

The 12th ALIN Expert Forum

*Social Welfare Laws in Asian Countries
in Relation with Economic Development*

■ **Date and Time** : April 28, 2016 (Thu.) 10:00 – 18:00

■ **Location** : Hotel President, Seoul, **KOREA**



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PROGRAM

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2. **Location:** Hotel President, Seoul, KOREA
3. **Theme:** Social Welfare Laws in Asian Countries in Relation with Economic Development
4. **Schedule:**

Time	Location/Agenda		Details
April 27 18:00 –	Restaurant	Welcome Dinner	Hotel President 19F VIP2 Room
Thursday, April 28			
10:00 – 10:30	Ivy Hall (19F)	Opening Ceremony	Welcome Addresses LEE Won (President, Korea Legislation Research Institute)
Moderator for Session 1&2: Prof. Lee Ho-Geun (Chonbuk National University)			
10:30 – 11:15	Ivy Hall (19F)	Session 1	Returning to the Welfare Modelling Business in East Asia with an Eye to Care Presenter : Prof. Peter Abrahamson (University of Copenhagen, Denmark) Discussant : Dr. Kim Youngmi (Research Fellow, Social Capital Institute, Korea)
11:15 – 12:00	Ivy Hall (19F)	Session 2	After the Regional and Global Financial Crises: Social Development Challenges and Social Policy Responses in Hong Kong and Macau Presenter : Prof. Ka-Ho MOK (Lingnan University, Hong Kong) Discussant : Prof. Kim Kwang Byung (Chungwoon University, Korea)
12:00 – 14:00	Lunch (1F Charmant)		

Time	Location/Agenda	Details	
Moderator for Session 3&4: Prof. Kim Yong Deug (Sungkonghoe University)			
14:00 – 14:45	Ivy Hall (19F)	Session 3	<p>Social Welfare Laws in Japan in Relation with Economic Development</p> <p>Presenter : Prof. Yuki Katagiri (Otaru University of Commerce, Japan)</p> <p>Discussant : Dr. Hong Songmin (Research Fellow, Korea Legislation Research Institute)</p>
14:45 – 15:30	Ivy Hall (19F)	Session 4	<p>INDONESIA’S SOCIAL WELFARE LAWS IN RELATION TO ECONOMIC DEVELOPMENT: A Study of the Healthcare System</p> <p>Presenter : Prof. Rangga Aditya Dachlan (Universitas Gadjah Mada, Indonesia)</p> <p>Discussant : Dr. Lee Cheol Seon (Research Fellow, Korea Institute for Health and Social Affairs)</p>
15:30 – 16:00	Coffee Break; Official Photo		
Moderator for session 5&6: Prof. Hong Wan Sik (Konkuk University)			
16:00 – 16:45	Ivy Hall (19F)	Session 5	<p>Social Welfare Laws in Korea in Relation with Economic Development</p> <p>Presenter : Dr. Kim Taewan (Research Fellow, Korea Institute for Health and Social Affairs)</p> <p>Discussant : Prof. Bang Donghee (Pusan National University, Korea)</p>
16:45 – 17:45	Ivy Hall (19F)	Session 6	<p>General Discussion</p> <p>Prof. Yun Suk Jin (Kangnam University, Korea)</p> <p>Prof. Son Youn-suk (Local Government Officials Development Institute, Korea)</p>
17:45 – 18:00	Conference Room	Closing Ceremony	<p>Closing Remarks</p> <p>Dr. Park Kwang Dong (Senior Research Fellow, Korea Legislation Research Institute)</p>
18:00 – 19:30	Restaurant	Farewell Dinner	Hotel President 19F

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Opening Address

Opening Address

Lee Won

(President, Korea Legislation Research Institute)

Hello everyone, I am Won Lee, President of the Korea Legislation Research Institute (KLRI), and the secretariat of the Asia Legal Information Network (ALIN).

First of all, I would like to thank Professor Peter Abrahamson from the University of Copenhagen in Denmark, Professor MOK KaHo from Lingnan University in Hong Kong, Professor Katagiri Yuki from the Otaru University of Commerce in Japan, and Professor Rangga Aditya Dachlan from Gadjah Mada University in Indonesia for taking time out of their busy schedules and coming such a long way to speak at this forum. Moreover, I would also like to thank all the professors and experts who willingly agreed to participate in the speeches, discussions and chair the forum, along with everyone else who has attended the forum.

The ALIN was founded in 2002 to promote mutual understanding and cooperation by exchanging legislative information among Asian countries. Currently, 31 universities and research institutes from 17 countries are now members who hold an international conference every year, attend expert forums and conduct joint research.

The expert forum today offers an opportunity to share the experience and discuss the future direction of the relationship between economic development and social welfare legislation of Asian countries with the topic “Asia’s Economic Development and Social Welfare Legislation.” More specifically, there will first be a presentation that reviews the social welfare model of Asia from the advanced welfare perspective of the European experience, followed by presentations on the effects of economic development and social welfare legislation in Hong Kong, Macao, Japan, Indonesia and Korea.

The relationship between economic development and social welfare has been extensively studied. Furthermore, many countries face difficulties in expanding welfare provision due to slow economic growth rates, even though they are desperately aware of the need for social welfare. In Korea, there is a conflict between the drag on economic development caused by social welfare and the view that economic development can be achieved by expanding social welfare, which has failed to reach social consensus. We will be able to come up with significant implications about this issue by sharing and discussing the experiences of each country regarding the background and likely

future to the relationship between economic development and social welfare legislation. Moreover, the countries from which the experts today have come are geographically close to one another, and have been affecting one another greatly for a long time, while also maintaining their unique traditional cultures and systems.

In this great opportunity where the experts of various countries have gathered together in one place, I expect to see active presentations and discussions, as well as great academic accomplishments. Furthermore, I hope this forum will lead to constant academic and practical exchange among the member institutions and participants. I look forward to your support and encouragement in the ALIN as well.

Thank you.

Moderator for Session 1&2

Prof. Lee Ho-Geun
(Chonbuk National University)

Session 1

*Returning to the Welfare Modelling Business
in East Asia with an Eye to Care*

Presenter

Prof. Peter Abrahamson
(University of Copenhagen, Denmark)

Discussant

Dr. Kim Youngmi
(Research Fellow, SCI Institute, Korea)

RETURNING TO THE WELFARE MODELLING BUSINESS IN EAST ASIA WITH AN EYE TO CARE¹⁾

Peter Abrahamson

ABSTRACT

This is a follow-up to a paper presented to the East Asian Social Policy Conference in Sheffield in 2009.²⁾ I proposed, then, that there was a particular East Asian welfare regime characterized by social care to a large extent being left to civil society, hence naming the regime: the informal care regime. Furthermore, I argued that it shared basic features with Latin American welfare regimes. I also suggested that the literature which started out by labelling the regime Confucian to a high degree had left that perspective behind due to severe criticism. But most of all, I pointed to the fact that East Asian welfare regime was a moving target due to the rapid development in the region. Returning to the debate seven years later, and this time including Mainland China, I pose the following questions discussing East Asian welfare regimes in plural: are they productivist and developmental? are they Confucian? Are they small spenders? Have they developed public care policies? I discovered that the proposition that the regimes in the region are Confucian has resurfaced strongly, which I to a large extent attribute particularly to the situation in China due to its active promotion by the CCP and generally to the strengthening of feminist scholarship. Care services both for children in the form of childcare and leave schemes, and for the elderly in the form of Long-term Care Insurance and institutional care have to a large, but insufficient extent, been rolled out in the region. Yet, social spending conventionally measured as share of GDP remains small. All things considered the jury is still out regarding whether East Asian welfare regimes are (still) productivist and developmental. Political science studies tend to conclude that the region has left the old legacies behind and are now welfare states comparable to European states including them either in the conservative type (e.g. Japan), the liberal type (e.g. Korea) or even as a tendency in the Nordic type (e.g. China), while studies focusing on outcomes or causal links tend to suggest that legacies prevail, but there is (nearly) consensus that Confucianism exercises great influence in the whole region.

1) Paper prepared for presentation to the 12th ALIN [Asia Legal Information Network] Expert Forum on Social Welfare Laws and Economic Growth in Asian Countries on Thursday, April 28th, 2016, organized by the Korea Legislation Re-search Institute, Sejong, Republic of Korea.

2) Abrahamson, Peter (2011). 'The welfare modelling business revisited: the case of East Asian welfare regimes.' Gyu-jin Hwang (ed.) *New Welfare States in East Asia: Global Challenges and Restructuring*. Cheltenham: Edward Elgar Publishing Ltd., pp. 15-34. [Japanese translation 2012: *Ritsumeikan Social Sciences Review* 48(1): 247-263.]

Introduction

For many years the region of East Asia, and the whole region of Asia-Pacific for that matter, was considered a laggard in welfare state perspective, when viewed from (North Western) Europe. Simultaneously, East Asia was admired for its rapid economic growth, secure and safe civility and relatively low rates of poverty. Particularly the development among the small(er) states in the region (the East Asian Tigers) drew the attention of Western observers suggesting the region travelled a new 'third way' between North West European welfare etatism and US style liberal capitalism. More recently, actual changes regarding social security rights being rolled out in the region compelled outside observers to revise their perspective, summed up by Stephan Haggard (2005) suggesting that large parts of the social science community had been backward looking in its evaluation of welfare accomplishments in East Asia. In a forward looking perspective the laggard assumption must be revised, reflecting the observation I made some years ago that East Asian welfare states are moving targets (Abrahamson 2011); development is so fast in the region that observations quickly become if not obsolete then at least inadequate and imprecise. Similarly, Mishra Ramesh has stated that 'The conventional wisdom in public-policy circles is that East Asia is a region of social-policy laggards. The generalization is not only false, it betrays the vast differences that characterize the region' (Ramesh 2004: 1). What Ramesh added was an acknowledgment of the high degree of diversity existing at least in the wider region of North and South East Asia (compare for instance Japan and Cambodia).

The latter point has also challenged the idea that the region could be adequately described with reference to one all-encompassing welfare regime type, variably labeled Confucian (Jones 1993; Lin & Rantalaho 2003), oriental (White & Goodman 1998), conservative (Gottfried & O'Reilly 2002), Pacific (Castells 1992), Pacific-American (Esping-Andersen 1997), productivist (Holiday 2000), limited or comprehensive developmental (Kwon 2005), or informal security (Gough 2004; Wood 2004). Partly inspired by Ian Gough and Geof Wood I suggested that - despite the recognized diversity - welfare arrangements across the region is characterized by the fact that care provision is not included in the public entitlements, but left to family and community, which in all likelihood means unpaid work by women family members. Hence, for lack of better alternative I labeled the East Asian welfare regime an Informal Care Regime, and I, furthermore suggested that its features were shared with welfare states in Latin America (Abrahamson 2011). This paper intends to critically reassess this perspective by including China (PRC) and taking stock of the most recent social protection development in the region by going through (a selection of the) papers published ca since 2010 on social policies in East Asia.

The paper continues with a short section on the feasibility of maintaining the welfare regime approach to comparative social protection research. Then follow three sections asking if the East Asian welfare regimes are (still) productivist or developmental and Confucian? And whether they are still small spenders? Then follows the main section which looks at the development of care policies in the region country by country, and the pen ultimo one very briefly lists background and outcome indicators. The final section concludes this tour de force through my colleagues' contributions to the debate by suggesting that the three city-states of Macau, Hong

Kong and Singapore remain firmly within the productivist and developmental regime; that Japan seems to be on the move toward the Conservative regime; and China formally has moved into the universal regime, but in reality has not implemented it; while Korea and Taiwan may be post-developmental but together with all the others remain Confucian.

The Welfare Modelling Business Challenged

Most papers on comparative welfare studies start with a reference to Gøsta Esping-Andersen's *Three Worlds of Welfare Capitalism* (1990)³⁾ and the neither directly apply the regime types to the cases being studied or modify them to accommodate the particular case; more seldom, a fourth or more regimes are added on to the typology. However, as briefly mentioned in the introduction when it comes to East Asia it has been more common to reject the application of Esping-Andersen's typology and instead add a fourth regime type, but staying within the typology approach. Others, however more fundamentally question the feasibility of using the modelling approach in the first place, and, not surprisingly, some scholars reject it right away. Hence, Ben Fine (2014:iii) suggested that 'A close examination of the literature on the WRA [Welfare Regime Approach] shows how it has suffered from being unable to account for the differences between countries and programmes and has neglected both the changing conditions associated with neoliberalism and the causal factors underpinning it, and the closer determination of social policies themselves.'

Fine correctly points out two issues that are inevitable when using a model approach: a) the regimes are ideal types, generalizing and stylizing general features, thus deliberately not distinguishing between entities (countries or policies); and b) models are necessarily static, not able to show dynamic development. The latter point is important to Fine because he subscribes to the view that globalization has fundamentally changed the ways welfare states and social policies operate because of neoliberalism. To fine the Three Worlds is an idealization of the Trentes Glorieuse (glorious thirty years) or the Golden Age of Western welfare state development from 1945 to 1974, which came to an abrupt halt with the first oil-crisis shock that announced the entering into the era of globalization. Together with the majority of the social science literature (?) I subscribe to the opposite perspective suggesting that rather than presenting obstacles to welfare state development and resulting in retrenchment and cut-backs globalization initiates compensation for the consequences of market and other liberalizations leading to a race to the top rather than a race to the bottom (Abrahamson 2016); and that neoliberalism was more a discourse than an actual rolling back of welfare commitments, and, more importantly, neoliberal ideology was given up by the Washington based international organizations around 1997 and has ceased to inform governments' actual policy making. A simple empirical illustration is the fact that everywhere public social expenditure has increased in absolute terms and most places also in relative terms since we started measuring it (ILO 2014).

3) 'one of the most successful intellectual contributions to the neoliberal period, Esping-Andersen's Welfare Regimes Approach (WRA) to comparative social policy' (Fine 2014: iii). Several social policy journals ran special issues commemorating the 25th anniversary of the book in 2015.

Apart from such substantial critique of the welfare regime approach there has also been voiced a considerable criticism based in a particular methodology: fuzzy set ideal type analysis (FSITA). John Hodson and Stefan Kühner have in a number of papers shown that according to their approach East Asian countries do not end up in the same clusters and they do not seem particularly productive (2009, 2012, 2014). This is not the place for a lengthy discussion of this methodology, but it is well known that the ‘devil is in the detail’ so choosing indicators and breakpoints are everything to this methodology. But the very fact that their results are extremely counter intuitive suggests caution when Korea clusters with the Netherlands, Hong Kong clusters with Denmark, China clusters with Finland and Japan clusters with the UK (Hodson & Kühner 2012: 51). The problem may be their juxtaposition of protective and productive welfare states, since all welfare states are productive in some sense, which they are aware of (Hodson, Kühner, Yang 2014: 307). Perhaps even more caution is suggested by the fact that another FSITA on East Asia done by Sahra Kuypers (2014: 33) did confirm that ‘on the basis of the results of the fuzzy set ideal type analysis this paper argues in favor of the presence of one overarching unique welfare regime. This welfare regime is characterized by low public responsibility, priority of economic to social policy, social investment in education, relative strong welfare outcomes and a low level of stratification.’

With these comments I shall proceed with a more open mind and discuss the most recent contributions to the welfare modelling and social policy debates in East Asia.

Are the East Asian welfare regimes productivist?

To my mind the most influential approach to welfare organization in East Asia are the ideas of productivist welfare state coined by Ian Holiday (2000) and developmental welfare states coined by Huk-ju Kwon (2005). Both perspectives maintain that social policies are subordinated economic development and refer to ideological formulations such as ‘development first, redistribution later,’ resulting in small or lean welfare states. In these cases welfare policies have the twin purpose of securing the support of core constituencies or appeasing potential political opposition and directly underpinning economic development for instance by providing a well-educated workforce through public education; hence only core workers in strategic industries and public employees are included in the limited programs that furthermore were contribution based. Such a perspective covers quite neatly the early development of the Japanese, South Korean and Taiwanese cases, and some observers of current welfare development stick to that perspective. Hence, for instance Guy-jin Hwang (2012: 174) proposed that ‘although there has been significant change made to social policy in the region, structural conditions and the politics of expansion associated with them are yet to amount to a shift in the core foundation of their welfare production logic. The market-conforming role of social policy in East Asia has been persistent and, paradoxically, this explains their resilience against the forces of economic liberalization.’ Hwang recognizes the influence of democratization, which the literature in general sees as an engine for social policy expansion, but he maintains that

the arrival of competitive politics marks a significant point of departure from the past, and this helps us account for, in significant part, why and how those countries have been able to expand their social provisions in a more encompassing way. However, the conditioning effects of economic legacies in Japan, Korea and Taiwan have been very powerful, often limiting the choice of social policy options. For this reason, structural conditions and the politics of expansion associated with them are yet to amount to a fundamental shift in welfare regime (Hwang 2012: 178).

He arrives at this conclusion through historical analyses of the development in Japan, Korea and Taiwan and showed that, at least to date, there has been little change in the overall logic of welfare regime in East Asia. Thus, it is still productivist or developmental. The take is to see for instance new care policies in Japan as a precondition for women's labor market participation which again is explained by the necessity of expanding the tax base because of increasing health care costs reflecting the graying of the Japanese society.

In the same journal issue Young Jun Choi, (2012) asks whether we are witnessing an 'End of the Era of Productivist Welfare Capitalism? Diverging Welfare Regimes in East Asia.' As is clear from the title of his paper, unlike Whang, Choi identifies a diversification of the development in the region which, at least in part may be explained by the fact that he includes China into the equation. He agreed with Whang that Japan should still be considered a productivist welfare regime, but maintained 'that Korea is a welfare state regime with strong liberal characteristics via modern welfare politics.' Furthermore, ' Since the needs for social policy expansion in China correspond to economic and political needs, the productivist feature has been significantly weakened.' The overarching conclusion is that 'there are two strong signs that these states are moving out of their productivist nature and also that they are in the process of establishing their own welfare states' (Choi 2012: 275). Parallel to whang, Choi also applied case studies of the three countries studied, but considered only the latest period of development; and unlike Whang, Choi used the development of new care services for children and elderly in this case in Korea as an example of a move away from the productivist regime because they came about, at least partly because of pressure from new civic groups within Korean society (Choi 2012: 281). He also identified a change in political rhetoric from for or against welfare to universal or selective welfare as signifying a move away from productivist to welfare regime. Discussing similar care services in Japan Choi is in doubt whether they should be interpreted as reflection on decreasing fertility rates or a move towards a more inclusive welfare state and ends by suggesting that 'Japanese welfare regime is at a critical juncture' (2012: 284).

As mentioned in the introduction including PRC may challenge the earlier assumptions regarding East Asian Welfare regimes, but according to Choi the Chinese development since the opening up in 1978 confirms with the productivist perspective. He saw it as a move away from the original socialist idea of 'low wage and high welfare' to a 'growth-oriented productivist regime based on individual responsibility, i.e., 'Confucian rhetoric'' (Choi 2012: 285). But the most recent changes which are viewed as responses to the challenges posed by the unintended consequences of the one-child-policy, i.e. the

care gap, rising inequalities and internal migration suggest changes toward a more universal and inclusive social policy regime. The residence permit system (*hukou*) has been relaxed and the one-child policy was terminated in late 2015. There has been a remarkably fast rolling out of health care and pension systems together with a social assistance program; all elements of a 'European style' welfare state. All this has led to a significant weakening of productivist features. Clearly, both Hwang and Choi accept the welfare regime typology put forward by Holiday, which essentially added the productivist regime on to the three-fold one offered by Esping-Andersen, but they disagree about where to place Korea. As we saw, Whang wants to keep it within the productivist regime, while Choi transferred it to the liberal regime.

Staying within the same paradigm Keqing Han and Byung-cheol Kim (2014) compare the development in China and Korea starting out by stating that 'it is a controversial issue in the academic field as to whether the East Asian welfare regime exists,' (Han & Kim 2014: 78) but from the title of their article we can understand that they use it as framework. They mention five characteristics of the regime: the low level of public social spending, less than five percent of GDP in average in the region; low coverage of most programs, except in Japan and Korea, for instance in China where in reality only 20 percent are covered by pensions and 300 million people are without health insurance; elitism favoring certain categories of public employees; the diversified developmental pattern; and Confucianism which emphasizes family obligation. Having said that they recognize that countries in the region have had very different historical trajectories, and they mention Japan, Singapore, Taiwan and Hong Kong, before they start the analyses of China and Korea. Regarding Korea they distinguish, like the previous observers, the development after liberation from Japanese occupation into before and after 1988, the first democratic election. The first period is described as productivist and developmental, while the latter one is viewed as developing into a liberal regime in the Esping-Andersen meaning. The Chinese development is discussed in three phases: the initial socialist-collective phase with its emphasis on the work unit and collective agriculture; the liberal phase following the opening up in 1978, and a consolidated phase since 1998. Regarding the last phase they write: 'Fairness and justice have gradually replaced the concept of efficiency and temporary-aid-centred welfare. During this period, social welfare in China began to transform from the selective welfare of liberalism to the institutional welfare of universalism,' (Han & Kim 2014: 87) thereby implying that China is on the move toward a Social Democratic regime. This is in accordance with its self-understanding since China has officially committed itself to universal welfare provision in the former five-year-plan (China Development Research Foundation 2012); yet, there seems to be a long way to go before it is fully implemented.

Despite the obvious differences in political structure in China and Korea Han and Kim suggest that there are important common traits in their welfare development. Firstly, strong influence from the liberal welfare regime in the form of neo-liberalism; secondly, what they label national welfare emphasizing collectivism despite neoliberal influence; thirdly, because of their laggard status they have pursued a 'catching up and surpassing' strategy by emphasizing strong elements of developmental welfare; fourthly, learning from other countries is recognized, in the beginning from the US and the Soviet Union respectively, later from Japan, Germany and other

developed countries (Han & Kim 91-92). They conclude by indicating that ideally they have confirmed the existence of an East Asian welfare regime (Han & Kim 2014: 93).

Ka Lin who is a long-time observer of social policies and welfare development in East Asia, and simultaneously well versed in the Scandinavian experience has together with an equally experienced observer of East Asia, Chack-kie Wong (2013) embarked on the same exercise of determining whether there is such a thing as an East Asian welfare regime, or though they prefer the term East Asian Welfare Systems (EAWS), i.e. in plural, already from the outset recognizing the existence of diversity. Their special take on the task is to relate welfare development to the question of social order. Within comparative research they position themselves within a third way between what they label parallel narrative method and model comparison naming it contextual method of social policy evolution, and they refer to some early works in the area such as Harold Wilensky (1965) and Peter Flora (1981). Their aim is to study the influence of various contextual factors on the development of the EAWS. But, 'The standard of selection among these factors is not made by chance but by their significance on the change of 'social order'' (Lin & Wong 2013: 272). They identify three policy orientations which they group into three models: the redistributive model, the productivist model, and the inclusive model, and they make a point of saying that they do not phrase the EAWS as a model or regime type, recognizing the high degree of diversity which exists in the region. The study identified a shift from the productive policy model towards the redistributive and inclusive ones when analyzing the development in Japan, Korea, Mainland China, Taiwan, Singapore and Hong Kong.

As said they embrace the idea that EAWS started out within a productivist social policy model: 'growth-focused development was a feature of these systems in common up to the 1990s: South Korea was engaged in a 'growth-obsessed' pattern of development; Singapore had a 'growth-with-stability' model; and in Taiwan there was an 'equity-and stability-based growth' model. This growth-oriented development encourages the work of a productivist policy model, which was taken up in East Asia only under a particular social order' (Lin & Wong 2013: 273). They maintain in line with the scholars referred to above that the productivist social policy model is based on a distinctly different rationale than the ones underpinning European welfare states. They identify five conditions for the productivist social policy model: a stable social order upheld by authoritarian regimes and a weak democratic context; state leadership in nation-building through control over industrial development; a weakly organized and disciplined workforce; existence of strong family and community ties because of lack of public redistribute policies; improved living standards and low inequality (Lin & Wong 2013: 273-274).

However, under the influence of structural changes in work and demography and democratization the countries in the region changed their social policy orientation: 'the ethos guiding social policy in this stage transits from residual productivist ideals to redistributive and inclusive ones' and they cite examples from Hong Kong, Taiwan and Korea concerning development of universal policies regarding the elderly (Lin & Wong 2013: 278, 280). Ideas of redistribution and social rights became widely accepted by the public and thus paved the way for a paradigm shift from productivist to a mix of that and a redistributive social policy model. 'Thus,

a new set of policy ideas are adopted, including welfare rights, inclusiveness, social cohesion, redistribution, and social empowerment' (Lin & Wong 2013: 281). Regarding China Gao, Yang and Li concluded in the same vein that '... the Chinese welfare state is likely to become more integrated, generous, and progressive in the future' (2013:743).

Similar optimistic conclusions concerning a move away from the productivist and developmental paradigm is to be found in a paper by Won Sub Kim and Shih-Jiunn Shi (2013) analyzing the development in Korea and Taiwan from 1945 to 2012. Both educated in Germany they apply a theoretical perspectives developed by Franz-Xaver Kaufmann that emphasizes the relationship between the state and civil society as the context for welfare statism, and who elaborated the role of international organizations and law in social policy, which they dub 'welfare internationalism.' They start out by classifying the approaches to studying the East Asian Welfare Regime into four categories: modernization (leading to European style welfare states), productivist, Confucian, and what they label 'politically conditioned optimism,' and then they continue: 'Despite the increasing volume of academic work, however, the progress of East Asian welfare state research seems to have come to a halt'(Kim & Chi 2013: 108) because results seem to be inconclusive. Kim & Chi clearly situate themselves within the last category, and they focus on policy diffusion which they maintain is more common among latecomers (like Korea and Taiwan). 'From this point of view, we need to reconsider the assertion that the emergence of Western welfare states from the religious essence of Christianity is a path difficult to follow for East Asian countries, where a strong Confucian tradition prevails. Assuming global diffusion, the cultural tenets of welfare internationalism might overlay regional and national welfare traditions' (Kim & Chi 2013: 109). They characterize development since liberation from Japan in both countries as having taken place within three periods: developmental, democratization, and restructuring in response to new risks. They conclude their analyses by suggesting that 'To date, few would raise doubts as to whether the welfare state has been or is being institutionalized in South Korea and Taiwan ... In the face of economic globalization, both societies adopted social investment strategies such as activating labor markets and expanding child care in reaction to new social risks' (Kim & Chi 2013: 120). They end by siding with Kuhnle & Hort, Peng and Wong and Kwon who belong to the politically conditioned optimism camp.

This optimistic view is not shared by Youyenn Teo (2015a) with respect to the development in Singapore. She discussed recent welfare reforms there and starts out by comparing them to similar reforms in the countries analyzed above: Japan, Korea and Hong Kong and acknowledges apparently similar developments of expanding social spending as reaction to changing demographic and economic conditions, communicated through political mobilization. But she is critical to viewing greater social spending and rhetorical attention to marginalized groups as indication of a change in policy logic. Through detailed analyses of welfare reforms in Singapore she 'shows that the Singapore state's claims of increased attention to spending and redistribution, to 'equality' and 'social inclusion' are limited in three ways: a strong orientation toward subsidizing companies; modest and conditional direct aid to low-income households; and a consistent and persistent neglect of the gendered inequalities in both care and wage work' (Teo

2015: 96). Her view is that it is only where governments have felt a strong pressure from democratic forces that changes toward more inclusive welfare have taken place, such as in Taiwan, Korea and Japan. However, in the Singaporean case the forces of trade unions, civic groups and parties other than PAP are continuously weak, which explains while the reforms have not accomplished a change toward genuine social citizenship entitlements, but continued to rely on conditioned provisions. Most importantly, the state's perspective on the family is unaltered. It sees it as 'family as first line of support' and 'the doctrine of self-reliance depends on women's unpaid and unrecognized labour within the domestic sphere' (Teo 2015a: 99, 100). Teo maintained that Singapore should be conceptualized as a *limited welfare state* upholding the male breadwinner and strong family obligations within a framework of strong state support to businesses. This sits perfectly with the productivist perspective even if it is not directly mentioned in her paper. The main point being that more spending and more programs and changed rhetoric is not sufficient to indicate a move from a limited to a comprehensive welfare state; such a move is premised on a move from provisions to entitlements from hand-outs to rights.

Another single country study by Sang-Hoon Ahn and Sophia Seung-yoon Lee (2012) tried to determine whether Korea with the political changes in the early 2000s had shifted from a developmental to a welfare state regime, but unlike the studies discussed so far, they applied a variable oriented statistical approach by using a sophisticated two-step regression model including fuzzy-set qualitative comparative analysis on a new data set which had not been available earlier. They concluded that 'Findings suggest that Korean welfare state developed together with the increased needs from demographic changes in combination with economic development, while evidence for the effect of a left-oriented government or globalization on welfare state development is weak or not found' (Ahn & Lee 2012: 82). However, they also suggested that the results may be a consequence of the relatively short time period in which the otherwise suggested take-off from the developmental state toward a 'European style' welfare state should have taken place (their data ending in 2005).

Closing this section I shall cite Jae-jin Yang (2013) because he indirectly discusses whether Korea belongs to an East Asian welfare regime and directly comments upon the productivist welfare state hypothesis. The article starts out by mentioning that many recent papers suggest that Korea is developing along the lines of European welfare states indicating a radical break with the earlier perspective of Korea being a welfare state laggard. Yet, Yang is very critical of this thesis and showed that while it had a GDP of 90 percent of the OECD-countries, its public social expenditure was only 39 percent of that of these countries in 2007. He also plotted spending on family and employment against total social spending demonstrating that Korea spent the least among all members. Yang maintains that Korea in relation to its wealth is an exceptionally small welfare state calling it underdeveloped and seeks explanations for this. First he rejects the Confucian hypothesis, suggesting together with Esping-Andersen that before the welfare state all societies relied on family and community, including Europe in the 1950s. Hence the high degree of family involvement in East Asia is by necessity and lack of alternatives rather because of a particular normative orientation. Then he discusses the productivist hypothesis (PWC), which

he found ‘provides a more plausible interpretation for the small welfare state in Korea. The PWC argues that the Korean developmental state has sacrificed welfare-state building for rapid economic growth by subordinating social policy to economic objectives.’ And then he continues: ‘However, the PWC's fundamental problem is its functionalism. Almost everything unique in the Korean welfare state is reduced to the functional prerequisites for economic development.’ Thus, ‘rather than a theory, [it] is a functionalist argument which highlights some specific aspects of the Korean welfare state’ (Yang 2013: 460-461).

What Yang pointed out is that the functionalist approach, which is shared by most of the scholars discussed in this section does not provide any understanding of the causal mechanisms at play, unless one subscribes to a deterministic understanding of the economy necessitating the actually existing occurrences. Alternatively, he resorts to institutional explanations like the resource-mobilization thesis (Esping-Andersen, Korpi, etc.) and political science (electoral system influence) and provides a rather detailed historical analysis, ironically not very different to the authors discussed above concluding: ‘In a word, the Korean welfare state can be characterized by welfare-state building without labor or leftist parties. Absent reforms to labor organization and electoral rules, there will be no breakthrough in welfare state development in Korea’ (Yang 2013: 471). Hence, he indirectly concluded that Korea is radically different to the regimes suggested with the Esping-Andersen typology and conforms to the characteristics said to denote the East Asian welfare regime.

