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## Social Policy in the Global Transformation Flow: State Responsibility for Social Welfare

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### **Abstract:**

*This article is a critical review of the development of social policy concepts and practices in promoting welfare, especially in Indonesia. Globalization has shifted the state's critical role in managing social, economic and political life, which then also has an impact on social policy making as an instrument of national development. In its development, social policy making is no longer the sole authority of the national government, on the contrary it is more determined by international institutions, such as the UN, World Bank, IMF, and meanwhile, developing countries are forced adopt provisions set by them.*

**Keywords:** Social policy, welfare, social transformation, globalization

### **1. Introduction**

Social change is a necessity that cannot be stopped. The history of society is a history of social change. The power of human imagination with the ideas and technology it develops is able to respond to various challenges and problems that arise in each period of life, so that gradually there is an increase in human capacity and capability to meet the growing collective and social needs. For this reason, sociologists note that in the course of social history, social transformation has succeeded in bringing society from primitivism life controlled by instincts to the era of civilization controlled by the power of logic or reasoning (humanism).

Sociological theories especially in the classical perspective, led by Auguste Comte (1798-1857), Karl Marx (1818-1883), Emile Durkheim (1858-1917), and Max Weber (1864-1920), they agreed that the existence of life human collectivity underwent evolutionary social transformation: primitivism - traditionalism - modernism. Although social change is constructed by them in different concepts, but substantially, their theories describe the process of transformation of human behavior, both at the individual and collective level (structural) as an interactional unit (Ritzer, 2010).

In practice, the social transformation that takes place in people's lives is not value-free, instead it brings and even changes established values and has implications for changing the way people think, feel, and behave. For this reason, views on social transformation are divided into two continuum points, between "Pessimism" which is represented by a conflict perspective and "Optimism" represented by a structural functional perspective.

Especially in the era of globalization, where advances in information technology (computers and the internet) have become vital media in transforming various social issues on a massive and global scale. The socio-cultural, economic, and political contestation not only takes place between groups within geographical boundaries, but in the global arena that involves various groups or nations with differences in values, culture, and even ideology. This phenomenon is a reason for some circles to judge that the current social transformation, illustrates the dominance of developed countries over developing countries. In other words, social transformation in the economic, political, and cultural fields reflects the success of the global capitalism system driven by Western countries (America and Europe). Globalization is often understood as a process of economic nationalization that is characterized by the increasingly open trading and circulation of money between countries. Ramesh Mishra (1999:3-4) said that "Globalization refers to a process through which national economies are becoming more open and thus more subject to supranational economic influences and less amenable to national control". Globalization is formed by the politics and ideology of neoliberalism, so that between globalism and neoliberalism is like two sides of a coin that are difficult to separate. Globalization is like a double-edged sword: one eye carries economic prosperity, while the other eye carries the wounds of humanity. (Suharto, 2017).

Increasing poverty in a country and economic inequality between countries is a global reality. The decade of the 1980s and 1990s has witnessed an income gap, not only are rich countries getting richer, but also because poor countries are getting poorer. There is a gap in the quality of life between human beings in this world and the gap seems to be widening. Likewise in Indonesia, the welfare condition to date has been marked by the high poverty rate. According to a Central Statistics Agency (CSA) report, the number of poor people in September 2019 was recorded at 24.79 million people. This figure decreased by 0.36 million people from March 2019 and decreased by 0.88 million people from

September 2018. Although poverty in total fell, poverty disparity between urban and rural areas was still high. The percentage of poverty in the city in September 2019 was recorded 6.56 percent, while the percentage of poverty in rural areas reached 12.60 percent.

The facts show that until the beginning of the 21<sup>st</sup> century today, poverty is still a burden on the world. Poverty is one of the wounds of humanity in the world that never heals. Especially for Indonesia, poverty is still a serious problem. Although statistically the number of poor people in Indonesia shows a declining trend, but in absolute terms the number of poor people in Indonesia is still very large. This situation explains that economic development in the world has been distorted (Midgley, 1995). Responding to this condition, the United Nations (UN) in September 2015 launched the Sustainable Development Goals (SDGs) as a global agenda to continue the efforts and achievements of the previous agenda, the MDGs which have changed the face of the world for 15 years for the better. SDGs are new development agreements that drive changes towards sustainable development based on human rights and equality to encourage social, economic and environmental development. SDGs are enforced with universal, integrated and inclusive principles to ensure that no one will be left behind or "No-one Left Behind". (Ministry of NDP/National Development Planning Agency, 2018).

