, social development is a process that does not stop at any given point in economic development or societal development. Societies never stop developing, for better or worse.

Social policy is needed to support societal and economic development to ensure better societal outcomes also in post-industrial societies. In addition, new (global) social risks aggravate the need for more and better social policies—such as those caused by Hurricane Katrina of 2005 or the terrorist attacks on the people of Paris of 2015, to name just two examples. This adds to the already high needs for social policy in post-industrial societies that in general are plagued by widespread poverty, social exclusion and highest rates of unemployment.

In addition, certain common mental health problems, for example, are connected by and large to higher rates of cancer, as are daily life choices—food and beverage consumption, means of transportation and lack of physical exercise versus regular physical exercise, high levels of stress on the job and then at home in the family, or due to the lack of positive functioning (which again may cause mental health problems, if not in the short then in the long run).

Connections between social problems are not yet high on the agenda of social policy experts—or of medical experts and economists. It is said, for example, that about half of all current medical scientific knowledge will be out of date in just five years time (Pils, 2015), so learning new connections, especially about original causal connections, new preventative means and, of course, curative means, is ever more necessary to become a mainstay of daily activities and research of social policy experts, medical and psychological experts, as well as health and development economists (e.g., through expert journals, online magazines, expert forums, online news forums, documentary films and real-life observations).

Social policy experts will continue to learn new facts about and connections between social problems, and all their causalities (which are not to be confused with statistical correlations alone). This process of learning and research accompanies societal and economic development, from the very beginning at low or lowest levels of development to high or highest levels of development (seen so far).

This book, in sum, tries to promote the profession and science of social policy. Perhaps first and foremost due to the lack of a global social policy association, social policy experts have not yet shed enough light on the necessity of: (1) creating universal (global) standards in professional social policy education at all academic levels; (2) creating minimum standards for the practice of social policy under the name of being social policy experts or social policy administrators—both of them being professional in the true meaning of the term;

(3) exchanging best practices and lessons, as well as learning from worst, bad and/or less-than-optimal practices (*all of which* are vital for the advancement of day-to-day social policies and their programs, as well as the respective legislations, government regulations, government administrative systems, etc.); and (4) *most importantly* calling for an end to misery and loss of lives of billions of people on this planet earth, by proposing better and more social policies on international, national, regional and local government levels in a concerted manner pursuing long-term goals and perspectives, while integrating all the latest, current findings in medicine, psychology, sociology, economics and social policy as much as humanly and realistically possible.

In Chapter 2, Anis Chowdhury provides an overview of how development models evolved from the mid-1900s to recent times. In the early stage of theory development of how an economy grows and develop, the main focus was on capital sufficiency. It was rather strongly believed that capital sufficiency is the key for economic growth, and thus for development.

Over time, the theory and the paradigms evolved to be much more market-oriented and suggested very minimal government intervention. Free market mechanism was then assumed to be the "best" solution as each economic agent would then hypothetically interact and find both the most efficient and effective mechanism to address various different economic issues. Under the free-market (*neoliberal*) paradigm, governments around the world turned to deregulation and privatization, as a panacea for achieving again high rates of economic growth, as compared to the height of their industrial and manufacturing might in the 1950s, 1960s and 1970s. Taxes (as well as mandatory social insurance contributions), which (obviously) do hamper current and prevent additional economic activities, and with it economic and social development, have however not decreased, but continued to increase ever since the end of World War II.

The world economy was indeed growing at a fast rate, but for mostly different reasons—especially economic globalization and therefore resulting increasing returns in scale and the increased access to new cheap productive forces (labor and land), which in turn generated the engine of growth, the manufacturing sector, of the world economy (see Kaldor and Verdoorn's growth laws in Kaldor, 1966, 1968, 1986; Thirlwall, 1991; as well as Smith, 1976, Young, 1928).

Intense privatization and deregulation as advocated by the *neoliberal laissez-faire* paradigm eroded the overall regulatory and directive powers in the hands of the state, and as a result led to increased social distortions, e.g., new forms of market failures (inefficiencies and ineffectiveness) of mandatory private insurance systems as a replacement for public social security systems.

However, in the wake of financial and economic crises (i.e., the 1998 Asian financial crisis, 2000 dot-com bubble), scholars and policymakers began to consider the need for larger government roles in their economies. The financial crises, for example, were living examples that highly unregulated markets could cause dire economic and social consequences when the market fails (see, for example, Stiglitz, 2010, 2012, 2015).