A New Boy in Class: Macau

In what appears to be the first paper considering Macau with regard to the East Asian welfare regime Dicky Lai and Ernest Chui (2014) criticize for instance Christian Aspalter (and most others, I would add) for trying to include all (or most) of the countries in the region within one regime type. They pursue a less complex task of comparing Macau and Hong Kong. They ‘examine two major dimensions of welfare systems in order to allow us to compare Hong Kong and Macao with key cases from Esping-Andersen’s welfare regimes. The first relates to the pattern of the welfare mix, and the second is concerned with the impact of social policy on the capitalist social structure’ (Lai & Chui 2014: 266).

In order to compare to the typology developed by Esping-Andersen they included, Sweden, Germany, the United States and Korea, as proto-typical examples of the social democratic, the conservative, the liberal welfare regimes and the developmental welfare state. Their statistical analyses (discussed in more detail in Lai 2014) revealed three main conclusions. Firstly, Hong Kong’s and Macao’s social policies are marked by a relatively low modifying effect on the capitalist social structure. Secondly, the two city-states have a similar welfare mix: markets and families played a huge role and their NGOs are responsible for the delivery of a major proportion of personal social services which were heavily subsidized by the governments. Thirdly, Hong Kong and Macao do not fit with the social democratic, the conservative, the liberal welfare regimes or the (inclusive) developmental welfare state as their modification impacts are noticeably lower than those of the prototypes of the models (Lai & Chui 2014: 272). Hence, they convincingly

demonstrate what intuitively was expected, namely that Hong Kong and Macau have very similar welfare arrangements and therefore can be grouped together with Singapore in what Holiday has suggested is the selective productivist regime, or according to Kwon's classification as part of the limited developmental welfare regime.

As a demonstration of how fast social policy and welfare state developments and the scholarly reflections on them are Bingqin Li and Zhonglu Zeng published their paper on Macau in 2015 discussing it against the now well established perspective of limited developmentalism and selective productivism, and they confirm that Macau fits those regimes. Given that the perspective of the paper is more prescriptive than just descriptive it basically argues that Macau as a reaction to foreseeable changes in its economy should expand its welfare services in the direction of the social investment state paradigm. They speculate that the practically sole reliance on the gambling industry is unsustainable and they already see signs of declining demand as a consequence of anti-corruption policies in Mainland China. They also record increasing problems of labor shortage and increasing problems related to the huge segment of migrant workers, who are not covered by the limited welfare system. They cite Xu (2013) showing that 'the main problems faced by vulnerable families in Macau were under-employment. This was caused by the burden of family care, retirement and sickness' (Li & Zeng: 389). This observation demonstrates the heavy care burden levied on families within the limited welfare states of East Asia, which I discuss in the next section.

Are the East Asian welfare regimes Confucian?

Earlier I stated that the debate over East Asian welfare regimes started out by suggesting that they were Confucian, but I concluded that this perspective had largely been given up by the scholarly community reflecting the criticism it had been met with (Abrahamson 2011). However, returning to the debate, it has proven more long lived or it has resurfaced to a large extent as already indicated in the section above. A considerable number of papers published recently feature Confucian in the title or as a central point of reference in the content (Canda 2013; Kang & Choi 2016; Karim, Eikemo, Bamba 2010; Garon 2010; Philips & Jung 2013; Solinger 2015; Yu, Chau, Lee 2014). This probably reflects China's 11th five-year-plan for 2006 - 2010 which focused on building a harmonious (socialist) society by, among other things, emphasizing the expansion of welfare policies (Fan 2006). Harmonious society is an obvious reference to Confucius (Li 2006) and in a later document explaining China's way to a universal welfare state the introduction directly and in some detail quotes Confucius' *Book of Rites* (China Development Research Foundation 2012). Following Dorothy Solinger (2015: 977-978) 'much have been made of the recent revival of Confucianism in the People's Republic of China (PRC), with its renewed promotion by the country's political leadership since the turn of the century. Among the chief teachings of that doctrine is the principle that the government has an unshakeable mission to 'nourish the people' (yang min 养民).' In this vain this section discusses not harmony but another of Confucius' central concepts namely filial piety with reference to East Asia and particularly China since it has become a very troubled issue as a consequence of the extremely low fertility

rates that have developed in the region. Some authors are not in doubt, e.g. Lai Ching Leung (2014: 41) stated: ‘Hong Kong and four other Asian countries, namely Japan, Singapore, South Korea, and Taiwan, share certain common characteristics in terms of their welfare systems, which are based on Confucianism,’ and, as suggested, we could add China. But let us to begin with posing it as an open question.

Changing Family Structure and Filial Piety in China⁴⁾

As implicated, care has traditionally been a family affair organized around the three-generation living arrangement which is now less and less prevalent in East Asia including China because of massive migration to the cities and women’s increased paid employment outside of the home, supported by a change in social norms and values. According to Huang (2011: 469)

The new family organization may be termed the multi-household family in which the family members no longer eat together, but the different households’ properties and incomes are still tied in significant ways in that sons are both entitled to inheritance and required by both customary expectation and by law to provide maintenance for their aged parents. The rise of the multi-household family, to be sure, tells about a tendency toward ‘nuclearization’ of families, but that perception must be counterbalanced by the fact of the persistence of a strong parents-son bond, so much so that, in one-son families, the three-generation lineal family-household remains the norm for rural families (and the majority even for urban families) to this day.

Wang et al. (2010) have investigated older people’s belief of filial piety in China, and they found that these values are on the decline; and even lower levels of expectations of filial piety might be predictable for future generations. Nevertheless, ‘…the belief of filial piety is maintained by elders as an important tradition. As a cornerstone of traditional ethical value in China, filial piety still plays its traditional role in current social life.’ Hence, it is still so that ‘…the reciprocity of intergenerational social exchange acts as an important source of care to older parents in contemporary Mainland China’ (Wang et al. 2010: 34).

Similar results were found in a qualitative study reported by Fengshu Liu (2008) where all 22 interviewees indicated an imperativeness to be dutiful to their parents in old age. ‘The only-children young adults seem to have entered into an ‘intergenerational contract’ with their parents which involves the ‘choice’ of living in the same city, in most cases in the city where the parents have been living’ (Liu 2008: 423). Yet, despite their willingness to live up to their filial obligations, the interviewed young people did express an emerging sense of burden linked to these obligations. The major consequences appear to be ‘a break from Confucian principles of the family…’, increased economic power and flexibility…’, a contraction of the size and focus of familial efforts to a nuclear family…’, and the promotion of homeownership and ownership in general’ (Fowler, Gao, Carlson 2010: 346).

One of the many results of the one-child policy is that the nuclear – but multi household – family has become the most common family unit in China, which affects three generations of Chinese (Fowler, Gao, Carlson 2010: 350); the old, the sandwich generation, and the young:

4) This subsection follows Abrahamson (2013a).

- The parents of the first wave of one-child policy children who suffered through the cultural and political upheaval in the 1950s and 1960s and were introduced to a new economy in the 1970s and 1980s;
- Their children who grew up as the focus of all their parents' hopes and support and who are now [2010] coming of age in a China that is quickly becoming the world's largest economy;
- And the second wave of one-child policy children who are being brought into a still changing world and whose futures are uncertain

'... the deepening generation gap between OCP parents and their children, and it is this relationship between the two generations that is at the heart of understanding today's China' (Fowler, Gao, Carlson 2010: 347). This gap is then being negotiated among Chinese families resulting either in a generational contract stipulating that the middle generation move to the city where the grandparents reside, or they move the grandparents to their city as a spatial precondition for realizing filial piety. Alternatively, the generational gap develops into a generational conflict, highlighting the tensions between tradition and modernity.

Parallel to the introduction of the OCP was the introduction of the open door policy, the marketization of the Chinese economy which led to a massive reduction in State Owned Enterprises, which, again, resulted in massive redundancies. When laid off, people not only lost their income, they also dropped out of the 'work unit,' which was the space for realizing social rights during the early communist regime. The opening up has also resulted in a massive migration from rural to urban areas, which, again, turned out to be a mixed blessing. On the one hand, many Chinese poor peasants gained access to monetary resources that enabled them both to have a livelihood in the city and sending money back home to the countryside. On the other hand, 'social dislocation associated with labor migration has increased work burdens of the left-behind middle aged, married women, school-age children and elderly people' (Cook & Dong 2011: 961). In a gender perspective it seems that women have, more than men, been pushed out of formal employment to find themselves in low paid forms of informal employment.

One of the major problems associated with this vast internal migration is the tying of social rights in China to space of origin. Because of the household registration system, the Hukou system, one is entitled to social benefits where one resides formally, meaning that migrant workers do not have access to social services in the cities where they work. With the introduction of new welfare systems in China this issue is acknowledged if not solved.

Defamilisation in East Asia

The literature has recently focused on defamilisation as a sign of modernity and presumably welfare-stateness. The superficial assumption is that modernization leads to defamilisation, but in the East Asian case this is more complex. Miza Izuhara and Ray Forest (2013) compared three generations of families in Shanghai and Tokyo with an eye to housing, and they found both processes of defamilisation and refamilisation. First and foremost, they concluded that the family, far from, is an anachronistic institution. It is an active domain seeking to maximize benefits and

opportunities for all its members. The traditional role of families appears to be rather robust and family support remains the dominant form of welfare provision. Furthermore, 'in urban China the unprecedented pace and degree of transformation regarding housing, work and family has been experienced by the current middle generation. Thus, in Shanghai, the generational gap appeared to be wider between the middle generation and both the younger and older generations' (Izuhara and Forest (2013: 535). They found that socio-economic and policy changes supported increasing independence of older generations from their adult children; but the recent crisis and house price inflation reinforced family dependence of the younger generation.

In a paper by Ruby Chau and Sam Yu (2013) the question of defamilisation is directly related to the discussion of the East Asian welfare regime since they see it as a hallmark of modern welfare states and as an indication that society has moved away from the 'Confucian heritage.' Engaging with this they show that a number of observers still refer to this concept, for instance 'Karim et al. (2010) use the term 'Confucian welfare regime' to describe the welfare systems in Hong Kong, South Korea, Singapore, Taiwan and Japan;' but they conclude 'there is almost a consensus that Confucianism in East Asia is no longer as influential as in the past' (Chau & Yu 2013: 357). In order to qualify the discussion they perform a cluster analysis on degree of defamilization among Esping-Andersen's original 18 OECD-countries and the East Asian 'usual suspects' (Japan, Korea, Hong Kong, Singapore and Taiwan). They wrote (2013: 364-365)

There are two preconditions for the development of an all-encompassing East Asia welfare regime - the first is finding significant differences in the welfare systems between the East Asian countries and the seventeen non-Asian OECD countries studied by Esping-Andersen, and the second is finding significant similarities in the welfare systems between East Asian countries. However, the five East Asian countries are split between two clusters, suggesting that they are not homogeneous enough to form a cluster of their own. In addition, both the two clusters are mixed groups, made up of countries from East Asia and from elsewhere. This means that countries (whether they are East Asian or not) in these clusters share significant similarities.

Hence, the preconditions are not met since the study confirmed the high level of diversity among the East Asian welfare regimes, and furthermore because some of them have a degree of defamilization similar to European countries (and New Zealand), which confirms the results cited above. Interesting, though, when the authors repeated the exercise (Yu, Chau and Lee 2015: 76-80) they spent full four pages discussing the application of the Confucian label to East Asian welfare regimes, citing a comprehensive sample of literature arguing both for a persistence of Confucian values and a weakening of the same values. Their overall conclusion is very cautious: 'In view of the above discussion, we should not take for granted the existence of the indispensable conditions for East Asian countries to form a Confucian welfare regime,' indicating a revision of the aforementioned consensus that its influence is declining.

Another way of getting closer to whether Confucian norms prevail in the region is to investigate intergenerational relations as done by Yu-Ping Lin & Chin-Chun Yi (2013). They pursued two research questions: as populations age rapidly, what are contemporary patterns of

intergenerational relations in China, Japan, Korea and Taiwan? And, do these four East Asian societies demonstrate similar or different patterns? (Lin & Yi 2013: 298). They study it in three dimensions: structural arrangement (co-residence), associational intensity (face-to-face contact) and functional exchanges (mutual support) between generations. Intergenerational co-residence varied between 48 percent in Taiwan and 24 percent in Korea; but, the living arrangement pattern was quite similar. With more sons living with parents than daughters, this suggests that the four societies seem to maintain patriarchal norms. In addition, intergenerational contact was frequent in all four societies (Lin & Yi 2013: 304). In China, Korea and Taiwan, adult children provided more assistance to their parents than they received from them. Only in Japan it was the other way around. Overall, sons, rather than daughters, performed most of the mutual exchange with parents in East Asia, which Lin & Yu found conforms to the traditional behavioral pattern in patriarchal families.

Based on their statistical analyses they found both change and continuity among the four East Asian countries 'the shared dominant patriarchal culture expresses itself by the continuing influence of filial norms on intergenerational relations between adult children and their parents. Sons tend to perform various filial duties much more than daughters. However, changes have taken place, in that the prolonged co-residence of young, unmarried and less educated adult children with their parents constitutes a substantial proportion of the contemporary family structure in East Asia' (Lin & Yi 2013: 312). The fact that adult children leave home later implies that the traditional 'three-generational co-residence' in East Asia, where elderly parents are taken care of by adult children, is changing in nature. The composition of multigenerational households has changed based on not only personal circumstances but also socioeconomic contexts of the society (Lin & Yi 2013: 312).

Ruth Philips and Yong-Moon Jung (2013) discuss familism as the starting point for their qualitative research in Korea on social assistance since it is 'particularly relevant to East Asian welfare states, which have been characterized as sharing Confucian social norms and ethical values' (Philips & Jong 2013: 19). Thus, they maintain that ideas such as filial piety, individual self-help, and family interdependence have been emphasized as social virtues in South Korea. Furthermore, and this is the critical point, they demonstrate that 'Confucian traditions have been institutionalized in social policies, and in this discussion they emerge as significant ideational and cultural factors that define current policy arrangements of the East Asian welfare states' (Philips & Jong 2013: 19-20). It is so because in order to qualify for social assistance, National Basic Livelihood Security System (NBLSS), the applicant must not have a supporting family member. Consequently this has disenfranchised individuals economically, 'forcing them to seek help from their family members rather than claiming it as a right of social citizenship from the state' (Philips & Jong 2013: 26). They thus show how poverty policy in Korea has strongly emphasized the role of the family and they concluded that. 'Justified by the tradition of Confucian familial piety the priority of family support is politically promoted and remains pervasive' (Philips & Jong 2013: 26).

It is safe to conclude that the jury is still out whether defamilization or familism is reigning in East Asia currently, but it is equally safe to suggest that Confucian values still play a role in the region.

This was confirmed in a study based on the East Asian Social Survey from 2006 and using the Dual Filial Piety Model (DFPM) which considers both reciprocal and authoritative filial piety with data for China, Taiwan and Hong Kong:

our analyses showed that filial piety ... remains potent among all three societies despite the diverse socio-political developments in each society... results confirm that filial piety has not been eroded by modernization and democratization. Its core essence in Taiwan and Hong Kong has shifted from absolute submission and paren-tal authority to mutual affection and equality in the parent - child relationship. Some doubted the survival of filial piety under Chinese communism [However] Our study suggests that even after the Socialist Transformation Movement and the radical Cultural Revolution, filial piety remains important in China (Yeh, Yi, Tsao, Wan 2013: 292).

Are East Asian Welfare Regimes Small Spenders?

Compared to the welfare states of North Western Europe East Asian states, with the exception of Japan, are small spenders when measured as total public expenditure set against GDP. Japan, spent 24 pct. of GDP on welfare policies in 2012, similar to European states, and South Korea and Taiwan spent about 10 pct., which is the same as for instance Chile and Mexico. Having said that it is remarkable that the two city-states, Hong Kong and Singapore with a GDP per capita of US\$ 53.000 and 79.000 respectively, only spent respectively five and three pct. hereof on social protection. Less developed countries in the region like China, Malaysia and Thailand also spent one digit figures on social protection in 2012 (three to seven pct.) (ILO 2014 Table B 12; OECD gives similar figures for Korea And Japan). There are, however a number of plausible reasons why this picture may change over time.

Firstly, it is worth recording that when comparing 2012 to 1990, social protection expenditure expanded relative to GDP five times in Thailand, three times in South Korea, and doubled in Japan and Singapore, at the same time as the countries had at their disposal an ever increasing GDP year by year (ILO 2014 Table B 12). Hence the relative growth masks a substantially higher growth in absolute terms as social expenditure per capita. As first pointed out by Stein Kuhnle and Sven Hort (2000) what characterizes East Asia is that the states in this region developed their welfare systems late in chronological time, but early in developmental time. This was confirmed by an OECD-study reminding us that presently East Asia is where Europe was in the 1960s, and it took Europe about 100 years to get to that level, while in East Asia it only took about fifty years (OECD 2014).

Secondly, the East Asian states have currently rather young nations and immature pension systems, so in functional terms they do not need to spend as much as European states with older populations to obtain the same level of well-being, with the exception of Japan which already has an old population and does spend at par with Western Europe. Taken these issues together it is a fair expectation that East Asia will be a bigger spender in the foreseeable future (Abrahamson 2016).

Thirdly, it is well known that East Asian states spend quite a lot of public resources on education and achieve very good results. If education expenditure was added to public social expenditure it would increase public spending with roughly 40 percent since the places considered here spend about 3-4 percent of GDP on education (Asia Development Bank (ADB) 2015: 347). In Latin America and the Caribbean education expenditure is included in total social public expenditure as they are calculated and reported by the Economic Commission for Latin America and the Caribbean (ECLAC) (see e.g. ECLAC 2015); and in a paper by Irwin Garfinkel and Timothy Smeeding (2015) trying to debunk the myth that the US is a welfare state laggard and small spender they argue for including education in social spending. Esping- Andersen (2015) in an invited comment supports that perspective.

Fourthly, if the alternative measure of net total social spending developed by the OECD since 2011 was applied to the states and territories in East Asia they would appear bigger since this method includes mandatory and collective private welfare provisions (Adema, Fron, Ladaique 2011).

Proliferation and Status of Care Policies in East Asia

Going back to my paper from 2011 one point was that East Asian welfare regimes to a large extent left care of frail elderly, children, handicapped and disabled to civil society, family and community, which in reality meant leaving it to women within the families of those needing care. It was, thus characterized as informal and a responsibility of the family not the state. Care as such was not a right, but a culturally founded expectation. This perspective was, of course, a generalization based on literature published up to 2009 reflecting developments up to roughly 2005, and it did already show elements of breaking with this general trend with Japan being the most obvious example with its Angel and Gold plans from the 1994 and 1989, but also Korea and Taiwan were mentioned briefly as spaces where care began to appear as a public responsibility as recorded by for instance Ito Peng (2004, 2009; Peng & Wong 2008). Considering the situation about ten years later may indeed call for a revision of the informality perspective considering the exponential speed of development in East Asia. Furthermore, including China may also point to necessary revisions. Thus, this section starts out with a subsection on China.

*China*⁵⁾

Earlier the culturally embedded obligation to care for one's elderly parents was also a legal obligation, so the Criminal Law of 1979 stated that an adult child may be imprisoned for up to five years for refusing to support an aged family member. Such reciprocal family obligations were further specified in the Constitution of 1982 which emphasized Confucian ideals by obligating parents to support their minor children, while continuing to stress the need for adult children to support elderly parents (Palmer 1995; Huang 2003). However, given the factual changes in migration, labor market participation and family structure, legal obligations seem to have been

5) This subsection follows Abrahamson (2013b).

reduced to moral support. On June 26th 2012 the Law on Protection of the Elderly was proposed to the Standing Committee of the National People's Congress. It stated that 'Family members should care for the spiritual needs of their elderly and must not ignore or neglect them. The supporters who live separately from the elderly should *frequently visit or send a greeting*' (cited in Liangbing 2013: 2; emphasis added). On December 28th 2012 the law was passed. It took effect on July 1st 2013. This legislation is a reflection of the serious problems China is facing vis-à-vis the demographic changes it is currently undergoing. So far, the problem is intended to be alleviated by a senior care system which is largely based on home-based care, supported by community care and supplemented by organization care. Yet, the staff with more than three years of nursing experience represent only 26.7 percent of the total, while senior professionals are only 10 percent (*Shanghai Daily* 2012: B2). Likewise, Frederik Balfour (2012) reported that of 140 nursing homes in Nanjing fewer than one third employed a doctor or a nurse.

Clearly China is at a crossroads and, in principle, four avenues are open for tackling the problem of elderly care: civil society via the exercise of filial piety within the family. This is the traditional way which is now being seriously challenged by migration, women's paid work outside the home, and changing attitudes. Instead public home care or institutional care is an option; or similar care delivered by market institutions.

In 1999 there were three types of nursing homes in China: welfare houses, retirement homes and military retirement centers. Interestingly, the 'First welfare Institution of Beijing became the first to launch a paid service, but failed to gain interest from its target customers. In its first two years of operation, it brought in almost no business' (Yong 2013: 1). According to Han Yong (2013) it was Chinese social norms that kept the country's aged from moving into welfare houses. Yet, in 2002 the government issued a notice encouraging the privatization of government-owned welfare houses. However, this trend has been very slow to pick up, and Yong reported high vacancy rates at private nursing homes. For instance one in Beijing charging around 10.000 Yuan (= US\$ 150) per month reported 90 percent vacancy. Clearly, there exists a discrepancy between needs and preferred solution. By the end of 2012 there were 3.9 million beds for aged care in China, equal to 20.5 beds per 1.000 senior citizens. Compared with the internationally adopted ratio, this leaves a shortfall of about four to six million beds. On the other hand, Chinese are obviously reluctant to move into private retirement homes since these operate with a huge vacancy. Nevertheless, the 12th five-year plan (2011 - 2015) encouraged the private nursing market in China by easing foreign investment restrictions in the private health sector, and Qi Qin, editor of China Senior Housing and Care Newsletter commented that 'central and local governments have never before been so supportive on attracting private investors to the senior care industry' (quoted in Zhang 2012: 2). In general, the estimate is that 90 percent of elderly will either remain 'aging-in-place,' or living on their own or with their children, while seven percent will live in community or government housing geared for those on a low income. Three percent are in high-end private housing centers (Zhang 2012: 3).

Market solutions: Only for the better off

So far, what has emerged is an interest only in the high-end market of nursing or elderly homes described as five-star-resorts, so we are still stuck with the dilemma that on the one hand there are only 3.5 million beds in 101,000 public care facilities, which is equal to less than two percent of the elderly. On the other hand, many private facilities show low occupancy rates, and private companies only seem able to make a profit when they target middle and upper end Chinese by delivering either homes or home care services (Knowledge@Wharton 2013: 3).

Focusing only on Beijing there were a total of 82,000 beds in all of the nursing homes in 2013, while the demand was somewhere between 120,000 to 150,000. Thus, the number of beds per elderly was 2.8 while the international standard is five beds per elderly (Yanhong 2013: 1). According to data reported by Malcom Moore (2013) there are currently more than 10,000 applicants waiting for the 1,100 beds available in Beijing's no. 1 Social Welfare Home, which is located in the central district of Chaoyang. About 450,000 elderly in Beijing live apart from their families, but it only has around 215 public nursing homes and 186 private homes, or, roughly, three beds for every 100 seniors. According to the Beijing Municipal Civil Affairs Bureau, the city is rapidly expanding its facilities, and has promised 120,000 new beds for old people by 2015 (Moore 2013: 1).

The role of the voluntary sector

The voluntary sector is sought to be involved as one way of easing the pressure on families and local government. On June 29, 2010, the Shijingshan District Gucheng Street Office and the Leling Elderly Care Organization kicked off the UNDP and UNV supported 'Spring Shoots Program,' which will develop their project providing services to elderly residents. Leling is a grassroots community organization driven by volunteers with the mission to improve the quality of life for older people living in their community by creating an elderly care model which can work in the Chinese local context. The launch event introduced the Leling project work, promoting mutual help teams to support the elderly in their communities, and training was delivered to 50 local resident committee members focusing on the valuable role that volunteers can play in communities, in particular in providing services to older people, such as free blood pressure checks, support for elderly with physical impairment, recreational activities with dance, music and handicraft making.

Hou Ruili (2012) reported facing the reality of an aging society without the financial means to support extensive private-sector senior-related industries, home care is becoming the preferred choice for retirees to spend their later years. To provide conveniences and enrich elderly people's lives, a total of 5,305 social care centers were established in Beijing's community complexes in 2010 alone. The Xingguangyuan Senior Day Care Center, to which Liu Xialing heads for her knitting lessons, is one of them. The center used to be a small nursing home with just six beds, but underwent extensive renovations and now boasts a 50-plus-square-meter hall for activities, a fully equipped kitchen and several small classrooms. A bigger nursing home with room for 30 residents was built nearby, and provides accommodation and care for seniors from 21 community complexes in the Zhanlanlu Sub district of Beijing. (Roili 2012.) Beijing City's 12th Five-Year

Plan, setting a target of 90 percent of the elderly receiving care at home through improved social services by 2020; six percent staying with community centers supported by the government; and four percent in nursing homes where their condition demands more intensive care (Murray 2012).

Summing up the Chinese care for the elderly has traditionally been a family affair based in the philosophy of Confucius with its emphasis on filial piety. This presupposed the three-generation living arrangement which is now less and less prevalent because of massive migration to the cities and women's increased paid employment outside of the home, supported by a change in social norms and values. The market has proven only to be an alternative solution for better off Chinese, which has led to the apparent paradoxical situation of enormous over capacity in the private for-profit nursing home sector at the same time as many Chinese desperately need institutional care, but the capacity in the affordable public nursing homes is much too small to meet demands. Like everywhere else the expectation is that the large majority of elderly Chinese shall remain in their own homes and receive home held and home nursing, supported by local community activities delivered by civil society in the form of voluntary action. In the meantime, the Chinese government is putting pressure on adult children to make sure they visit their old parents as is clear by law by July 1st 2013. That the government has taken such measures is a clear indication that the country is facing serious problems in this respect. (For a similar analysis of elderly care in Shanghai see Abrahamson 2015.)

Japan

As said, It all started with reflections on the Japanese development, but that was omitted from my 2011 paper, which I shall briefly make up for here. In its self-reflection there is no doubt that Japan indeed is a welfare state, and that it started to be created after the Second World War. 'As a result of such expansions and improvements, the year 1973 was called the 'first year of welfare'' (Ministry of Health and Welfare 1999: 15). The development certainly was not big bang, but rather evolved decade by decade, guided by different sets of objectives. Hence the key words for the first period up till 1955 was *relief for the needy and establishment of the infrastructure*. With the rapid and uninterrupted high economic growth from 1955 and up till the first oil crisis in 1973-74 'Japan followed the path of a 'welfare state' just like the United States and European countries setting the promotion of national welfare as an important goal' the report stated (Ministry of Health and Welfare 1999: 13). The objectives for the first decade of the rapid economic growth period were to provide every Japanese family with three important items, namely: TV, refrigerator and washing machine, and for the next decade the three 'C's: color television, car and cooler. The keywords were *universal medical care insurance and pension programs and prevention of poverty*.

The immediate reaction to the halt of economic growth was a cautious approach to social security development formulated as 'appropriate social security costs and higher efficiency in their use;' but from 1980 and onward the issue of an ageing society became felt, and was a result of decreasing fertility rates coupled with increased longevity. As a response the so-called Gold Plan was set in motion during the decade of the 1990s. It aimed at improving elderly care, and in 1997 the Long-Term Care Insurance Law was enacted. The Gold Plan was supplemented with the

so-called Angel Plan in the field of welfare for children (Ministry of Health and Welfare 1999b: 14-20). The report recognizes that the Japanese welfare state was and is established at considerably lower public costs than its North American and European comparators. Anyway, the strong emphasis on care, particularly elderly care, does announce an entry into 'second generation' welfare statism viewed from a European perspective, where care services, with the important exception of health care, came last in the sequence of inaugurating welfare programs (Pierson 2004).

Miyamoto (2003: 16) identified four characteristics of an East Asian welfare state model. First, the East Asian states are small spenders when it comes to public social expenditure: 'Governments have needed to spend more money on economic development than social welfare. Thus the small welfare states in East-Asian countries do not reflect the ideal of market principles pursued by liberal political forces in Western countries, but are the result of the priority put on economic development.' Second, the smallness financial wise does not mean weak. The countries in the region exercises strong influence in regulating private welfare provision. Third, social security systems are fragmented, privileging public employees, and sometimes incorporating self-employed. Fourth, familialism is an important characteristic of East Asia which among other things shows up in considerable intra generational transfers. Miyamoto found that these four characteristics are also to be found in the Japanese case. But Japan started this process towards this particular welfare state model far earlier than its neighbors and spends far more public resources than is the case in the other states. He also points to the importance of adding a time dimension to the welfare modeling business, and shows how the family substitution structure exhausted itself during the 1980s and called for the expansion of care services during the latter part of the 1990s and onward. Miyamoto concludes on a rather pessimistic note when he asserts that the universalization of welfare provision in Japan as an unintended consequence have begun to leave very low income earners behind and thereby changing the stratification of Japanese society in the 'wrong' direction seen from an equity perspective (2003: 22-3).

The changes in the Japanese welfare policies during the 1990s as briefly described by the ministry above, has received careful analyses by Ito Peng in a number of papers (Peng 2000; Peng 2001; Peng 2002). She does not contradict the official story, but points to the limitations of the reforms. Peng also comments the welfare modeling business when she identifies two different approaches to analyzing the Japanese welfare state, where the first one is the welfare regime approach and the other is what she labels the corporate-centered perspective which regards it 'as a product of the *kigyo chusinchugi* (literally translated as 'corporate centrism,') ... the Japanese version of the postwar social contract' (Peng 2000: 88). This was essentially a tri-partite deal between state companies and workers which tried to secure rapid economic growth and company based welfare provision through life long employment, housing subsidies etc. Peng finds both approaches useful but not enough to explain the changes during the 1990s. During this period of time the lifelong employment strategy and with it part of the company welfare disappeared and was substituted by more local state care arrangements. She relates these changes to both the stronger competitive environment of globalization and demographic changes such as the ageing of society and declining fertility rates, just as the Ministry did. This, I think, is one of the important

points of explaining why it has been difficult to agree on describing the Japanese welfare state: it is a moving target! Changes over a relatively short time span have been dramatic. Hence emphasizing change or continuity may result in different regime designs, but there seems now to be a large majority of scholars that agree, if nothing else, that 'Japan, and for that matter most of the East Asian welfare states, should be treated as a different model or different models from western welfare states' Peng 2000:90). As to applying the welfare regime approach to Japan, Peng is somewhat skeptical:

The weakness of this approach, however, is the parameters it uses for comparison. For example decommodification and stratification are two very important dimensions but they are not the most revealing questions to ask in the case of Japan. I would argue that two important factors that need to be analyzed here are: (1) the nature of individual - family and of individual - labor market relationships; and the purpose of welfare ... The family's legal obligation to support ... is much more strongly enforced in Japan than in most western welfare states... the postwar family law still legally holds family members responsible for one another's welfare... the legally enforcing family extends vertically up and down three generations ... and horizontally to one's spouse and siblings...On the other hand, the notion of family obligation has also served as the basis of relatively generous company welfare. In terms of the individual - labor market relationship, an individual is never seen quite as an independent agent but rather in relation to his family (Peng 2000: 91).

