

Postindustrial Pressures, Political Regime Shifts, and Social Policy Reform in Japan and South Korea

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This article examines how postindustrial pressures and political changes have shaped recent social policy reforms in Japan and South Korea. Postindustrial pressures are categorized into *exogenous* and *endogenous* factors: exogenous being economic globalization and internationalization, endogenous being changing family and gender relations and demographic shifts such as population aging and declining birthrates.¹ I argue that we need to attend more closely to the interactions between postindustrial and political factors to explain social and welfare policies in these countries. The conventional view on East Asian welfare states no longer adequately explains recent social welfare policy changes in the region.

Following a concise review of the traditional theoretical literature on East Asian welfare states and my account as to why we need to move beyond conventional characterizations of East Asian welfare states, particularly the productivist-capitalist view of Japanese and Korean welfare states, the article looks to analyze the various postindustrial pressures confronting welfare states in Japan and Korea. This will be followed by an analysis of social welfare policy reforms in these countries, set against postindustrial changes and shifting political dynamics in the 1990s. The last section will discuss the implications of welfare state reconfiguration in Japan and Korea on East Asian welfare state research.

Welfare State Development in Japan and Korea: Traditional Explanations and How to Go Beyond Them

It has been widely acknowledged that welfare state development in Japan and Korea shares a similar pattern that is qualitatively different from that of Western welfare states and that welfare regimes in these

countries also do not fit in any of Gosta Esping-Andersen's welfare regime models.² What generally sets Japan and Korea apart from many of their European and North American welfare state counterparts is that for most of the postwar era both Japan and Korea were able to maintain sustained economic growth and, at the same time, improve on income and social equality. More precisely, two issues that warrant the Japanese and the Korean welfare states a separate consideration from Western welfare states are, first, that this phenomenon of sustained economic growth with equity has happened under rather conservative political regimes (and, in the case of Korea, under authoritarian military regime); and second, that the increased income and social equality witnessed in these countries cannot be easily accounted for by the size or the generosity of their welfare states (at least as far as the traditional measure such as social security expenditure in relation to GDP is concerned). Up until very recently both Japan and Korea had been under conservative rules. In Japan, the conservative Liberal Democratic Party (LDP) had the continuous rule of the government from 1955 to 1993, when it finally lost its majority in parliament. Korea was under military dictatorship from the end of the Korean War to 1987, when it democratized. Even after 1987, Korea was under relatively conservative rule until 1998, when President Kim Dae-jung took over. It is not difficult to surmise from this that neither the social democratic party representation nor the labor movement had much role to play in Japanese or Korean politics. Yet in both countries, the gap in income equality, as indicated by Gini Coefficient, has narrowed from 1960 to 1990.³ As well, people in Japan and Korea also appear to have very little tolerance for income inequality.⁴ Japan and Korea's postwar record of economic growth with equity therefore cannot be accounted for by the strength of the left political party or by class mobilization efforts, as may be the case for many European welfare states. The fact that these countries are able to manage economic growth with equity under conservative and authoritarian regimes has thus led scholars working on Japan and Korea to seek other explanations, most often in terms of a combination of developmentalist state and the Confucian cultural background.⁵

The traditional theoretical debate of the developmental state in Japan and Korea highlighted the strength of the state in directing and intervening in the country's economic development.⁶ In both Japan and Korea, a strong and interventionist central government staffed by elite bureaucrats was regarded as critical for the state to make consistent and long-term industrial and economic policies. To promote economic and industrial development, the states in these countries applied various

forms of policy interventions, including those aimed at bolstering personal savings, building strong financial markets, promoting investments in capital and R&D, and facilitating various forms of technological transfers.⁷ Moreover, import substitution policies—including high tariffs, import quotas, capital control, and preferential interest and exchange rates for industrial investments—combined with export incentives were also used to achieve rapid economic growth. Close cooperation among politicians, bureaucrats, and the business sector in making industrial and economic policies was also seen as an effective strategy to advancing the state's economic development objectives.⁸ Finally, it has been argued that these governments' early commitment to universal basic education has resulted in a rapid accumulation of human capital, increased productivity, and ultimately positive economic gains.⁹

In addition, many have also argued that underlying the success of Japan's and Korea's developmental states is the pervasive influence of the Confucian tradition. The Confucian principles of filial piety are thought to contribute to a strong familial sense of welfare obligation, particularly in regard to the care of the elderly. These norms, in turn, have helped the state, relieving it of social care responsibilities.¹⁰ At the same time—the universal public education notwithstanding—the Confucian commitment to education has also meant a significant human capital investment by the family.¹¹ Finally, the Confucian teachings of gender-role segregation and women's subordination to men and to the family also underpin the welfare state's reliance on women's unpaid work at home and in the community, thus reinforcing dual labor market policies that privilege male workers and the norm of the male breadwinner household.¹²

In an effort to bring these developmental state features of East Asian countries into the framework of welfare state regimes, Ian Holliday has recently introduced the idea of the productivist welfare regime.¹³ Recasting Japanese and Korean welfare states in terms of the logic of economic productivism, Holliday explains the lack of state effort in social welfare in these countries to the “economy first, redistribution later” policies adopted from the early modern industrial phase. It is argued that social policy was purposefully subordinated to economic and industrial policies and, moreover, was used as an instrument of human capital development, though again largely for economic development purposes. In classifying Japan and Korea as developmental-universalist welfare states within the productivist capitalist world, Holliday thus contends that in these countries minimal social rights were

extended only to those linked to productive sectors in society. Social stratification was shaped by provisions that reinforced the position of productive elements and that the state constitutes the market and families with some universal programs such as health insurance and pension schemes.¹⁴

The productivist welfare state perspective has been useful in describing the nature of East Asian welfare states and in distinguishing these welfare states in relation to Western welfare states. As an explanatory framework, its basic argument closely follows the developmental state logic: the lack of welfare state development in East Asian countries stems from the developmentalist nature of the states in this region. As the primary focus of the state policy is economic development, then social policy and welfare—as with most other policies—will be subsumed by this overwhelming policy objective.

This viewpoint, however, is becoming increasingly challenged by three contending factors in the recent years. First, social policy has become much more political since the 1980s in both Japan and Korea. Although the ruling LDP in Japan has often used social welfare policies as a policy tool to compensate its political opponents and to avert political crises in the postwar era, the significance of social policy and welfare reform as key domestic policy issues has only become evident after the 1980s.¹⁵ Unlike the 1960s and the 1970s, when social welfare policies were developed almost on an ad hoc basis as compensation for the adverse outcomes of the industrial and economic policies (e.g., welfare provisions for victims of environmental hazards, and free health care for the elderly as a social dividend for the “economy-first” industrial policy), in the 1980s and into the 1990s, welfare reform often became the main policy platform for political parties to gain electoral support. Such mainstreaming of social policy is particularly evident after the collapse of the ruling LDP’s dominant position in the parliament in 1993, as political parties openly campaigned on social policy tickets in elections.

Similarly, in Korea, though the democratization process beginning in the late 1980s certainly helped mainstream social policy, political realignments in the 1990s, political reform under the Kim Young Sam regime (1993–1998), and finally the Asian economic crisis of 1997 further pushed social policy toward the center of political debates. By the time political power was transferred to Kim Dae-jung, no political party could survive without addressing social policy issues.

Second, the productivist welfare state argument is also challenged by the expansion of social welfare programs in Japan and Korea in the

1990s, particularly in areas that are *not* normally considered “productive.” If the productivist welfare state logic was to prevail, social policies in these countries should be even more focused on productive sectors of society at the time when economies were weakened. One would also expect further cuts in social welfare and increased emphasis on the family’s welfare responsibilities, as was the case for Japan in the 1980s. In the 1990s, however, the exact opposite dynamics were evident in both countries. Japan and Korea both faced economic crises, but these crises were met by extensions in social welfare rather than retrenchment. What is more, the extensions targeted nonproductive sectors of society such as the elderly, children, and the unemployed. In Japan, social care for the elderly and children expanded under the Gold Plans, the Angel Plans, and the Long-Term Care Insurance (LTCI) program. In Korea, both health care and pension reforms sought to extend coverage to hitherto excluded portions of the population throughout the 1990s. The social contract forged in the wake of the economic crisis of 1997 led to further expansionary reforms in unemployment insurance (more precisely, employment insurance), livelihood protection programs, and family and gender policies, along with a rapid expansion of welfare support for the unemployed, low-income families and women-headed families (e.g., in the reforms of the Basic Livelihood Allowance, Mother-Child Welfare, and the extension of child care and elderly welfare). These extensions of welfare state support are quite odd responses for productivist welfare states, particularly in a time of economic slowdown.