This fact is a challenge and problem for the State of Indonesia, which normatively constitutionally stated in the Preamble of the 1945 Constitution the third paragraph that "... to form an Indonesian government that protects all Indonesian people and all Indonesian blood and to advance public welfare, educate the life of the nation, and participate in carrying out world order based on freedom, eternal peace and social justice ... ". However, until now it has not been able to realize the idealism of welfare optimally. Instead, it is controlled by global forces. They make the principles of democracy and human rights as instruments and even indicators to assess the political, economic and socio-cultural practices that take place in developing countries based on their perspectives. The challenge that must be answered is how Indonesia is able to contest in the global arena, so that the ongoing social transformation can empower and strengthen constructive local (national) values.

## 2. The Problems: Expansion of Social Policy and Its Implications

Poverty reduction is on the social policy agenda for the practice of all development agencies and governments. Some main policies of social policies are protection and strengthening livelihoods and combating social exclusion. It is mainly dominated by the central government and civil societies. Non-governmental organizations, grassroots associations, social movements, trade unions, churches and in some cases even the private sector are some examples of it. These bodies have worked a lot to reduce poverty and to provide social justice as well as sustainable development. According to Hall & Midgley (2004), State, civil society and international development institutions are trying to improve their participation. Changes in the scope and institutions of social policy makers from local to global level, further raises critical questions related to the mechanism of global social policy in addressing local / national problems so that people can access various basic services and opportunities provided to them as citizens?

## 3. Social Change and Global Phenomena

### 3.1. Modernization: Myth of Progress and Prosperity

Development is a model of social change that is planned and implemented in developing countries (Nugroho, 2014). The main reference of development as a model of social change is modernization, which is the social pattern that results from industrialization. The assumption is that developing countries must follow Western countries if they want to progress, they must make changes to their plans through the process of modernization / industrialization.

In turn, modernization was chosen as a model of social change that was implemented in a planned manner in Indonesia's national development program in the New Order era. The acceleration of the national development program, which is the goal of modernization, demands the adoption of a capital center development approach. In this approach, the rationalization of the organization, the application of industrial technology based on machines and money become the main instruments for development activities. Meanwhile, human capital as a production power, its use is very limited and efficient, development activities become very elitist, involving only economic elites (capital owners), political and bureaucratic elites, and skilled workers as the production power.

Some social consequences that arise due to modernization are (Macionis, 2012: 567-568):

- The decline of small and traditional societies. Modernity causes progressively weakening of the community which is relatively cohesive to the individualist mass society.
- Expansion of personal choices. Modernization has changed the way people look, seeing their life as an endless set of choices, a process called individualization.
- Increasing social diversity. Modernization promotes a rational scientific view because tradition loses its grip and people get more individual choices.
- Orientation towards the future and the development of time. Modern society thinks more about the future and is optimistic that new discoveries will improve their lives.

In its development, modernity has failed to fulfill its promise. The promise of modernity is a life free from poverty. However, until the 20th century it did not succeed in solving social problems such as poverty. The defining nature of the modern era is the scientific view and the belief that technology will make life better. However, it turns out that science has not solved many old problems (such as poor health) and has even created new problems (such as pollution and global warming).

In practice in the Third World, including Indonesia, the modernization development strategy has created dehumanization; people who lose their lives, are initiative, are passive, and are powerless. Limited access to resources

means that most people cannot enjoy the claims of successful development adequately, including economic opportunities (employment), politics, education, social services and quality public services. Achievement of successful development is only enjoyed by a small portion of the upper middle class who play the main role as national development elites.

### 3.2. Information Revolution: Post-industrial Community Phenomenon

The most prominent phenomenon in this era is the development of information technology which is very dramatic, marking the changing world in the era of the industrial revolution 4.0. or better known as post-industrial society. In this era, the speed and mastery of computer-based information technology can deliver anyone to be a winner, both in the economic, socio-cultural, and political fields. Many online companies have emerged that don't even have offices, but are able to dominate the market. Large transportation companies with thousands of employees can close their doors because they cannot compete with online transportation companies.

New information technology brings people around the world closer and creates a global economy, economic activities that cross national borders. The development of the global economy has five main consequences (Macionis, 2012: 373).