Hence, lifetime employment, when, or to the extent, it existed had a strong decommodifying effect, and as Peng (2000: 93) had it '...employment security has served the most important welfare function in postwar Japan.' It is, furthermore indicated that this corporate-centeredness also applies to other Asian states such as the *Chaebol* in Korea.

As to the changes that occurred during the 1990s they are judged to be expansive and an attempt toward a more universal coverage, at the same time as they indicate a shift from cash-based assistance to care-based social services. As already mentioned the changes encapsulated by the Gold Plan and the Angel Plan were motivated by demographic and economic factors, and to the latter should be counted an increase in women's labor market participation. Whether the summarized effects of these changes within the Japanese welfare system will move Japan closer to Europe or closer to the USA is debatable was Peng's judgments nine years ago, but she maintained: 'One thing that is clear, is that the state now recognizes a need to expand welfare services which had hitherto been largely left to the family' (Peng 2000: 107). And this happened not coincidentally at a time when the majority of Japanese companies had abandoned the lifetime employment system.

In two papers published the two following years on basically the same subject of welfare state restructuring in Japan Peng implicitly changes position regarding the welfare modeling business, since she compares the Japanese development to that of, among other places, Southern Europe (Peng 2001: 194; Peng 2002: 417, 435) indicating that problems and solutions are similar across some types of welfare states. This is in line with suggestions that the Latin-rim countries

comprise a fourth welfare state regime type, a rudimentary or familialistic regime, and that Japan resembles it. What Southern Europe and Japan have in common is a still inadequate supply of care services for both elderly and children, which in reality makes it difficult for women to both be active in the formal labor market and resume full responsibility for raising children. Often, then, they decide not to have children, or only having one child at a relatively high age.

In a paper from 2004 she focuses on Japan and Korea and concludes that the recent changes with regard to welfare policies cannot adequately be explained by the productivist and developmental perspective of East Asian welfare regime: 'In both Japan and Korea, there is evidence that new social policies are playing a more facilitative role rather than subjugative role to economic development' (Peng 2004: 416-7). The changes are, of course those discussed above: the complex result of globalization pressures, demographic changes and new political constellations leading to a universalization of welfare provision and a new emphasis on social care both for the elderly and for children. The most recent development regarding elderly- and childcare is briefly summarized below.

Many observers associate the introduction of the Long Term Care Insurance (LTCI) in 2000 with an effort on behalf of the Japanese government to reduce cost of elderly care. The system took inspiration from the similar German program; it is part of social insurance, which means that it is financed by workers' and employers' contributions and state funding, reflecting government policy to include all of society in financing. LTCI Subscribers 65+ can receive care services at a reduced price after their care needs have been assessed by the municipality (Abe 2010: 27). Yet, most care is still provided by family members: 'Spouses make up the largest number of main care providers (28 percent), followed by children (25.4 percent) and their spouses (18.1 percent). Professional care providers comprise only 9.9 percent;' and 'about 17 per cent of those who need care are in institutions, while the rest receive care while living at home' (Abe 2010: 17, 19). This reflects what Olivares- Tirado and & Nanako Tamiya (2014) have termed the fourth phase of the LTCI plan (2009 - 2011) which introduced community-based services, including such initiatives as small-scale multi-functional care, night-time home-visit care service, group homes that are able to care for dementia patients, and specially designated small-scale nursing homes for the elderly to continue their life in a community with which they are familiar.

Regarding childcare there are three types in Japan: licensed and unlicensed daycare centers and kindergartens. The latter is part of the educational system and provide for three to five year-olds, while the former two provide for the youngest. The unlicensed centers tend to be in-house or firm based. The licensed centers tend to be municipal and they were attended by 31 percent of preschool children in Japan (Abe 2010: 30). So, all together a fair to a large amount of children are cared for in some kind of institutional arrangement. Fees are heavily subsidized and are lower for low-income parents. Furthermore, parents receive financial support via child allowances which have been expanded significantly since 2000 and in 2008 they reached 90 percent of children under 12 (Abe 2010: 15).

Given the above description denying Japan the label of a welfare state would be absurd, since it shows all the signs of a mature welfare state: extended family policies and considerable

total public social spending; so, including it in the conservative regime is tempting, but may be too hasty a conclusion.

Korea

If it all started with Japan it seems that Korea (and China) have taken over as the places that draw most attention from welfare state researchers. Even if the stream of newly published papers are not indefinite it appears so in practical terms, and, needless to say, this paper only considers a small part of what is formally available to us. The selection focuses on papers written within a perspective of (political) sociology and preferably comparative, and even with this limitation there are many more papers published than I have been able to acquaint myself with. This is especially so concerning Korea. Martin Powell and Ki-tae Kim (2014) found 26 papers on the Korean welfare regime in their recent overview, and since then many more have appeared including the ones discussed above. I want to mention a paper from Timo Fleckenstein and Soohyun Christine Lee (2014) because it analyses Korea with respect to family policy in a postindustrial and comparative perspective. They implicitly adopt the *Three Worlds* plus East Asia perspective and use Britain, Germany and Sweden as proto-typical Three Worlds representatives and Korea as representative of East Asia. Their starting point is the observation that OECD now is strongly recommending expansion of family policies as a means to cope with issues of so-called new risks associated with postindustrialisation, such as reconciliation of work and family life, low fertility, greying of society etc. Introducing and expanding family policies could result in higher female labor market participation which would then contribute positively to GDP and tax base. Like many other observers they noticed that with the election of the first center-left government (1998 - 2002), family policy was expanded: paid maternity leave was extended to 3 months; and a 12-month parental leave scheme, was made available to all workers with children under one year of age; tax-based child care benefits were expanded with the introduction of free child care for five year-olds from low-income families.

Furthermore, under the second center-left government (2003 - 2007), family policy experienced what Fleckenstein & Lee call ‘a remarkable expansion, indicating a challenge to the male breadwinner and liberal welfare trajectory’ (2014: 620) indicated by a fourfold increase of the child care budget between 2003 and 2006. The government also aimed at doubling the number of child care centers and introduced different child care benefits, of which the so-called ‘basic subsidy’ which covers half of the private child care costs of every child younger than two years of age was considered to be the most important innovation. ‘The critical point here is that middle-class families benefited for the first time from child care expansion.’ Also, mandatory corporate nurseries were extended to firms with 300 and more female workers, or 500 and more of all workers; and parental leave benefit was gradually improved and made more flexible; each parent was granted an individual entitlement of 12 months. Working parents were also given the right to work part-time.

Interestingly, this policy of expanding family policy was continued by the conservative government taking office in 2007. Fleckenstein & Lee (2014: 622) found that, again, the most

far-reaching proposal was made in the child care area. Child care benefit was expanded to every child aged younger than five for low- and middle-income families and replaced the 'basic subsidy' with child care benefits from 15 percent to 100 percent of total child care costs. In addition, a care allowance for parents who did not use publicly subsidized child care facilities was introduced to support parental choice. These reforms almost doubled child care expenditure. Finally, the flat-rate parental leave scheme was changed into an earnings-related benefit with a replacement rate of 40 percent.

Through a detailed political analysis they show how these changes were brought about as a combination of 'rational' state responses to functional necessities of new risks and civil society groups as political drivers. Thus, in both Britain, Germany and Korea they highlighted 'party competition as key political driver in policy expansion in 'latecomer' countries, whereas postindustrialization (in particular the rise of the new social risk of work - family conflicts, as well as wider changes in the skills profile and needs of postindustrial economies) provides the functional underpinnings for these policies' (Fleckenstein & Lee 2014: 602). Fleckenstein & Lee do not engage with the East Asian welfare regime discussion other than viewing Korea as an example, but they indirectly move Korea away from a productivist and developmental path when suggesting that it follows the trend set by the European countries.

Through a similar comparative study of an element of family policy, that of parental leave arrangements, Myunghwa Lee (2015) applying a legal, but not very legalistic approach (writes the sociologist), reaches a more pessimistic conclusion. She compared maternal, paternal and parental leave from a life - work balance perspective in France (a family friendly welfare state), Germany (the traditional male-bread-winner state) and the USA (the typical liberal state) parallel to Fleckenstein and Lee. But she looked beyond policy formulations and found that 'opposite to what can be found in western nations leave legislation has been ineffective in South Korea since family leave laws were adopted as a means to achieve the ranks of a developed nation, with little consideration as to internal cultural values. Traditional influences of Confucianism, which support gender inequality have hindered implementation of family leave laws' (Lee 2015: 45).

This is also the starting point for Sook-Yeon Won (2016: 148) reporting her study based on a survey among nearly 1.100 working mothers in Korea. She starts out by stating that 'In Korea, existing studies have largely focused on 'the appearance' of policy measures for work - family balance ... However, Policy rhetoric per se does not necessarily guarantee policy effectiveness,' suggesting that we need to determine whether policy measures actually help working mothers who seek to attain work - family balance, as it has been advocated by the Korean government. She identified what she viewed a paradox regarding women's labor market participation in Korea which has increased from 40 to 50 percent for both unmarried and married women from 1985 to 2010 accompanied by a radical change in men's perception of this from 12 percent agreeing to 54 percent agreeing, leading to a situation where 'Korean married men are much more likely to expect their wives to share the breadwinning burden; that is, society is moving toward a dual-earner reality' (Won 2016: 150); but the paradox is that this has not been accompanied by fathers being more involved in care work:

A more paradoxical situation is that such an extremely asymmetrical pattern has been very resistant to change. For the last ten years, this pattern has remained without notable changes, even though the dual-earner reality has intensified over the same period of time, and time usage patterns along gender lines make this paradoxical reality even more evident. According to an NSO survey, men spent only 38 minutes on average on domestic care work per day, with 37 minutes for single-earner households and 39 minutes for dual-earner households. Only a two-minute difference occurs as a result of wives' employment (Won 2016: 151)

Won record the same expansion of publicly supported daycare facilities as other studies but her survey showed that regarding mother's degree of satisfaction with their life - work balance 'the contribution of policy towards the reported satisfaction in work - family balance is not supported, while the set of gender stereotypes is found to be a negative contributor' (2016: 161). This is related to the persistence of Confucian values within Korean society, which considers mothers working as incompatible with the traditional role assigned to women.

Focusing on the other important care dimension, the one directed toward frail elderly (and disabled), Jin Wook Kim and Young Jun Choi (2013) analyzed the implementation and workings of the Long-term Care Insurance (LTCI) in Korea. Their research question was to test whether Confucianism still remains strong in LTCI, by examining whether the family still plays an important role as a welfare provider and whether the family is responsible for care as a financier. The two questions were posed in comparison to the role of the state (Kim & Choi 2013: 874). As is clear they are embedded in the productivist and developmental paradigm, but are aware of criticism voiced against it, among other things the problem of distinguishing it from that of the liberal regime. Hence, they suggest that two aspects need to be carefully examined: whether LTCI is motivated by economic concerns and whether the role of the state in LTCI is a financier or a regulator (Kim & Choi 2013: 875).

LTCI consists of three elements: institutional care, home care and cash benefits. It is possible to choose between institutional and home-care services if one is eligible for LTCI benefits. Over time the proportion of recipients receiving home-care services has increased, which, at least in part reflects the government's intention to promote home care rather than institutional care. It is relatively easy to obtain a care certificate (completing a short training course), which has led to the proportion of recipients taken care of by their co-resident family member with a care-giver qualification rose from 1,8 percent per cent in August 2008 to 23,5 per cent in March 2010, and if recipients cared for by a non-resident qualified family care-giver are included, the proportion is around 40 per cent (Kim & Choi 2013: 877). The level of individual payment is 20 percent of benefit costs for institutional care and 15 percent for home care.

Despite the recorded element of family care in the LTCI Kim & Choi conclude: 'Arguably, the current situation shows the consolidation of the Korean welfare state and increases the sense of welfare as a right. This could imply that the Korean welfare state is neither the developmental nor Confucian welfare state it used to be. It seems that developmentalism and Confucianism have been shifted from the centre of the Korean welfare state to the peripheral area ... Developmentalism seems to be quickly replaced by liberal principles' (2013: 883).

Taiwan

Undoubtedly, Taiwan is a late starter when it comes to welfare state development implementing universal health insurance in 1995 and unemployment insurance in 1999-2001, but, again, development recently has been going fast and Pamela Nadash, and Yao-Chi Shih (2012) anticipate the introduction of Long-Term Care Insurance as a universal program following Japan and Korea. It is expected to cover institutional care, but it will emphasize home- and community based services and aim to support family caregiving. As of 2010 coverage in the existing system was very limited which has led to ‘many older people rely on foreign aides to provide in-home supportive services. Foreign aides are cheaper and more readily available than Taiwanese workers. Moreover, many labor laws do not apply to them’ (Nadash & Shih 2012: 73).

Like most other observers, Yueh-Ching Chou, Teppo Kröger and Cheng-yun Pu (2015: 95) begin their paper by stating that ‘different from some Western countries, care for frail older people in Taiwan remains a private responsibility and a family obligation, as the country belongs to the familistic East Asian welfare regime.’ They sum up that there are four main models of long-term care (LTC) for older people in Taiwan: institutional care, community and home-based care, live-in migrant care and family care, and it is distributed thus: the majority of older people with care needs lived with family and were cared only by their family. The second largest group was those older people who were cared by migrant care workers, and the third group used institutional care. Only a very small proportion used community/home-based care services. If older people had intensive care needs, they either hired migrant care workers or used institutional care, depending on social and economic backgrounds (Chou, Kröger & Pu 2015: 95). They conclude that if the Taiwanese government wants to pursue a principle of ‘ageing in place’ more community and home care services are needed. And ‘Active Ageing’ and ‘Ageing in Place’ are exactly the policies pursued by the Taiwanese government (Lin, Chen & Cheng 2014), but according to Lin and Huang (2015) that is not without problems. They mention the tendency to use foreign care workers which has raised concern about who are the most appropriate caregivers for aging Taiwanese. And they also found that promoting the type of senior care facility that fits the cultural values of Taiwanese older adults, such as home-based nursing homes, instead of large capacity nursing homes, is another one of the challenges in the near future in Taiwan (Lin & Huang 2015: 182).

As regards policies for children and families expenditure increased from two percent of total social benefits in 2000, to more than seven percent in 2009, making it the third-largest beneficiary category for public spending after old age and health according to An and Peng (2015:). According to Chih-Peng Chiu Department of Early Childhood Education, Taipei Municipal University of Education Email authorand Suechun Wei (2011) there are three types of center based child care facilities a) The infant care center (crèche), which serves children from one month up to two years old. ‘The demand for infant care is strong, and many infant centers are filled to capacity, and some of them have long waiting lists’ (Chiu & Wei 2011). b) The child care center (nursery) serves children from two to six years old, some of which also provide infant and/or school-age child care (after school) services. In 1996, the Taiwanese government initiated a ‘public nurseries

establishment policy,’ and more than 100 large nurseries were built in the following years. c) School-age child care center, taking care of children 6 years old and up, can be established independently or affiliated with a nursery. Since 1985, the number of after-school child care centers began to grow rapidly and more than 60 percent of them were established in urban areas (Chiu & Wei 2011). Still following Chiu and Wei (2011) women in Taiwan have been granted paid maternity leave of five days to eight weeks since 1984. Parental leave was enacted under the Gender Equality Employment Act in 2002, allowing both male and female employees to take up to two years of unpaid parental leave, shared between the partners. In 2009, parental leave benefits were implemented, offering 60 percent wage compensation for six months to each parent taking leave, thus allowing maximum paid leave of one year.

Still, according to Yung-Han Chang (2015: 347) a very large minority of 45.5 percent believe that mothers who stay at home and care for their children is the best childcare arrangement. This social expectation is reflected in the reality that 95 percent of children under the age of three are cared for at home, and most of them are cared for by parents or unpaid relatives. Therefore, Chang (2015), using the Taiwan Social Change Survey (1996, 2001, 2011), investigated the determinants of household composition from the perspective of childcare arrangements. And she found that the presence of children under age three is still significantly associated with household composition, which supports the argument that people with young children are more likely to co-reside with elderly parents or extended kin.

In order to determine degrees of defamilization over time An and Peng carried out a fuzzy-set analysis by constructing three indicators of labor- money and time defamilization respectively for 2000, 2005 and 2010. For Taiwan the analysis showed no change, it stayed explicit familialism (An & Peng 2015: 14, table 4). They sum up thus: ‘The degree of LDF [labor defamilization] and MDF[money defamilization] is lowest in Taiwan, suggesting that childcare services play a very minor role in encouraging women to be engaged in paid work’ (An & Peng 2015: 16).

Hong Kong

Dating back from colonial times care has been considered a family affair. According to Ernest Chui, Sandra Tsang, and Joshua Mok (2010) the British deliberately used the reference to Confucianism as a pretext for very limited involvement in social policy in the Crown Colony, and this policy has been continued after the takeover in 1997 when Hong Kong became a SAR (Specially Administered Region) within PRC. Hence, apart from important services such as health care and housing Hong Kong provides very modest cover of social services. 88.9 percent of older people do not receive any services and 88.4 percent of children under the age of three are not placed in day nurseries, but it does provide financial support for older people to purchase personal care in private residential homes (Lai & Chui 2014: 268). Furthermore, the services that are provided come from NGOs being financed by the state. Thus, unquestionably the family is considered the primary caregiver in Hong Kong (as well as in Macau). This is confirmed by Kwok kin Fung (2014: 324) who places Hong Kong within the developmental state regime and

stated that ‘levels of financial support for personal social services has been strictly limited, with continual residualisation over recent decades.’ Fung summed up the Hong Kong case thus: ‘As a whole, the social groups receiving higher levels of public resources are mainly middle class rather than disadvantaged groups, as middle-class people are regarded as contributing to economic development. Improvements in standards of living rely upon economic growth instead of public welfare provision. The government presumes that the family institution will shoulder the responsibility of caretaking for the young, the old, those with disabilities and the disadvantaged. Overall, the social policy features of the developmental state are clearly not alien to Hong Kong’ (2014: 325). Fung concluded after analyzing the Hong Kong government’s response to the two crises of 1997 and 2008 that it had amplified the hardships of disadvantaged groups, which is the opposite of what has happened most other places (ILO 2014), thereby confirming the embeddedness within the developmental regime.

Discussing gender mainstreaming of daycare policy in Hong Kong Leung (2014: 41) as mentioned above considers Hong Kong and the rest of East Asia as Confucian the consequence being an inadequate public delivery of services. She shows that there are programs, but insufficiently available, such as Aided Standalone Day Child Care Centre, Kindergarten-cum childcare centers, Mutual Help Child Care Centre (MHCCC), and Neighborhood Service Community Care Project, but with a chronic shortage and inaccessibility. The cost of childcare services is expensive for working-class families and private alternatives like child minders are too expensive.

Very interestingly Leung (2014: 44) cited a survey showing that 51.2 percent of women in Hong Kong agreed to the statement that ‘men should take on more responsibility in child caring than they do now,’ which I interpret as about half of women, indicating that the other half (the 48.8 percent) do not think so⁶,

which is presumably a very important factor explaining the survival of Confucian beliefs. Leung concluded that child care is perceived as the responsibility of the family, which in all reality means women, and not as a right of citizens.

Regarding care for the elderly it is, as said either left entirely to families or to support from NGO’s, some of them religious (Kuah-Pearce 2016), receiving limited financial support from the government. The financial situation of most elderly is very bad since the pension system, through the Provident Fund, is so new so that current pensioners cannot benefit from it. This leave them with very small provisions from the means-tested social assistance program. As to care services Sheung-Tak Cheng, Terry Lum, Linda Lam, and Helene Fung (2013: 529) recorded that ‘HK has a very imbalanced LTC system that depends heavily on residential care. In 2012, HK had about 76,000 residential care beds (around 81 beds per 1,000 older people), in sharp contrast to the 7,089 community-care service placements (e.g., adult day care center and meal on-wheels service) that would allow elders to stay in the community. The institutionalization rate of older people is high, at 6.8 percent of people aged 65 years and older. Still, 28,000 older people are on the waiting list for residential care placement. To rebalance the LTC system, the government is

6) Surely, the 1.3 percent of the responses that would swing the result from a majority to a minority is within the statistical error.

implementing a new community-care voucher program, which is intended to lower the demand for residential care.’ These authors consider the system untenable and expect it to collapse in the near future, unless the government significantly changes it and increases resource allocation.

As demonstrated through their analysis, Siu-Yau Lee and Kee-Lee Chou (2015: 1) ‘show that the rate of poverty among older adults increased from 27.7 percent in 1991 to 38.7 percent in 2001, and then to 41.4 percent in 2011. The increase was largely caused by a significant decline in the number of earners in the households with older adults, which offset the poverty-reducing effects of education and the percentage decrease of immigrants.’ This testify to the inability of familial support to bring about a decent retirement for four out of ten older people in Hong Kong.

Singapore

Singapore does provide paid parental leave for employees, but unevenly with respect to both gender, which is common, and class, which is particular. Following Yuoyenn Teo (2015b) married women are guaranteed 16 weeks in contrast to fathers’ one week and unmarried mothers’ 12 weeks. The state pays for either half (for the first two children) or all (for the third and subsequent children) of married women’s maternity leave; employers are required by law to pay for all remaining non-state-funded portions of leave. The short one-week paternity leave, introduced in early 2013, is also state funded. In contrast, unmarried women are entitled to leave but receive no public funding at all (Teo 2015b: 83). The class differentiation comes in via the so-called Baby Bonus which consists of a cash component and a co-savings account where individuals receive matching funds from the state when they deposit cash into an account in their child’s account. It was first introduced in 2001 and subsequently enhanced in 2004, 2008, and 2013. The point being that the more you are able to put aside the bigger the subsidy, and the subsidy increases with more children, meaning if one can afford four children the subsidy is really high, but that is only an option for the better off (Teo 2015b: 83).

Recently, daycare facilities have been established and from 2009 to 2014, childcare center places increased from 67,980 to 104,774, while infant care center places increased from 2011 to 5329 according to Teo (2016). Infant care centers care for children aged 6 to 18 months, while childcare centers care for children between 18 months and 6 years and are open from seven in the morning to seven in the evening, which is very generous in any comparison. Singapore also have kindergartens which children between ages four and six may attend half day. Still following Teo (2016) subsidies to childcare centers vary depending on household income and employment status of mothers. Basic subsidies are available for all children who are Singapore citizens, with employed mothers receiving S\$300 and non-employed mothers S\$150. This expansion of the formal childcare sector has happened in the past five years.

As a bridge to the next paragraph the role of grandparents as child carers is stated: So while grandparents are generally not directly paid when they care for their grandchildren, adult

children are very much responsible for the well-being of their parents, and a main source of retirement income. In other words, there are expectations among the middle-class that the care will be reversed in the long run when grandparent caregivers age and need support and care (Teo 2016).

Regarding care for the elderly it is also in the main considered a family responsibility since alternatives are limited and in short supply. According to Truls Østbye et al. (2013: 609) rehabilitation and day care centers have been established for older persons. At the community level, and home care services, better known as ‘doorstep programs,’ provide a range of services including household chores, meal delivery, escort to clinics and hospitals, and befriender services. ‘However, the availability and accessibility of such home and community-based services remains limited and is a major concern for the elderly population and their families (Østbye et al. 2013: 609). This leaves three options: either the family provides a full time caregiver, but that is becoming more and more difficult with the relatively high female employment rate in Singapore; so in reality Singaporeans either have to hire a foreign care worker or pay for institutional care. According to Østbye et al. only two percent of the elderly population occupies the limited number of nursing home beds available in Singapore; In contrast, 49 percent of households with an older person with an activity of daily living limitation requiring human assistance employ a foreign domestic care worker.

It seems that that government continues its traditional role of regulating and providing limited financial support so that families and markets can deal with the issues. It has, though recently increased support to families, as expressed by the Ministry of Health (2012): One of the key initiatives is to enhance the subsidy framework for the intermediate and long-term care. Subsidy levels for this sector will be raised, and extended to cover more households in the middle income brackets. With these subsidy changes, around two-thirds of Singaporean households (or about 80 percent of elderly) will be able to receive some form of financial assistance, with the middle income households seeing the highest increase in subsidy levels. Other enhancements include the provision of a Foreign Domestic Worker grant for households with frail or disabled elderly Singaporeans, and higher cash payouts for elderly under the Interim Disability Assistance Program for the Elderly scheme. All together an increase of about 30 percent more in subsidies given out per year, benefiting 30 percent more elderly. The anticipated comment from critical observers is: too late and too little.

As is the case in Taiwan and Hong Kong (and in Southern Europe) families than can afford it employ foreign care workers to care for frail elderly. What is special about Singapore is that institutional care is also to a large extent provided by migrant care workers: ‘The low prestige and wages alongside hard and dirty work associated with long-term eldercare have meant that it is being undertaken increasingly by female migrant workers in both types of spaces when family members and local workers are unable or reluctant to take on the labour. Foreign domestic workers providing eldercare are expected to dole out primarily physical care, while migrant healthcare workers are valorized for their skills and care attributes’ (Huang et al. 2012: 210). Hence, Singapore is part of the increasing care chain and care drain phenomenon, which has received a

growing attention from the scholarly community (see e.g. Michel & Peng 2012). Furthermore, the current situation with 20 percent of the residents not being citizens (Straughan 2010) create tensions based on racism and leaves the immigrant population with fewer rights than the ones enjoyed by those having citizenship.

Judging Outcomes

Practically all papers and introductory chapters consulted above have started out by referring to demography: East Asia is experiencing very low fertility and very high life expectancy which lead to an increasing dependency ratio. Since women's labor market participation is low there exists a potential for changing the unfavorable prospect by mobilizing them for the labor market, but that would lead to even lower fertility unless a (more) satisfactory work life balance is established. From a functional perspective this is a driver for developing and expanding welfare policies that can reconcile work and family life and provide for increasing number of frail elderly. Thus, public care policies for children and elderly were expected to be increased, and they have as we have seen. The question remains, however, if any changes to the better can be detected?

Table 1. Total Social Protection and Health Expenditure 1990 – 2012						
	1990	1995	2000	2005	2009	2012
Hong Kong	2.43	4.66	4.52	4.59	4.75	5.17
Japan	11.11	14.07	16.28	18.49	22.40	23.56
Singapore	1.35	1.96	1.61	1.16	3.52	2.83
SouthKorea	2.82	3.25	4.82	6.51	9.40	9.3
Taiwan	8.00	9.50	9.94	10.13	10.54	9.68
China	5.20	3.19	4.70	2.76	6.81	6.83
Source: ILO (2014: 300)						

	Age dependen cy ratio 2014	Pension Coverage in pct.2012	Gini Coefficie nt ca. 2013	Female participat ion rate 2014	Unemplo yment rate 2014	Life Expecten cy 2013	Total Fertility rate 2013	GDP per Capita PPP 2013 \$	HDI (ranking) 2013
Hong Kong	25.9	79	0.54	51	3.3	83.8	1.1	53.199	0.891 (15)
Japan	63.0	95	0.34	49	3.6	84.0*	1.4	36.290	0.890 (17)
Singapore	36.9	84	0.46	59	2.6	83.0*	1.2	78.744	0.901 (9)
South Korea	37.0	80	0.31	50	3.5	81.5	1.2	33.140	0.891 (15)
Taiwan	35.1	..	0.34	51	4.1	80.0	1.1	41.537	..
China	35.8	34	0.47	64	4.3	75.4	1.7	11.874	0.719 (91)

Source: OECD (2014); CIA Fact Book (2016); ADB (2015); World Bank Data Base (2016); *WHO (2016)

Knowing that except for the late 1990s and late 2000s GDP has increased substantially each year table 1 attests to a considerable increase in public social expenditure in East Asia as already mentioned, and table 2 demonstrates that the region has the highest life expectancy ratios in the world (WHO 2016), unemployment is relatively low and the age dependency ratio is not yet high, except in Japan. Except in China GDP is relatively high in international comparison, and very high in Hong Kong and particularly in Singapore, which show up in High Human Development Index scores, except for China.

But fertility rates remain the lowest in the world, female employment is also still low except in China (because of agricultural employment) and Singapore, and economic inequality (gini coefficient) is very high in Hong Kong and Singapore; the latter accompanied by very high rates of poverty. As we saw above in Hong Kong more than 40 percent of elderly are poor by the standard definition (<50% median income), and according to the latest published social deprivation study 'In 2012, one in five of people in Hong Kong (21%) were living in low-income households and suffered from multiple deprivation (two items or more). Some families could not even provide their children with an adequate diet' (Lau et al. 2015: 48). In Singapore measured in the standard way poverty increased from 16 percent in 2002 to 28 percent in 2013 (The Heart Truths 2013). Latest figures calculated by the standard approach gives 16 percent for Japan, Korea and Taiwan; but e.g. in Korea it was only four percent in 2001. China has eradicated extreme poverty but more than 11 percent still live for less than US\$ 2 a day. Apparently, policies have not accomplished any positive change in fertility or women's labor market participation and poverty and inequality have increased.

Conclusion

The paper took as its starting point three common understandings of East Asian welfare regimes and asked whether they are (still) subordinating social policies to economic development (i.e. are they productivist/developmental)? are they (still) dominated by familism (i.e. are they Confucian)? are they (still) welfare laggards (i.e. are they small spenders)? The main part of the paper then discussed introduction and development of care policies in the region in order to challenge the assumption that East Asian welfare regimes are characterized by care not being a state responsibility but a family affair, i.e. being informal. As to be expected within social science the literature proposed contradictory answers to these questions.

As regards productivist I, perhaps too hastily, dismissed it in my previous paper, because I agreed with the point that all welfare states support economic development by creating a more appeased working class and a well-educated and healthy population which is a precondition for capitalist development. Developmental did not appear very prominently either in my first take; perhaps I did not understand it properly and found it to be too general (everything is developing; who's against development?) Returning to the debate I find that the labels are not the most appropriate, but the content remains important: we can distinguish between a liberal state, refraining from interventions in order to support market reign, and a state interfering in markets and civil society to enhance (a particular) capitalist development. It is this latter understanding that is captured by the concepts productivist and developmental, and the recent literature agrees this to be a precise characterization of the three city-states of Macau, Hong Kong and Singapore. There is also a (near) agreement that Japan has moved or is moving away from this position toward the Conservative regime type. Considering Korea and Taiwan the literature agrees that they have experienced rather similar developments, but there is disagreement as to whether they are stuck with being productivist and developmental, or whether the change from authoritarianism to democracy and the resulting social policy increases have moved them to the Liberal regime. Regarding the biggest territory in the region, there is agreement that changes have been significant and enormous, not because of democratization but because of marketization and political reactions to its negative side effects. The two latest five-year-plans have committed China to create a universal welfare state, but the implementation leaves much room for improvement and a lot to be desired.