Finally, the new emphasis on gender and family policies in Japan and Korea in the 1990s also runs counter to the idea of Confucian principles that are supposed to underpin welfare state thinking in these countries. In both Japan and Korea a significant aspect of welfare state expansion came in the form of social care, particularly targeted at the elderly and children. In addition, both governments in Korea and Japan have made conscious efforts to address the issue of gender equality. In Japan, the Council for Gender Equality was established in 1996 to advise government ministries about gender issues and to participate in the development of social policies, including pension, tax, and family policy reforms.¹⁶ In Korea, the Ministry of Gender Equality was also established in 1999 to deal with policy issues relating to women and gender.¹⁷ Although there are concerns about the efficacy of these measures,¹⁸ they nevertheless suggest that gender has become an important policy issue and that it makes good political sense to ensure some level of gender equality.

The new pattern of welfare state development does not conform well to the logic of economic productivism. In order to explain these new welfare state trajectories in Japan and Korea during the 1990s, we need to look more closely at the structural and domestic political factors that mediate welfare state reconfiguration in the region.

Structural and Institutional Changes

Economic Globalization

Both Japan and Korea have shared a similar pattern of change in social and economic structures since the 1960s. In Japan, the period of rapid economic growth (with an average annual growth rate of about 10 percent) came about between the mid-1950s and the early 1970s, followed by an economic crisis in 1974–1975, and then more moderate economic growth (approximately 5 percent per year) until the beginning of the 1990s. With the collapse of the bubble economy in the early 1990s, however, Japan's economic performance has remained poor, with economic growth rates averaging 0.6 percent per year throughout that decade. In Korea, rapid economic growth began in the early 1960s under the Park Chung Hee regime (1962–1971). Until the economic crisis in 1997 the Korean economy grew at a steady pace of around 10 percent per year. After the crisis, economic growth in Korea dropped to negative 2 percent in 1998, a huge decline from the 1995 level of 16.7 percent. This decline proved to be relatively short-lived, however. The economy rebounded after 1998, and by 2000 its growth rate had stabilized at around 8 percent (see Table 1).

Despite the difference in the periodization of economic development, both Japan and Korea have faced similar pressures stemming from economic globalization since the 1980s. In both countries, economic and social policies were affected by pressures to internationalize

Table 1 Average Economic Growth in Japan and Korea, 1980–2000 (percent)

| | 1980–1990 | 1990–2000 |
|-------|-----------|-----------|
| Japan | 4.9 | 0.6 |
| Korea | 12.5 | 8.2 |

Source: Japan Institute of Labor, *Economic Data* (Tokyo: JIL, 2003).

market goods, capital, and production, and both countries were influenced by external international agencies such as International Monetary Fund (IMF), the World Trade Organization, and the World Bank in terms of their domestic economies. This was most clear in the case of Korea when it was rescued by the IMF in 1998. The increased liberalization of capital and a more open economy left both the Japanese and Korean economies vulnerable.

In Japan, globalization pressures led to the relaxation of external and internal capital controls, and by the 1990s, a large proportion of company capital investments had moved to other East Asian and Southeast Asian countries, where labor costs were lower. On the domestic front, privatization of state enterprises (e.g., national railways) proceeded under the neoliberal economic regime. In the 1990s, the government made a few attempts to stimulate the slowing economy by injecting public funds into construction and other public works programs while at the same time imposing austerity measures through administrative reforms. None of these attempts succeeded in activating economic growth, and by the end of the decade it had to accept an unemployment rate of more than 5 percent and consequently greater labor market liberalization.¹⁹

In Korea a similar process occurred with the collapse of the Fifth Republic in 1988 and the dismantling of the old economic system that was characterized by import substitution industrial policies of trade protection, strategic state financing to key industrial sectors, *chaebol*-building, and labor repression.²⁰ During the Kim Young Sam regime (1993–1998), a number of attempts were made in areas of financial, labor market, and *chaebol* reforms, but these were either significantly toned down or ended in fiasco in the face of fierce opposition from both labor and conservative factions in the legislature.²¹ The severity of economic crisis in 1997, however, left Korea with little choice but to accept the IMF conditions for its financial bailout. Ironically, this enabled the Kim Dae-jung government to carry out the process of economic and labor market liberalizations that had been initiated by his predecessor a few years earlier.²² The postcrisis economic reforms resulted in one third of the Korea's top thirty business conglomerates closing down while surviving *chaebols* were forced to downsize and restructure. The unemployment rate jumped from 2 percent to 6.8 percent between 1996 and 1998, and poverty rates in urban areas rose from 7 percent to 21 percent during the same period.²³ In both Japan and Korea, income disparities widened during the 1990s. Although Korea and Japan are still two of the more egalitarian countries in the world,

the Gini Coefficient in Korea nevertheless increased from 0.28 to 0.32 between 1996 and 1998, while in Japan it rose from 0.314 in 1981 to 0.364 in 1990.²⁴

In sum, both Japan and Korea came under increased globalization pressures in the 1990s to liberalize markets, which in turn restricted the states' ability to manage economy and sustain full employment. Although Japan was not directly affected by the Asian economic crisis of 1997, the crisis did push back the possibility of economic recovery. As mentioned, in Korea, the economic crisis left the government with little option but to accept the IMF bailout conditions. In both countries, economic and labor market liberalizations resulted in the abandonment of full employment policies, increased unemployment rates, the deregulation of employment markets (labor market flexibility), and growing income disparities.

Demographic Shifts

On the social structural front, Japan and Korea also have experienced similar changes. First, like other industrialized nations, both countries are experiencing rapid demographic aging and fertility decline (see Tables 2 and 3). Although the current level of demographic aging in Korea is comparatively lower than Japan and other countries in the Organization for Economic and Cooperative Development (OECD), demographic projections suggest that the pace of aging in Korea will be much faster than Japan and other OECD countries in coming decades.²⁵ By 2035, the proportion of the elderly in the population in Korea will become more or less equal to that of Japan, about 25 percent. This rapid population aging is largely accounted for by the steady decline in the total fertility rate. In both countries, total fertility rates fell below the replacement level by 1980, and currently they represent two of the lowest fertility rates in the world. Again, Korea's fertility rate is expected

Table 2 Aging Population (percent population over 65), 1980–2020

| | 1980 | 2000 | 2020 |
|-------|------|-------------------|------|
| Japan | 9.1 | 18.5 ^a | 25 |
| Korea | 3.8 | 7.2 | 14.5 |

Sources: Japan Institute of Labour, *Economic Data* (Tokyo: JIL, 2003); Korean National Statistics Office, *Future Household Projection* (Seoul: KNSO, 2003).

Note: a. Japan data from 2002.

Table 3 Total Average Fertility Rate in Japan and Korea, 1960–2003

| | 1960–1965 | 1985–1990 | 1995–2000 | 2003 |
|-------|-----------|-----------|-----------|------|
| Japan | 2.02 | 1.66 | 1.41 | 1.32 |
| Korea | 5.63 | 1.60 | 1.51 | 1.17 |

Sources: Japan Institute of Labour, *Economic Data* (Tokyo: JIL, 2003); Korean National Statistics Office, *Future Household Projection* (Seoul: KNSO, 2003).

to decline at a much faster rate than in Japan. In terms of the demographic shifts, then, Korea will experience a much more rapid change in the next few decades in a compressed time frame.

Changes in Family and Gender Structures

In addition to the demographic changes, the proportion of three or more generation households in Japan and Korea has declined, whereas that of single-person households has increased. These patterns suggest a gradual erosion of “traditional” multigeneration living arrangements wherein elderly people live with their adult children and their families (see Table 4). Indeed, in Korea the proportion of the population aged sixty-five years or more who live with their children declined from 77 percent in 1984 to 56.2 percent in 1997; in Japan it declined from 65.3 percent to 52.2 percent during the same period.²⁶ The “defamilialization” of the family is also evident in the increase in divorce rates and the proportion of single-mother families in Japan and Korea (see Table 5).

Table 4 Family Structures in Japan and Korea, 1980–2000

| | 1980 | 2000 |
|-------------------|------|------|
| Japan | | |
| Nuclear | 60.3 | 58.0 |
| Three+ generation | 16.2 | 10.6 |
| Single person | 18.1 | 24.1 |
| Korea | | |
| Nuclear | 76.8 | 75.0 |
| Three+ generation | 17 | 8.4 |
| Single person | 4.8 | 15.5 |

Sources: Japan Ministry of Health, Welfare, and Labor, *Heisei 13-endo kosei rodo hakusho* [White paper on health, welfare, and labor] (Tokyo: Gyosei, 2001); Korean National Statistics Office, *Future Household Projection* (Seoul: KNSO, 2003).

