

Economic Development and Social Protection in East Asia

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Abstract¹

East Asia's welfare states have evolved over the past forty years from a bare structure with few social security programmes into fairly comprehensive systems. Prior to the crisis of the late 1990s, this development had been premised on two sets of ideas: 'welfare developmentalism' by which social policy is viewed principally as an instrument for economic growth, and Confucian familism, which saw the family as the main site of welfare provision. The weaknesses of this approach, which emphasised narrowly growth-focused state policies combined with a heavy reliance on an out-moded view of the family, were painfully exposed during the economic crisis. In response, many East Asian countries have subsequently strengthened and expanded their welfare provisions.

This paper examines these developments in the social protection systems of East Asia, but it approaches them from the contention that there is a huge variation among East Asian states which is also reflected in their social welfare provision. The region includes countries ranked among the world's wealthiest (Japan with its comprehensive welfare state), and the poorest (e.g. North Korea and Cambodia) with virtually no significant social protection programs. In terms of human development outcomes, UNDP's Human Development Index highlights the huge discrepancies among these countries. In our analysis, this paper will map out an East Asian welfare geography constructed in terms of four key criteria: geographical location, level of income, the rationale of social policy, and the composition of social protection programmes, with an additional dimension being transition from socialist to capitalist market systems.

Building on this East Asian 'welfare geography', the paper will try to answer three main questions. First, will the front-running tiger economies such as Korea, Taiwan and Singapore be able to maintain their development credentials while strengthening their welfare states? Secondly, what institutions of social protection should be chosen for low-income East Asian countries in order to achieve economic development and adequate social protection given policy constraints? Lastly, which policy rationale will transition countries choose for the development of their social protection systems?

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