Turning to the question of Confucianism the literature agrees that the societies are not Confucian in the sense that the three-generation household is rapidly declining because of urbanization, internal migration and preference for nuclear-family living. Similarly, life-long employment no longer dominates in Japan and Korea and the work unit no longer guarantees a full plate of social rights in China, indicating a departure from the patriarchal company acting as a de-facto welfare guarantor. But as an ideology or as a sentiment Confucianism is very much alive in the whole region through a persistence of filial piety as an overarching principle for inter-generational resource allocation, interaction and communication. I was surprised to experience so many papers quoting and citing Catherine Jones's now classic text on Confucian welfare states from 1993, because this was not a dominating perspective seven years ago; on the contrary it was

criticized for being overly culturalist and obscuring the significance of new and expanded social policies reflecting, it was understood, the above mentioned societal changes. However, going through the literature consulted in this paper I discovered the 'revenge of culture' or 'Confucianism strikes back' to be the most precise characterizations of the current situation prevailing in East Asia. Yes, societal conditions have changed - the region has modernized, and, yes social security and care policies have been expanded, but culture has proven to be more sticky than what was expected some years ago. This has to a large extent escaped observations based in political science that has focused on democratization and the supposedly concomitant significant expansion of welfare policies. It is from sociology, and particularly feminist scholarship we have learned that the implemented policies to a large extent are based in a persistence of familial ideology and traditional gender roles, which de facto prevents the desired outcomes with respect to women's labor market participation and fertility.

On a more positive note, the paper acknowledges that conventionally measured East Asian welfare regimes, with the exception of Japan, are small spenders, but there are many good reasons to expect them not to stay laggards, even when they probably will stay distinct.

Undoubtedly, there has been a significant development of social care services across East Asia. Within a very short time-span programs have been introduced and expanded both in the area of childcare, elderly care, and maternity/parental leave and financial support to families have been increased. Also, all governments have expressed concern about the demographic development and the increase in inequality and poverty. That everyone agrees about. Disagreements surface when judging whether these changes and developments break with original or previous modes, or whether path-dependency prevails. The latter proposition is based on either viewing changes as too late and too little or merely lip service, or seeing the changes as not breaking with traditional views on gender and family inherited from Confucianism, while the former adds up changes particularly of a universal kind leading to a break with the past and entering one of the Western paths. All things considered, I conclude that Japan has moved to the Conservative regime, both viewed from the input side (policies) and the output side (poverty etc.), while Macau, Hong Kong and Singapore have remained firmly within the productivist/developmental regime since the introduction and expansion of care policies have been rather limited and inconsequential; the levels of inequality and poverty are incompatible with a European style welfare state. As regards China it remains to be seen if the official commitment to a universal welfare regime type is going to be realized in the foreseeable future, but the current level of inequality is not encouraging. The most difficult cases to judge are those of Korea and Taiwan, and this is also where the literature is most in disagreement. For very good reasons Powell and Kim's paper on Korea was entitled 'The 'Chameleon' Korean Welfare Regime' indicating that it constantly changes appearance depending on the approach (and time frame). In the area of economic policy some have argued that Korea has gone liberal, but analyses of recent support for financial capital testify to the opposite (Chang forthcoming). As regards the significant expansion of care policies I side with the feminists pointing out that the policies to a large extent are based on and implemented in a familial ideology that in reality confirms traditional roles rather than liberating women concluding that

Korea may be post-developmental and on the move toward a liberal regime, but is still confined within a Confucian one together with Taiwan.

To the question as to whether the whole region can be characterized by one overarching concept the papers considered here, to my initial surprise, overwhelmingly point to the persistence of filial piety, yet more in the reciprocal than in the authoritarian sense, as the guiding principle for solidarity both on the individual and the state level, suggesting that the label Confucian welfare regime remains very adequate.

Finally, despite scholarly disagreements within the welfare modelling business, it is clear to everyone that the introduction and expansion of welfare policies in the region have not accomplished the desired targets of increased female labor market participation and higher fertility, let alone reduction of poverty, or gender inequality.

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**Discussion Paper for Prof. Peter Abrahamson's Presentation
on Returning to the Welfare Modelling Business
in East Asia with Eye to Care**

Young-mi Kim

First, I would like to express my sincere appreciation for this opportunity to see Professor Abrahamson in person. This has been a valuable chance for me as a researcher in the Social Security Protection Act to encounter the "East Asian welfare model" through the presentation.

The presentation introduces the features and changes of the East Asian welfare system. More specifically, this significant presentation shows the current level of welfare policies in light of rapid economic growth by analyzing whether the East Asian welfare system is production-oriented or Confucian, the level of welfare expenditure, and the current status of care policies.

1. Through this presentation, I was able to find out that the welfare systems in Korea and Taiwan have developed considerably since liberation, but the patriarchal aspect of Confucian culture still play a significant role in society, with a consequent slowdown on the growth of the welfare state relative to that of the economy. I very much enjoyed your comparative analysis of the Korean welfare state relative to those of European countries by taking into account economic activities.

2. In terms of welfare expenditure, Thailand and Korea have shown a fivefold and threefold increase, respectively, compared to 1990. This is in comparison to the majority of advanced countries which have shown a low-level growth of below 10% compared to GDP. The only noticeable exception to that trend has been Japan, which has clear implications for the case of Korea, in which an ageing society will inevitably lead to much higher levels of welfare expenditure.

3. As societal changes have weakened the traditional Confucian culture of East Asian countries, the state and society have come to play a much larger role in supporting welfare provision. The number of convalescent hospitals has risen rapidly, while there has

been a consistent lack in public nursing facilities. Japan and Korea are currently implementing long-term care insurance for the elderly, while Taiwan is considering the implementation of the system. By contrast, Macao, Hong Kong and Singapore are still bound to a production-oriented system, and the Chinese government remains strongly influenced by Confucianism, despite its steps to establish universal welfare. Your views around the potential, but non-certainty, for growth, must give us all pause for thought.

4. It is a shame that the East Asian welfare system is still development-oriented and is bound to the level of production orientation and a limited welfare state. It is inspiring that Korea and Taiwan have shown a relatively high level of growth in the welfare state, excluding Japan, but it remains at a remarkably low level compared to the welfare states of Europe. This point must make us reflect on the level of welfare provision in Korea and the future options.

5. However, the growth of the welfare state in Korea is limited by the absence of a labor or left-leaning party. The bigger problem, though, is that in a situation in which the welfare system is implemented from a political motivation, it can also be easily changed and demolished by those same political forces. The greater issue is a fundamental lack of awareness within Korea regarding the necessity of greater levels of welfare provision to care for an aging society.

6. In that sense, I would like to know what you think regarding the reality in Korea in which the welfare system, once implemented, cannot be change without social consensus. Moreover, I would like to hear your views on what values are needed for Korea to develop as a welfare state, and what efforts must be made by the nation and society to establish and implement a sustainable welfare system.

With these two questions, I would like to wrap up the discussion for your presentation. Thank you for your attention.

Session2

*After the Regional and Global Financial Crises:
Social Development Challenges and Social Policy
Responses in Hong Kong and Macau*

Presenter

Prof. Ka-Ho MOK

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Discussant

Prof. Kim Kwang Byung

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After the Regional and Global Financial Crises:

Social Development Challenges and Social Policy Responses in Hong Kong and Macau

Ka-Ho Mok

Introduction

Hong Kong and Macau, like many other East Asian countries, have been experiencing enormous economic hardships due to rapid economic restructuring, especially after the Asian financial crisis in 1997 the global financial crisis in 2008. Without satisfactorily dealing with the consequences resulted from the economic restructuring, “deep-seated conflicts” have driven the governments of Hong Kong and Macau very hard to try to devise new and appropriate measures to tackle these economic and social problems in recent years. Before the 1997 Asian financial crisis, both governments strongly believed rapid economic growth would eventually resolve social and economic problems. However, such a growth-driven economy strategy, together with the “productivist welfare regime” which typically characterized by attaching heavy weight on economic growth but ignoring the importance of social protection, has been exposed to challenges of rising unemployment and growing poverty (Lin, 2010). As Wilding (2008) has rightly raised the question whether the “productivist welfare regime” is still productive in addressing heightened welfare expectations from people and handling social and economic problems resulted from rapid demographic and socio-economic changes in Asia. Moreover, political changes after the handover have also affected the development of welfare policies, as the mantras of “Hong Kong people are to run Hong Kong” and “Macau people are to run Macau” have raised the public expectation for better governance and higher living standard.

Experiencing the negative socio-economic consequences resulting from the regional and global economic crises, the governments of Hong Kong and Macau have experienced tremendous pressure to change the way that they have managed social development and social welfare issues. Openly recognizing the huge political price when they fail to meet people’s social needs, especially having confronted social unrest in the context of unstable economic growth, rising unemployment, intensified income inequality and emerging social forces in questioning the legitimacy of their political regimes, the governments of Hong Kong and Macau have made attempts in changing their social welfare strategies to cope with these challenges. It is against this context that this chapter attempts to critically examine the major social development challenges that the governments of the two special administrative regions of China have confronted, with particular reference to analyze how far they have developed policies/strategies addressing the rapid socio-economic and socio-demographic changes taking place in Hong Kong and Macau.

Pro-Growth Approach in Managing Changing Socio-Economic Crises

Hong Kong and Macau have been adopting the so-called *laissez-faire* policies in governance since the colonial era. The neo-liberal idea of “small government, big market” has been hailed in both places as the gospel to ensure prosperity and maintain competitiveness. Both Hong Kong and Macau are conventionally characterized as “productivist welfare capitalism”, in which social policies are subordinated to economic policies and social development is giving way to economic productivity and growth (Holliday, 2000, 2005; Lai, 2003, 2006). In short, the productivist welfare model is oriented by a GDP-first strategy of development. The characteristic of low social spending of this welfare model lies on the premise that continuing economic growth can offset the underdevelopment of social policies. Social policy and social welfare aim to serve the interests of economic growth and primarily to maintain a productive labour force (Holliday, 2005). Gough categorizes the East Asian systems as “productivist welfare regimes” because social policy making does not act as an autonomous sphere of governance. The adoption of a very “instrumental” role of social policy certainly undervalues the importance of social protection. However, after the burst of the “East Asian economic miracle” bubble in the economic crisis, the public demand for various social policy remedies has begun to rise (Lau and Mok, 2010). Having experienced both the regional financial crisis in 1997 and global financial crisis in 2008, both Hong Kong and Macau have found the existing welfare arrangements less satisfied to meet people’s growing welfare demands. It is against this context this chapter sets out to critically examine how well the productivist welfare arrangements could survive and sustain in dealing with the increasingly complex social, economic and political environments.

Hong Kong’s welfare system has long been criticized for its lack of long-term vision and welfare policies are remedial and incremental in nature (Chui, Tsang and Mok, 2010). Adopting the principle of “positive non-intervention”, the Hong Kong government is prudent in welfare spending. While recognizing the growing demand for social welfare following the Asian Financial Crisis, as social assistance spending as a share of total government recurrent expenditure has jumped drastically from 2.6 per cent in 1993/1994 to 8.6 per cent in 1999/2000, the Hong Kong government decided to raise the bar for application with the introduction of welfare-to-work programmes since 1999 and also reduce the amount of benefits (Lai, 2005). For example, able-bodied recipients were required to conduct a certain amount of volunteer work in order to receive the benefits. And since July 1999, benefits were cut for larger households by 10 per cent for three-person households and 20 per cent for those households with more than three persons (Tang, 2000: 59-60). All these changes clearly suggest that the government was very reserved in its intervention of market. Despite that, in 2000 the Hong Kong government did finally put into place a social security programme, the Mandatory Provident Fund (MPF), which has been designed and debated since mid-1960s. It is argued that an adoption of a social insurance plan “was constantly blocked by the business representatives who had overwhelmingly predominated the decision-making bodies of the colonial government” (Lai, 2005: 18). After the Asian financial crisis in 1997, the situation in Hong Kong has been gradually changing as there is pressure of

competitive direct elections in the Legislative Council and District Council (Lee, 2009). Besides, in order to reduce the financial burden of raising demand for welfare, many workfare programmes were introduced after the crisis to promote the self-reliance ideology (Tang, 2006).

In response to the crisis, the Macau government expanded the Social Security Fund¹ by injecting a special funding of 50 million patacas in 1998, which was used for Training Allowance, Employment Subsidy, Employment Supportive for the Disabled, Training Allowance for Career Counsellors, First Employment Allowance for the Youth, as well as Unemployment Relief. Starting from the twenty-first century, Macau has shifted the emphasis to vocational training and lifelong learning as solution for poverty (Lai, 2008, 2010: 68-75). Similar to Hong Kong, workfare programmes were introduced in Macau in 2004 to enhance the working incentives and employability of the welfare recipients (Tian and Jiang, 2006). Taken together, in tackling the economic restructuring, the Asian Financial Crisis and its aftermath impacts, the virtue of self-reliance was both embraced by the Hong Kong and Macau governments and was incorporated into the formulation of welfare policies.

Although employment has gradually improved in the past few years, people in the two places soon recognized that having a job alone is not enough for good living, desirable wages matter too. After the crisis, businesses have started to understand that economic growth would not be as promised as before, and therefore opted for a more flexible business model. New business means, such as short-term contract, part-time employment, outsourcing, and forcing employees to switch to self-employed status, etc., are common nowadays in order to reduce production costs and maintain flexibility in business scale. Similar to other global cities, “working poor” has emerged and class polarization has intensified, who may have to work for long working hours but earn insufficient money to meet basic living standards (Chiu and Lui, 2009). Concerned academics and NGOs have argued further that such a phenomenon will not only do harm to the livelihoods of the workers but will also affect their family lives, especially in creating or exacerbating the problem of intergenerational poverty (Chan, 2006, 2009; Oxfam Hong Kong, 2007; HKCSS, 2008; Tang and Lin, 2005). In response to these emerging problems, the Hong Kong and Macau governments have devised various policies in the past few years.

Hong Kong’s Responses to Major Socio-economic Challenges

*Working Poverty*² Working poverty has become a serious issue in recent years. According to Subcommittee to Study the Subject of Combating Poverty, Legislative Council of the HKSAR (2006: 11), the number of working poor households has remained steady from 173,100 in 1998 to 170,400 in the second quarter of 2005. The level of “50 per cent of median monthly household income” dropped from HK\$9,000 in 1998 to HK\$7,800 in 2005 for all households, indicating a decrease of overall monthly income level in Hong Kong after the handover. The number of working poor households further increased to 186,900 in 2006 and reached 192,500 in the second quarter of 2010 (Oxfam Hong Kong, 2010).

The growing prominence of working poverty was indirectly confirmed as lawmakers have begun to take it seriously. In 2006, the Subcommittee to Study the Subject of Combating Poverty of the Legislative Council released the *Report on Working Poverty*. It has identified several causes of working poverty in Hong Kong: (a) economic re-structuring and shift of industries to the Mainland; (b) lack of manpower planning; (c) over-emphasis on cost reduction in both the public and private sectors which lead to part-time employment; (d) contracting-out of government services and insufficient monitoring of the contractors on employees' benefits; (e) unequal opportunities for disadvantaged groups, such as new immigrants and ethnic minorities; (f) the need to take care of young children; (g) lack of employment opportunities in remote areas (2006: 18). Responding to the problems, the subcommittee, whose members include legislators of different political parties with varying economic philosophies, has come up with several recommendations: (a) enabling community participation and empowerment of the working poor in formulating strategies to reduce working poverty; (b) developing the economy and creating employment opportunities; (c) providing community support and developing local economies; (d) reviewing the contracting-out arrangements for Government services; (e) safeguarding employees' benefits; (f) enhancing the competitiveness of the working poor through education and training; (g) providing financial assistance to the working-poor households; and (h) providing support services for working-poor households (2006: 24-25).

While minimum wage was discussed in the Subcommittee, due to the opposition from some pro-market political groups, it was not included in the final recommendations. *The Report* simply notes that, "as regards the suggestion of setting a minimum wage, the Subcommittee considers that the Government should take note of the various views expressed on this subject in this report" (2006: 31). Lee argues that in Hong Kong, "the absence electoral democracy coupled with interest pluralism makes it possible for the authoritarian state to pursue neoliberal reform in its social policy" (Lee, 2009: 173). In fact, after the SARS crisis that heavily destroyed Hong Kong's economy, despite the more frequent calls for setting up the minimum wage for income maintenance of low-waged labour, the government refused to do so immediately and instead launched the two-year Wage Protection Movement in October 2006 to advocate businesses to offer higher wages for cleaning and security workers. Due to its voluntary nature, the Movement did not yield significant results, and because of that the government finally agreed to proceed to the legislation. Because of the negative impacts of globalization and economic vulnerability, and threat to political and social stability, the government set up the Provisional Minimum Wage Commission, bringing representatives from the labour and business sector, government departments and academia together to decide on the initial statutory minimum wage rate in February 2009. Some employers' organizations advocate the level of HK\$23-25 per hour, while labour unions request for HK\$33 per hour. After a few days of intermittent debate in the legislature, the minimum wage legislation bill was finally passed in late July 2010 but the debates related to the initial rate has not ended even though a minimal wage policy was started in May 2011.

Apart from the minimum wage, labor unions, welfare NGOs and some left-wing politicians in Hong Kong have been advocating for years for maximum working hours, the rights

to collective bargaining, unemployment benefits, and policies against unreasonable dismissal. While the bill of minimum wage is set to be signed into law, other policy suggestions have not been put in place by the government yet. Nevertheless, certain small-scale support measures have been implemented quite successfully, such as the Transport Support Scheme (TSS), which aims to encourage and support low-wage workers from certain remote areas to find jobs and work across districts.

Long-term economic growth and employment opportunities are still the top concerns for the Hong Kong government with the belief that making the pie bigger can finally feed everyone. After the 2008 Financial crisis, the government immediately set up the “Task Force on Economic Challenges”, which was chaired by the former Chief Executive, in recruiting leading academics and business leaders to generate new ideas for future economic development. Chief Executive Donald Tsang said that the Hong Kong government would adhere to the strategy of “stabilizing the financial system, supporting enterprises and preserving employment” (Task Force on Economic Challenges, 2009a) in striving for economic recovery. The Task Force also reasserted the preponderant role of the financial sector in Hong Kong’s economy and also proposed to establish six new economic industries, including testing and certification, medical services, innovation and technology, cultural and creative industries, environmental industry, and educational services (Task Force on Economic Challenges, 2009b).

Other social protection policies maintaining the livelihoods of Hong Kong people during and after the financial crisis were short-term and remedial in nature. In the first Budget after the crisis, Financial Secretary John Tsang pledged in February 2009 that the government would spend HK\$1.6 billion to create 62,000 jobs and internship opportunities in the next three years. One of the most controversial programmes in the Budget was to launch an “Internship Programme for University Graduates” of about 4,000 places with a recommended minimum monthly salary of HK\$4,000. This proposal has sparked criticisms of various kinds in the community: (1) the money should be devoted to helping low-skilled labor and the underprivileged instead to university students, who should have more choices and bargaining power in the employment market; (2) the recommended minimum salary level for university students was too low that it will trigger a decrease of salary level of workers with lower education levels; (3) although the HK\$4,000 level was the required minimum, critics fear that it may instead become a standard scale for companies to hire fresh graduates. This incident clearly indicated how worried Hong Kong people were about the problem of working poverty and “wage exploitation” by the employers.

The reluctance of the government to offering direct financial help has also stirred up controversy. While the people were expected to receive direct cash refund from the government, the government decided instead to inject HK\$9 billion into the Mandatory Provident Fund account for workers earning \$10,000 or less per month. This measure was criticized as “saving market, but not saving people” by providing the fund managers with a new pool of money for further investments and speculations in the stock market. Taken together with the internship incident, both measures have unexpectedly reinforced the notorious image of government’s collusion with the business sector.

Intergenerational Poverty

The establishment of the Commission on Poverty in 2005, consisting of government officials, legislators, NGO leaders, and academics aims to address the issues of income disparity, unemployment, child and elderly poverty (Commission on Poverty, 2007). In the *Report of the Commission on Poverty*, the government stated that promoting employment is core to reduce poverty and achieve self-reliance. Based upon this premise, the government vowed to solve the poverty problem through the following means (Commission on Poverty, 2007: ii):

- For those with working abilities, the core strategy is to promote the policy of “From Welfare to Self-reliance” through enhancing employability, promoting employment opportunities, providing effective employment support and suitable work incentives.
- To prevent intergenerational poverty, besides providing children and families at-risk with additional support, we should adopt the right approaches to encourage them to move out of poverty by building up their capacities so that they can plan for their own future.
- For the needy elders and other disadvantaged groups who cannot support themselves, we should continue to provide them with welfare support and a safety net to ensure a dignified standard of living for the needy in our community.

The above policy rhetoric suggests that the underlying philosophy of Hong Kong has not changed in face of enormous social and economic problems. In gist, it is stated in the report that the idea of “‘Market leads, Government facilitates’ has been a core principle in driving the economic development and increasing employment opportunities in Hong Kong” (Commission on Poverty, 2007: 24).

Following the recommendations of the Report to tackle intergenerational poverty, the Hong Kong government set up the HK\$300 million Child Development Fund (CDF) in 2008 which aspires to “draw on and consolidate the resources from the family, the private sector, the community and the Government effectively in support of the longer-term development of children from a disadvantaged background” (Child Development Fund, 2008). Children aged between 10 and 16 from disadvantaged background are eligible for application, and the project is expected to serve at least 13,600 such children. CDF is comprised of three components: (a) “Personal Development Plans” which requires participant children to draw up plans with short-term and long-term goals. Operating NGOs will provide necessary training programmes for the children with a budget of HK\$15,000 per head; (b) “Mentorship Programme” which identifies each child with a personal mentor to advise on his/ her personal development plan; and (c) “Targeted Savings” which encourages participating family to save up to HK\$200 per month for two years. It also includes a one-to-one matching contribution with donations from the community. Upon the completion of the two-year period, the government will offer each child a special financial incentive of HK\$3,000. The “target savings” coincides with the “asset building” approach coined and developed by Michael Sherraden, which encourages poor families to accumulate their capital rather than simply relying on

short-term income maintenance measures offered by the government (Sherraden et al. 1995; Sherraden, 2000, 2001). The element of self-reliance is again reflected in this policy design.

In fact, before the establishment of the CDF, the government had also set up the HK\$200 million Partnership Fund for the Disadvantaged (PFD) in 2005, with the aim to “incentivise the welfare sector to expand their network in seeking and securing corporate participation, and to encourage the business sector to take up more social responsibility in helping to create a cohesive, harmonious and caring society” (Social Welfare Department, Hong Kong, 2005). In May 2010, the legislature approved an injection of another HK\$200 million into the fund. Thereafter, NGOs can apply for the fund for programmes and activities relating to the underprivileged such as the disabled and elderly people, children from poor families, and victims of family abuse. In regard to child poverty, for example, in 2005, the Society for Community Organization launched the “Project for Equal Opportunity Development of Children Living in Poverty” with KPMG, providing support to the physical, mental, learning needs and social skills of children up to 18 from poor families. The Boys’ & Girls’ Clubs Association of Hong Kong was partnered with Amway Hong Kong Limited to launch a relief and support programme for mentally distressed children from poor families in 2008.

The government has made attempts to address the intensified problems related to working poverty by establishing a social care matching grant in order to attract donations from big business corporations in Hong Kong to support socially and economically disadvantaged groups, while the government also announced to offer cash allowance of HK\$6,000 to all citizens who are eligible for sharing the economic success in the previous financial year. However, these measures are criticized as short-sighted and many educated people especially for those serving in the social welfare sector openly urge the government for devising more long-term and strategic policies in support of the poor rather than deploying resources in coming up with short-term but ineffective measures to tackle the intensification of urban poverty issues. Having discussed major strategies that the Hong Kong government has devised to address the major socio-economic challenges resulted from the significant economic changes after the regional and global economic crises in recent years, we have not found the Hong Kong government has attempted to change its long-standing welfare approach. With heavy emphasis on workfare and productivist approach in handling social development / welfare needs, the measures outlined above to cope with the post-regional and global financial crises clearly shows the Hong Kong government’s reluctance in long-term welfare and social protection commitment.

Macau’s Responses to Major Socio-economic Challenges

Working Poverty

Macau has been experiencing a burgeoning economy in recent years brought by the rapid development of the gambling industry and tourism. Comparing to Hong Kong, it seems that the Macau government is more generous to the people especially when viewing the welfare packages being adopted by the government in meeting people’s welfare demands. In response to the latest

global financial crisis, while the Hong Kong government was reluctant to provide direct cash refund to citizens before 2011, the Macau government reacted swiftly to reduce 25 per cent of salary tax and distribute M\$5,000 to each resident in late 2008. In April 2009, it delivered M\$6,000 to each resident again. However, social conflicts in Macau are still frequently seen. For example, the protests on the May 1st Labour Day in recent years have become more confrontational than the previous years for the workers who have become more frustrated with the loss of working opportunities to foreign labour. A survey conducted by a labour union in 2005 and 2009 indicated over 70 per cent of local workers thought that foreign labour have infringed upon their job opportunities and other work benefits (*Macau Daily*, 17 March 2010). Wages in different industries are differentials between 1998 and 2007. While salaries of people working in “construction” and “cultural, recreational, gambling and other services” have increased significantly, monthly income of people who work for the “manufacturing” and “public administration and social security” have slightly increased (Liu, 2009). More recently, a commissioned research project by the Government of the Special Administrative Region of Macau to examine the most important social development concerns perceived by the Macau citizens has also discovered the majority of Macau citizens disapprove the growing number of migrant workers from China mainland and Hong Kong, criticizing them for taking over their job opportunities (Consultant Team, 2010).

To target the problems, the Macau government launched the Temporary Income Supplement (TIS) scheme in 2008. Workers aged 40 or above who earn less than M\$12,000 per quarter and work for at least 152 hours per month can apply for the TIS, implying that even a worker who can earn M\$10,000 per quarter, he or she can apply for the TIS of an additional M\$2,000 in order to reach the standard. In 2008 and 2009, there were 18,180 successful cases, and 3,800 low-wage workers have benefited, which costs about M\$65 million. Similar to Hong Kong, there are frequent calls for setting up of minimum wage in Macau. In responding to the demands, in 2007, the Macau government stipulated that workers for the government’s outsourcing jobs relating to cleaning and security are guaranteed with a minimum wage of M\$21 per hour. Yet a comprehensive legislation that covers all jobs remains to be done. But while the legislature of Macau is very pro-establishment in nature, whether the minimum wage legislation can finally be done all depends on the political will of the strong executive-led government.

Intergenerational Poverty

The discussion of child poverty or intergenerational poverty is relatively scarce in Macau as compared to Hong Kong. In recapping the ten-year development of Macau after the handover, former Chief Executive Edmund Ho said that the rapid expansion of the gambling industry has drawn many young people into this relatively high-paid profession, which in turn has alleviated intergenerational poverty. But some academics fear that although these young people do not suffer from economic poverty, they indeed suffer from “cultural poverty” (i.e. lack of educational qualifications and social exposure), which will affect their social mobility in the long run. In fact, school dropout rates of Macau students increased from 4.2 per cent in 2002/03 to 4.8 per cent in 2004/05, which has been partly due to the rapid labour adsorption by the gambling industry.

According to the official explanation, it was because those students wished to find jobs (*Oriental Daily*, 12 September 2006). Highly-paid job in the gambling industry is of course an attraction. A government-funded survey conducted in 2007 found that there were lots of youngsters willing to work in casinos (27.9 per cent of interviewees aged 13-18; 48.3 per cent of those aged 19-24; and 52.9 per cent of those aged 25-29). Respondents were further asked whether they were willing to do gambling-related work, the ratios were even higher (68.5 per cent, 76.0 per cent and 67.6 per cent respectively) (Macau Youth Research Association and General Association of Chinese Students - Macau, 2007: 14). The lopsided economic development centered on gambling industry is a worrying picture for the government. A recent study regarding educational development in Macau also clearly indicates that people feel that their education qualifications are incompetent in the labour market but they do not have any specific plan for further education and training (Mok and Leung, 2011). This social phenomenon reinforces the argument that Macau's economic poverty is considerably linked with the "cultural poverty".

In order to offer better prospects for the young people and respond to the calls for further developing human capital, the Macau government has turned to education for solution. Not only for satisfying domestic needs, Macau's educational development has even become a national strategic issue as President Hu Jintao and Premier Wen Jiabo have said in various occasions that education was vital to the future development of Macau (*Macau Daily*, 21 December 2004, 29 December 2005, 21 December 2009). After the handover, the Macau SAR government has started to develop education very aggressively. Back to the colonial era, the education sector of Macau was largely market-oriented. Up till 2009, among all kindergartens, primary and secondary schools, 66 of them were privately-owned, and 10 were public schools. In the 2010 Policy Address of the new administration, Chief Executive Fernando Chui declared that, "social development has a close relationship with educational development. The nurturing of talents and the exploration of technologies also heavily depends on education. The future of society and the development of economy ultimately hinges upon the accumulation of 'human capital'" (Chui, 2010: 14). In this connection, he proposed "boosting Macau through education" as the guiding principle to reform the educational administration, push for cross-border educational cooperation, and increase educational inputs" (ibid: 63). In fact, the educational development of Macau in the past few years have been astonishing. The government expenditure on education has increased from about M\$180 million in 2003 to M\$370 million in 2008. In 2005, the government decided to expand the ten-year compulsory and free education to 15 years. The students are also exempted from various kinds of miscellaneous fees. These policies are well-received by Macau people for they have greatly alleviated their financial burden, especially in economic hard times (Mok and Leung, 2011). It is also not surprising to see the majority of Macau citizens' support to further develop higher education in Macau by grasping the opportunity to develop the new campus of the University of Macau by dipping in the land offered by the Zhuhai Government, just across the border between Macau and Zhuhai (Consultant Team, 2010). Like Hong Kong, the Macau government has not altered its strong workfare orientation when approaching social development / welfare matters but instead chosen flexible welfare arrangements through short-term cash allowance in addressing the rapid social and economic changes only.

A Brief Comparison of Social Welfare Spending in Hong Kong and Macau

By and large, the Hong Kong and Macau governments' responses to social challenges are feeble. It has nonetheless envisaged a surge in social welfare spending in Macau. The Hong Kong SAR Government spent HK\$6,453 million in the fiscal year 2000/2001. The spending was stagnant before the fiscal year 2008-2009. The share of social welfare spending in total government operating expenditure declined from 3.46 per cent to 3.13 per cent during the period of the fiscal years 2000/2001 and 2008/2009. The figure increased slightly, staying at 3.56 per cent in the fiscal years 2009/2010.

In the meantime, the share of social services in total operating expenditure stood very low at 2.82 per cent in 2000 in Macau. Nevertheless, the share jumped later on. In absolute terms, social services cost M\$161.15 million in 2000, M\$404.42 million in 2005, and M\$971.268 million in 2010; thus the ratio of social services spending to the government operating expenditure rose from 4.98 per cent in 2005 to 10.65 per cent in 2010.

Selective Developmental Welfare States and Unchanged Melody in Social Welfare

Like other Asian economies, maintaining and raising living standards of Hong Kong and Macau are vital to maintaining the political legitimacy of the two governments (Lai, 2005, 2008, 2010; Lee, 2009). In the past, many governments in East Asia proved to be very successful to raise their political popularity by engaging the whole society in solely developing the economy by adopting the role of "developmental state" (Mok and Forrest, 2009). With the significant social, economic and political changes resulted from the domestic economic restructuring and regional and global economic crises, a growing number of Asian states have found it difficult to maintain political popularity if their coping strategies are rendered inappropriate in managing crisis situations (Mok, 2011a).