Table 5 Divorce Rate in Japan and Korea, 1980–2000

| | 1980 | 2000 |
|-------|------|------|
| Japan | 12.2 | 21.0 |
| Korea | 5.9 | 35.9 |

Sources: Japan Ministry of Health and Welfare, *Heisei 13-nendo kosei rodo Hakusho* [White paper on health, welfare, and labor] (Tokyo: Gyosei, 2001); Korean National Statistics Office, *Future Household Projection* (Seoul: KNSO, 2003).

In Japan, the divorce rate doubled between 1980 and 2000; in Korea it increased approximately sixfold during the same period. The change in the divorce rate in Korea is attributed to economic reasons, with a sharp rise in family breakdown after the economic crisis of 1997.²⁷ The Japanese data suggest a bipolar divorce pattern with relatively high divorce rates among newly married couples (those married within five years) and among mature couples (those married for twenty years or more). It has been argued that changes in public attitudes toward divorce, particularly among younger people, combined with the burden of familial care in the case of divorce among older couples, may be behind recent divorce patterns in Japan. The increase in the number and proportion of single-mother families in Japan and Korea also closely parallels the rise in divorce rates (see Table 6). Since unmarried motherhood is still considered socially unacceptable in Japan and Korea, and its incidence is low, the majority of single mothers in these countries tend to be divorced.

Table 6 Proportion of Households Headed by Women in Japan and Korea, 1980–2000

| | 1980 | 2000 |
|---------------|--|---|
| Japan | | |
| Women-headed | N/A | 20.2% of all households |
| Single-mother | 2.9% of all households with dependent children 18 years or less (1975) | 6.1% of all households with dependent children 18 years or less |
| Korea | | |
| Women-headed | 14.7% | 18.5% |
| Single-mother | 26.9% of women-headed households (3.9% of all households) | 30.3% of women-headed households (5.6% of all households) |

Sources: National Institute of Population and Social Security Research, *National Data of Households* (Tokyo: NIPSSR); Korean National Statistics Office, *Future Household Projection* (Seoul: KNSO, 2003).

Finally, employment rates of married women and women's average length of employment have increased since the 1980s in Korea and Japan (see Table 7). In both countries the increase in women's employment has been driven by the expansion of service sector and part-time or contract jobs, as well as by more women pursuing careers and work outside the home. These changes are explained by the rise in women's educational attainment and by shifts in public attitudes toward women and work. Japanese studies attribute the rise in married women's employment to the widening gap between the cost of living (particularly to the increase in the cost of children's education) and the decline in male wages since the mid-1970s. Korean data show a noticeable increase in married women's employment after the economic crisis of 1997.²⁸

It should also be pointed out that even though about half of married women are employed in both Japan and Korea, the majority are engaged in part-time, contract, and other forms of nonstandard work. In fact, the proportion and number of women working as part-timers has increased substantially in recent years. In Korea, the proportion of women holding permanent jobs as a percentage of all working women declined from 27.7 percent in 1996 to 27 percent in 2001, while the proportion of women in temporary and daily jobs increased from 56.2 percent (temporary) and 45.1 percent (daily) to 55.1 percent (temporary) and 52.5 percent (daily) during the same period.²⁹ The Japanese data show that the percentage of women workers engaged in short hour

Table 7 Women's Economic Activity Rate in Japan and Korea, 1960–2000

| | 1960 | 1980 | 2000 |
|---------------|----------------|------|------|
| Japan | | | |
| Women | 45.8 (1975) | 47.6 | 48.2 |
| Married women | 45.2 (1975) | 49.2 | 52.0 |
| Korea | | | |
| Women | 37.0 (1963) | 42.8 | 48.6 |
| Married women | 36.9 (1963) | 40.0 | 47.9 |

Sources: Nihon Fujin Dantai Rengokai, *Fujin Hakusho 1998* [White paper on women 1998] (Tokyo: Harupu, 1999); Korean Women's Development Institute (KWDI), *Statistical Yearbook on Women* (Seoul: KWDI, 2002).

work (i.e., working less than 35 hours per week, in other words, engaged in nonstandard work, including part-time work) increased from 27.9 percent in 1990 to 39.7 percent in 2003. The 2000 survey on women's employment by types of employment shows that slightly less than half (45.2 percent) of women were employed in standard full-time work, while the rest worked in part-time, temporary, or other nonformal types of employment.³⁰

The social policy implications of the changes in family and gender relations are manifold. First, the combination of demographic aging and the maturing of social security schemes in the two countries will inevitably create pressures on their social security systems. This is already the case in Japan. Second, demographic aging and declining fertility will also result in labor shortages in the future. Since immigration is not a popular policy alternative for either Japan or Korea, these countries will have to deal with this problem using different alternatives. Japanese family policymakers, for example, have pursued the option of encouraging employment for women and elderly people, as well as pronatalist solutions to address the issue of labor shortage. Third, demographic aging and low fertility, in the absence of immigration, will eventually result in population decline. In Japan, demographic projections suggest that the Japanese population will decline to half of its current level by the end of the twenty-first century. Fourth, the decline in the multigeneration households and the increase in married women's employment mean that the gap between demand for the elderly care and the availability of unpaid family care will widen. Given the absence of market-provided care in these countries, the Japanese and Korean states will be pressured to address the problem of care for the elderly. Also, the rise in married women's employment and the changing expectations for women's employment imply greater demand for child care as well. In the absence of market provision of child care, the states will also be under pressure to address this social policy issue. Finally, the increase in the number of single mother families and rising poverty rate will also affect gender and income maintenance policies in the two countries.³¹

Social Policy Responses

In both countries, social security expenditures as a percentage of GDP rose sharply during the 1990s. As shown in Table 8, social security expenditures as a proportion of GDP in Japan nearly doubled between

Table 8 Social Security Expenditures as Percentage of GDP in Japan and Korea, 1990–2000

| | 1990 | 2000 |
|-------|------|------|
| Japan | 8.9 | 15.0 |
| Korea | 2.7 | 11.8 |

Sources: National Institute for Population and Social Security Research, *The Cost of Social Security in Japan: FY 2001* (Tokyo: NIPSSR, 2002).

1990 and 2000, a significant difference compared to the 1980s, when social security expenditures stayed unchanged. In Korea, social security expenditures quadrupled, with much of the increase taking place after 1997. In both countries, close to 90 percent of social security expenditures are accounted for by pension and health insurance. However, in both cases expansion in *social welfare spending* was also significant.

In Japan, social welfare expenditures doubled between 1990 and 2000, most of which went to social care provisions such as long-term elderly care and child care. The expenditures for elderly care alone rose from ¥0.57 trillion to ¥3.57 trillion between 1990 and 2000, while expenditures for the support of families and children increased from ¥1.6 trillion to ¥2.74 trillion during the same period.³² In Korea, social welfare expansion is even more striking. Government expenditures for the Employment Insurance program increased from 4.7 million won in 1996 to 306,172 million won in 1999. Spending for child care grew from 41,876 million won to 436,903 million won between 1991 and 2002. Government outlays for elderly welfare rose from 37,861 million won in 1990 to 407,767 million won in 2001.³³

Social Policy Responses in Japan

In Japan expansion in public elderly care began with the introduction of the Gold Plan in 1989.³⁴ Although the plan did result in a significant expansion of publicly funded elderly care, it soon proved insufficient in meeting the needs that already existed. Throughout most of the 1990s, the idea of a “family care crisis” continued to occupy much of the social policy debate in Japan. In 1997 the Long-Term Care Insurance scheme was introduced to replace the Gold Plan. As a universal mandatory social insurance, LTCI shifts care provisions for the elderly from a means-tested public welfare program to one based on the principle of social right. LTCI covers both domiciliary and institutional care ser-

vices for people over 65, and those between 40 and 64 who need care as a result of premature aging. The insurance contributions are compulsory for people over the age of 40. It is publicly funded, with 50 percent of the funding based on insurance revenue and another 50 percent from the general tax. The size of Japan's LTCI expenditure is quite significant. It is about twice as large as that of Germany's LTCI. However, unlike the German model, which is funded strictly by insurance premiums, the Japanese LTCI comes closer to being a universal social care program because it is funded equally by insurance premiums and general tax revenues.

Policies toward families with dependent children in Japan have also benefited from expansionary reforms in the 1990s. The Angel Plan was introduced in 1994 to increase social care and support for families with dependent children. Particularly important is the expansion of public child care. Its targets include increasing the number of public child care spaces for children under two years of age, the number of multifunctional child care centers, spaces for extended hour child care, temporary child care centers, local child-rearing support centers, and after-school programs. Along with the expansion of public child care and family support, the parental leave policy was also introduced in 1994, allowing parents to take up to one year of child care leave. This policy was reinforced in 1998 by adding a 40 percent income replacement for parents taking leave. Since 1996, flexible working hours, child allowance, and other family support and assistance for young families have also been introduced. These reforms have the specific objective of enabling women to harmonize family and work responsibilities. While income replacement for parental leave is funded out of the Employment Insurance program, most other social welfare programs for families such as public child care, support for lone parent families, and child allowances are funded by general tax revenues.