- First, we look at the global division of labor. Various regions in the world specialize in one sector of economic activity. Where, the poorest countries in the world specialize in producing raw materials. Meanwhile, rich countries specialize in the production of services.
- Second, more and more products pass through more than one country. Look at our morning coffee: The coffee tree might have been planted in Colombia and sent to New Orleans on a registered cargo ship in Liberia, made in a shipyard in Japan that uses steel from Korea, and is driven by oil from Venezuela.
- Third, national governments no longer control economic activities that occur within their borders. In fact, the government cannot regulate the value of their national currencies because the dollar, euro, pound and yen are traded all the time on the financial markets of New York, London and Tokyo.
- The fourth consequence of the global economy is that a small number of businesses that operate internationally, now control most of the world's economic activity. Based on the latest available data, 1,750 of the largest multinational companies (with sales of around USD \$ 30 trillion) constitute half of the world's economic output (World Bank, 2010).
- Fifth, economic globalization raises concerns about workers' rights and opportunities. As a result, according to critics, the expansion of global capitalism threatens the welfare of workers throughout the world. The world is still divided into 195 politically distinct countries. But increasing international economic activity makes nationality less significant than the previous decade.

This is a challenge and an opportunity for the community to improve the quality of human resources. It is not only limited to building intelligence and skills, but far more important is building national morality in order to be able to control the use of knowledge and technology as a product of human intelligence itself. That the use of technology is certainly not intended to create dehumanization and destroy social order. But on the contrary, it is precisely to uphold human dignity and dignity as the main stakeholders responsible for maintaining harmonization of world life.

Responding to this phenomenon, we need a transformative social policy strategy that is able to respond constructively-progressively, harmonizing between local and global forces.

### 4. Transforming Social Policy in the Global Era

Conventionally, social policy is considered synonymous with government intervention to provide social services. Until the beginning of the twentieth century, social policy signaled the country's minimum actions to address the urgent needs of the poor and destitute. Comprehensive and systematic social policy projections emerge in the post-war European conception of a "welfare state", in which the government is assumed to have the duty to ensure certain fundamental living standards for all citizens, from cradle to grave (Hall & Midgley 2004, Spicker 2014).

Social policy is a collective intervention in the economy to influence access and the emergence of adequate and safe livelihoods and incomes. Thus, social policy always plays a redistributive, protective, and transformative or development role. Although these different roles always work together and synergistically, the weight given to each of these elements of social policy varies greatly in different countries and within countries, over time. In the context of development, there is no doubt that the transformative role of social policy needs to receive greater attention than is usually given in developed countries and far more than it does in the current focus on the 'safety net' (Mkandawire, 2004). Meanwhile, Amartya Sen in his book *Development as Freedom* (1999) argues that economic development, equity and democracy are three important things that must be put in place. The importance of building sustainable social institutions, which drives economic growth and structural transformation. Determined social policies should intervene in economic policies to open access to equity and security and income. Social policies need to be formulated and perceived not just as 'safety nets,' or temporary solutions to the 'disadvantaged' parties in development. Recent years has evidenced the development of social policy in the context of development (Hall & Midgley, 2004; Spicker, 2014). The structure also has changed a lot. It has become a minimalist residual model, or through a more systematic institutional-inclusive approach. Due to short-term response to poverty resulting, it has become more popular since 1980s (Tendler, 2004).

Globalization is driving rapid and massive social change, touching every side of human life in all parts of the world. The victory of democracy over totalitarianism and the superiority of capitalism over socialism have offered increased interaction and collaboration between civilizations which then strengthens the hegemony of globalization (Suharto, 2017). This global transformation then provides challenges and opportunities for agents of change, not only on a national scale, but also at the international level to redefine and reposition the role of social policy with an international dimension.

In response to globalization, social policies began to be shaped by the transnational process and the globalization process (Yeates, 2008). Orenstein (2005) defines global social policies as policies that are developed and implemented with the direct involvement of global policy actors and coalitions at the level of international, national and local government levels. So that social policies that are enforced nationally are considered global, because they are determined by global policy actors and in the transnational sphere. Along with this, social policy objectives were then expanded to include poverty alleviation, social protection, social inclusion and promotion of human rights. The implementation of these goals requires not only a strong state, but also the actions of civil society, the private sector and international development agencies. The increasing "globalization of social policy" through development banks, UN agencies, regional and supranational organizations raises important issues about where the locus of social policy making is now located (Hall and Midgley, 2004).