In recent years, Hong Kong people are concerned very much about their living standard upon which the approval ratings of the government are often rated. According to a series of population-wide surveys in various years, issues related to economic problems and sustainable livelihood have always been the top concerns for Hong Kong people. In a survey conducted by the University of Hong Kong in late June 2010, Hong Kong people expressed their major concerns are related to the livelihood problems most (53.8 per cent), followed by economic problems (31.1 per cent) and then political problems (11.9 per cent) (Public Opinion Programme of the University of Hong Kong, 2010). The situation is similar in Macau. In 2009, the Research Centre for Sustainable Development Strategies of the Macau government conducted a survey to examine how the Macau people assessed the development of Macau. The results indicated that their top five concerns were "employment" (19.0 per cent), "housing" (18.8 per cent), "economic development" (17.1 per cent), "livelihood" (12.4 per cent), and "social welfare" (8.9 per cent) (Consultant Team, 2010).

Yet public demands for better standard of living after the handover are different in Hong Kong and Macau as people in the two places have different assessments of the colonial regimes and thus have different expectations for the SAR governments. In a survey conducted before the handover of the two cities, 68.6 per cent of Hong Kong people said they were somewhat or very satisfied with the British colonial rule, and only 7.2 per cent said they were somewhat or very unsatisfied with it. The respective answers of Macau people were 22.3 per cent and 36.4 per cent. In assessing the contributions and mistakes of the colonial regimes to the development of the society, 64.5 per cent of Hong Kong people said that the colonial government has offered “more contributions”, and only 2.9 per cent said “more mistakes”. The respective answers of Macau people were 19.8 per cent and 18.4 per cent respectively (Chung et al., 2000). The high level of affirmation and appreciation for the colonial regime in Hong Kong has undoubtedly created pressure for the SAR government to keep up the achievements. While the democratic movement has been gaining momentum in recent years, the Hong Kong government has to be more accountable to the public in order to assert its political legitimacy. In contrast, the Macau SAR government has been in a better position to win over the people’s heart after the handover given the mediocre governance of its predecessor in the eyes of the Macau people. This may partly explain why the Hong Kong government has taken more efforts to eradicate working poverty and intergenerational poverty as discussed above.

Despite the two governments have attempted to initiate new policies in addressing the major social development challenges, we have not witnessed a fundamental change in the philosophy and approach in social welfare and social development especially when these newly adopted policies / measures are in fact piecemeal in nature. In Hong Kong, one of the strong reasons against welfare expansion is the concern of “value for money”. For example, some social policy scholars, though in view of more social protection for the poor, raises the concern about the financial sustainability of the welfare system, where the tax base is narrow and the tax rate is low. It is feared that increasing the rights of Hong Kong people to welfare without acknowledging their responsibility to pay for it will unreasonably heighten the public expectation for unlimited welfare. The inability of satisfying such expectation will ultimately undermine the governance and political legitimacy (Wong, 2008). In recent years, the failure of the Hong Kong government of levying Goods and Services Tax (GST) and introducing a means-tested mechanism to the Old Age Allowance for the elderly clearly indicate its limitation of “squaring the welfare circle”.

Recognizing that reform is needed to respond to growing demands for welfare, in April 2010, the Social Welfare Advisory Committee of the Hong Kong government issued the second *Long-term Social Welfare Planning in Hong Kong* consultation paper, inviting suggestions and comments from the community on the future development of Hong Kong’s welfare system. The consultation paper firstly points out the major economic (e.g. economic restructuring), social (e.g. crisis of traditional family), and technological (e.g. hidden youth) challenges facing Hong Kong in recent years. Questions like the financial sustainability and the provision of welfare services are also raised in the paper. In a nutshell, the consultation paper still places the importance to the concept of “self-reliance” to Hong Kong’s welfare system. This spirit is reflected in the proposed

strategic direction of social investment which aims to build up the capacity of individuals and families and communities in order to cope with challenges. User pays principle is also proposed to advocate shared responsibility for the sustainability of the welfare system. In addition, the consultation paper also attaches much weight to the idea of multi-partite partnership between the government, NGOs and the business sector, which suggests that the government will not be the sole player in Hong Kong's welfare system. Not only are businesses invited to enact their corporate social responsibilities to engage in welfare provisions, the idea of business is also incorporated in the paper, such as the promotion of social enterprise, which aims to run a welfare agency in a business approach (Social Welfare Advisory Committee, HKSAR, 2010).

Yet the consultation paper was poorly received in the community, as concerned academics and NGOs have immediately pointed to the lack of policy direction, policy substance and political will as reflected in the cliché of the consultation paper (*Oriental Daily*, 23rdMay2010). For example, the Society for Community Organization (2010) challenges the absence of discussion on taxstructure, philosophy of public finance, human rights in the consultationpaper. More specifically, it opposes the user pays principle, which will commodify the provision of welfare and make the under privileged more vulnerable. It also casts doubt on the prospect of social enterprise in a market as competitive as in Hong Kong. Similarly, the Hong Kong Council of Social Service (2010) also points to the lack of discussion on tax structure, public financing, and social security insurance. Taken together, the major criticism to the consultation paper lies on the reluctance of government to alter its social welfare philosophy of “bigmarket, smallgovernment”. It is also clear that the Hong Kong government has no intension to propose major changes to the institutional welfare arrangements but still very much treats welfare as tool to boost the economy and to legitimize the regime (Hwang,2011).

In Macau, though social conflicts related to working and intergenerational poverty have already surfaced, it seems that the government does not plan to pursue a comprehensive overview of welfare policies for the long run, at least for the time being (Tang, 2009). Though the government has successfully reformed the social security system into a two-tiered system in 2008 to extend the coverage to all citizens, it seldom mentions other social protection measures relating to working and intergenerational poverty. For example, as stated in the 2010 Policy Address, one of the major five policy objectives of the government is to “implement short-term livelihood enhancing measures to cope with the post-financial crisis impacts” (Chui 2010: 24). In talking about social protection measures, Chief Executive Fernando Chui said that “the government needs to analyze clearly on how the public policies for social protection can balance the citizens' rights and responsibilities, long-term accumulation and short-term sharing, and the relationship with the market...” (2010: 13). Although Chief Executive Chu once again announced more plans in supporting socially and economically poor in Macau like the recent plan to construct social housing in the city-state, social policy experts in Macau do not conceive any fundamental change in Macau SAR's welfare ideology (Lai, 2011). From this rhetoric, it is expected that there will not be any vast changes for Macau's welfare system in a short period of time.

Recent studies related to social development challenges in Macau also suggests that despite the growing demands for social welfare protection, the Macau government has not committed to change its social welfare model. Notwithstanding that the Macau government has tried to make the citizens happier by offering them occasional vouchers or cash in the midst of economic crisis, these short-term measures seem not to be very successful to contain the growing social dissatisfaction. The riot turning from a protest staged on May 1st Labour Day in Macau did show the social unrest deeply rooted in the society, especially when Macau has experienced intensified income inequality, unstable economic growth and social development resulting from the domestic economic restructuring and global economic turmoil (Wong,etal., 2011; Consultant Team, 2010). After critical reflections of the socio-economic transformations in the globalized world, Standing argues we have growing “dangerous classes” coming from unprotected social classes in the highly unequal capitalist worlds, such a development may pose potential threat to social and political stability (Standing, 2010). As Kwon et al (2009) have rightly suggested, Hong Kong still maintains the basic structure of the selective developmental welfare state after the financial crisis. Similarly, Mok (2013) argues elsewhere that Macau still remains a reluctant welfare regime even when the city-state has confronted with increasing demands for social welfare protection for socially disadvantaged groups. Analyzing the welfare developments of Hong Kong and Macau against the wider context that Standing has outlined before, we would be interested to see how far the welfare state adaptations of Hong Kong and Macau would stand in addressing rapid socio-economic, political and welfare changes. Judging from what we have discussed above, the ideal of productivism is not dead in these Chinese societies.

The most recent government policies being adopted by these two SAR governments do not reveal any clear signal of departure from a “productivist” welfare model, especially when these governments still maintain a relatively “conservative” approach in social welfare. In the most recently published *Policy Address of 2013* and *Budget of 2013*, both the Chief Executive and Financial Secretary of the HKSAR have not committed for long-term welfare provision despite the fact that the government is well aware of the heightened welfare expectations and the growth of ageing population in Hong Kong (see Leung, 2013 and Tsang, 2013). As the Chief Executive of the HKSAR openly declared that without fundamental taxation reform, the government would not significantly change its welfare provision approach, while the Financial Secretary does not commit to offer long-term welfare and more social protections for Hong Kong citizens as he still considers it is too risky to commit the government for unmanageable financial resources for welfare against the unstable global economic context (Tsang, 2013). Similarly, the Chief Executive of Macau SAR, continued the approach to hand out one-off cash allowances to people rather than committing the government for medium and long-term welfare reforms (Macau SAR, 2013).

Analyzing the welfare approaches in Hong Kong and Macau in the light of the social policy debate in Europe that focused on “state-market-class” relations seems less applicable to these Asian societies since they are more concentrated on the triple relation of “family-collective-state” in welfare resource provisions, especially when these two SARs on China’s land have not rapidly institutionalized public or state insurance like their counterparts in Japan, South Korea and Taiwan.

The steady growth of economy and positive outcomes such as improved living standards has induced people to support a productivist strategy of development. But how far this development approach would sustain remains an open question which requires further evidence-based research. When comparing Hong Kong and Macau in terms of challenges for future welfare development, we should note that Hong Kong is becoming more democratized especially when direct election has been scheduled to come to the selection of the Chief Executive and the legislature in near future. How far Hong Kong would follow the pathways of Taiwan and South Korea in social welfare expansion when democratization creeping in? (Mok and Lau, 2013).

One may argue democracy would certainly affect welfare approaches as Haggard and Kaufman (2008) argued; nonetheless we must be aware of how local politics operates and how the legacy of welfare template would affect the choice of welfare approach. More importantly, the values and ideologies shared by the people, the fiscal capacity of the government and the commitment of people in transformation in tax regime would certainly affect future directions of welfare regimes. Despite the fact that more people in Hong Kong have been promoting long-term welfare development in handling rapid socio-economic and demographic changes, we also witness growing countering forces formed by business coalition and middle class guarding against Hong Kong to becoming a welfare state. The same set of questions would also confront the Macau government when the society is opening up when democracy comes into the scene. But similar to Hong Kong, the social and political foundations would certainly affect the way the Macau government handles future welfare expansion. Hence, we have to search for more empirical evidence to test the thesis of democracy and welfare expansion, critically examining the impact of the legacy of welfare template on future welfare approaches of these two SARs (Mok, 2010, 2011).

Conclusion

Putting the cases of Hong Kong and Macau's recent responses to major socio-economic challenges into the wider context of theoretical debates related to the sustainability of the "productivist welfare regime" in managing the changing welfare expectations and handling the major social and economic challenges discussed above, we would argue with caution that both Hong Kong and Macau governments have to conduct comprehensive reviews of their existing social development and social welfare strategies in order to properly address the unmatched social welfare needs resulted from the rapid social, economic and political changes in the increasingly complex globalized world. These SAR Governments would encounter major challenges for asserting the political legitimacy especially when they are not directly elected, the popularity of the political regimes build upon the citizens' approval of the policies proposed to handle the complicated social and economic problems affecting people's livelihood. With the rise of unemployment, intensified income inequality, deeply rooted social and economic problems because of fundamental economic restructuring, together with the rise of the civil society fighting for protecting a diversity of social and economic rights of the citizens, these SAR Governments eventually have to review their

strategies and policies in legitimating their regimes by transforming their social development and welfare policies / strategies. Whether the two SARs can maintain the selective developmental welfare state status (or for Macau seemingly more like a reluctant welfare regime) would require further research for getting an answer.

Notes

1. The present paper was published in Izuhara, M. (ed.) (2013). *Handbook on East Asian Social Policy*, Cheltenham: Edward Elgar.
2. Macau's social security system consists of the Social Security Fund (SSF), the Financial Assistance (FA) and Old-age Allowance. The SSF is funded from the government's allocation with minimal employers and employees' contributions.
3. In Hong Kong, households in working poverty are those whose monthly income is less than 50 per cent of the median income.

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Discussion Paper for Prof. Ka-Ho MOK's Presentation on After the Regional and Global Financial Crises

Gwang-byeong Kim

First, I would like to thank Professor Mok Ka Ho for introducing and diagnosing the details of the Hong Kong and Macao government responses to the Asian and global financial crisis.

Your presentation made a significant contribution to interpreting the response strategies and policy development of the two autonomous governments in terms of social welfare or policy, with the perspective on increased welfare demands due to the rapidly changing structural situations of social economy in Hong Kong and Macao.

In your presentation, you showed how the two governments faced severe economic difficulties in the aftermath of the Asian financial crisis of 1997 and the global financial crisis of 2008, and are exposed to the social risks of increased employment rates and poverty combined with growth-oriented economic strategies and a productivist welfare system. The implication is that a new approach is needed to satisfy the rising level of welfare needs with existing social welfare policies. However, the current state of welfare policy frameworks is largely underpinned by a priority on independence, rather than the quality of welfare provision. That is, I completely agree with the point that the two autonomous governments failed to bring about any fundamental changes in terms of the overriding government approach to social welfare and development, despite their attempts at executing new policies designed to resolve issues related to social development.

Your presentation has been all the more useful given the way Korea has been affected by many of the issues extant in Hong Kong and Macao, namely: welfare to work; the working poor; intergenerational inheritance of poverty; promotion of internship programs; use of the Mandatory Provident Fund; minimum wage protection; vocational training; user charging principle; welfare pluralism; and the incubation of social enterprises.

I would now like to offer a few thoughts and present some questions regarding the content of your presentation and the implications.

First, I understand that there is limited space and that the presentation covers two governments. Yet, it seems to merely introduce fragments of various issues, thereby lacking a more resolute, in-depth analytic approach. In particular, I can well understand the point that Hong Kong and Macao are sustaining growth-oriented economic strategies and a productivist welfare system of the past despite ongoing changes in the socioeconomic environment. Nevertheless, this point is merely declaratory, since there are no criteria for comparison of policies between the past and present. Moreover, the issues you have provided are not just those occurring in Asian countries such as Hong Kong, Macao and Korea, but are widely discussed in the vast majority of countries that are regarded as welfare states. For this reason, these issues should not be over-simplified.

Second, the issues you detailed are often referred to as the products of neoliberal policies. It seems that you see such neoliberal outcomes negatively. In that case, the inevitable question that arises is what social welfare or social policies you think Hong Kong and Macao should pursue. Your presentation does not provide specific details on this point. I am wondering whether you are referring more broadly to the level of welfare provided in the era of welfare states, or if there is another path for social welfare specific to Hong Kong and Macao.

Third, you say that the operational method of local politics may affect welfare policies. What exactly are you referring to here? Is it the effects of the political party's ideology? The broad consensus in the case of Korea is that regional political ideologies have limited effect on social welfare, even as it implements a local government system. The difference in social welfare policies between the progressive and conservative party is clearly shown at the central government level, but they are becoming similar in local politics.

Fourth, what is most important in enacting laws related to social welfare for the socially underprivileged in Hong Kong and Macao? For example, are their theories and consensus concerning the system that must be secured as a social welfare law, such as a guarantee of the rights of subjects or government responsibilities?

Finally, there are many discussions regarding social welfare as part of a growth-oriented economic strategy in Hong Kong, Macao and Korea. However, economy and social welfare enjoy a harmonious relationship rather than a conflicting one. Social welfare serves as a safety valve for the underlying economic structure, and thus keeps the capitalistic economy sound. However, since this all depends on which political choices are

made by a society, your views have great implications for civil society as it struggles to protect the values and ideologies shared by citizens, their devotion, and the rights of residents.

I would like to thank Professor Mok Ka Ho once again for his presentation.

Moderator for Session 3&4

Prof. Kim Yong Deug
(Sungkonghoe University)

Session 3

Social Welfare Laws in Japan
in Relation with Economic Development

Presenter

Prof. Yuki Katagiri
(Otaru University of Commerce, Japan)

Discussant

Dr. Hong Songmin
(Research Fellow, KLRI)

Social Welfare Laws in Japan in Relation with Economic Development

Yuki Katagiri

1. Introduction

Today, Social Welfare is a social, economic and political issue in most countries. Therefore every government is need to make a good management for of the Social Welfare system.

In Asia, Japan is the top runner of Social Welfare system. In this sense, Asian countries can get useful suggestion through looking at our history and experience of Social Welfare system. They will also know Japanese model is to be at times good model, at times negative one for them.

The purpose of this paper is to introduce Japanese history and overview of Social Welfare system, and to argue the relationship between Social Welfare system and economic development in Japan.

For the purpose of this paper, first, I have to introduce the change and reality of Japanese society after WWⅡ(Chapter 2).Then I will explain the History of Social Welfare Laws since WWⅡ(Chapter 3) and briefly the overview of Japanese Social Welfare System(Chapter 4). Lastly I conclude this paper with reviewing the Relationship between Social Welfare system and economic development in Japan (Chapter 5).

Many of the ideas referred in this paper largely owe to governments' report, Ministry of Health, Labour and Welfare (MHLW), Ministry of Internal Affairs and Communications and so on.

2. Change of Japanese Society after WWⅡ

(1) Economic Development in Japan

After World War II, Japan recovered from the devastation of the war to achieve spectacular economic growth and built up its position in the world economy. But such drastic economic growth could not be sustained for a long time. Because of the oil shock of the 1971, the high economic growth had been over. Even so we had enjoyed around twenty years of a moderately-sized economic growth since the first oil shock.

Towards the end of 1980s, Japan enjoyed favorable business conditions called the bubble economy. In the 1990s, however, the collapse of the bubble caused long-term economic slowdown. Now our economy has been under low economic growth.

(2) Change of Population

There is the most remarkable change relating to population structure after WWII. At first, although the population increased until WWII, but after the war, the population decreased except during two peaks, called “baby booms”.

Secondly, in the high-growth period, the structure of the family has changed as the trend toward nuclear families has increased and families have grown smaller.

These general trends have changed family relationships, conscience about family, and the Japanese family tradition. In short, family size has decreased, and relations between the family members have been less stable. Such a trend of family has caused less support by family member. On the other hand, we can say that Japanese people have become relatively released from family duty.

Thirdly, after the post-bubble period, we are facing the arrival of a full-fledged aging society with fewer children. This is common in all countries, but Japanese experience is faster than European one, and in other Asian countries, it is faster than Japanese one.

3. History of Social Welfare System and Laws since WWII

The role that social welfare system has played in modern society is very significant. And the system is indispensable for our economic system. So we can say the social welfare is important for every single citizen, as well as our entire society.

In Japan, the base for the current social security system was built in the 1960s to 70s during the high-growth period after the post-war reconstruction period. We can classify the history of social welfare system and laws after the war into four periods as follows.

The first period is from 1945 to 1965. While this period being under disorder due to the war. After WWII, Japanese government had changed to democracy and made The Constitution of Japan. Article 25 in The Constitution is the rule on Social welfare laws and system. According to Article 25, Government made an effort to give the nation emergency support for survive. Therefore we called the nature of this system ‘poor relief’.

The second is from 1955 to 1974, then we enjoyed rapid high economic-growth and thanks to such growth, living standard had improved. By an improvement in employment and increase of income, universal healthcare insurance and pension system were established in this period. It means the policy of Japanese social security had changed “poor relief” to “antipoverty”.

The third is from 1975 to 1988. Two oil shocks ended high economic growth in 1970s. Then some criticized social welfare system had caused or would cause a significant financial burden. Based on such an understanding, Japanese government reviewed some of social welfare systems, especially pension system.

The fourth period is from 1989 to now. This period characterized by increasing the elderly, declining birth rate, bursting of the bubble economy and long-term economic slump. The

government has wanted to structural reform of the social welfare system to adapt it to an aging society. In 2000s, because the elderly are the main beneficiaries of the system, many legislations for them were established, example for Long-term care insurance Act.

4. Overview of Japanese Social Welfare System

(1) Structure

Japanese social welfare feature as the four pillars; social insurance, public assistance, personal service and public health. There are five categories in social insurance; health insurance, pension insurance, long-term care insurance, unemployment insurance and labour compensation insurance.

The Public assistance system has two purposes, one is “to guarantee a minimum standard of living” and another is “to promote self-support” (Article 1, Public Assistance Act). Financial resources of Public assistance system is tax, 75% of the expenditures for public assistance are paid for by the government and 25% by the local governments.

Personal service is divided to three categories; the elderly, children and the disabled. There are a variety of legislations for them. The recent legislations are characterized to protect their rights and promote their independence. The cost of personal services is financed by tax and self-pay burden.

(2) Characteristics

A characteristic on application is that social insurance is compulsory coverage, in other words, all citizens can enjoy social insurance benefit. On the other hand, Public assistance act is applied to only people with Japanese nationality.

Next, on financial management, social welfare heavily depends on insurance contribution; it's funded about 60% by insurance contribution, about 30% by public expenditure and about 10% by asset income.

As the most important characteristic, I can point out the Two-fold system in our social insurance system. The system consists of occupational insurance for salaried workers (employees) and insurance for the self-employed, including farmers and the elderly.

After 1990s, new and severe issues have come to the front in our society, the increase of Non-regular employee. In 2014, the rate of them is over 40% of all employees. Although they are employees, it's difficult to for them to enjoy the same benefits and protection as regular-employees.

(3) Administrative control

Among social welfare systems, pension systems are mainly operated by the national government, health care systems by prefectural governments and welfare systems for the elderly, children and the disabled by municipal governments.

Such a division and coordination of roles and responsibilities is based on the belief that the decentralization is very significant in social welfare system, particularly the field of personal

service. The belief is that the nearer the policy makers are residence, the better they know the needs of residence.

(4) Finance

The size of benefits of social welfare is increasing more and more. In 2014, total benefits constitute about 30% of National Income. And the increase in the percentage is especially striking after 1970s. This trend will probably continue for the moment because of more elderly, medical development, less power of supporting in family and so on.

On less power of supporting in family, most of the elderly cannot depend on their children economically in Japan. This is common in Western countries, but in Asia, it has not been common yet. The public pension plan supports about 70 percent of income of the elderly household, and about 60 percent of the home that has received the public pension plan lives only by the public pension plan. It's very clear that public pension system is a main pillar of the income security at old age.

On the other hand, under long-term stagnation, Japan has been facing the decline of tax revenues. This is why we need to reform social welfare system now.

5. Relationship between Social Welfare system and economic development

Social Welfare system and economic development have helped each other since WWII. Just after the war, while people getting out of poverty thanks to social welfare system, they could work hard for recovery.

At next stage, high economic growth enabled Japanese government to establish many social welfare laws. The government recognizes what they had to do as welfare state to make the system of social welfare. High economic growth could realize the recognition of the government.

After two oil shocks, purporting the link between progressive welfare policies and economic failure in the European countries, especially UK and North European countries, some pointed to the difficulty of sustaining both social welfare and economic growth.

But importance of social welfare has been reaffirmed since the collapse of the financial bubble in the 1990s. Because we faced big social changes, which are increase of Non-regular employee, people without family support, etc. Social welfare system has played an important role to help such people.

Therefore we can say social welfare is the social mechanism for preparation for risks of living and providing peace of mind in an individual's living. For example, in the case that some is sick and have to quit their job, they can get cash benefit from health insurance for exceptionally up to one and half year. After regaining their health, they can get job again and contribute economic activity. This is why social welfare system has called a device of labour reproduction.

In this sense, social welfare contributes to economic growth, social stability and vital society. Lastly, I want to say social welfare system is means of self-reliance and protect our human dignity

and pride. Because using social welfare system, we can live by myself without depending on anyone.

OECD statistics (<http://www.oecd.org/>), MHLW,'2014, 2013 and 2012 Edition Annual Health, Labour and Welfare (<http://www.mhlw.go.jp/english/>), Statistics Bureau (Ministry of Internal Affairs and Communications), and so on.

Discussion Paper for Prof. Katagiri Yuki's Presentation on Social Welfare Laws in Japan in Relation with Economic Development

Hong Songmin

As provided in the presentation by Professor Katagiri, social welfare is a social, economic and political issue of many countries today, including Korea. The social welfare legislation enacted in Japan reflects social changes, with Japan being the first country in Asia to make such legislative changes. Other Asian countries, including Korea, have obtained useful insight through Japan's experience of social welfare legislation. Professor Katagiri's presentation on Japan's experience of social welfare legislation was highly informative in discussing social welfare legislations as a current social, economic and political issue.

The history of social welfare legislation in Japan after World War II can be examined more specifically as follows.

In the "formation of social welfare legislation" as the first stage after World War II, the former Livelihood Protection Act was enacted in 1946 through the guidance and management of the Supreme Commander for the Allied Powers. This was subsequently completely amended in 1950. Furthermore, the Child Welfare Act was enacted in 1947, the Disabled Person Welfare Act in 1949, and the Social Welfare Services Act in 1951. The Child Welfare Act, Disabled Person Welfare Act, and Livelihood Protection Act are collectively referred to as the "three welfare acts", serving mostly as the "poor relief" during the chaos following World War II.

In the second-stage "expansion of social welfare legislation" based on Japan's high level of economic development since 1955, Japan first established a universal insurance/universal pension system, which can be considered its greatest development in social welfare legislation. More specifically, the National Health Insurance Act was completely amended in 1958, and the National Pension Act was enacted in the following year. Moreover, the Mentally Retarded Persons Welfare Act, Welfare of Older Persons Act, and Mother and Fatherless Child Welfare Act were enacted separately, leading to "six welfare acts", with a consequent shift from poor relief to "antipoverty" for the socially underprivileged people. In addition, there were significant increases in the level and type of benefits accessible for health insurance or annuity insurance, but this has also led to present-day issues with medical expenses and pension finances.

In the “reorganization of social welfare legislation” enacted in the third stage based on social and economic status, particularly given the aging population following Japan’s high-level economic growth with the oil crisis in 1970s, policy became orientated towards the reconstruction of the national finance and reorganization of social welfare legislation. In the medical field, the Elderly Health Act was enacted in 1982 and amended in 1986, while the Health Insurance Act was amended in 1984. Acts were amended in 1985 in pensions as well, and such reforms can be characterized as a reorganization of the welfare system and increase in the burden placed on individuals in a bid to reduce the government’s financial liabilities. The main agent of the welfare system was transferred to the local provinces as part of a push to greater decentralization.

In the most recent stage, “structural reform of social welfare legislation” has been carried out since 1990 in Japan. The Care Insurance Act was enacted in 1997, with a social insurance system implemented for elderly care, and the Child Welfare Act amended in the same year as part of a reform of the nursery system. Then, in 2000, as part of a sweeping structural reform of social welfare legislation, the Social Welfare Services Act was renamed as the Social Welfare Act. There was a significant amendment to existing welfare legislation, including a change to the system of measures used to assess welfare for the disabled, which was moved into the support fund payment system. In addition, the National Pension Act was amended and the health insurance system reformed through the Health Insurance Act to lighten the burden on social welfare finances. The recent legislation and amendment to social welfare legislation in Japan can be considered one of the trends of “structural reform of social welfare legislation” based on the emergence of a society affected by a low fertility rate and an aging demographic structure, as well as the burden of national finances to cover social welfare provision.

Meanwhile, social welfare legislation in Japan has the following characteristics: a) universal insurance and pension system, b) job security by firms, c) small-scale social welfare expenditure centered on the elderly, and d) the value of family responsibility in child care and elderly care. As mentioned above, Japan is implementing a universal insurance and pension system focused on the social insurance system in which all people in Japan apply for health insurance and pension. For the stability of national wellbeing, a significant role has been played by the high level economic growth and low unemployment rate, as well as social welfare systems centered on a patriarchal household structure, such as long-term employment customs and various measures to maintain local employment. Accordingly, other social welfare legislations have served a complementary role, and the size of social welfare expenditure, which is small compared to the advanced nations of Europe, has been focused primarily on the elderly generation due to the increase in the elderly population. Moreover, while male household heads are devoted to work, child care or elderly care has been highly dependent on women within the family.

However, Japan’s social welfare legislation has undergone considerable changes due to developments in the social, economic and political environment since the 1990s. The Japanese

employment system as typified by lifetime employment has crumbled in the face of a globalized economy, intensification of international competition, and changes in the industrial structure. These shifts have caused the number of temporary employees to exceed one third of all employees, along the type of employment to become diversified, thereby resulting in the decrease of basic living security. Moreover, the division of labor in gender roles has been greatly affected by the increased entry of women in public affairs. Thus, family responsibilities could no longer be expected to be the burden of women for child care or elderly care. Furthermore, the emergence of the low-birth and an aging society led to a rapid increase in the elderly population, increasing social welfare expenditures at a high pace. To cope with such societal changes, Japan is now advocating a new direction for social welfare legislation reform: from the “1970s model” to the “21st-century model”. Specifically, it advocates: a) a structure for all generations in which they all help one another, b) a society in which all people including women, young people, the elderly and the disabled can continue to work, c) a structure in which all generations can support child care as an “investment for the future”, d) an effective policy response to the working poor and workers in unstable employment, e) “regeneration of the 21st-century community” in which regional health care, elderly care, child care and welfare are possible, f) reform to social welfare legislation with cooperation and collaboration between the state and local provinces, and g) a challenge for “the establishment of a mature society” with the benefits of an aging population.

As such, Japan has constantly made efforts to achieve new social welfare legislation in response to a rapidly developing social, political and economic environment, and such efforts are still maintained today. As we can see from today’s topic, this clearly reveals the close correlation between social welfare legislation and economic development. Japan’s experiences and directivity are expected to provide more ideas for Asian countries in the future.