Social Policy Responses in Korea

The Korean welfare state grew steadily until the 1997 crisis. Thereafter, it took a huge expansionary leap. In fact, social security expenditure as a percentage of GDP grew from 2.71 percent in 1990 to 3.69 percent in 1997. It then expanded nearly threefold during the three-year period between 1997 and 2000, to 11.8 percent. Nearly every aspect of Korea's social security system grew. Particularly significant was the reform of the Employment Insurance in 1998 (initially introduced in 1995) which led to a huge expansion of coverage. Although the original Employment

Insurance program promoted job security, job training, and unemployment benefits to workers, the coverage for employment benefits was limited to workplaces with more than thirty employees, while job security and job training programs were available only to those in workplaces with more than seventy employees.³⁵ Moreover, the length of coverage was short, and the amount of coverage varied depending on the individual's age and length of employment. The strict eligibility criteria thus made most workers ineligible for the insurance coverage. Before 1998, only 7.8 percent of the unemployed were eligible for unemployment benefits.³⁶ The Employment Insurance reform of 1998, however, extended benefit coverage to firms with five or more employees. Coverage was later extended to all employees, including part-time government workers. The length of benefit coverage also increased from a maximum of 60 days to 210 days in 2000.³⁷

The Livelihood Protection program, which provides basic income support to the extremely poor, was also reformed in 1998, resulting in the National Basic Livelihood Security Program (NBLSP). As a result of this reform, the number of people covered by the program increased from 1 million to 1.5 million.³⁸ A work-fare component called the self-reliance program was also added to the NBLSP in 1999 to encourage recipients' participation in public works programs, on the one hand, and to provide them with medical assistance, child care and school fees, and counseling services, on the other. In 2001, approximately 46,000 people were involved in the self-reliance program, 70 percent of them women. Half of these women were single middle-aged mothers.³⁹

Similar to Japan, expansion in elderly care and child care is also evident in Korea. First, the Mother-Child Welfare program was introduced in 1999 to provide housing support, job training, and employment and child care assistance to single-mother families. This program was made into the Mother-Father-Child Welfare program in 2002, which now includes single-father families and other working poor families. Second, the Infant-Child Care program (introduced in 1991), which provides public child care for working parents, also expanded during the 1990s. The national budget for child care grew tenfold, from 41.9 billion won in 1991 to 436.9 billion won in 2002. The number of child care centers also increased from 9,085 in 1995 to 22,147 in 2002.⁴⁰ The Maternity Protection Law was introduced in 2001, extending maternity leave to ninety days from sixty, with paid child care leave benefits of 300,000 won per month. Finally, public care provisions for the elderly increased, as illustrated by the increased budget in elderly welfare (introduced in 1981) from 37.9 billion won in 1990 to 407.8 billion won in 2001.⁴¹

Fiscal Considerations

On the fiscal side, there is no doubt that Japanese and Korean people are paying more for the expansion and diversification of social welfare now. For example, the Japanese Household Expenditure Survey shows that the level of direct tax and social insurance burdens as a percentage of total household income increased about twofold between 1973 (8.8 percent) and 1998 (15.8 percent).⁴² In addition to the general rise in the household tax and social insurance burdens, LTCI premiums have been added since 2000 (anywhere from ¥2,500 to ¥4,000 per month per person over the age of forty, depending on the place of residence, in year 2000). In Korea, income and payroll taxes have also increased with the expansion of health care, pension schemes, and social welfare reforms.

However, despite these increases, tax and social security burdens in Japan and Korea are still comparatively lower than in other OECD countries. In both Japan and Korea, social welfare still claims only about 10 percent of the total social security expenditure. This suggests that social welfare itself is not the main contributor of fiscal unsustainability. Rather, the main concerns for these countries, in view of the aging population, are the pension and health care schemes, both of which are under close financial scrutiny. In Japan, disproportionate social security biases in favor of the elderly population are evident. While the Japanese social security system has an overall positive redistributive function (e.g., overall Gini Coefficients before and after adjusting for tax and social security in 1996 were 0.44 and 0.36, respectively), the elderly receive significantly higher transfers than any other social group. For example, the redistributive index for elderly households in 1996 was 172 percent (i.e., the net income of the elderly households increased by 172 percent after adjusting for social security transfers) as compared to 27.4 percent for single-mother families, who represent the lowest income group in Japan. Moreover, the proportion of social security expenditure related to the elderly as percentage of total social security expenditure in 1996 came to 64 percent, more than double the level of 25 percent in 1973.⁴³

The size of the elderly population in Japan has led to a series of pension and health care reforms since the 1980s. For example, in addition to the gradual increase in social security contribution rates introduced in the 1980s, the 2000 pension reform bill will reduce aggregate pension benefits by 20 percent by 2025. This will be achieved by increasing the pension age from sixty to sixty-five, shifting both flat-rate basic benefits and income-related benefits from wage-indexation

to indexation based on the consumer price index (CPI), and introducing a new earnings-test on pensions.⁴⁴ The national pension in Korea is expected to be exhausted by 2040, while national pension payout will amount to 7 percent and health care payout will account for 8 percent of GDP by 2050.⁴⁵ Reforms similar to those recently implemented in Japan are being considered in South Korea as well.

Explaining Social Welfare Reforms in the 1990s

Academic debates on the impact of economic globalization on welfare states can be broadly divided into two opposing camps. One camp argues that globalization constrains the state's capacity to impose macroeconomic policies and thus forces the welfare state to retrench.⁴⁶ This "race to the bottom" perspective shares with the productivist argument the notion that social policies are ultimately trumped by economic growth imperatives. In the opposite camp, however, is the view that as the international economy imposes more constraints on economic policies at home welfare states will be forced to expand in order to compensate for the globalization.⁴⁷

Recent experiences of welfare state responses, however, are too diverse to draw clear conclusions. For example, the experiences of European countries suggest that although globalization may have created constraints on macroeconomic policies, the fundamentals of welfare states remain largely unchanged. This is evidenced by studies showing that although widespread welfare state retrenchments were observed among the coordinated market economies in the 1980s and 1990s, there have been no significant system transformations (except for Great Britain and New Zealand).⁴⁸ As Evelyne Huber and John Stephens point out, welfare state retrenchment in Europe and North America was more likely the result of a variety of factors, including high unemployment, budget deficits, changes in market structure, and conjunctural factors such as German unification in the case of Germany and economic crisis in Sweden.⁴⁹ Globalization cannot be singled out. On the other hand, the experiences of the developing economies suggest a significant impact of globalization on welfare states. For example, in Latin America, globalization has resulted in both economic liberalization and significant welfare state cuts.⁵⁰

The experiences of the Japanese and Korean welfare states in the 1990s suggest a different pattern of responses. In Japan, globalization pressures seem to have resulted in a combination of economic liberal-

ization, fiscal retrenchment, and welfare state expansion in specific areas such as social care. In Korea, both economic liberalization and significant welfare state expansion were observed. In both Japan and Korea, economic globalization seems to have in fact coincided with welfare state expansion, unlike the experiences of European and Latin American countries.

One reason for this may be the inherent weaknesses in enterprise welfare systems under the current neoliberal economic regime. Ho Keun Song argues that in the case of Korea, globalization pressures have made company welfarism simply too costly.⁵¹ As large corporate employers restructured and downsized, the corporate welfare system—characterized by lifetime employment, wage increases, and company-based welfare provisions such as housing and educational support, health and recreational facilities, and support to families—was undermined. Indeed, economic liberalization has forced large corporate employers in Japan and chaebols in Korea to cut back on, and in some cases even abandon, their commitment to corporate welfare. This in turn has forced the states to take on a greater social welfare role. Pressures toward a greater state role in social welfare in response to the decline of company-based welfare has also been anticipated in Japan as well.⁵²

Another explanation for the positive relationship between globalization and welfare expansion, at least in the case of Korea, may be that the economic crisis was so deep that it left the country with very little power to negotiate with the international financial institutions such as IMF and World Bank on the conditions of the financial assistance. As the IMF conditions for financial bailout included significant market liberalization and improvements in the social safety net, the Korean government had little choice but to follow through with the expansion of social programs such as Employment Insurance.⁵³ While this may go some way to explaining welfare state expansion in Korea, globalization alone still cannot explain fully the extent and direction of welfare state expansion. For example, similar bailout conditions were also imposed on other crisis-afflicted Asian countries, such as Thailand, Malaysia, Indonesia, and the Philippines, but none of those countries have made social policy changes as extensive as in Korea. In the case of Japan, the impact of Asian economic crisis was less direct and did not require IMF financial aid. Although the increase in unemployment in the late 1990s may have led to social welfare expansion in Japan, it would have made better sense if the expansion happened in the area of employment insurance instead of social care. On the contrary, many of the income secu-

rity programs such as Employment Insurance and Livelihood Protection faced retrenchment pressures rather than expansion.

