



EDITORIAL

Dear Reader,

The social market economy has shown itself to be robust in difficult times, even in the face of the massive political intervention in global economic activities that has characterized the past two years. Nations have had to use considerable financial resources and extensive guarantees to stabilize the financial markets and foster economic development through economic stimulus packages. Such decisive action on the part of the international community was necessary and inevitable during the crisis. In the meanwhile, there has been a shift toward cautious economic growth.

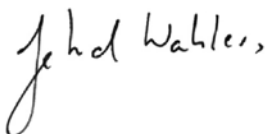
However, the challenges facing politics are considerable: There is a need for resolute steps, in order to avoid heading from a financial and economic crisis toward a debt crisis. The industrialized nations are particularly affected by this. Several newly industrialized countries are showing more positive signs. The lower debt ratios in these countries may possibly lead to a quicker return to higher growth rates.

The crisis and its far-reaching, lasting impact on the global economic system have not yet been overcome. The hour of long-term regulatory policy – as opposed to short-term, reactionary, process-driven policy – has now struck. Both elements are part of the social market economy. The focus should now be placed on a stabilization of regulatory framework conditions for economic activity beyond state intervention. This entails a strengthening of the principle of competition, a strategy of open markets, incentivized taxation and benefits systems, an enforcement of the principle of liability, as well as lasting social and ecological solidarity – over the generations. The aim is to achieve the greatest possible calculability in economic policy. The social market economy provides us with the necessary tools for this. It is based on the principles of subsidiarity and solidarity. These principles are closely linked with the need for a democratic rule of law. The social market economy and democracy are two sides of the same coin.

The link between the principle of market freedom and social equality is the central idea of this economic and social system and is also of relevance to our partner countries. In particular, emerging economies, which – as a result of their international significance – have now received the necessary appreciation and voice as part of the G20, are particularly affected by this challenge. Guaranteeing social coherence and achieving social justice – however it be defined – on the basis of the market economy is now the subject of economic and socio-political discussions.

Yet, this does not just concern individual countries; for us in Germany, it is very important to win over fellow campaigners to our economic and social system, and its founding values, from among the globally influential players. We are reliant upon cooperation to ensure that this model – and the economic vitality it has brought us – continue to endure here.

Through its network of overseas offices in emerging markets, newly industrialized countries and industrialized nations, the Konrad-Adenauer-Stiftung is involved in dialogs with decision-makers and multipliers and seeks to garner support for the principles of the social market economy. The publication "Guidelines for Prosperity, Social Justice and Sustainable Economic Activity", produced by the Stiftung, is at the center of its work and describes the main tenets of this regulatory system; it is also supported by several leading politicians and economists in Europe. We are looking to increase dialogs and win over new allies to these fundamental regulatory principles beyond the borders of Europe. In this edition of International Reports, we investigate the economic development and the political ambitions of the G20 members India, Saudi Arabia, Korea, Turkey, and South Africa. Alongside the G8 countries, they are important players, with whom we are fostering – and continue to foster – political dialog.



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