<p>Formation of social welfare legislation</p>	<p>1946 Enactment of (former) Livelihood Protection Act 1947 Enactment of Child Welfare Act, Unemployment Insurance Act, Workmen’s Compensation Insurance Act 1948 Enactment of Government Official Mutual Benefit Association Act, Medical Service Act, Act on Health, Midwifery and Nursing 1949 Enactment of Disabled Person Welfare Act 1950 Complete amendment of Livelihood Protection Act, enactment of Mental Hygiene Act 1951 Enactment of Social Welfare Services Act</p>
<p>Expansion of social welfare legislation</p>	<p>1958 Complete amendment of National Health Insurance Act 1959 Enactment of National Pension Act 1960 Enactment of Mentally Retarded Persons Welfare Act 1961 Enactment of Child Care Allowance Act 1963 Enactment of Welfare of Older Persons Act 1964 Enactment of Mother and Fatherless Child Welfare Act, Special Child Care Allowance Act</p>

	<p>1965 Amendment of Welfare Pension Insurance Act 1966 Amendment of National Health Insurance Act 1969 Amendment of Welfare Pension Insurance Act 1970 Enactment of Framework Act on Measures for the Mentally Handicapped Persons 1971 Enactment of Child Allowance Act 1973 Amendment of Welfare of Older Persons Act, Health Insurance Act, Pension Act, Workers' Compensation Insurance Act 1974 Enactment of Employment Insurance Act</p>
Reorganization of social welfare legislation	<p>1981 Enactment of Mother and Fatherless Child or Widow Welfare Act 1982 Enactment of Elderly Health Act 1984 Amendment of Health Insurance Act 1985 Amendment of Pension Act 1987 Amendment of Mental Health Act, Elderly Health Act 1989 Amendment of Pension Act, establishment of 10-year Strategies for Health and Welfare of the Aged (Gold Plan) 1990 Amendment of eight Welfare Acts 1993 Enactment of Framework Act on the Disabled Persons, Regional Public Health Act 1994 Amendment of Pension Act, establishment of Angel Plan and New Gold Plan 1995 Establishment of Disabled Persons Plan</p>
Structural reform of social welfare legislation	<p>1997 Amendment of Child Welfare Act and Health Insurance Act, enactment of Care Insurance Act 2000 Amendment of Pension Act, Social Welfare Services Act, Health Insurance Act 2001 Defined Benefit Pension Act, Defined Contributory Pension Act 2002 Amendment of Health Insurance Act 2004 Amendment of National Pension Act 2005 Amendment of Care Insurance Act, Support for Persons with Developmental Disabilities Act, Support for Independence of Disabled Persons Act 2006 Amendment of Health Insurance Act 2010 Amendment of Support for Independence of Disabled Persons Act 2011 Amendment of Support for Persons Claiming Compensation Act, Care Insurance Act, Framework Act on the Disabled Persons 2012 Amendment of Pension Act, three Acts on Children and Child Care, enactment of Total Support for Disabled Persons Act 2013 Amendment of Pension Act, Livelihood Protection Act, enactment of Support for Independence of the Needy Act 2014 Amendment of Medical Service Act 2015 Amendment of National Health Insurance Act</p>

Session 4

*INDONESIA' S SOCIAL WELFARE LAWS
IN RELATION TO ECONOMIC
DEVELOPMENT:
A Study of the Healthcare System*

Presenter

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INDONESIA'S SOCIAL WELFARE LAWS IN RELATION TO ECONOMIC DEVELOPMENT: A Study of the Healthcare System

Rangga Dachlan

INTRODUCTION

In 2000, the Second Amendment to the 1945 Constitution of the Republic of Indonesia saw for the first time the express inclusion of the word “kesehatan”, meaning literally ‘health’ (noun) or ‘medical’ (adjective) in English, at a constitutional level. This Amendment expanded Chapter X with Chapter XA, specifically on Human Rights. The new chapter contains technically just the one Article 28, but with 10 new paragraphs. The first three paragraphs of Article 28H read¹⁾:

- (1) Every person shall have the right to live in physical and spiritual prosperity, to have a home and to enjoy a good and healthy environment, and shall have the right to obtain medical care.*
- (2) Every person shall have the right to receive facilitation and special treatment to have the same opportunity and benefit in order to achieve equality and fairness.*
- (3) Every person shall have the right to social security in order to develop oneself fully as a dignified human being.*

This expansion of the human rights Article provided for the State a myriad of new human-rights obligations, among which, in the above case, is that to provide healthcare for all people within her jurisdiction. This is later echoed by the Fourth Amendment in 2002 under paragraph 2 of Article 34, which provides that “[t]he State shall develop a system of social security for all people and shall empower the inadequate and underprivileged in society in accordance with human dignity”.²⁾

This paper shall begin with an overview of how the Indonesian State implements this constitutional obligation of healthcare into a social welfare system. It shall then focus specifically on the healthcare system, or the *Jaminan Kesehatan Nasional* (JKN), within the fairly recent social welfare legislation to see whether the system indeed is built in accordance with, and support of, the country's national plan for economic development.

1) Constitution of the Republic of Indonesia, 1945, Fourth Amendment, 11 August 2002, (hereinafter, “Constitution 1945 (Amended)”), Article 28H paras. 1-3.

2) *Ibid.*, Article 34 para. 2.

I . Historical Overview of Indonesia's Social Welfare Law

A number of government-run healthcare programmes had existed in Indonesia even before the mandates above were expressly given by the Constitution. However, never has there been such a mandate for a nationwide, universal coverage of healthcare, as evidenced by the following brief timeline of healthcare regulations in Indonesia:

1. Presidential Decision 230 of 1968 was the first statutory regulation in Indonesia to provide a national health insurance. This Decision ordered for the establishment of the Healthcare Administration Fund Agency (*Badan Penyelenggara Dana Pemeliharaan Kesehatan*, hereinafter, "BPDPK") under the Ministry of Health to provide for health services for civil servants as well as civil and military pensioners;
2. Government Regulation 22 of 1984 enhanced the 1968 regime by providing health services for not only civil servants and pensioners, but also State officials and their family members. Additionally, for the sake of a more professional administration of the programme, the BPDPK was subsequently transformed into the Husada Bakti Public Company.
3. Government Regulation 69 of 1991 expanded the membership scope of the national healthcare to include also war veterans and Pioneers of the National Independence (hereinafter, "*Perintis Kemerdekaan*") along with their family members.
4. Government Regulation 6 of 1992 transformed the Public Company status of Husada Bakti into State-owned Limited Liability Company (hereinafter, "*PT Persero*"), thus providing flexibility and independence in financial management. PT Persero Askes was subsequently established in Jakarta on August 20, 1992.
5. Act 23 of 1992 on Health (hereinafter, "Health Act") became the first umbrella health regulation in Indonesia. This was also the highest-level statutory regulation on health in Indonesia, since the previous regulations were all in the forms of Presidential Decisions and Government Regulations. This Act mandates the establishment of a government-run healthcare welfare system, but provides that the details thereon shall be elaborated in a Government Regulation.³⁾ It was later amended with Act 36 of 2009 on Health, which re-emphasises government responsibilities to provide healthcare for all people.⁴⁾

Following the abovementioned Third Amendment of the 1945 Constitution, People's Consultative Assembly (*Majelis Permusyawaratan Rakyat*) issued Decree X/MPR/2001, which lays onto the President the duty to design the National Social Welfare System (*Sistem Jaminan Sosial Nasional*; hereinafter, "SJSN"). This was followed up by the enactment of Vice-Presidential Decision 7 of 2001, establishing the SJSN Task Force. The Academic Script for the preparation of what would become Indonesia's first social welfare legislation went through eight modifications before becoming a Bill in the docket of the House of Representatives. The Bill passed into Act 40 of 2004 on SJSN (hereinafter, "SJSN Act") on October 19, which was President Megawati Sukarnoputri's last day of presidency.

3) Act No. 23 of 1992 on Health, State Gazette of 1992 No. 11, Article 66 paras. 1-4.

4) Act No. 36 of 2009 on Health, State Gazette of 2009 No. 144, Part IV.

The succeeding Yudhoyono administration saw the almost immediate repeal effort of the new Act. On February 21, 2005, an association of municipal governments filed a petition with the Indonesian Constitutional Court (*Mahkamah Konstitusi/hereinafter*, “MK”), requesting judicial review of the SJSN Act toward the 1945 Constitution. The request was to, inter alia, adjudge unconstitutional several paragraphs under Article 5 of the Act disallowing regional governments to establish Social Welfare Administration (*Badan Penyelenggara Jaminan Sosial/hereinafter*, “BPJS”) at the regional levels⁵⁾ – something that should have been allowed under Act 32 of 2004 on Regional Government.⁶⁾ The judgement declared the request granted in part and, more importantly, mandated the enactment of a BPJS Act to implement the SJSN Act.⁷⁾

Under the SJSN Act, the Indonesian Social Welfare system shall be administered by two BPJSes for two different kinds of welfare coverage: National Healthcare (JKN, administered by *BPJS Kesehatan*, hereinafter, “BPJS Health”) and employment (administered by *BPJS Ketenagakerjaan*, hereinafter, “BPJS Employment”). When the SJSN Act was enacted, there were already four agencies, all in the form of PT Persero taking care of the administration of these two welfares:⁸⁾

1. Jamsostek, who administered the employment welfare coverage;
2. Taspen, who was in charge of savings and insurance fund for civil servants;
3. Asabri, who was in charge of social insurance for members of the militia; and
4. Askes, who was in charge of health welfare for civil servants.

A major change under this Act is the universal coverage of welfare. Previously the national agencies provided welfare coverage for specific groups of people, e.g. civil servants, militia, police, etc. The SJSN Act aims at establishing Indonesia’s first universal coverage welfare law, whereby everyone within the State’s jurisdiction may be entitled to welfare.

Six years following the MK judgement, Act 24 of 2011 on BPJS (hereinafter, “BPJS Act”) was adopted. According to this Act, all of the four above agencies shall transform into the two BPJSes per January 1, 2014.⁹⁾ Askes shall transform into BPJS Health, whereas Jamsostek, Taspen, and Akabri, shall transform into BPJS Employment.¹⁰⁾ This saw another departure from the previous welfare system, which was administered separately by (private) companies, who are profit-oriented by design, into administration by public bodies. The SJSN dictates that national welfare shall be provided by public/State agencies under the name BPJS. The next chapter shall focus on the healthcare regime under BPJS Health.

5) Act No. 40 of 2004 on the National Social Welfare System (*Sistem Jaminan Sosial Nasional/hereinafter*, “SJSN”), State Gazette of 2004 no. 150 (hereinafter, “SJSN Act”), Article 5 paras. 3-4.

6) Act No. 32 of 2004 on Regional Government, State Gazette of 2004 no. 125, Articles 22(h) and 167 paras. 1-2.

7) Constitutional Court of the Republic of Indonesia, Judgement 007/PUU-III/2005, pronounced 31 August 2005, available at <http://peraturan.go.id/putusan-mk/nomor-007-puuiii-2005-tahun-2005-11e45e61497b67249a82303131343236.html> (last accessed 12 March 2016), pp. 269-70.

8) SJSN Act, *Op. Cit.*, Article 5 para. 3.

9) Act No. 24 of 2011 on Social Welfare Administration (*Badan Penyelenggara Jaminan Sosial/hereinafter*, “BPJS”), State Gazette of 2011 no. 116, (hereinafter, “BPJS Act”), Article 60.

10) *Ibid.*, Article 57a-f.

II. Healthcare Regime under BPJS Health

Under its first consideration clause, the SJSN Act provides that “*every person is entitled to social welfare in order to fulfil their basic necessities of a decent life as well as increasing their dignity*”.¹¹⁾ The Social Welfare under this Act encompasses every person within the jurisdiction of Indonesia¹²⁾ and the SJSN shall be administered through “a number of BPJSes”.¹³⁾ Evidently, it is put at the outset that it was never the intention of this legislation to integrate or unify the pre-existing national administrations of welfare into one agency. This indeed sets the Indonesian welfare system apart from most countries in the world.

There are nine principles guiding the two BPJSes in their implementation of SJSN:¹⁴⁾

1. Mutual Assistance: Under this principle (“*gotong-royong*”) the participants who are more economically capable shall help the less fortunate. This is made possible by means of the compulsory membership of SJSN. Since everyone will become participants, the fees collected from those who pay more could be used as crosssubsidy to those who pay less or those who are PBI;
2. Non-profit: All the fees collected from the society become a trust fund and shall be administered by BPJS on a non-profit basis. This is to ensure that the needs of as many participants as possible are covered;
3. Transparency, Cautiousness, and Accountability: These three principles govern the way in which management and administration of the programs are conducted;
4. Portability: The welfare provided by SJSN shall remain attached to the person of each participant despite any update or modification in their current residency or employment;
5. Compulsory Participation: This is designed so that SJSN will cover the health and employment welfare for all people in Indonesia. In reality, it even covers foreign citizens, so long as they have been residing for work purposes in Indonesia for some time;
6. Trust Fund: All the funds shall under no condition be owned by the BPJS; they are only to be spent for the objectives of SJSN;
7. Welfare: All the funds collected and trusted upon the BPJS shall only be used for the further development of SJSN and for the highest welfare of as many people as possible.

Clearly these principles signify a drastic change from the privately-run welfare prior to the enactment of the SJSN Act. The State’s dominance in the system is now heavily emphasised and the coverage of the welfare is extended to everyone in the country.

Under the JKN administered by BPJS Health, every person, including foreign citizens, who have worked for a minimum of six months in Indonesia, shall be entitled to healthcare. These JKN participants are classified into two groups of people:¹⁵⁾

11) SJSN Act, Op. Cit., Consideration Clause para. 1.

12) *Ibid.*, Article 1 para. 1.

13) *Ibid.*, Article 1 para. 2.

14) *Ibid.*, Article 4.

1. Fee-Assistance Recipients (*Penerima Bantuan Iuran/PBI*) participants, consisting of people living under the poverty line or are economically underprivileged; and
2. Non-PBI participants, who are employees – both wage recipients and otherwise – along with their family members; as well as non-employees along with their family members:
 - a. Investors;
 - b. Employers;
 - c. Pensioners, including:
 - i. Civil Servants, having resigned with pension rights;
 - ii. Members of militia and police, having resigned with pension rights;
 - iii. State Officials, having resigned with pension rights;
 - iv. Widows, widowers, and orphans of pensioners;
 - d. War veterans;
 - e. Pioneers of the Indonesian Independence (*Perintis Kemerdekaan*);
 - f. Widows, widowers, and orphans of Perintis Kemerdekaan; and
 - g. Non-employees unqualified under points a-f, who are capable of paying the fee.

The Ministry of Social Affairs shall determine the PBI status. Social Bureaux at the regional and municipal levels shall construct a database of all the people living in the area and validate the data, which will be referred to the Ministry of Social Affairs at the central government. Following a determination of status, the data shall be subsequently referred to the Ministry of Health, who shall register the names to BPJS Health as PBI participants. Meanwhile, there is an obligation of fee payment to BPJS Health applicable for Non-PBI participants:¹⁶⁾

1. If the Non-PBI participant is an employee, then their employer has the obligation to collect the fee payable to BPJS Health.
2. If the Non-PBI participant is not an employee, then they have to pay themselves the fee to BPJS Health.

To make it easier for the participants, BPJS Health has now opened up payment booths at banks and government agencies, as well as fee transfer services at convenience stores. The exact amount of this fee, however, is not articulated expressly in the BPJS Act. Instead, it provides that this shall be regulated in a subsequent Presidential Regulation. All healthcare participants in the previous providers, like PT Persero Askes, shall not be obliged to update their membership; per 1 January 2014, their Askes membership have been transferred to that of BPJS Health. As of 25 March 2016, there have been 164,087,566 people covered by JKN out of the more than 255 million total population in Indonesia.¹⁷⁾

Welfare services shall be provided in healthcare facilities which have concluded cooperation agreement with BPJS Health, or, in times of medical emergency, even in those

15) BPJS Health, 2016, *Service Guideline for Participants of BPJS Health*, available on http://bpjs.kesehatan.go.id/bpjs/index.php/arsip/categories/OQ?keyword=&per_page=5 (last accessed 2 April 2016) (hereinafter, “BPJS Health Service Guideline”), pp. 1-3.

16) *Ibid.*, pp. 13-5.

17) BPJS Health web page, <http://www.bpjs-kesehatan.go.id>, (last accessed 3 April 2016).

facilities which have not concluded such agreement. Healthcare services under the BPJS Act are levelled: in the event of a claim, a BPJS Health participant must seek service from a first-stage facility; a second-stage facility may only be accessed afterwards upon referral by the first-stage facility; a third-stage upon referral by the second-stage; and so on, except in the event of a medical emergency. These services are classified as follows:¹⁸⁾

1. First-stage Health Facility (*Fasilitas Kesehatan Tingkat Pertama/hereinafter, "FKTP"*), consisting of municipal/rural Community Health Centres (*Pusat Kesehatan Masyarakat/ hereinafter, "Puskesmas"*), private general practices, private dental practices, and small hospitals. In case the area does not have a medical practitioner certified by the State, then BPJS Health shall enter into cooperation with any midwives or nurses as may be available. These are the types of facilities accessible by BPJS Health participants at the first instance of healthcare claim;
2. Referral Advanced Health Facility (*Fasilitas Kesehatan Rujukan Tingkat Lanjutan/ hereinafter, "FKRTL"*), consisting of large health clinics, general hospitals, and specialised hospitals.

The services cover both medical and non-medical benefits. Medical benefits are in the form of comprehensive health service which is promotional, preventive, curative, and rehabilitative - all independent of the amount of fee paid to BPJS Health; whereas non-medical benefits include hospitalisation accommodation (in accordance with membership class) and ambulance, subject to referral from one Health Facility to another upon recommendation of a doctor. As of 1 March 2016, these are the number of Health Facilities with which BPJS Health has concluded cooperation agreements:¹⁹⁾

1. Puskesmas: 9811 units;
2. Health clinic owned by the Militia: 714 units;
3. Health clinic owned by the Police: 569 units;
4. Small health clinic: 3377 units;
5. Large health clinic: 100 units
6. General practitioner (private): 4441 doctors;
7. Dental practitioner (private): 1150 dentists;
8. Small hospital: 10 units;
9. Hospital, general and specialised: 1739 units;
10. Pharmacist: 1876 units; and
11. Optical: 907 units.

The fee schemes are governed under Perpres 12 of 2013 on Health Welfare, which has been amended by Perpres 111 of 2013 (First Amendment), Perpres 19 of 2016 (Second Amendment), and Perpres 28 of 2016 (Third Amendment). Fees are payable, whether by Employer or by the individual participant themselves, to BPJS on the 10th day of every month at the latest. The latest schemes, applicable to all groups of covered participants per 1 April 2016, are as follows:²⁰⁾

18) BPJS Service Guideline, pp. 26-8.

19) BPJS Health web page, *Loc. Cit.*

20) Presidential Regulation No. 28 of 2016 on the Third Amendment to Presidential

Membership Group	Arrangement	Amount	Services
PBI	Per person	Rp 19,225, paid by the State	Class III
Civil Servants/Militia/Police/Pensioners/ <i>Perintis Kemerdekaan</i> , etc.	5% per family	3% paid by Employer; 2% by Participant	Class II or Class I
Wage-recipient Employees (Non-Civil Servant), etc.	5% per family	4% paid by Employer; 1% by Participant	
Non-wage-recipient Employees and Nonemployees	Per person	1. Rp 25,500 2. Rp 51,000 3. Rp 80,000	1. Class III 2. Class II 3. Class I

III. Indonesia's Economic Development Agenda

This section will first describe the core of Indonesia's conception of economic development by laying out the relevant provisions in the law and other State documents. At the end it will be made evident the relation between JKN as part of Indonesia's welfare system administered by BPJS Health; and the country's economic development priorities.

With respect to the economy, ground provisions may be traced to the highest statutory hierarchy, which is the 1945 Constitution. Article 33 para. 4 - one of the results of the Fourth Amendment to the Constitution - reads:²¹⁾

The national economy shall be established based on economic democracy with the principles of togetherness, just efficiency, sustainability, environmental insight, independence, and with the maintenance of balance between the progress and the unity of national economy.

This establishes the Republic of Indonesia as a welfare State, in which the main principle of economic development is social benefit measured by the extent to which the development programmes bring benefit to as many people as possible.²²⁾ A renowned legal scholar Satjipto Rahardjo explained that “[economic development] is not only the case of increasing the quantity of industries. Correlated with the structure of societal life, this industrialisation must attract a qualitative change, as well”.²³⁾ Another prominent scholar, Nindyo Pramono, echoes this by saying

Regulation No. 12 of 2013 on Health Welfare, State Gazette of 2016 no. 62, Article 16F.

21) Constitution 1945 (Amendment), Article 33 para. 4.

22) Jonker Sihombing, 2010, *Peran dan Aspek Hukum dalam Pembangunan Ekonomi*, Bandung: Alumni, p. 74.

that the endgame of economic development in Indonesia would be “*a just and prosperous society in accordance with the mandate of the Constitution*”.²⁴⁾ Moreover, even though, as a welfare State, the government is expected to assert dominance in people’s livelihood by “interfering” to ensure their well-being, Article 33 para. 4 speaks also of a principle of togetherness, under which the people of Indonesia are expected to take part in the undertaking of development. Therefore, the Indonesian “school” of economic development establishes that development shall be the responsibility of “*all components of the nation*”, together with the government. The inclusion of this provision was on account of the admittance that the State may be struggling and have limited resources to be fully responsible for her people’s welfare, so everyone should lend a helping hand. This principle was later upheld in Act 25 of 2004 on National Development.²⁵⁾

Naturally, law is a necessity in realising the goals of economic development.²⁶⁾ Especially for developing countries, in order to encourage industrialisation and bridging socio-economic chasms between the rich and the poor, there needs to be a system of rules and institutions to ensure that it happens. The law provides rules governing the necessities of economic development as well as laying down the bases thereof.²⁷⁾ Pramono emphasised that in order to undertake economic development, the law needs to support the realisation of socio-economic justice.²⁸⁾

Since 2014, the Widodo administration has been highlighting three core problems of the nation in the effort of making a fully sovereign, independent, and resolute Indonesia. These problems were first made public in the Widodo-Kalla presidential campaign as part of the candidates’ vision, mission, and action programmes. One of these core problems is “the weakening of national economy pillars”. The campaign pledge states as follows:²⁹⁾

The weakness of the national economy pillars is evident in the unresolved problems of poverty, social gap, inter-regional gap, damages to the environment as the result of excessive exploitation of natural resources, as well as dependency in matters of foodstuffs, energy, finance, and technology. The State is unable to utilise the contents of abundant natural resources, whether tangible or intangible, for her people’s welfare. The hope for the strengthening of national economy pillars becomes even farther when the State is without power to provide healthcare and adequate standards of living for her people; fails in narrowing the chasm and inequality of national income; sustains dependency on foreign debts and production of foodstuffs reliant upon import; and is unresponsive in facing energy crisis due to the domination of global production tools and corporate capital, as well as the decrease of national oil reserve.

23) Satjipto Rahardjo, 2012, *Ilmu Hukum*, Bandung: Citra Aditya Bakti (Seventh Edition), p.130.

24) Nindyo Pramono, 2006, *Bunga Rampai Hukum Bisnis Aktual*, Bandung: Citra Aditya Bakti, p. 4.

25) Act No. 25 of 2004 on National Development Planning System, State Gazette of 2004 No.104.

26) Hikmahanto Juwana, “The Role of Law in National Development: Law Enforcement Issues in Indonesia”, paper presented in the *International Conference on the Role of Law in National Development and the Future of Nanotechnology in Indonesia*, Jakarta, 4-5 March 2010.

27) Satjipto Rahardjo, *Op. Cit.*, p. 232.

28) Nindyo Pramono, *Loc. Cit.*

29) Jokowi-Jusuf Kalla, 2014, *Visi, Misi, dan Program Aksi: Jalan Perubahan untuk Indonesia yang Berdaulat, Mandiri, dan Berkepribadian*, available on the official web page of Indonesia’s Electoral Committee at http://kpu.go.id/koleksigambar/VISI_MISI_Jokowi-JK.pdf (last accessed 5 April 2016) , p. 1.

The pair went on to elaborate on nine priority agendas on the path of change toward an Indonesia that is politically sovereign, economically independent, and culturally resolute. These agendas, dubbed the “*Nawa Cita*” (Sanskrit, lit. “nine aspirations”), are as follows:³⁰⁾

1. Reassurance of the State’s presence to protect the nation and provide a sense of security to all citizens;
2. Government that is clean, effective, democratic, and trustworthy;
3. Development of marginal areas through the strengthening of regions and villages under the framework of the Unitary State;
4. Opposition to a weak State by reformation of government system and a law enforcement that is free from corruption, dignified, and trustworthy;
5. Increase in the quality of life of all people in Indonesia;
6. Increase in the productivity of people and competitiveness at the international market;
7. Realisation of economic independence through utilisation of strategic sectors of domestic economy;
8. Revolution of national character; and
9. Upholding of pluralism and strengthening of Indonesia’s social restoration.

After Joko Widodo won the presidential election and took office at the end of 2014, he aimed at incorporating the pledges above into the national development plan. So it was that the three core problems and the *Nawa Cita* are now contained as bases in the National Medium-term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional/RPJM*N) of 2015-2019,³¹⁾ consisting of three books. Book I of RPJM 2015-2019 expressly provides that priority agenda 5 of the *Nawa Cita*, “*Increasing the Quality of Life of the Indonesian Human*”, shall be fulfilled by four means:³²⁾

1. Demography development and planned parenthood;
2. Education development, particularly the implementation of the Smart Indonesia Program;
3. Health development; and
4. Increase in the welfare of marginalised people through the Working Indonesia Program.

Targets of health development are reflected in four indicators of increases in:³³⁾ societal nutrition and health status; control of the spreading of communicable and incommunicable diseases; equality and quality of healthcare services; and financial protection, equality and quality of service, as well as availability, distribution, quality of medicine and healthcare resources. To these ends, the JKN is expressly mandated to be a more stabilised system by means of:³⁴⁾

1. Extension of participation/membership scope;
2. Increase in the number of cooperation with private Health Facilities;

30) *Ibid.*, pp. 6-12.

31) Rencana Pembangunan Jangka Menengah Nasional, Buku I, available on the official web page of the National Supervisory Board for Finance and Development at <http://www.bpkp.go.id/sesma/konten/2254/Buku-I-II-dan-III-RPJM-2015-2019.bpkp>, pp.10-1; and 75-247.

32) *Ibid.*, p. 132.

33) *Ibid.*, pp. 138-9.

34) *Ibid.*, pp. 141-2.

3. Improvement in and coordination of the packages of benefits, provider incentives, quality control, development of healthcare technology, as well as development of monitoring and evaluation system;
4. Improvement in the payment system;
5. Enactment of healthcare regulations;
6. Organisation capacity-building to support service quality; and
7. Development of funding for healthcare services provided under a cooperation between the government and the private sectors.

From the above explanation, it is evident that the current SJSN legal system, containing JKN as administered by BPJS, was indeed designed with Indonesia's economic development in mind. It is also in accordance with the current administration's priority for a better Indonesia. Nevertheless, JKN under BPJS Health is still riddled with a myriad of challenges in fulfilling the above seven mandates, thus posing as a prevention in achieving the country's economic development agenda.

IV. Challenges in Indonesia's Healthcare System

The BPJS Act requires that the details regarding the implementation of its provisions must be further regulated in the following lower regulations, which may be a Government Regulation (*Peraturan Pemerintah/PP*), Presidential Regulation (*Peraturan Presiden/Perpres*), Presidential Decision (*Keputusan Presiden/Keppres*), BPJS Regulation (*Peraturan BPJS/Per-BPJS*), and BPJS Directive (*Peraturan Direksi BPJS/Per-Dir. BPJS*), or BPJS Supervisory Board Regulation (*Peraturan Dewan Pengawas BPJS/Per-DP BPJS*):

No.	Delegating Article	Regulation Mandate					
		PP	Per-pres	Kep-pres	Per-BPJS	Per-Dir. BPJS	Per-DP BPJS
1.	Article 15 para. 3: Gradual membership coverage		×				
2.	Article 17 para. 5: Administrative sanction	×					
3.	Article 19 para. 5(a): Fee		×				
4.	Article 22 para. 4: Core duties and functions of BPJS Supervisory Board						×
5.	Article 24 para. 4: Core duties and functions of BPJS Directors Board					×	
6.	Article 28 para. 3: Committee for Selection of Supervisory Board and Directors Board member			×			

7.	Article 31: Procedure for election Supervisory Board or Directors Board member		×				
8.	Article 36 para. 5: Procedure for election of substitute Supervisory Board or Directors Board member		×				
9.	Article 37 para. 7: Programme Management Report		×				
10.	Article 41 para. 3: Asset of BPJS	×					
11.	Article 43 para. 3: Source and utilisation of social welfare fund	×					
12.	Article 44 para. 7: Salary of BPJS employees					×	
13.	Article 44 para. 8: Salary of Supervisory Board and Directors Board members		×				
14.	Article 45 para. 2: Percentage of BPJS Operational Fund	×					
15.	Article 48 para. 3: Quality Control and Complaint Unit				×		
16.	Article 51 para. 4: Procedure for relations between BPJS and other institutions	×					
17.	Article 53 para. 4: Administrative sanction for Supervisory Board and Directors Board member	×					
18.	Article 57(c): Administration of healthcare services by preexisting government programmes		×				
Sub-total		6	7	1	1	2	1
TOTAL		18					

As of March 2016, the following regulations have been enacted:

1. Government Regulations:

- a. PP 85 of 2013 on Procedure of Relations between BPJS Institutions
- b. PP 86 of 2013 on Procedure of Imposition of Administrative Sanction for Employers;
- c. PP 87 of 2013 on Management of JKN Asset, amended by PP 84 of 2015;
- d. PP 88 of 2013 on Procedure of Imposition of Sanction for Supervisory Board Members
- e. PP 89 of 2013 on Repeal of PP 69 of 1991 on Healthcare for Civil Servants, Pensioners, War Veterans, *Perintis Kemerdekaan*, and Their Family Members;

f. PP 90 of 2013 on Repeal of PP 28 of 2003 on Government Subsidy and Fee in the Administration of Healthcare for Civil Servants and Pensioners;

2. Presidential Regulations:

- a. Perpres 12 of 2013 on Health Welfare, amended by Perpres 111 of 2013 (First Amendment), Perpres 19 of 2016 (Second Amendment), and Perpres 28 of 2016 (Third Amendment).
- b. Perpres 108 of 2013 on Format and Substance of Social Welfare Management Report
- c. Perpres 107 of 2013 on Administration of Healthcare Services by Pre-existing Government Programmes;
- d. Perpres 109 of 2013 on Gradual Membership of JKN;
- e. Perpres 32 of 2014 on Management and Utilisation of JKN Capitation Fund;

3. Regulations of BPJS Health:

- a. Per-BPJS 4 of 2014 on Procedure of Registration and Payment for Individual Participants of BPJS Health
- b. Per-Dir. BPJS 211 of 2014 on Technical Guidelines for Registration and Coverage of Individual Participants of BPJS Health;
- c. Per-BPJS 2 of 2015 on Determination of Capitation Value and the Payment of Service-Commitment-based Capitation in FKTP;
- d. Per-BPJS 76 of 2015 on PP 101 of 2012 on PBI;
- e. Per-Dir. BPJS 32 of 2015 on Technical Guidelines on Procedure for Registration and Payment of Fee for Non-wage-recipient Employees and Non-Employees;
- f. Per-BPJS 1 of 2016 on Procedure of Registration as well as the Online Collection, Payment, and Reporting of Fees for Wage-recipient Employees of New Companies.

Despite the existence of the above set of regulations, there remain several uncertainties in the JKN system:

1. **Universal coverage:** Since the official start of the JKN on 1 January 2014, the BPJS in coordination with the Ministry of Social Affairs shall gradually include everyone in the country for healthcare coverage. It is expected that by 1 January 2019 this universal coverage will have become a reality in Indonesia.

Nevertheless, an important part of this endeavour is the prioritisation of the people who are living in poverty and are economically underprivileged. This naturally requires an existence of an informative database on the exact number of those people living in Indonesia. To this end, Act 13 of 2011 on Management of the Poor has in fact required the Ministry of Social Affairs to draw up a database of people living in poverty. Currently, no such database has been developed and the different regions of Indonesia still use widely various criteria to determine the poverty line. As of 23 March 2016 there have been more than 65% of the entire population of Indonesia. Within this figure, there is no way of knowing whether all of the people living in

poverty have been covered in accordance with the mandate of Article 34 of the 1945 Constitution. If this database is not realised, it would be impossible to precisely establish a list of PBI participants of JKN.³⁵⁾

2. **Reluctance to Fees:** A vital element of the JKN is the amount of fees payable to BPJS Health for the coverage of healthcare services. This was a subject matter initially under Perpres 12 of 2013, which has seen three amendments - the latest being Perpres 28 of 2016. Overall the fees have been increasing, albeit not substantially, since 2014. This has created general uneasiness amid the society, who feels a sense of uncertainties regarding how much they should pay for this new programme that they are suddenly obliged to join.