In summary, while globalization may have created pressures on the Japanese and Korean welfare states to expand, it cannot adequately explain the magnitude of the expansions or the types of expansions evident in these countries during the 1990s. It is my view that we should therefore look at how factors such as the demographic shifts and the changes in family and gender relations intersect with economic globalization and internationalization, as well as how these factors were in turn shaped by domestic politics and ultimately turned into policy reforms.

Intersecting Postindustrial and Domestic Political Factors

The impact of economic globalization and internationalization in Japan and Korea was not only economic but also ideational. In both countries the image of Western middle-class lifestyles—ranging from church weddings to the notion of modern nuclear family to the idea of well-educated, international, and career-minded men and women—pervades the media as the image of success. Public opinion surveys in both countries show a steady shift toward more egalitarian views regarding marriage, greater expectations about women's employment after marriage and childbirth, less support for strict gender divisions of labor, more support for divorce as a solution for bad marriages, and increased expectations on the government to provide care for the elderly and children. Among the younger generation, these views are reinforced by the decline in the marriage rate for people in their twenties and thirties and the increase in the average age of first marriage, the increased labor market participation rate for women, and overall higher divorce rates.⁵⁴ Korean studies also show that people in their twenties and thirties have much more liberal and egalitarian attitudes toward marriage compared to those in their forties and older.⁵⁵ At a grassroots level, women's groups in Japan and Korea have also used external pressures, such as the Beijing Summit held in 1995, the Beijing+10, and other international mechanisms to lobby their governments to act on gender equality issues.⁵⁶ These strategies have met with varying degrees of success. In both cases the governments institutionalized processes to address gender equality in the policymaking process.

The ideational shifts in these countries are also evident in the more general social policy arena as well. There has been an increasing polarization in ideas and perspectives over issues of human rights, social

welfare, and national security (more specifically vis-à-vis U.S.-Japan security relations and U.S.-Korea security relations) along demographic lines. As Byung-Kook Kim (2003) argues, in the case of Korea, the conflict between the so-called 386 Generation (those in their thirties) and the 5060 Generation (those in their fifties and over) regarding issues of military security and human rights is now becoming a marker of generational transfer on the political front.⁵⁷ The earlier generation of political elites is increasingly challenged by the younger and more contentious generation of progressive political supporters who are less supportive of ongoing U.S. military presence in Korea and more supportive on the North-South reunification issue. Similarly, the gradual dismantling of Japan's "55 regime system" after the end of the Cold War closely coincides with the beginning of a generational transfer of power, particularly as postwar baby boomers begin to replace the older generation of social and political leaders.⁵⁸

It is clear that the Japanese and the Korean governments faced both internal and external pressures to respond to structural changes and ideational shifts. However, structural and ideational changes by themselves may not necessarily lead to policy reform; nor can they determine the direction of the change. Japan is a good case in point. What appears to be structural and ideational changes in favor of more gender equality since the 1980s (e.g., the increase in married women's employment, more egalitarian attitudes toward marriage and gender relations) did not result in welfare expansion. On the contrary, reforms of the 1980s were directed, in the completely opposite direction, toward welfare retrenchment and further cuts in social welfare provisions.

Explaining what seems to be policy reversal to social welfare expansion in the 1990s therefore requires a political explanation. Similarly, despite the attempts at social and economic reform, the Kim Young Sam government in Korea failed to enact such reforms because of conservative and labor opposition. In both Japan and Korea, the politics of the welfare state changed as political regimes and political conditions changed. Policy reforms became possible as regime shifts and new political conditions opened up opportunities for civil society groups and policy bureaucrats. The mechanisms of policy change therefore involve both pressures and imperatives for change from above and below, as well as a political context that enables progressive agents to carry through with their social policy goals. The rest of this section will elaborate on the processes of policy change in each country.

Japan: Political and demographic imperatives + societal mobilization. In Japan, social policy debate in the 1990s was closely informed by the idea of the “crisis of the family,” which was articulated by both government bureaucrats as well as by civil society groups such as women’s groups and groups representing elderly people, though their perspectives were qualitatively different. At the societal level, the crisis of the family began as a reaction to the neoconservative LDP family policy reform of the early 1980s.⁵⁹ The family policy reform was introduced within the context of the Japanese-style welfare society proposal in 1982. The proposal sought to cut social welfare spending by rolling back social welfare benefits such as free medical care for the elderly, the universal child allowance, and the special allowance for single mothers, all of which were introduced in the early 1970s, as well as by reaffirming the family’s (i.e., women’s) social welfare obligations. The reforms were met by widespread public protests, particularly by married women. New women’s groups sprang up across the country in response to the reform, and they continued to protest against the lack of government support in family and elderly care.⁶⁰ For example, women’s groups like the Women’s Association for the Improvement of the Aging Society (Kor-eikashakai wo Yokusuru Josei no Kai)⁶¹ organized itself into a national women’s network and lobbied for public elderly care by undertaking research, publicizing the issue of care crisis, and organizing study tours to examine models of public elderly care in Europe and North America. The idea of the Japanese family as a “caring hell” (*kaigo jigoku*) was one of the powerful messages promoted by women’s groups in the 1980s.⁶² However, despite civil society groups’ advocacy work, little progress was made in the 1980s in the way of social policy reforms.

In the 1990s, however, welfare policy reforms began to proceed quite rapidly and unexpectedly. At the state level, policymakers began to pay much greater attention to structural changes inherent to the challenges of rapid aging, defamilialization, and changes in gender relations. This was reflected by an increase in journal and newspaper articles, government white papers and reports, and academic research on topics related to these issues. Government concerns over structural issues were initially focused on the short- to long-term consequences of demographic aging, such as social security problems associated with the increasing dependency ratio, labor shortages, and the decline in economic growth; however, as the fertility decline became more evident, policy debates also shifted to the issues of women’s employment, family-work tensions, the declining marriage rate, and eventual depopula-

tion.⁶³ The idea of the crisis of the family articulated by women's groups since the 1980s, and framed in terms of the growing care burden for women under the LDP's neoconservative family policy, began to merge with the idea of the crisis of the family as understood by policy bureaucrats in the 1990s as their perspectives shifted toward the issues of women's employment and family-work tensions. Although women's groups and policy bureaucrats had very different ideas about the crisis of the family, the core idea nevertheless allowed them to publicly debate social policy responses to the changes in the demographic and family structures.

Public and policy concerns over the crisis of the family also found new political support from politicians as political regime began to shift in the early 1990s. In 1993, the demise of the LDP's one-party dominance in parliament set the stage for a rapid political realignment and new political dynamics in Japan. As T. J. Pempel notes, the regime shift created conditions that were "ripe for the emergence of political entrepreneurs able to mobilize voters around their increasingly divergent interests."⁶⁴ The first several years after the LDP's electoral defeat in 1993 saw rapid shifts in political alignments as politicians defected from their parties to form new political parties and when new coalitions took turns heading the government. Case studies show that changing political conditions helped facilitate new players, such as interest groups representing women and the elderly and nonprofit organizations (NPOs), to enter the policymaking process.⁶⁵ The shift from LDP rule to coalition governments led to openings for new policy ideas to enter the policy stream. The condition was especially good for social policies related to women and the elderly. The first non-LDP coalition government, headed by the Social Democratic Party of Japan (SDPJ) and Komeito (Clean Government Party), ran on pro-social welfare and pro-women tickets, and they were eager to make policy reforms to register breaks from the history of LDP politics. Public opinion polls also show significant support for and concerns over health and welfare issues related to an aging society.⁶⁶ Under the new political condition, women and the elderly emerged as new constituency groups. Not surprisingly, during the first few years of the new political regime, a number of important family and gender policy reforms were introduced, including the Angel Plan (1994), the proposal for Long-Term Care Insurance (1994), the Parental Leave Law (1994), and the establishment of the Council on Gender Equality (1996).⁶⁷

Introducing reforms such as LTCI and the NPO laws was not only important for the coalition governments; it was also important for

newly formed political parties as well. Parties such as the Democratic Party of Japan (DPJ) sought to make political inroads by staking on new social policy ideas to gain support from new and growing constituency groups, such as women and the elderly.⁶⁸ As electoral support for traditional left-of-center parties like the SDPJ began to waver despite their efforts at courting women voters, the DPJ saw an opportunity to appeal to urban women voters by supporting more gender-equal policies.⁶⁹ The changes in electoral system from the single-district multiseat system to a combined single-district single-seat and proportional representation system also altered political parties' strategies. As Robert Pekkanen notes, new political parties such as Sakigake and the Japan New Party found it advantageous to form close ties with emergent and identifiable voluntary sector groups as a way to mobilize votes effectively under the new electoral system.⁷⁰ In the 1990s, social policy reforms were pushed forward under the condition of new political entrepreneurship as political party realignment continued in Japan.