Poverty has increased in the 1990s due to the application of market-based policies with structural adjustment. The supports of the Washington Consensus, especially the IMF, have received a huge criticism. Adoption of free market economic and social policies has worsened the situation further (Stiglitz, 2002). Commercial, political and strategic interests have been promoted by the bilateral aid agencies. Almost 37 percent of OECD overseas development assistance has been contributed by the Japan and the United States. These are also known as the first and second largest donors in the world by summing up together two-thirds of bilateral assistance (Randel et al., 2000). Sweden, Denmark, Norway, the Netherlands and the United Kingdom with the help of the Social Development Division have able to provide solutions to the mainstream problems with the social dimension in their aid policies and projects. To encourage growth of society as well as to reduce poverty World Bank has provided policy instructions to regional development banks in Latin America (IDB), Africa (AfDB) and Asia (ADB). But political interventions have made things more complex and unclear. Different approaches have been adopted by, the North American Free Trade Association (NAFTA) and the Economic Commission for Latin America and the Caribbean (ECLAC). To maintain social policy for achieving economic competitiveness, Social Treaty chapter and the redistributive Structural Fund established in 1979 in Europe (Deacon, 1997; Hutton, 2002). Abel and Lewis (2002), social policy has impacted little on overall poverty in Latin America. Policy document, Equity, Development and Citizenship aspects have been well captured by ECLAC. A combination of economic and social policies has been used for tackling poverty and deprivation. Many external agencies through programs like "Social Policy in a Development Context" (UNRISD, 2001a, 2001b; Mkandawire, 2004) have tried to examine social policy issues. "Human Development Index" (HDI) has been used by UNDP and UNICEF from 1990. Supports have been provided by the social development through policies and actions of development aid organizations abroad, supranational NGOs and the business sector. The theory of globalization has been criticized being too reductionist, underestimating the nation-state autonomy and other domestic political forces by global institutions that unite towards a neo-liberal consensus (Yeates, 2001). Shared global standards for social policy have been treated as steps apart from ideological and institutional differences. Five elements of the "global social reformist project" have been identified by the Deacon (1997: 2002-3). A set of guidelines have been produced by the World Bank Development Committee and encouraged by the East Asian financial crisis (World Bank, 1998, 1999a). The Copenhagen Social Summit in 1995, 10 basic principles have been outlined with four major objectives. "Managing the social dimension of the crisis" is the main focus of the World Bank (World Bank, 1999a, 1999b). global principles are useful for all countries with the feasibility of applying and monitoring common global standards. In the final analysis, the practical application of a set of global principles is likely to be marred by the lack of a structure of power, authority, and accountability that is able to deal with issues of scope and scale (Norton, 2000).

## 5. Closing Remarks

The phenomenon of globalization has implications for ongoing social transformation, including the development of increasingly complex social problems, especially related to social welfare. This has an impact on the concept and practice of social policy as a government instrument in promoting social welfare. The objectives of social policy are broadened to include poverty alleviation, social protection, social inclusion and promotion of human rights. Implementing these goals requires not only a strong state, but also the actions of civil society, the private sector and international development agencies. The increasing globalization of social policy through development banks, UN agencies, regional and supranational organizations raises important issues about where the locus of social policy making is now located.

Social policy is the "biological child" of the state of social welfare (Suharto, 2008). As a public policy in the field of social welfare, social policy reflects a set of state obligations to protect and provide basic services to its citizens. However, the strengthening of globalization and changes in the economic and political order have led to a hegemony of neoliberalism and managerialism. In addition to disarming the role of the state in the field of social welfare, the dominance of this view has also caused uncertainty in determining what should be played by a state in a civilized nation. As a result, Indonesia, which constitutionally adheres to the welfare state model, seems to have to turn its steering into neoliberalism which emphasizes free markets and the minimal role of the state in the development of social welfare.

Fukuyama in his book "The End of History and The Last Men (1992)" states that human civilization has ended. The fight between communism and capitalism has also ended with the victory of capitalism (neoliberalism), where capitalism strongly advocates the minimal role of the state in economic development and social development. But then, in his book "State Building: Governance and World Order in the 21<sup>st</sup> Century (2005)", he corrected his first statement by arguing that "the state must be strengthened", because prosperity could not have been achieved without the presence of a strong state capable of running its role effectively. Conversely, a strong country will not last long if it is not able to create the welfare of its citizens.

Indeed, although public policy is synonymous with state policy, the government is not the only actor that determines social policy. The community, business world, and international humanitarian institutions, have the task and



social responsibility to organize social services in Indonesia. However, as an institution that has public legitimacy, the state has the obligation to fulfill (to fulfill), protect (to protect) and respect the basic rights, economy and culture of its citizens. Thus, reducing the role of the state in things that are indeed its function, will only cause new problems. Not only does it aggravate poverty and social inequality, it can also spark social conflict. Social policy, in terms of conceptualization and application has developed a lot. Minimalist residual model, or through a more systematic institutional-inclusive approach has done a paradigm shift. Since 1980s, as a short-term response to poverty it has gained popularity. Social funds have been used as safety net devices to overcome the long-term problem of poverty and social deprivation especially in southern countries. It is increasingly renowned that a more complete, holistic and cross-sectoral livelihood analysis.

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