Oppositions are felt from General Practitioners (GPs), who under the new BPJS regime are remunerated under an entirely different system from before. If their private practice, clinic, or hospital, has entered into an agreement with BPJS Health, it means the patients will be paying them in accordance with the fee schemes under Perpres 12 of 2013. This has created a drastic decrease in their general income and led to many GPs steering clear from hospitals cooperating with BPJS Health or refusing to admit BPJS Health participants to their clinics/practices.³⁶⁾ This is understandable, since the GPs are expected to perform their best services using the best technologies in their hand for such a small fee; and, from the way in which the JKN system is designed under BPJS, any refusal to treat BPJS patients is entirely not above the law.

CONCLUSION

JKN as administered by BPJS Health marked a significant reform in Indonesia's social welfare legislation. The system is aligned with the overall economic development agenda and priorities of the State, and indeed seems to be in preparation of becoming more stabilised as time goes. Currently entering only its second year of official implementation, it may be too soon to postulate whether JKN is a success or a failure. The system does have its challenges, but they are nothing that cannot be untangled and straightened with strong political will of the government and cooperation of all the people of Indonesia to, together, brace this drastic change into becoming a better nation.

Regulation is a truly essential element in ensuring a viable welfare system. The State should therefore immediately enact the necessary statutory regulations to render complete the entire SJSN system, which encompasses not only the JKN, but also the employment welfare system under BPJS Employment.

35) Mundiharno, "Peta Jalan Menuju *Universal Coverage* Jaminan Kesehatan" in *Legislasi Indonesia* Vol. 9 no. 2, July 2012, pp. 207-22.

36) Nur A Syah, Chris Roberts, Alison Jones, Lyndal Trevena, and Koshila Kumar, "Perceptions of Indonesian General Practitioners in Maintaining Standards of Medical Practice at A Time of Health Reform" in *Family Practice*, 2015, Vol. 32 No. 5, pp. 584-90.

Furthermore, the State along with the private health facilities in cooperation with her needs to maintain and keep improving the quality of healthcare while at the same time not burdening too high a financial cost to the people. This seeming paradox requires the State to dispense massive amounts of fund as well as a willingness of the people to embrace change and support this momentous collective effort. Only this way will Indonesia be able to realise her economic development goals in the future.

Discussion Paper for Prof. Rangga Aditya Dachlan's Presentation on Social Welfare Laws in Indonesia in Relation with Economic Development

Lee Cheol Seon

I would like to thank Professor Rangga Dachlan for his detailed presentation on the recent changes of Indonesia's Social Welfare Law. Many materials were shared on welfare policies of advanced countries such as Europe, including Germany, the first to implement modern social welfare policies, as well as the U.S., which has established an independent model in association with economic policies. However, there has not been much research into the process of establishing welfare policies in development countries such as Indonesia.

With regard to this, Professor Dachlan has provided a detailed explanation of Indonesia's health insurance, which is being expanded from its traditional focus on public officials and military to cover the social security system for all citizens through the 2nd and 4th constitutional reform in 2000. Moreover, the presentation also provides a clear trend (Nawa Cita) for Indonesia. Namely, with the importance of economy-welfare connection that benefits must be given to as many people as possible through economic development, Indonesia is trying to increase welfare through policies for population and family, education, health care, and employment.

In general, welfare policies or social security systems that have grown institutionally can be categorized by policy means into social insurance in which premiums are given by those who can financially afford them, social assistance that responds to poverty with taxes and social funds, and economic welfare policies using the tax reduction system to maximize the effectiveness of welfare policy. Countries whose social security systems have developed based on social insurance are perhaps best exemplified by European nations such as Germany and France, while the United Kingdom has established a social assistance policy, and the U.S. has established a welfare policy based on a tax reduction system. I would like to know into which type Indonesia can be categorized.

There are actually four parts to this question. First, I would like to know whether there is a social assistance system based on taxes, aside from health insurance in Indonesia's social security system. If so, what kind of system is it? In Korea, the social security system started with industrial accident compensation insurance (1964), and the national basic living security system, which is a social assistance system that was in fact first implemented for the vulnerable social group in the

2000s. Second, I would like to ask whether there exists a social security system based on social insurance such as pension, unemployment, care and industrial accidents aside from health insurance. Generally, social insurance systems tend to develop in areas prone to industrial accidents, large populations of resident senior citizens, and high levels of unemployment. Third, it seems that in Indonesia, the health insurance system was initiated by public officials and military. I would like to know the reason for this. While the health insurance system for workers was first established as a social security system in many advanced countries, public officials and the military began it in only a few countries such as Japan. Lastly, I would like to ask whether the Indonesian government is implementing a tax reduction policy for the sake of the recipients of social assistance or social insurance. The U.S. has a private sector-led social security system, but it also promotes a policy to increase the effects of the welfare policy through tax reduction.

Moderator for Session 5&6

Prof. Hong Wan Sik
(Konkuk University)

Session 5

Social Welfare Laws in Korea in Relation with Economic Development

Presenter

Dr. Kim Taewan
(Research Fellow, KIHASA)

Discussant

Prof. Bang Donghee
(Pusan National University, Korea)

Social Welfare Laws in Korea in Relation with Economic Development

Kim Taewan

1. Introduction

As one of four dragons in Asia including Hong Kong, Taiwan and Singapore, Korea has achieved fast economic growth compared to other countries from 1970s to 1980s. The foundation of economic growth established at that time, helps to sustain Korea until now. It is evident that there has been a debate whether who will take the profit of economic development. Fast economic growth contribute a lot to get away with absolute poverty which we had experienced in 1960s. At that time, legislative system related to social welfare and social security system were used as policy mechanism.

Since 1960s, social welfare related law were modified as close to modern social welfare law. However, at that time, there were not much of a debate about social welfare legislative system, for it was possible to make a profit for anyone in almost fully-employed economy as the society was changed from agriculture-centered to manufacture-centered (Kim Young-Hwa, 2007). However, after the mid of 1980s, social problems were raised which has been accumulated for a long time and social legislative system were emerged as people went through Olympic and started to consider distribution and social welfare other than economic growth. Constitution established at 1987, 9th amendment, in article 34, they said 'Government will guarantee sound quality of life' they define government's duty in regards to social security and social welfare. Though constitution defines social welfare duty as a government's work, many welfare system still put family's responsibility in the first place, which is a limitation of development of social welfare law. Most welfare system after the Olympics were consists of social welfare law and system for low-income family. In reality, fundamental law for social security, which contains the fundamental rights and contents about Korea's security system, was introduced since 1995 (Lee In-Jae, 2010)

The time when social welfare law and system was introduced, which has universal rights containing all people like today, is 1997 and 1998 when Korea experienced economic hardships. Afterwards, government started to create social welfare law and expand it, based on productive welfare and social investment theory unlike previous government.

Recently, there is a controversial debate about how growth and distribution or growth and welfare system were developed. (Jung Mu-Kwon, 2009) As Korea's economic status are now quite close to developed countries than emerging countries, people start aware of welfare system and they want to find a best way for it.

In this article, I am going to take a look at Korea's social welfare law and system after 1960s and discuss about it. The scope of social welfare is too broad and the subject can be varied, so it is impossible to write everything in this article. Therefore, in this article, I will select major social welfare law which has influenced social welfare system during Korea's economic growth and analyze the meaning in it. In Korea, there is not much of a study about social welfare law, and the most contents dealt in this article is personal opinion.

II. Welfare system before the establishment of social security fundamental law

After the independence until social security fundamental law was established, Korea's economic growth rate remained high. From 1960s to 1970s, the average economic growth rate of Park Jung Hee administration is 10.6%(1963-1979), and economic growth rate from 1990 to 1997 when there were Asian economic crisis was as good as that of president Park's administration. Annual growth rate is 9.1% from 1998 to 1992 and 7.8% from 1993 to 1997. Nonetheless, Korea was not in a condition for establishing welfare legislative system before 1960, for the chaos caused by establishment of government and Korean war from 1945 to 1960.

In 1960s, experiencing 4.19 revolution and 5.16 coup de'tat, government conducted policy focused on economic growth. At that time, military government established export-oriented economic growth strategy, so government progressed 5-year economic development plan (Kwon Sun-Ju, Lee Chun-Woo, 2005). At the same time, government set up a strategy of economic development and supporting low-class for social pretext. The national reconstruction council, military government aimed to create social welfare related law for the first time. In 1962, national reconstruction council delivered memorandum for establishment of social security system. Based on duty for social security increase in amendment constitution(1962) of article 30, government come to establish "the law of social security(1963)" and "Industrial disaster compensation insurance law". However, actual enforcement was not done, for it is still economically and socially difficult period. It can be verified through the fact that the proportion of social welfare expenditure was only 0.95% in 1961-1972 and 0.75percent in 1975(Kim Young-Hwa etc, 2007).

During 1960 to 1970, when economic growth and economic development are top priority, system and contents for social security become totally useless. Therefore, law for social security does not have much of a meaning. The law related to social security established in 1963 was not in effect, as each law(national pension law, medical insurance law, life protection law) was made, minimal welfare system was arranged. However, public servant pension law, military pension law, and industrial insurance law was actually operated. Industrial insurance showed stark difference with current social welfare system as companies take charge of more burdens(Yang Jae-Jin, 2007b).

As government had experienced political change in 1970s, government submitted new welfare laws and enacted for the political stability. For example, By passing national pension welfare law in 1973 which is a cornerstone of current national pension law and medical insurance law in 1976, government come to have national health insurance system like we have today. However, medical insurance also have limitation in the sense that they are focused on workers

than to all people in Korea. Other than that, government enacted private school employee pension law(1973), mother's health law(1973) and medical protection law(1977).

In the times of political change in 1980s, government decided to make up every law and system in a way that expand and enforce the previous social welfare system in terms of social integration. In early 1980s, government set up a welfare legislative system through enacting children's welfare law(1981), welfare law for handicapped people(1981), welfare law for senior citizen(1981), modification of life protection law(1982). After the modification of constitution in 1986 and 1987, as three major welfare policy, government modified current national welfare pension law to national pension law. Besides, government finally succeeded in making up a modern form of welfare system by modifying and enacting medical insurance law, minimum wage law. Based on these legislation, national pension system in 1988, medical insurance¹⁾ for agriculture and fishery region and minimum wage system was resumed. National pension plan was not able to begin because of financial issue by the time of enacting welfare pension law, but this system started in 1988 subject to workers in large corporation.

III. Changes after fundamental law of social security.

1. Enact fundamental law of social security in 1995

Until 1990s, Korea had enacted and run social welfare related law for the beneficiary of welfare service (handicapped, senior citizen, single parents) or social insurance related law (national pension law, medical insurance law, industrial insurance law). However, fundamental law which includes definition, meaning, scope of social security or social welfare was not established until fundamental law of social security was enacted in 1995. After fundamental law of social security law was enacted, welfare law which was randomly enacted and run by government was organized and position and scope of Korea's social welfare or social security become clear.

To be specific, 'social security fundamental law' health and social ministry was submitted in 1994, government established 'fundamental law of social security' after approval from congress in December 1995.

The previous fundamental law of social security enacted in 1995 divides the meaning, scope and area of social security²⁾. In article 1, it defines responsibility of local government and purpose of social security. It declares in the article that "This law aims to contribute to the increase of people's welfare by defining fundamental issues of social security system and responsibility of local government and national government for social security" It means that, in

1) The expansion of medical insurance to whole nation was in 1989. At that time, this system was expanded on the condition of financial support for local medical insurance union, despite of the opposition of self-employed in city and farming and fishing village. Though the medical insurance was expanded to the whole nation, as the medical market was lead by private medical institution, governments' role was simply limited to provide medical fee through medical insurance.(Shin Gwang-Young, 2002)

2) The fundamental law of social security was enacted in 1995, it was totally amended in 2013. So, I will call this as former fundamental law of social security

the past, the responsibility for welfare was in family and households, but now national government will take charge of social security. Furthermore, in article 2, as a fundamental ideology of social security, "Government should guarantee minimum livelihood for people" and aims to achieve welfare society through "improvement of individual's life style."³⁾ Though government is responsible for social security and social welfare, its scope is limited to national minimum level. It acknowledges the responsibility of it, and reflects the characteristic of residual welfare by minimizing the extent.

The former fundamental law of social security article 3, clearly explains the extent of social security. According to former fundamental law of social security article 3 clause 1, "Social security" means protecting the people from any social threats such as disease, disability, aging, unemployment and death. It also means social insurance, public relief, social security service or related welfare system to eradicate poverty and improve the quality of people's life. So to speak, social security system includes social insurance, public relief and social security service and related welfare service. The "related welfare system" explained in the same article, clarifies the extent of social welfare and social security in Korean society by explaining that it means every welfare system which guarantees living like a human in public health, housing, education, employment sector. Through the former fundamental law of social security, Korea came to have two-dimensional system which limits the responsibility of states for the stability of people's life to the minimum level and interprets the meaning of social security broadly.(Lee In-Jae, 2010)

They explained about social insurance, public relief, social welfare service and related welfare system which is in the definition of social security in a following way. "Social insurance" indicates system that protects people from any social threats(aging, unemployment, industrial disaster) and guarantees the people's health and income. The social insurance laws based on this explanation are national pension law, occupational pension law(public servant, private school, military pension law), medical insurance law, employment insurance law and industrial disaster compensation insurance law.

"Public relief" means system that supports the independence and guarantees minimum life for people who has no ability sustain their living and live in a poor circumstances under the supervision of states and local government. The extent of public relief defined in the former fundamental law of social security is the former life protection law, law guarantees fundamental life of the people enacted in 2000, medical wage law and law for supporting single parents.

"Social security service" means system that enables normal life by providing the people counseling, rehabilitation, introduction and guidance of occupation and usage of social welfare facilities for all people who needs the help of national or local government and private sector. The welfare law for handicapped people and welfare law for senior citizens are best examples.

"The related welfare system" indicates welfare system that supports to guarantee living like human in the sector of health, housing, education and employment. Actually, the scope of related welfare

3) The former fundamental law of social security article 2(basic ideology) social security, guarantee minimum life to enjoy human life. It also creates system and condition to improve the peoples' level of life and aims to come true welfare society by harmonizing equality and efficiency.

system is very broad, though simply use related welfare system in legislation. Especially, before 2000, the scope of related welfare system was very narrow, for there were not much of a demand for welfare. Nonetheless, after 2000, the scope of it is keep increasing as the desire for welfare has increased.

Narrowly speaking, it is called a health but it includes every medical related legislation, infection related legislation. In addition, housing policy used to be focused on supporting rental house, but recently it is diversified to rental house related legislation, homeless related legislation which is oriented to irregular housing form, legislation for aged and handicapped and legislation for housing allowance. In case of other education, employment, legislation for low income family and their children's education and employment service are created and run under the name of educational welfare and employment welfare.

2. Economic crisis and National Basic Living Security Act

Korea had accelerated economic growth until 1980s compared to other countries. Based on this growth, Korea solved absolute poverty in terms of social welfare, could sustain residual form of welfare. In a sense that enough jobs were available at that time, welfare was more of a responsibility for individual and family than national government. However, after economic crisis in late 1997, it was difficult to achieve high economic growth like a past. (Average 6.6% in 1998~2007, 3.1% in 2008~2015)(Bank of Korea, respectively). At the end of 1997 when Korea ask for a help from IMF, people started to change. They recognized that state and entrepreneurs can make the life of the people and work difficult by running a economy and business in a wrong way. Due to economic crisis, the number of jobless was increased and the vulnerable had increased as well. At that time, it was rudimentary but public relief system(the former life protection system), employment insurance law was introduced and run, it has a limitation to solve increasing problems of the unemployed. Furthermore, existing life protection law and employment insurance law was not good enough to deal with the issues of continuing problems of the poor. To handle this problem, government and civil society enacted National Basic Living Security Act substituting the existing life protection law to help stabilize the life of poor and jobless, and tried to overcome economic crisis by expanding the scope of application of employment insurance law. For ten years after economic crisis, Kim Dae-Jung and Ro Mu-Hyun administration used productive welfare⁴⁾, participative welfare⁵⁾ and social investment theory of welfare⁶⁾ respectively as a

4) The productive welfare does not mean receiving one-sided welfare benefit, but increasing the welfare by participating labor market voluntarily and actively(Cho Young-Hoon, 2002: recitation)

5) The participative welfare based on participative democracy, it actively requires the participation of private resources and local society and the people participate policy decision, execution and evaluation process. Therefore, participative welfare was regarded as a process of policy than contents of policy. The basic direction pursued on participative welfare is maximization of growth potential through distribution, welfare for low-income class to universal welfare, enforcement of state's responsibility for welfare and expansion of participation of private sector.

6) In Ro Mu-Hyun administration, suggested welfare paradigm oriented to social investment theory of welfare through 'vision 2030' project. The government tried to manage economics and social policy in integrate way based

theoretical frame for expanding welfare policy. At that time, many experts of sociology, social welfare study, and economics discussed about what would be a Korean style of welfare state and provided theoretical evidence.

The establishment of new National Basic Living Security Act become a turning point for social welfare in Korea's social welfare related policy. As I have already pointed out, under the existing welfare system, responsibility of welfare was on individual and family. However, under the National Basic Living Security Act, state came to divide the responsibility of welfare⁷⁾. In the past, the poor used to be a subject of 'protection', but in National Basic Living Security Act, the 'right' for protection was highlighted. In National Basic Living Security Act, clarifies the standard for selection and wage level to release many limitation defined in the former life protection law. In life protection law, there were six supporting system such as life protection, medical protection, educational protection, self-support, funeral protection, birth-giving protection. Nonetheless, people who could get a life protection, provided in a cash, should pass three standards such as demographic standards, obligator standards and income standards. Among them, demographic standards only provide living expense to minors who is under 18 year old, senior citizen who is over 65 years old, and handicapped people. The selection criteria is set by judgement of political and state affairs. The obligator standard is a system that impose the responsibility of poverty. Due to economic crisis, people who is over 18 and under 65, (Kim Mi-Gon, 1999).

The National Basic Living Security Act established in 1999 abolished demographic standards for the time being. In other words, it was revised to support living expenses, unless people are not meet the selection criteria, though they are over 18 years old and under 65 years old. Furthermore, by introducing minimum cost of living system, government announce minimum cost of living through scientific estimation and social consensus. The government also selected beneficiary of National Basic Living Security Act by using the same method. Especially, under the existing life protection law, government choose beneficiary of support by using cut-off method which satisfies both income and wealth standards. On the other hand, under the National Basic Living Security Act, government newly introduced income-recognition standards. The criterion for income-recognition standards means aggregation of income and wealth, which convert wealth into income and combine them into other income. If they are less than minimum living expenses, government would choose them as beneficiary. The pay which is provided to beneficiary is changed from 'protection' to 'the pay', and added housing pay on existing 6 wages.

The impact of economic crisis on social welfare legislation system was not only limited to introduction of National Basic Living Security Act, but also reorganize the other welfare law. The social welfare legislation system changed in two ways. First, it was changed to expand the

on social investment theory of welfare. In other words, it was focused on support for income-guaranteing policy of the existing low-income class. It is now use integrated policy to complement income-guaranteing policy, and emphasize human capital investment than to traditional income distribution to deal with new social threats actively. So, education and training is emphasized to achieve this(Work fare, BITC, introduction of children development account)(Kim Young-Soon, 2007; Yang Jae-Jin, 2007a).

7) In present, Korea memorize September 7th as social welfare day(official anniversary) annually. The reason why government choose this date is that National Basic Living Security Act was enacted promulgated in 1999.

beneficiary of the existing law and legal system. For example, the national pension law was expanded to all people in Korea from 1999. The beneficiary of employment insurance law and industrial disaster compensation insurance law was also greatly increased. The medical insurance law changed its name to health insurance law, and operational system was unified from composition method to combination method (Lee Sang-Ii, 2006). In respect of service beneficiary, the scope of handicapped people were expanded and modified, and disability allowance and disability allowance for youth had introduced to preserve additional cost from disability. In respect of the senior citizens, the old-age pension system was introduced for low-income senior citizen for the time being. Afterwards, it was expanded to Basic Old Pension System in 2007 and started to provide the wages to 70% of the old (Ko Deuk-Young, 2007). To cut out any burden for individual and belonging family, Act on Long-Term Care Insurance for the Aged was enacted and run. Currently, the social insurance law is run as a major social insurance system. In 2000, as advent of aging society is considered as a problem, support system for children gradually completed. For this, children protection law was enacted in 2005. In the sense that it takes a while to get a support from National Basic Living Security Act for low-income family, emergency welfare support law(2005) was adopted and built a system for urgent crisis(death of breadwinner, unemployment, sudden charge of medical and educational fee). At that time, some scholars insisted that Korea entered the initial stage of welfare state because of the legislation and policy above(Ku In-Hue, Kwon Soon-Man, 2011; Kim Yeon-Myeong, 2011).

3. The change under new fundamental law of social security

Since 2000, government came to have a lot of financial burden because of the aggregating welfare law. For the most, as the potential growth rate is gradually decreased, the growth without employment, chronic unemployment of youth can not be solved with welfare system(Shin Suk-Ha and others, 2012). On the other hand, the peoples' desire for welfare is consistently increasing, it was changed from selective welfare in the past to universal welfare.

In new economic situation and condition, government tried to reorganize the existing fundamental law of social security as it did not reflect the changing economic and social condition. In the end, the fundamental law of social security was completely reorganized. The current government lead reorganization because "It is to expand and reorganize social security system by providing income and service according to the characteristic of peoples' life cycle for the peoples' social threats by approaching social and economic policy in integrate way." The major contents of revised fundamental law of social security is to change the system of social insurance, public relief, social welfare service, related welfare system, which is a basic framework of existing social security. So to speak, social security system is 'income-guaranteed' system, while new social security system is changed to a 'life-guaranteed(=income-guaranteed+social service guaranteed)', which accentuate the role of social service. To do this, government tried to build multi-layered social security system by dividing the desire of people into two, which is a general desire called 'fundamental life security' and 'categorical life security' for special desire.

- The first safety net : provide social service to all people for fundamental desire in life such as childcare and education, but apply differentiated payment system according to income level for the service to prevent labeling effect
- The second safety net : public cash payment oriented to social insurance
- The third safety net : composed of income security of private sector such private insurance, retirement pension
- The fourth safety net : categorical social relief for the support of vulnerable class, composed of customized social service for special class(senior citizen, handicapped people) and cash-transfer public relief

Now, in the framework of revised ‘fundamental law of social security and ‘the fundamental law of social service’, which defined major legal issues about social service. However, in the changes which mentioned above, new systemic revision was in progress to reflect the increasing desire for welfare of the people who is get away with absolute poverty and tend to react sensitively about relative poverty and polarization. For instance, government revised the system to tailored-payment method by revising the National Basic Living Security Act adopted in 2000 and represent social welfare law. Under the existing law, many low-income family were in the dead zone of welfare provision, for the right to receive all payment were granted only for recipient. However, under the revised National Basic Living Security Act started in July, 2015, the selection criteria was changed from the former minimum living expenses of absolute poverty to standard median earnings of relative standards. By setting up a various selection criteria according to payment level, respective payment(livelihood, medical, housing and educational payment) is able to be receive separately, in the case the it meets the desire of low-income class. In addition to the change of customized payment, delivery system was also expanded and revised at the same time, for people to easily access the welfare information and provide necessary service.

The change was made for each subject and basic senior pensions act which used to provide 100 thousand won for each month to 70 percent of senior citizen, adjusted to 200 thousand won for each month, which seems to contribute to decrease the percentage of poor senior citizen in Korea. In the side of education, school lunch is provided for free⁸⁾, child care service under school age is greatly expanded, which relieve burden from family with young children. However, the fact that continuous discord from expanded child care finance hinder society from integration.

The economic crisis in 1997 and 1998, affect Korean society in a many ways. For most of all, peoples’ citizenship and desire for welfare is increased a lot, many welfare law was made and run by government after 2000, become a welfare state on the surface as some scholars pointed out. However, many limitation(especially finance) works to slow down the development of respective system as well as social welfare system during the enactment and operation of law. Still, in the sense that Korea brings up economic and welfare as major issue during the political

8) In 2010, the free lunch in school was regarded as major welfare issue through local government election, and it became the opportunity for school lunch to be provided as free.

event, how welfare legislation will developed is quite unpredictable. However, peoples' increasing desire for welfare cannot be decreased, but corresponding development of welfare law and welfare system is not liable to change. As you can see from the picture below, the social welfare budget is keep increasing. The social welfare budget is increased from 32 trillion in 2004 to 102 trillion in 2014, it is increased from 3.9% to 6,6% in 2014 of total GDP. The proportion of welfare expenditure is still low compared to welfare-advanced country such as Europe. Korea has a characteristic that many system were established in a short time and budget is also increasing as well, while other countries had increased the proportion of welfare for a long time when they went through economic development. As you see from the picture below, the increasing rate of recent public welfare expenditure record as high compared to other countries. In the future, how to match peoples' desire for welfare and increasing financial burden will be a big problem to be solved in welfare legislative system.

[picture 1] The progress of social welfare budget(2004-2014)

(unit:%, trillion won)

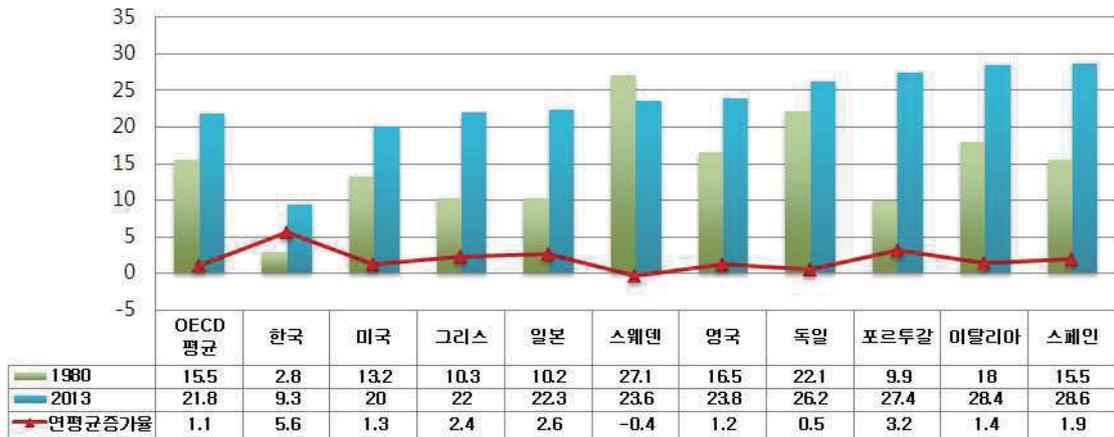


note: GDP of 2009~2010 is not yet available(Bank of Korea), GDP of 2011~2013 is not yet available(national financial operational plan)

source: Ministry of Strategy and Finance, 『National Housekeeping Budget Outline』, each year; Ministry of Strategy and Finance(2010), 『2010-2014 National Financial Operational Plan』; Homepage in Bank of Korea

[picture 2] The spending of public welfare in proportion to GDP

(unit: %)



note: It is a result of calculation of average annual increase rate of Korea from 1990 to 2013 and from 1980 to 2010 in Japan

source: Ministry of Health and Welfare, source from inside

IV. Conclusion

In this article, we dealt with the change of social welfare legislative system, which was progressed since government started to set up a economic development policy in 1960 in accordance with economic development policy and their implication. So far, Korea overcame absolute poverty in a fast growing economy, and have made many social welfare related legislative system to protect the vulnerable(handicapped, senior citizen, single parents) and low-income class. On the surface, welfare legislative system have developed to operate most of the welfare system that welfare-advanced countries have. However, Korea still have a characteristic of residual welfare in related law, so there are some class that still not receive support from social welfare system. This would be a way to make an effort for the future and limitation of social welfare system of present. Especially, the discussion of prioritize growth than welfare is increased at the same time, as economy is move into stagnant period, in contrast to increasing demand for social welfare system. Realistically, it is very difficult to decide which one should come first, the decision can be made through discussion among people who pay tax and political party responsible for politics. The welfare issue cannot be easily reached to a consensus though we know it.

After many discussion and controversy, other than limitation of social welfare system, new crisis that Korean society face also requires revision and torments of social welfare law. The new threats are present for both current generation and future generation, it is worsening situation of low-birth rates, aging, and polarization of society(male and female worker, regular and temporary worker, wage between big company and small company, market gap between high school graduate and college graduate, revenue gap of company). For economically, it is growth

without employment among continual decrease of potential growth rate after 2000, house hold debt and low credit issue, youth unemployment that many countries face.

Many social threats that Korea face, can not be solved solely with social welfare legislative system. In other words, not only social welfare but also social policy and economic policy point of view in broader category should be discussed together. When connection among each law is made, new system can be made. This kind of cooperative relationship can overcome the social threats our society are facing right now. For example, Earned Income Tax Credit⁹⁾ operated in domestic area, though it is run by economic related department, it is subject to labor market. The real benefit would be major welfare policy to solve dead area of welfare and low-income workers.

I would like to extend my gratitude to researcher of Korea Legislation Research Institute, for this seminar is an opportunity to learn and share about how social welfare legislative system are established in times of economic development of Asian countries. In the future, through consistent research of social welfare legislative system, I hope many law researchers will have opportunity that reconsider legislative system and spirit that existing scholars of sociology could not see.

9) Recently, Child Tax Credit(2015) was newly adopyed and this system is expanded.

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period policy condition	1960 ~ 1980	1981 ~ 1987	1988 ~ 1992	1993 ~ 1997	1998 ~ 2002	2003 ~ 2007	2008 ~ 2012	2013 ~ present
social insurance	industrial disaster insurance(1964)	expansion of health insurance	national health insurance (1989)	employment insurance(1995)	expansion of industrial disaster and employment insurance(2000 ~ 2005)			
	medical insurance law(1963) health insurance(1977)				separation of dispensary from medical practice(2000) integration of health and insurance (organize 2000, enactment 2003)		long-term care insurance for the old (2008)	
	civil servant pension(1960) military pension (separate in 1963) pension for private school (1975) national welfare pension law (1973)	total revision of national pension law(1986)	national pension(1988)	expansion of national pension	national pension for whole nation (1999) national health insurance law (1999)	revision of national pension law (2007)	revision of civil servant pension law (2009)	revision of civil servant pension law (2015)
public relief/ veteran affairs	life protection system(1961) national veteran(1962) medical protection(1977)	law for respectful treatment to men of national merit(1985)		law for respectful treatment to independence patriot(1996)	pension for the old(1998) national basic life security system(2000)	law for basic pension for the old (2007)	system for basic pension for the old (2008)	basic pension(2014) customized payment(2015)
		welfare law for the old(1981) welfare law for the handicapped (1981)	welfare law for the handicapped(1989) law for employment promotion for the handicapped (1990)	local health law(1995) law for national health promotion (1995)		fundamental law of aging society(2005) law for preventing the handicapped (2007) expansion of childcare(2004)	earned income tax credit (2009) fundamental law of cooperative association (2012) nuri process of 5 year-old, free education for 0~2 year-old (2012)	expansion of earned income tax credit (child incentive tax credit, 2015) free education(2013)
social service								

Discussion Paper for Dr. Kim Taewon's Presentation on Social Welfare Laws in Korea in Relation with Economic Development

Dong-hee Bang

I . Introduction

I am honored to be invited to participate at the 12thALIN Expert Forum. Economic growth and social welfare legislation are arguably the greatest challenges we must overcome in order for Asian countries to join the ranks of advanced nations. In that sense, this forum today has great meaning and significance. I would like to thank everyone for their participation, interest and support here today, particularly the President of the Korea Legislation Research Institute.