The political regime shift not only changed the form of political entrepreneurship, it also transformed the nature of civil society activism as well. Civil society mobilization in Japan accelerated significantly in the 1990s. Since the early 1990s, the number of NPOs increased substantially. Moreover, with the introduction of the NPO Law in 1998, which made it easier for voluntary sector groups to attain legal status, the number of NPOs grew even faster. By 1999, there were more than 500,000 registered NPOs, including approximately 85,000 citizens' voluntary organizations (most of which work in the area of social welfare and care services), 26,000 public charity organizations (*koeki hojin*), 12,000 registered nonprofit social welfare organizations (*shakai fukushi hojin*), 70,000 trade unions, 73,000 political associations, and some 184,000 religious organizations—a near tenfold increase since 1989.⁷¹ In addition, 6.96 million people reported participating in volunteer activities in 1999.⁷² Much of the expansion in the volunteer sector has been related to social welfare services. For example, the number of Local Citizens' Support Groups providing domiciliary care services grew from several dozen in the early 1980s to more than 1,000 by 1998.⁷³

During the 1990s many civil society groups also worked to improve their social and political mobilization capacities. For example, by the end of the 1990s the Women's Committee for the Improvement of Aged Society (Koreishakai wo Yokusuru Josei no Kai), had grown into an umbrella association representing more than 1,500 local

groups across the country. The Sawayaka Welfare Association (Sawayaka Fukushi Zaidan) and the Aged Society NGO Association (Korei Shakai NGO Rengo Kyogikai), which only began in the early 1990s, also expanded by developing extensive networks across the country. By 2000, the Sawayaka Welfare Association had trained approximately 6,000 local leaders across the country, had a roster of 1,206 local groups registered in its organizational network, and had more than quadrupled membership since 1993.⁷⁴ At the same time, these organizations also took on an increasingly coherent and vocal policy advocacy role to lobby for improvements in public elderly care, including the LTCI. In turn, government ministries such as the Ministry of Health and Welfare, the Council on Gender Equality, and the Ministry of Interior have all come to rely on these organizations for information and to incorporate the leaders of these organizations in their policy advisory councils.⁷⁵

In sum, the social and political conditions in Japan in the 1990s worked in favor of social policy reforms. The concerns over the crisis of the family came to fore in the 1990s as both civil society groups and government bureaucrats began to articulate need for change. This issue identification was further carried onto political platforms as the political realignments opened spaces for new political entrepreneurship and electoral competition. The political regime shift thus enabled social policy issues to gain greater political importance while underscoring the salience of new political cleavages along gender and demographic lines. Emergent civil society groups representing women and the elderly took advantage of the political openings to enter into government's policymaking process and to establish links with policy bureaucrats and new political parties, ensuring their roles in shaping new reform legislations.

Korea: Economic crises + structural change + political change. In Korea, the link between economic globalization and domestic political dynamics was much more direct. Although the democratic reforms of 1987 began the processes of democratic consolidation and political realignment, it was during the Kim Young Sam regime (1993–1998) that these processes began to intensify. Kim Young Sam initiated a new wave of political reform, including the reinstatement of provincial and local elections, the purging of the Hanahoe, the jailing of his two predecessors, Chun Doo Hwan and Roh Tae Woo, and the broadening of civil liberties.⁷⁶ By and large, Kim Young Sam used civil society sup-

port to push forward his reform agenda against strong resistance from conservative elements within the National Assembly.

Kim Young Sam's reforms were, however, not altogether successful. His efforts to put former military leaders on trial left many in Taegu and North Kyongsang Provinces, the regional base of Kim Young Sam's Democratic Liberal Party, and the previous political leaders since Park Chung Hee deeply suspicious of his moves.⁷⁷ Furthermore, his attempts at labor reform in 1996 turned the unions against the government. They accused Kim Young Sam of being authoritarian.⁷⁸ In short, social and political reforms were initiated, but not in a comprehensive manner under Kim Young Sam's regime. As Byung-Kook Kim and Kyoung-Ryung Seong argue, the degree of democratic institutionalization was still low, and regional cleavages continued to plague the institutionally weak political parties.⁷⁹

The economic crisis of 1997, however, brought a radical change to political conditions. The crisis was so abrupt and severe that it threw the government into chaos. By campaigning on a platform of social policy reform, on the one hand, and modernization and responsibility, on the other, Kim Dae-jung sought to appeal to the middle class, which had become increasingly disillusioned with Kim Young Sam government's failure to take control of the faltering economy. The economic crisis of 1997 and public discontent toward the Kim Young Sam regime thus opened an opportunity for Kim Dae-jung's grassroots party to win support in the 1997 presidential election. Kim Dae-jung's victory was, however, by no means reassuring. On the contrary, his National Congress for New Politics beat out Hannara (Grand National Party, led by Lee Hoi-chang) by a margin of only 1.5 percent of the vote. Kim was also forced to forge an alliance with Kim Jong-pil (of the United Liberal Democrats), a conservative politician closely connected to Park Chung Hee's Yushin regime.⁸⁰ Kim Dae-jung's electoral coalition thus consisted of disparate interests, including the middle class that saw a need for political change, labor unions, women's groups, various civil society groups with social policy mandates, and regionally based supporters. Because of the heterogeneity of his electoral coalition, the Kim Dae-jung government faced significant opposition from both the pro-social welfare and pro-business interests in shaping social policy reforms.

Ironically, for Kim Dae-jung, economic imperatives to implement IMF conditions allowed the government to achieve a two-pronged reform of economic liberalization and welfare state expansion. The Tripartite Commission made up of the government, business, and labor

was far from consensual. However, the Kim Dae-jung government was able to forge concessions from both employers and labor to pursue a mixed strategy of market liberalization supplemented by social welfare expansion.⁸¹ Once the Tripartite Commission agreed on such a strategy, large funds were allocated to social welfare. Employment insurance was reformed to absorb the huge number of laid-off workers who were unable to claim the insurance previously. The National Basic Livelihood Security Law was also reformed in the same year to extend the coverage. Throughout this process, policy contestation continued within President Kim's electoral coalition, primarily between those who supported economic liberalization and those supporting more economic redistribution.⁸²

Byung-Kook Kim attributes two factors to Kim Dae-jung's policy reform success.⁸³ First, he benefited from the legacy of the past policies. Kim Dae-jung was able to benefit from many of the proposed reform policies introduced during the Kim Young Sam regime, such as the labor and chaebol reforms of 1996 and the financial reform proposal of 1997. In the face of economic crisis, the Korean public accepted Kim Dae-jung's "grand compromise," which, ironically, contained similar policy reforms that were rejected a few years earlier. Second, Kim's political persona as an outsider and a progressive leader helped his reform cause. It allowed him to "break from Korea's prevailing model of economic growth" and thus enabled him to carry out radical structural reforms.⁸⁴

In the area of social welfare, the expansion of income support and social care during the Kim Dae-jung era was strongly backed by civil society groups, which had by then become much more broad-based and had shifted their mandates to more populist concerns such as the urban poor, disabled, elderly, homeless, unemployed, and women.⁸⁵ The related notions of a prevailing family crisis and women as victims of the economic crisis were also evident after 1998. Policy debates on the elderly and child care expansion in Korea since 1998 mirrored closely the debates in Japan. The debates were also pushed by civil society groups and policy bureaucrats. For example, despite the fact that Korea is still demographically young (see Table 2), policy concerns over demographic aging, driven by the argument that the speed of aging in Korea will surpass all other industrialized nations, made the demographic aging and low fertility a priority in the government's social policy agenda.⁸⁶ This is so much the case that the proposal to introduce an LTCI scheme in 2006 (also based on the Japanese model) is currently being developed by the Ministry of Health and Welfare.⁸⁷ At the same

time, feminist scholars and women's groups have broadened their policy focus from unemployment to the changes in household structure and the increase in low-income, women-headed households.⁸⁸

Much of the recent family and gender policy reforms have been informed by demographic shifts and changes in family and gender relations. For example, Hye-Kyung Lee found that women were particularly hard-hit by the economic crisis, evidenced by the fact that two-thirds of the poor and four-fifths of the poor elderly were women.⁸⁹ Government studies also show the adverse implications of "dismantled families" not only in terms of financial difficulties but also in relation to problems associated with child rearing, care giving, and emotional status.⁹⁰ Finally, the combination of changes in household structures (e.g., the decline in the proportion of multigeneration households and the increase in the proportion of single-person households) and the rise in married women's employment rate during the 1990s have been highlighted as possible factors behind the shortage of elderly care.⁹¹

These policy issues are pushed forward partly as a result of a feminist discourse within and outside of government institutions. Starting with the Kim Young Sam regime, there has been a noticeable movement of civil society leaders into political parties and government, as civil leaders are being recruited to run political offices and to join government agencies. During the Kim Dae-jung regime, many feminist leaders were recruited into the government, particularly into the Korean Women's Development Institute and the newly created Ministry of Gender Equality. As Kyoung-Ryung Seong points out, in Korea, vertical cooptation of civil society leaders has, instead of depriving the civil society of leadership and resources, served to enhance greater communication and coherence in social policymaking.⁹²

In summary, in both Japan and Korea domestic political dynamics have been a crucial factor in shaping social policy reforms in the 1990s. In both countries, political realignments resulted in new patterns of political entrepreneurship centered on the issue of social policy. While postindustrial pressures such as economic globalization, demographic shifts, and changes in gender relations have greatly informed and shaped policy debates in these countries, the mechanism of policy reform has involved changes in domestic politics. In the case of Japan, the political realignment resulting from the end of the LDP's dominant one-party rule in 1993 created openings for policy innovations, which in turn allowed new civil society groups to enter into the policymaking arena. In Korea, the 1997 economic crisis stimulated the process of

political realignment and enabled the Kim Dae-jung government to proceed with structural reforms involving economic liberalization and welfare expansion, reforms his predecessor was unable to achieve.

Conclusion

While the productivist welfare state and developmental state perspectives on East Asian welfarism have provided important insights to social policy developments in Japan and Korea, they now face challenges in explaining the more recent changes in these two countries. In this article I have argued that the Japanese and the Korean welfare states have moved beyond the stage of productivism and developmentalism, and therefore a more careful examination of the postindustrial pressures confronting these welfare states and how they intersect with domestic politics is now necessary. Postindustrial pressures such as economic globalization and internationalization, demographic shifts, and changes in family and gender relations have been important factors contributing to social policy reforms in Japan and Korea in the recent years. However, while these factors are important, domestic political dynamics have also played a decisive role in shaping the direction and processes of social policy reform. A more complete explanation of social policy reform in Japan and Korea therefore requires a more precise mapping of the mechanisms by which these postindustrial pressures are put forward, first as policy ideas, and then translated into policy reforms. In other words, we need to pay more attention to the politics and the political actors that shape the processes of social policymaking.

Though social policy development in Japan and Korea in the 1990s defies, in many ways, the developmental state logic, we also need to be careful not to reject the idea totally out of hand. Rather, there is still some merit to thinking in terms of the economic productivism logic. It is possible that what we see here may be a reorientation of the productivist logic under different political and structural conditions rather than a turnaround from the productivist logic. It could be that social policies are no longer seen as being subjugated to economic and industrial policies, but instead are emerging as an important policy sector. The shifts in economic and political conditions in the 1990s are forcing politicians and policymakers to take social policy more seriously, and as a result, there has been a decoupling of social policy from economic policy. 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. In Japan, expansion of social care may be pushed by demands from women, but it is also promoted by the state as a strategy to enable women to participate in the labor market and to develop new markets. As social care policies such as the LTCI and expansion of public child care enable further the commodification of care and personal services that were hitherto uncommodified, social care may be a social policy answer to market development in the new economy.

How different is such logic from the logic of economic productivism? In two subtle ways. First, it suggests a shift in the state's interest from protecting what used to be considered the "productive" sector to facilitating the productivity of the marginal sectors. In other words, new social policy is no longer exclusively focused on protecting and privileging the traditional productive sectors (i.e., male breadwinners in core industries) and instead paying more attention to facilitating the productivity of the sectors that have been at the margins (e.g., care, services, and women), considered to be nonproductive. Second, underlying this conceptual shift is the understanding that the particularistic welfare system that was associated with postwar Japanese and Korean welfare states—providing vertically divided and formal employment-based social benefits to core workers—is no longer efficient. As the financial reforms in Korea and Japan have made clear the intrinsic inefficiencies of large conglomerate enterprises under new globalized economic conditions, the very appeal of company welfarism and the support for protecting conglomerate enterprises at the expense of others have also began to wane. The state is therefore left with little option but to expand its social welfare role. In summary, the move toward a more inclusive social policy may in fact make economic productivist sense.

By arguing for a more sociopolitical approach to explaining welfare state changes in Japan and Korea, this article seeks to go beyond current characterizations of East Asian welfare states, which not only provide a static representation of social policies in the region but also tend to rely on arguments about Asia's cultural uniqueness. While regime characterization is important for mapping out and comparing different welfare states, the process of categorizing needs to involve more in-depth analyses of ongoing changes, irreconcilable contradictions, and new developments. Thus, bringing in a sociopolitical approach for explaining recent changes in Japan and Korea is even more important, because it allows us to extend the parameters by which we do comparisons within Asia and beyond East Asia. To be sure, the postindustrial pressures and the dynamics of political change identified in this article are common challenges faced by all industrialized coun-

tries. Thus, understanding Japan and Korea's current social policy responses, and explicating the reasons for these responses, can very well lead to useful insights into the changing politics of welfare state reform in the West.

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Notes

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Occasional Paper No. 9 (Detroit, Mich: Wayne State University, College of Urban, Labor, and Metropolitan Affairs, February 2003); Joyce Gelb, *Gender Policies in Japan and the United States: Comparing Women's Movements, Rights, and Politics* (New York: Palgrave Macmillan, 2003); also interviews with: Mari Osawa, member of the Gender Equality Commission and the Pension Reform Advisory Council, February 17, 2004; Yumiko Jozuka, director of the Gender Impact Assessment and Evaluation, Gender Equality Bureau, Cabinet Office, Japan, February 20, 2004; Chieko Akaishi, codirector of Femin-Women's Democratic Club, a national women's organization in Tokyo, February 24, 2004.

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25. The current OECD average is approximately 12 percent.

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30. Ministry of Health, Welfare, and Labour, *Heisei 14-nendo josei rodo hakusho* [White paper on women and work 2002] (Tokyo: Gyosei, 2002).

31. Aya Ezawa and Chisa Fujiwara, "Lone Mothers and Welfare-to-Work Policies in Japan and the United States: Towards an Alternative." Paper presented at the annual conference of ISA Research Committee No. 19, University of Toronto, August 21–24, 2003, Toronto; Lee and Park, "Families in Transition and the Family Welfare Policies in Korea"; Mirin Sung, "Women Reconciling Paid and Unpaid Work."

32. National Institute of Population and Social Science Research of Japan (NIPSSR), *The Cost of Social Security in Japan: FY 2001* (Tokyo: NIPSSR, 2002).

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34. Some of the examples of service expansion under the Gold Plan were the increase in the numbers of home helpers from 31,400 to 170,000, day services for the elderly from 4,300 to 17,000, beds in short stay centers from 1,000 to 60,000, and elderly health care institutions from 28,000 to 280,000 over the ten-year period from 1989 to 1999.

35. Kwon, "Globalization, Unemployment, and Policy Responses in Korea: Repositioning the State?" p. 225.

36. Ibid.

37. Lee and Park, "Families in Transition and the Family Welfare Policies in Korea."

38. Ibid.

39. Ibid., p. 16.

40. Ibid. Not surprisingly, the percentage of children under six attending child care increased from 7.4 percent to 21.5 percent between 1995 and 2002 (ibid.).

41. Ibid.

42. Ministry of Health and Welfare, *Heisei 11-nendo Shotoku Saibunpai Chosa* (Income Redistribution Survey 1999). Direct tax and social insurance burden = [employment-related income tax + resident (local) tax + other taxes such as property and capital gains tax] + [national and employee pensions and health care insurance]. Also, the Household Expenditure Survey only looks at employee households and therefore does not include nonemployee households in the calculation. The figure for tax and social insurance burden, if nonemployee households are included, comes to 20 percent for 1998 (Ministry of Health and Welfare, *Heisei 11-nendo Shotoku Saibunpai Chosa* (Income Redistribution Survey 1999).

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54. Ministry of Health and Welfare of Japan, *Heisei 9-nendo Kosei Hakusho* [White paper on health and welfare 1997] (Tokyo: Gyosei, 1997).

55. Whasoon Byun, KyungLee Baek, and Hyunju Kim, "A Study on the Changes in the Korean Family and the Role and Status of Females," *Women's Studies Forum* 18 (2002).