I greatly enjoyed the previous presentation and discussion on the social welfare legislation of Asian countries. Such discussions will contribute significantly to ongoing comparative research into Korean social welfare legislation. Moreover, I think Dr. Tae-hwan Kim's detailed presentation in this session on the history, background and recent trends in Korean social welfare legislation will have been highly informative for the representatives of each country present today. In particular, Dr. Kim belongs to the Korea Institute for Health and Social Affairs, which is a think tank dedicated to analysis of welfare policies in Korea, as a prominent scholar of policy science and public administration who designs the overall framework and approach for Korean social welfare policy. I agree to the overall framework for Korea's welfare-related legislation provided by Dr. Kim, as well as the direction of improvement. Thus, for the discussion in this session, I would like to talk about the current state, limitations and points to improve in Korean social welfare legislation from the perspective of a jurist. For this, rather than talking about Dr. Kim's presentation as a topic of discussion, I will bring my own experience as a publicist specializing in administrative law, in comparison to the perspective of Dr. Kim's role as a public administration scholar.

II . Evolution of Korean social welfare legislation and limitations exposed in the process of development

Dr. Kim has spoken in detail about the history and development process of Korean social welfare legislation, as well as identifying current issues in the process in terms of policy and public administration. As a jurist, I would like to briefly point out the limitations - or issues - exposed in the formation process of Korean social welfare legislation.

1. Quantitative expansion vs. qualitative inadequacy of social welfare rights (hollowing of social welfare rights)

Since the enactment of the first constitution - regardless of the motives and goals of expanding legislation - social welfare legislation in Korea has solidified the quantitative foundation through gradual and consistent efforts. That is, Korea has secured the basic amount of contents generally required by social welfare legislation. Even though they were initiated for justification, their foundation was consistently and widely established, affecting various fields. This is due to the economic development and growth of civic consciousness since the 1990s. Such legislation has thus been able to take root across society.

However, such “quantitative growth” overlooks considerations of “internal stability” and “quality”. That is, social welfare legislation is often promoted for political purposes, yet without sufficient underlying content. This has resulted in the existence of regulations regarding social welfare rights being regarded as an optional clause or proviso clause of “within budget” in terms of legislation, which has led to limitations on social welfare rights. In other words, the positive law of social welfare in Korea has failed to clearly define and demarcate the concept and limitations of “social welfare rights”. The conceptual abstractness and indefiniteness has inevitably led to incomplete security of actual rights such as “social welfare rights”, and incomplete operation of the judicial control mechanism in disputes over social welfare rights. Our Constitutional Court and Supreme Court tend to make ambiguous judgments over the measures of any judicial review in disputes over “fundamental social rights”, thereby overlooking the remedy for the violation of fundamental social rights. The latter is considered the territory of “legislative discretion” or “administrative discretion” and is thus excluded from the territory of judicial control.

2. Absence of procedural norms and inadequacy of the delivery system

Second, the development focus of social welfare legislation on quantitative expansion has led to issues of absence and inadequacy of procedural norms and the delivery system in terms of positive law. Since social welfare rights belong to social benefit administration in terms of basic attributes, they are friendly to discretion. For this reason, we cannot deny that failure to strictly apply the principle of statutory reserve was the main form of conventional legislation. However, the violations in the delivery system of public welfare administration which have recently occurred due to a lack of clear legal guidelines shows the importance of setting and organizing the guidelines for provision procedures in social welfare rights.

3. Lack of systematic checks and balances in social welfare legislation

Third, there is the issue of not securing systematic checks and balances in current legislation due to failures to follow due process. That is, since the first Korean constitution was enacted, politics,

economy, society and culture have become complicated and diversified, and the scope of social welfare legislation has expanded considerably. New laws have been enacted to cover new areas included as areas of social welfare according to social changes. In the end, temporary social welfare legislation has been formed and enacted to focus only on the phenomena of social changes. The extensiveness of social welfare legislation is significant in that it can provide protection without a vacuum, but at the same time there are bound to be issues surrounding systematic compatibility with existing legislation, equity among the contents of social welfare, and fitness of social welfare from a macroscopic aspect - and the appropriateness of the level of the nation's social security.

III. Directions for improvements in Korean social welfare legislation

I would like to talk about ways to overcome the aforementioned limitations currently faced by Korean social welfare legislation.

1. Clarification of the concept of “social welfare rights” through constitutional interpretation and legislation

The first urgent problem to solve for improving social welfare legislation is to clarify what have become known as “social welfare rights”. That is, the normative concept - essentially, the constitutional concept - of social welfare is the criterion for determining the procedures, systems, balance and fitness of social welfare legislation developed subsequently. Thus, clarifying the concept is the first task for defining the boundaries of social welfare legislation.

The Constitutional Court takes the position that “social welfare rights” are generally approved by constitutional provisions, but that the law determines the specific details of those rights. In other words, to define the specific details of the so-called National Welfare Standards - to clearly conceptualize social welfare rights - discussions of the law must be expanded and the law must be fully equipped with such details and procedures. In the end, it is necessary to promote active constitutional interpretation and legalization of specific details of social welfare rights. This is in line with the operation of the mechanism of judicial review being based on social welfare rights. Ultimately, the true law of social welfare rights will be completed when we have the means to secure effective sentence - or discretion thereof - and the effectiveness of social welfare rights as well as the system for judicial review all connected within a single structure.

2. Completion of procedural norms to clearly execute “social welfare rights”

The second is to complete procedural norms to clearly execute “social welfare rights”. It is necessary to secure stability in the delivery system of “social welfare rights” by establishing detailed procedures necessary for the execution of “social welfare rights” in the form of

administrative legislation - in response to the “disposition procedure and standard” of violation administration. Moreover, in order for specified systems to have receptive capacity, it is necessary to disclose the procedures and processes that win public trust, and standardize the procedures and criteria that can be managed. This can lead to a guarantee of participation and surveillance of the people who contribute to the social insurance funds and fiscal management of social insurance.

3. Promotion of systems, balance and fitness of social welfare legislation

The third is to promote systematic checks and balances for social welfare legislation. There have been attempts to systemize social welfare legislation, but we are still in constant need of efforts to find compatibility in social welfare legislation from a macroscopic aspect, with balance and equity among systems and an organic relationship developed between the existing system and the overall social welfare system. There are still blind spots in actually applying the social welfare system, and deficiencies in terms of qualitative level or content of benefits. In the end, we must also expand the scope of application by modifying, improving and mutually linking social welfare legislation in terms of the collection of national welfare needs, realization of social justice, and fairness of distribution.

IV. Closing remarks - Acceptance of social welfare legislation by public law

The formation of social welfare legislation has thus far existed within the political sphere - outside the boundaries of public law - rather than the legal territory. Social welfare legislation is also under the constitution, and thus must exist as a law that specifies the constitution. Therefore, now is the time we must redesign and restructure the overall social welfare legislation of Korea based on the Constitution of the Republic of Korea. In other words, we must reestablish systems for social welfare legislation based on constitutional principles such as those of a democratic, constitutional and socialist state.

Thus concludes my views on social welfare legislation in terms of public law which I have substituted for the discussion.

Session 6
General Discussion

Discussant

Prof. Yoon Suk Jin
(Kangnam University, Korea)

Prof. Son Youn-suk
(Local Government Officials Development Institute, Korea)

General Discussion

Suk-jin Yoon

The main topic of this ALIN General Meeting Economic is growth and welfare, an extensive theme that requires a convergent approach of philosophy, economics, social welfare and law. If philosophy and law are the essential governance structure of welfare systems, then the economy and welfare can be considered the main outputs. It is in these terms that the ALIN General Meeting has particular significance. I have been able to learn and share so many things through what the various presenters have shared at the general meeting. I have also been able to examine the objective assessment results of welfare systems in major East Asian countries through the perspective of the European experience, while also examining the present and future of East Asian welfare systems through many experts from major East Asian countries.

I'm a scholar studying welfare policies, systems and laws in Korea. Prior to the general discussion, I would like to say how honored I am to be able to hear the excellent opinions of eminent professors and researchers from Denmark, Hong Kong, Japan, Indonesia and Korea on such a significant occasion. I would also like to thank all of the speakers here today.

1. Professor Peter Abrahamson spoke about the "Review of East Asia's Welfare Model Project: Focusing on Care Policies." Professor Abrahamson undertook an assessment of the economy and welfare system through an approach that considered all the major countries of East Asia. In particular, he highlighted several points: first, that Macao, Hong Kong and Singapore are still maintaining a productive developmental system; second, that Japan is maintaining the conservative system; third, that China has officially entered the universal system from the production-oriented welfare system, but that it has not yet applied it in reality; and fourth, that Korea and Taiwan are past the production-oriented phase, but are sustaining a Confucian disposition.

I was impressed by Professor Abrahamson's analysis of the welfare system incorporating the care culture and welfare states of East Asia from a Confucian view, which is often referred to as "East Asian value."

The logic of intergenerational distribution and equity, which is discussed as the operation principle of universal social welfare today, was actually considered to be "intergenerational distribution" focused on family members under Confucian values, with no room for the intervention of the logic of "intergenerational equity" among family members. This is caused by the dominant position of sacrifice and duty over the distribution and equity of family members. The background for this is the dominance of "the idea of filial piety," as highlighted by Professor Abrahamson.

Meanwhile, it is necessary to consider the fact that East Asian values today are undergoing remarkable changes, foreshowing the acceptance and development of a new value system, the alleviation of cultural shock, and a shift in the welfare system. Discussion here centers around the economy, society, culture, Western welfare political systems, and the distinctiveness of economy and social policies of individual countries. Individual countries are attempting to make the democratic decisions such as the stabilization of economy and employment, as well as the development and maintenance of sustainable welfare policies.

However, there are several pressing social issues, including urbanization, the nuclearization of families (including single-person households, extension of economic invasion, and high unemployment rates) to aim for growth rather than welfare in the economic sector. Moreover, low birth rates and an aging population, the high political dependence of welfare, an unsoundness of welfare budgets, and a failure to achieve justice in distribution, while forcing certain countries to claim the importance of welfare rather than growth. In the end, economic growth and welfare are closely related to each other like two sides of the same coin, while also providing a reason for confusion among individual countries.

In particular, there are relative issues with democratic political participation throughout East Asia, contributing to an unequal distribution of economic and welfare power, as well as difficulties in developing, managing and maintaining sustainable economic and social policies. In addition, there is another issue with difficulties in maintaining East Asian Confucianist values that the professor talked about.

With regard to this, there are multiple questions about whether the economy and welfare can be developed in parallel, despite the virtuous cycle of the two in East Asian countries, particularly in the case of Korea. It is true that Korea has believed in the necessary dichotomy of having to prioritize economic growth over welfare, or universal welfare and selective welfare, for many years. Korea has in recent years sought ways for both the economy and welfare state to coexist as it did in advanced welfare countries in the West. This trend leads us to consider changes in dominant cultural values and accept new systems in terms of welfare. With these results, the social insurance system is stagnant, while social services or welfare services are apparently showing development.

Professor Peter Abrahamson has classified the care policies of East Asia into child care and elderly care, which I shall now discuss.

First, child care has traditionally been a family duty, particularly in East Asian culture. In recent years, this has become a social issue. Child care policy today require highly complicated political decisions. In other words, child care is no longer just a women's duty to care for children in the home. Low fertility rates are affecting how childcare is practiced. Low birth rates need to be addressed specifically through social policies or programs to increase women's birth rates. But, women's birth and fecundity cannot be achieved solely by social policies based on welfare systems. This is because women's birth and fecundity are directly linked to the economy, labor, child care, and education. Now, let's look at the example of Korea, where women's social participation rates are not very high. Women's wages have long lagged behind those of men. In

addition, they are exposed to the new social risk of career interruptions due to voluntary and involuntary resignation after birth. But, there are many cases in which women seek to avoid a career interruption due to chronic economic recession, the husband's unemployment or low-wage temporary jobs. Thus, the duties of women and their families must be addressed to a certain extent by the government or the social sector. Yet, this is only possible when the public sector has established adequate child care and education policies. However, Korea is still subject to backwardness in this area. Korea is still in the chaos of child care policies due to the cost sharing issue between the central and local governments. Accordingly, the private sector supports a high rate of child care, education and adolescent education. Yet, child care and education depending on the private sector inevitably require costs. This is why women must sustain such private family policies by participating in economic activities.

In addition, we cannot overlook the effects of labor policies on child care policies and women's welfare. Adequate systems for maternity and paternity leave, including baby breaks and parental leave, must be an integral part of any discussion of child care policies. However, allowances for maternity and paternity leave are far from enough to lead a basic life. Moreover, while parental leave is operated in a relatively stable manner in the public sector, this is not the case in the private sector, due to the perceived risk of career interruptions. It is difficult in Korea to establish government-led child care policies to secure effectiveness due to the complication of these issues.

Second, Korea's elderly care is developing in a relatively stable manner. There is constant reinforcement of policies such as general income security through public pension in the social insurance sector, elderly health protection through long-term care insurance for the aged, minimum income security through basic pension in the public assistance sector, an increase of various social welfare service allowances such as rehabilitation and convalescence in the social services sector, and others such as housing welfare, cultural welfare and labor welfare by providing jobs in the public sector for the elderly. This shows that the issue of elderly care, particularly for the financially disadvantaged, can be resolved by welfare system support in response to the problems of an aging population. In other words, this can be assessed as a virtuous cycle of economic growth and welfare. Nonetheless, Korea is beginning to show certain limitations in elderly care policies as well. The level of the public and basic pensions is far below the economic limit required to fund care provision. Of course, this issue is directly linked to the issue of operating individual pension systems. Nevertheless, the decline in the working generation caused by inequalities in intergenerational distribution, i.e. low birth rates, in effect compels the present and future working population to fund greater costs for elderly care than the current generation. The implication is for an increasing level of taxation to be spent on funding elderly care in the form of state pension provision. This will likely cause long-term adverse effects on Korean elderly care policies.

Ultimately, the national state of the economy, society, culture and politics may lead to issues of welfare, resulting in a vicious cycle of choice and concentration, a decrease in the overall ratio of welfare provision, and a decrease in reported levels of satisfaction. Let us now turn to lessons from the European experience and implications for East Asia.

2. Professor Ka-Ho Mok spoke about the “Social Development and Social Policy Measures of Hong Kong and Macao after the Asian and Global Financial Crisis.” Hong Kong and Macao were affected by the same East Asian currency crisis of 1997 that affected Korea. There was a conflict between traditional productivist welfare systems and the increased welfare needs of Hong Kong citizens. The presentation introduced the history of the productivist welfare systems of Hong Kong and Macao, and critically analyzed them. Hong Kong and Macao have arguably brought about a shift in the welfare system since the financial crisis of 1997. Moreover, the new welfare system is based on the central tenets of poverty alleviation, welfare to work, and self-reliance. In other words, they reformed the system according to the unfolding economic and social changes, while maintaining a traditional productive welfare system. Professor Ka-Ho Mok has generally taken a negative stance toward such welfare system.

Meanwhile, some advanced welfare nations in Europe have implemented a general welfare retrenchment mechanism to cope with the dilemmas of modern welfare states, such as business cycles, long-term unemployment, increased national demand for welfare, and declining access to finance. Within this complexity, there emerged a perspective that unifies the virtual relationship of sustainability, productive welfare and social welfare to economic competitiveness in the welfare sector as part of a wider shift to a new system. Norway’s Prime Minister Erna Solberg, who recently visited Korea, said in an interview with a Korean newspaper that Europe needed a paradigm-shift in its welfare systems. Solberg emphasized the importance of “a welfare system that makes workers work” and “a welfare system based on economic activities and productivity increases.”

I am interested to know what Professor Ka-Ho Mok thinks about the fact that the current welfare systems of Hong Kong and Macao are in line with Europe in this regard, despite the Professor’s criticism.

3. Next, Professor Katagiri Yuki spoke about Japan’s social welfare law with regard to economic development. Professor Yuki’s presentation explored changes in the welfare system throughout the various stages of economic development in post-war Japan, which is of importance to the Korean case, given the similarities. Moreover, the analysis detailed aspects of social insurance, public assistance and welfare service systems that form Japan’s social security system. The Professor’s insight provided a good opportunity to think about the future direction of social welfare in Korea. Japan resembles Korea considerably from the macroscopic aspect. The policy decision sector engaged in economic growth and welfare. I also tend to refer to Japan’s cases a lot when writing research papers and reports on the government’s social welfare programs. Let’s explore several questions about a few cases of Japan that are quite similar to the pending issues in Korea.

First, the presentation briefly explains the current status of the social welfare system according to Japan’s decentralization policy. Korea in fact transferred part of welfare affairs to the local government as part of its decentralization program. Nevertheless, autonomous legislative power and financial rights have not been adequately transferred, which has resulted in downward leveling

of welfare in local governments as well as severe gaps among local governments. Of course, this issue is caused by the limitations of local governments. With regard to this, Japan may have experienced the negative effects of a local transfer of welfare affairs as well as solutions, and I would like to ask for the Professor's view on this. Transferring welfare affairs to local provinces is inevitably correlated with resident economy and welfare. We are generally focused on the discussion at a national level, while discussing the economy and welfare. However, it seems that the effects of welfare may be more significant in terms of the local economy than the national economy. Is there any kind of discussion in Japan regarding these issues? If so, how are these discussions structured in relation to the local government system?

Second, there is recent controversy over tax increases and the level of welfare provision in Korea. This is an issue concerning the possibility and fictionality of welfare without a tax increase. The presentation explains that tax revenues are decreasing in Japan due to economic and employment issues, and thus that the social welfare system is being accordingly reformed. Then, how is Japan overcoming the reduction in tax revenues, which provide the main finance for the welfare system? What are the main contents of welfare reform according to the decrease in tax revenues? Are there attempts to implement tax increase policies in a bid to reform the welfare system?

Third, the Professor has argued in the main text that "social welfare has made a significant contribution to economic growth and social safety." Some within academia argue that welfare can resolve or complement market failure at the microscopic level, and contribute to improved income levels and stabilization of the domestic base through income redistribution at the macroscopic level. Is this theoretical system the basis for Professor's view on the relationship between welfare and economy? Is this view still effective today when we face the recently globalized deterioration of the employment structure (production of non-regular workers), chronic economic recession, low birth rates and aging population?

4. Professor Ranga Dachlan explained Indonesia's welfare policies in relation to economic development by focusing on the health insurance system. As explained in the presentation, Indonesia seems to have recently implemented the medical insurance system for the whole nation. Judging by the presentation, it seems that Indonesia has adopted a German-style social insurance method rather than the UK-style National Health Service (NHS). The health insurance system reflects Marxist economic logic and the principle of distribution among the social insurance sector. This is because insurance premiums are collected in proportion to income, while the level and details of benefits are equivalent for the same disease, regardless of income. It thus represents a form of social insurance with a link between distributive justice and absolute equality. However, universal health insurance system for an entire nation is regarded as a contradiction by liberal market economists due to the forced application for the insurance. The US is a typical case of such thinking.

Social insurance is originally designed on the premise of full employment (Bismarck's social insurance). Yet, social insurance with the destroyed state of full employment currently faces

difficulties in terms of financing. The economic recession and aging population place greater financial demands on health insurances, thereby making many countries change German-style social insurance contracts. In other words, countries that adopted health insurance, which is a form of social insurance, are striving to resolve the issues of financial integrity and sustainability in health insurance.

With regard to this, how is Indonesia approaching the issues of employment, an aging population and economic recession, as well as the issue of health insurance?

5. Finally, Mr. Tae-wan Kim, a researcher for the Korea Institute for Health and Social Affairs, spoke about “Korea’s economic growth and changes in welfare-related legislations.” This presentation explains in detail the aspects of economic and welfare systems focused on the development of Korean history and policy trends.

In the majority of cases, new independent states or developing countries after World War II focused national policy on achieving stabilization through economic development, rather than building an effective welfare state. For these countries, securing food, clothing and shelter for the people were the most significant pending issues after World War II, which forced them to focus on the economy, rather than welfare. These cases are commonly found in East Asian countries. However, after economic stabilization has been achieved, people’s needs for welfare tend to increase, and the result is expansion and reinforcement of the welfare state. There is inevitable conflict between economic and welfare needs caused by fluctuations in the business cycle, despite efforts to reform the financing of welfare provision. Korea is no exception. Mr. Kim’s presentation depicts such features well.

Social welfare in Korea first began full-scale with the establishment of social welfare legislations, including the Public Officials Pension Act in 1960, Military Pension Act in 1963, Industrial Accident Compensation Insurance Act in 1963, National Pension Act in 1973, Pension for Private School Teachers and Staff Act in 1974, Medical Insurance Act in 1977, and Employment Insurance Act in 1993. The legislation for public assistance first began from the National Assistance Act in 1961, but this law was not enforced until 1999 when the era of public assistance arrived with the enactment of the National Basic Living Security Act. Social welfare services were initiated with the Child Welfare Act in 1961, which was followed by the Social Welfare Services Act in 1970, and the Mentally Handicapped Persons Welfare Act and Welfare of Older Persons Act in 1981. Korea promoted the systemization of welfare systems by enacting the Framework Act on Social Security that supervises and integrates the previous social welfare legislations in 1995.

However, as explained in the presentation, despite the establishment of legislation since the 1960s, social welfare in Korea faced impediments to its development or died out completely due to the domestic political and economic situation of each historical stage. Thus, it is only after the 1990s that a fully-structured social welfare system became actually operated.

The enactment of the National Basic Living Security Act in 1999 occurred when the economic situation in Korea touched bottom due to the IMF crisis in 1997. If it had been the

past, Korea must have focused all its competences on economic development and policies to overcome the financial crisis. But, at the time, the government abolished the National Assistance Act, and then enacted the National Basic Living Security Act, rather than reinforcing the welfare system for public assistance. This policy decision can be considered retrogressive in terms of the development process of economic and welfare systems in Korea. Nonetheless, the economic crisis has gradually reached the normalization stage. Of course, this was followed by various economic policies and national sacrifice in addition to the National Basic Living Security Act. Nevertheless, we cannot deny that reinforcing public assistance has strengthened the social safety net. As other speakers said, this has proved that, in terms of the relationship between the economy and the welfare system in Korean history, welfare can be a driving force of the economy. I would like to request Mr. Kim's assessment of this.

General Discussion

Son Youn-suk

As a researcher studying social security legislation, this is a rare opportunity to listen to the views of experts from various countries of the world, and I am honored to be able to participate in such an opportunity. I would like to thank the Korea Legislation Research Institute and ALIN for this opportunity.

Let me provide some personal views on the presentations of each of the speakers, and add a few related questions.

1. Economic Development and Cultural Distinctiveness of East Asian Countries

If the 19th century was the age of Britain and the 20th century was the age of the United States, the 21st century can be thought of as the age of Asia with East Asian countries undergoing rapid economic growth. Many of these East Asian countries share certain similarities such as a shared history under colonial rule, a shared culture that is either directly or indirectly affected by Confucian ideas, and rapid economic growth. Yet, this rapid economic growth has created an extensive dead zone of welfare, and securing the right to live has become an important issue for people in these countries. Therefore, East Asian countries established a significant level of social security in a relatively short period of time compared to the West. Such systems have helped to alleviate social and economic risks.

The recent global economic recession has put the brakes on expanding the social security system. The universal familism of East Asian countries may have contributed to this phenomenon. In that sense, I partially agree to welfare systems in East Asian countries being Confucian and conservative as introduced by Professor Peter Abrahamson.

Moreover, it is noteworthy that these characteristics may show decreasing influence according to economic development, but that Confucian ideas affect social security policies in many East Asian countries, while serving as obstacles to the effectiveness of social security policies.

Yet, I wonder what it would be like to view such tendencies of East Asian countries in terms of familism rather than Confucianism. Of course, the familism of East Asian countries is fundamentally affected by Confucian ideas, but in the modern sense, Confucian ideas can be replaced by familism in many cases.

Familism is generally a) putting family before other communities, b) putting the entire family before individuals within the family, c) perceiving family as the core of tradition, and d) being a type of welfare state.¹⁾ Such familism was a universal phenomenon in all welfare states up until the 1960s. However, since the 1970s, familism weakened in the West, while it was reinforced in Asia. Thus, familism is not a phenomenon unique to Asia only. If Asian countries also follow the West's path of economic growth and expansion of nuclear families, the familism of East Asia will inevitably grow weakened. Accordingly, current social security systems in some East Asian countries may be in a transitional period.

2. About Public Support and Private Support

With the emergence of modern welfare states, securing a life worthy of human dignity has become a national responsibility, as well as a fundamental public right. To secure a life worthy of human dignity, citizens demand certain types of government support, which leads to the issue of the so-called public support. In pre-industrialized Western societies, the responsibility of poverty belonged to individuals, families of individuals or the community. But, in the newly emerged industro-capitalistic economy, the individual was not able to take responsibility for his or her own survival as an independent agent, due to which there emerged the need for society, rather than individuals, to enable the poor to survive. In other words, the intensification of a capitalistic society has led to weaker awareness of self-help. Furthermore, the weakened moral bond between families or relatives has prevented private support from fulfilling its role; thus, the government legislated so that the duty to support family or relatives is not just a moral territory, but a legal system. Based on this phenomenon, private support, which had been originally acknowledged in the West, was not completely eliminated. Rather, by formulating legal regulations on the relationship between private and public support, the system allowed two kinds of support to maintain harmony, which is especially significant in terms of public assistance legislation.

The family affection and awareness of self-help that continued to exist formed a counter-point to private support. Moreover, the government needed to reduce the financial burden that may be caused by excessive enforcement of public support.

In particular, for public assistance legislation, there is the so-called principle of subsidiarity in which the will and life of individuals or a small community are protected from excessive interference of the big social community and their freedom and self-reliance are respected, while also assisting individuals or a small community to resolve issues that are either impossible or difficult to solve by themselves. The principle is generally to give priority to private support over public support. For example, Germany is also defining the principle of subsidiarity as an express provision in implementing social assistance programs (SGB XII Article 2).

1) Emiko Ochiai-Leo Aoi Hosoya, *Transformation of the Intimate and the Public in Asian Modernity*, Leiden: Brill, 2014.

Therefore, the issue in relation to the aforementioned familism is not about giving priority to private support, but about the extent to which private support will be approved. With regard to this, Korea has a National Basic Living Security Act, which is the typical public assistance legislation that limits the obligatory provider as a lineal blood relative of the first degree and his/her spouse, while excluding the spouse of a deceased lineal blood relative of the first degree. When the National Basic Living Security Act was enacted, the obligatory provider was defined as a lineal blood relative and his/her spouse, and blood relative of the second degree, which shows the significant extent of the scope reduction. As such, the goal of this reduction in scope is, superficially, the relief of the people in the dead zone of welfare. Substantially, this reflects significant changes in the concept of family, along with economic or social development which strongly reflects Confucian values. That is, private support is weakened while public support is reinforced. In summary, we can say that Confucian values are somewhat watered down in social security systems, though they are not yet completely extinct.

3. About the Health Insurance System

Medical or health insurance is a target of great attention by the global community in regard to the expansion of the system and the fidelity of security. From this perspective, as introduced by Professor Rangga Dachlan, Indonesia's introduction and implementation of the health insurance system applied to the entire nation seems highly significant in terms of the nation's fundamental right, such as the right of health.

However, in order to properly settle the health insurance system, it is necessary to meet a few preconditions. First, there is the issue of national or corporate awareness on paying the premium. Health insurance is a type of social insurance in which the relevant person or third party pays a certain amount of premium in advance and receives benefits if a specific social risk occurs, and thus applies the principle of solidarity. Therefore, you may not receive medical services corresponding to the premium you have paid (e.g. not falling ill and thus not visiting a hospital) or do not agree to the need for health insurance because you already have private insurance. Even in these cases, citizens or firms must not be hostile to the payment of a premium. Second, it is necessary to secure high-level medical personnel or establish medical infrastructure such as hospitals with suitable facilities so that citizens can faithfully receive medical services through insurance. If they cannot receive sufficient medical services even though they pay the premiums, citizens are bound to raise questions about the effectiveness of the government-led health insurance system, which will make it difficult for the health insurance system to be settled successfully.

With regard to this, Professor Rangga Dachlan suggested modification to the nation's legal system, qualitative improvement in healthcare through cooperation between the government and private medical facilities, an increase in the government's related expenditures, and public cooperation. From this perspective, I would like to hear your views on the current situation and potential for the development of Indonesia.

4. About the Economic Crisis and Welfare Expenditure

The global financial crisis brought the global economy into a long-term slump. During the economic crisis, East Asian countries face difficulties in expanding social security. This has meant that the poor population has fallen into greater financial and social difficulties, while the so-called near-poverty group has fallen or may fall to the poor population. This situation has forced each country to reorganize the social service systems or the labor market, reform the medical sector and pension system, through which the social security system is being reorganized.

The global financial crisis has shifted the financial management of each country to a passive approach, which has greatly affected the social security system that must be inevitably accompanied by finance. As mentioned above, the poor population is suffering the most in this process.

With the steady increase of welfare expenditure in Korea, such as spending 10% of GDP for social welfare in 2010, many scholars admit that Korea has entered the initial stage of a welfare state. But, there are voices that welfare expenditure must be reduced, with the emergence of the theory of excessive welfare due to the long-term economic recession and arguments over whether increased welfare hinders economic growth.

Meanwhile, Western welfare states that spend 30-40% of GDP on social welfare are relatively less affected by the shock of economic recession or financial crisis, which is because large-scale welfare expenditure can maintain demand. From this perspective, there is a clear problem in seeing social welfare expenditure as unproductive and wasteful. Therefore, it seems that there is validity in the argument that, if welfare expenditure is reduced when the country entered economic recession, this country cannot expect to boost its domestic demand or maintain demand, which may in fact extend the economic recession. In particular, in cases like Korea in which the export industry leads the economy, this shall not be seen just as a financial issue. Rather, it is necessary to consider increasing welfare expenditure through securing labor flexibility. The more open the national economy is, the more necessary it is to secure labor flexibility in order to adapt to the world economy. Insufficient welfare expenditure will lead to citizens resisting attempts to increase the flexibility of the labor market.

In conclusion, if the national economy faces an economic recession or a financial crisis, reducing welfare expenditure serves as an obstacle to the economic recovery in the long run. Thus, it seems necessary to gradually increase social expenditure or at least maintain it as it is. I would like to hear the thoughts of the speakers on this.

Furthermore, I would like to know which stance must be taken by East Asian countries with regard to social security in circumstances such as the present long-term economic recession.

Closing Remarks

Dr. Park Kwang Dong
(Senior Research Fellow, KLRI)