56. Osawa, "Japanese Government Approaches to Gender Equality Since the Mid-1990s."

57. Byung-Kook Kim, "The U.S.–South Korea Alliance: Anti-American Challenges," *Journal of East Asian Studies* 3, no. 2 (2003): 225–258, 234–236.

58. The 55 regime system (55-nedo taisei) refers to the postwar social and political consensus formed under the LDP regime since 1955.

59. Ito Peng, "Japan: The Interaction of Gender and Demography in a Low-Birth Rate and Aging Society." In Rianne Mahon and Sonya Michel, eds., *Child Care at the Crossroads: Gender, Entitlements, and Welfare State Restructuring* (New York: Routledge, 2002), pp. 31–56; Osawa, "Japanese Government Approaches to Gender Equality Since the Mid-1990s."

60. Keiko Higuchi, "Kaigo no Shakai-ka wo Koshite Susumeta" [How we promoted socialization of care]. In Keiko Higuchi, ed., *Chiiki de Miru, Minna de Mitoru: Joseiga Susumeru Kaigo no Shakaika* (Everyone in the community takes care of the elderly: women promoting socialization of care) (Kyoto: Minerva Shobo, 1997), pp. 136–170; Peng, "Japan"; Ito Peng, "Social Care in

Crisis: Gender, Demography, and Welfare State Restructuring in Japan,” *Social Politics* 9, no. 3 (2002).

61. This organization later changed its name to *Koreishakai wo Yokusuru Josei no Kai* (Women’s Association for the Improvement of the Aged Society) in 1996 when the proportion of people over the age of sixty-five reached 14 percent.

62. Higuchi, “Kaigo no Shakai-ka wo Koshite Susumeta” (How we promoted socialization of care); *Koreika Shakai wo Yokusuru Josei no Kai*, ed., *Tomodaore ka Tomodachi Shakai he* (Together we all collapse or together we support together) (Tokyo: Akashi Shoten, 1998); Nihon Fujin Dantai Rengokai (NFDR; Association of Women’s Organization of Japan), *Josei Hakusho, 2001* [White paper on women 2001] (Tokyo: Horupu, 2001); NFDR, *Josei Hakusho, 1997* [White Paper on Women 1997] (Tokyo: Horupu, 1997).

63. See., e.g., Ministry of Health and Welfare reports cited above (1997, 1999).

64. T. J. Pempel, *Regime Shift: Comparative Dynamics of the Japanese Political Economy* (Ithaca: Cornell University Press, 1998), p. 360.

65. In Japan, most voluntary sector organizations and NGOs are referred to as NPOs. For further discussion on roles of NPOs in social policymaking process, see Mikiko Murase-Eto, “Public Involvement in Social Policy Reform: Seen from the Perspective of Japan’s Elderly-Care Insurance Scheme,” *Journal of Social Policy* 30, no. 1 (2001): 17–36; Robert Pekkanen, “Japan’s New Politics: The Case of the NPO Law,” *Journal of Japanese Studies*, 26, no. 1 (2000): 111–148; Peng, “Social Care in Crisis.”

66. Public opinion polls show that next to economic recovery, social welfare—particularly the welfare for the aged—was the top concern for people over the age of twenty. The same surveys also show that public mistrust in politicians, bureaucrats, and their governments soared to over 80 percent in 1992 and remained there for the rest of the 1990s (Mainichi Shimbun National Opinion Surveys, 1992–2000). The PMO’s own public opinion survey conducted in May 1994 also found that social welfare and elderly care issues outweighed all over issues, including economy. For example, in the multiple answer question asking respondents what they wish the government to put its effort, 61 percent stated improved health care, social welfare, and pension systems, 47 percent put down care for the elderly and disabled, 44.7 percent stated better tax system, and 37.6 percent put down better economic policies Prime Minister’s Office, *Seron Chosa* [Public Opinion Polls] (Tokyo: PMO, 1994).

67. The LTCI was legislated in 1997.

68. Democratic Party of Japan, *Tayona Lifestyle wo Ikiru Jidai no Jiritsu to Anshin no Seisaku* [Policies for independence and security in the age of different lifestyles] (Tokyo: Minshuto Seisaku Chosa Kai, 2002). Interview with Mari Osawa, member of Gender Equal Society Commission, February 16, 2004.

69. In fact, SDPJ became the first political party to have a woman leader, Doi Takako, in 1986. Other parties also attempted to capitalize on the proportional representation system by fielding more women candidates working on

social welfare and women's issues in order to increase their electoral chances. This strategy seems to have worked well as the 1996 election saw a significant increase in female candidates, and the 2001 election resulted in a big increase in the number of women elected to the Diets. For discussion on the Democratic Party's position on women, see Tokuko Ogai, "Japanese Women and Political Institution," *PS, Political Science and Politics* (June 2001): 207–210; Democratic Party of Japan, *Tayona lifestyle wo ikiru jidai no jiritsu to anshin no seisaku* [Policies for independence and security in the age of different lifestyles]. Also interview with Mari Osawa, member of Gender Equal Society Commission, February 16, 2004.

70. Pekkanen, "Japan's New Politics: The Case of the NPO Law."

71. Yasuo Takao, "The Rise of the 'Third Sector' in Japan," *Asian Survey* 41, no. 2 (2001): 290–309, 293–294.

72. Ministry of Health and Welfare, *Heisei 12-nendo kosei hakusho* [White paper on health and welfare 2000] (Tokyo: Gyosei, 2000). The same report shows that nearly 80 percent of the volunteers were women, and approximately three-quarters of them were over the age of fifty.

73. Shigeshi Adachi, *Shimin Fukushi no Shakaigaku: Koreika, Fukushi Kaikaku, NPO* [Sociology of citizen welfare: demographic aging, welfare reforms, and NPO] (Tokyo: Harvest, 1998).

74. Sawayaka Fukushi Zaidan, *Sah, Iou!* [Now let's speak out!], Newsletter of Sawayaka Fukushi Zaidan (PR version), 2001.

75. Interviews with Masuda Masanobu, head of Policy and Research Bureau, Ministry of Health and Welfare, who was the ministry staff in charge of the Advisory Council for Long-Term Care Insurance, November 27, 2001; Takenaka Emiko and Yamada Keiko, president and vice president of the *Koreishakai wo Yokusuru Josei no Kai*, Osaka chapter, November 11, 2001; discussions at the symposium "How to Live in an Aged Society," sponsored by Ministry of Municipal Affairs, Mitsui-Sumitomo Kaijo Fukushi Zaidan, and Japan Ageing Sogo Kenkyu Center, Tokyo; and conversation with Hotta Tsutomu, president, Sawayaka Fukushi Zaidan, October 6, 2001.

76. Translated as "The Society of One"; Hanahoe was a major pillar of Korea's authoritarian rule prior to 1987. See Kim, "The Politics of Crisis and a Crisis of Politics," pp. 53–56.

77. *Ibid.*

78. Kyoung-Ryung Seong, "Civil Society and Democratic Consolidation in South Korea: Great Achievements and Remaining Problems." In Larry Diamond and Byung-Kook Kim, eds., *Consolidating Democracy in South Korea* (Boulder: Lynne Rienner, 2000), pp. 87–110.

79. Byung-Kook Kim, "The Politics of Crisis and a Crisis of Politics"; and "Party Politics in South Korea's Democracy"; Seong, "Civil Society and Democratic Consolidation in South Korea."

80. Kim, "The Politics of Crisis and a Crisis of Politics."

81. The Korean won collapsed and was devalued by half, the interest rate rose to 22 percent in July 1998, business bankruptcies continued, unemployment soared to 9 percent in July 1998, and urban poverty rate rose to 21 percent.

82. Song, "The Birth of a Welfare State in Korea."
83. Kim, "Party Politics in South Korea's Democracy."
84. Ibid.
85. Seong, "Civil Society and Democratic Consolidation in South Korea."
86. Interview with the Dr. Kyung Tae Moon, deputy minister of Health and Welfare, November 21, 2003.
87. Byongho Tchoe, "Long-Term Care Policy for the Elderly in Korea." Paper presented at the Canada-Korea Social Policy Research Symposium, Seoul, November 22–23, 2003.
88. Lee and Park, "Families in Transition and the Family Welfare Policies in Korea."
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91. Mirin Sung, "Women Reconciling Paid and Unpaid Work"; Lee and Park, "Families in Transition and the Family Welfare Policies in Korea"; Korean Institute for Health and Social Affairs (KIHASA) & Ministry of Health and Welfare, *Survey of Long-Term Care Needs and Policy*, Research Report (Seoul: KIHASA & MOHW, 2001); Yeong-Ran Park and J. I. Hwang, *A Study on the Situation of Women's Poverty and the Effectiveness of National Minimum Livelihood Survey System* (Seoul: KWDI, 2002).
92. Seong, "Civil Society and Democratic Consolidation in South Korea."

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