

Diverse histories, shared social issues: the Australian and Korean welfare states

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Introduction

As recognised by social policy scholars, social policy in Korea¹ is a relatively new field of governance and practice (Chang-sik & Shaw, 2003; Huck-Ju, 1997; Sung, 2003). Owing to its relatively recent industrialisation, democratisation and consequent dramatic changes in demography and society (Lee, 1999, 2004; Chang, 2004), the state of the Republic of Korea has recently turned its attention to some core social problems and democratically driven demands to which most Western industrialised states have had to develop responses for over a century.

Australia, in its short history as a sovereign nation, has had a much longer engagement with social policy than has Korea. There are both similarities and contradictions that emerge when one compares Australia with Korea and this poses challenges to finding suitable theoretical approaches to understanding the countries' comparative responses to demographic change and policy developments. There is strong appeal for policy makers to examine different ways of addressing core social problems such as those that emerge with each generation in post-industrial states; however, can these policy responses be easily reconciled given diverse cultural and historical contexts? In one sense the trajectories and initial political cultures for the two social policy regimes are almost contrary to one another. Australia, with its 'wage-earner welfare state' (Castles, 1985) model, emerging from an egalitarian political culture, its more recent

¹ For simplicity's sake, throughout this book South Korea, or the Republic of Korea, will be referred to as Korea.

responses to its marginalised Indigenous population and the current turn toward a neo-liberal governance model, is distinctive. It bears little similarity to Korea's rapid transition from an agrarian to an industrial market under totalitarian regimes and subsequent democratisation, and a 'productivist' welfare response to social needs currently reflected in the modern Korean welfare state. However, given the widespread impact of globalisation on modern industrialised democratic states, the generally accepted 'crisis' of the traditional welfare state and the key generational problems both countries are experiencing, there are some similarities.

The chapters of this book focus on the search for new ideas on how to address core social policy issues such as: the social support needs of an ageing population; support for intergenerational care; young people and the Internet; public health care and population policies. These issues are of deep interest to policy-makers and government and community leaders in both countries. The ideas presented in this book are some of the ideas that will determine the nature and quality of the future in Australia and Korea.

As a more established welfare state, Australia offers tested ways of addressing social needs and problems. There has been a great deal of interest from Korea's government and non-government organisations (NGOs) in some of the models of delivery of social services in Australia, particularly in the fields of aged care, health and children (Phillips & Jang, 2005). This interest is partly based on a need to look beyond the United States and Europe for ideas about how to address the consequences of late industrialisation, but may also be due to a conception of the Australian model as an efficient and effective welfare state. However, in the past decade or so, many welfare state scholars in Australia consider recent changes and trends in the Australian situation to be bleak and regressive (Saunders, 2002; Mendes, 2003; Jamrozik, 2005; McClelland & Smyth, 2006). Therefore, in regard to social policy developments, in a broad sense, Australia and Korea are heading in opposite directions. The Korean

government is seeking to build a more effective set of policies to improve the social protection of its citizens as a direct result of its ever-strengthening democracy, whilst the current Australian Government, which has been in power for nearly 10 years, has embarked on a program of dismantling or weakening its social protection functions as it pursues an ever more efficient, individualistic, market-driven model of 'enabling' welfare.

As an interdisciplinary set of writings the chapters have no single theoretical or political position as each author brings his or her own perspectives to their areas of expertise. Although the welfare state is not an explicitly *stated* interest in the following chapters of this book, it is hoped that this chapter will provide a framework for viewing the different countries' formal approaches to managing social problems. This chapter explores the distinct welfare state developments in Australia and Korea as a way of painting a political and social backdrop for the ensuing discussions by authors from both countries.

Defining the welfare state

The idea of the welfare state is complex, often contested and can be viewed or analysed from a range of perspectives. Jamrozik observes that social welfare "implies a set of provisions and mechanisms designed to ensure a certain standard of living for a country's population, especially delivering for those who, for whatever reason, are unable to provide such conditions by themselves and need assistance from society" (2005: 2). Jamrozik also draws attention to broader political understandings such as Jens Alber's (1985) idea of the welfare state as "a polity in which state responsibilities extend beyond the mere maintenance of internal order and external security to a public responsibility for the wellbeing of citizens" and that it can be viewed as indicative of an affluent society in which the state strives for economic growth as a solution to wellbeing, or indeed for intervention into the economy to ensure more equal distribution of the benefits of economic growth (as cited in Jamrozik, 2005: 3).

The redistributive role of the welfare state has also been highlighted in the context of globalisation due to an increasing need for the state to act as a buffer to protect its citizens from the negative effects of global capitalism and to ameliorate the effects of the globally integrated domestic free-market economy. It is also at this nexus that welfare states have been most affected and consequently restructured and redefined. This is clearly the case with the contemporary Australian welfare state and, in the Korean context, is the environment in which its welfare state model has been formulated.

Comparative welfare state studies have drawn heavily on the work of Esping-Anderson's (1990) influential typology outlined in his 'three regimes theory', which divides established welfare states into liberal, corporatist or social democratic models. However, due to the effects of globalisation, as well as 'the welfare state crisis' and the growth of welfare states in Asia, this is now viewed as a dated model. Esping-Anderson has acknowledged, in later work, that the three regimes theory is no longer sufficient to cover the changes to the welfare state in the late 20th and early 21st century world. The idea of a 'crisis of the welfare state' is pervasive and is linked to three key factors: trade-offs between egalitarianism and employment, the narrowing effect of globalisation on domestic social policy choice, and the global phenomenon of the ageing population (Esping-Anderson, 1996: 2). Many commentators (Esping-Anderson, 1996; Jamrozik, 2005; McMahon et al, 1996) believe that the crisis of the welfare state is linked to market failure – as many as those who attribute it to welfare state failure in terms of achieving overall social wellbeing. What is overwhelmingly agreed upon, is that the dominance of neo-liberalism and free market economics has meant that most welfare states are suffering under processes of deregulation, privatisation and residualism (or safety net welfare). As demonstrated in the current Australian context, neo-liberalism brings a strong ideological position that promotes anti-dependency and a highly individualist social view and it strives for minimal state

intervention in the lives of families and individuals, preferring the family or civil society organisations to be the central providers of welfare or well-being. This shift has led Jamrozik to develop the notion of the 'post-welfare state' which, as a minimalist state, provides minimum income support rather than act in a redistributive way and to actively encourage inequality by basing social policy on a philosophy of competition (2005: 10–11). It also reflects a shift away from a citizenship rights-based model of welfare to one that delineates between the deserving and undeserving recipient of state support or social protection.

Crucial, and importantly linked to the social, political and economic conditions of the rapidly emergent Korean welfare state, are the links between democracy and redistribution. Jamrozik observes that, "social policy in the welfare state meant the application of democratic values and principles of equality and fairness to the decisions of governments on the allocation of resources through redistribution of the economic surplus generated in the economy" (2005: 11). This democratic process is about managing the economy, not necessarily intervening in market mechanisms, a view that is often a key economic argument against state expenditure or wealth redistribution. For Jamrozik, a properly functioning welfare state has both a 'facilitating' or enabling function and a 'maintaining' or controlling function so that it works to facilitate economic growth whilst protecting its citizens against the ill effects of disadvantage or inequality (2005: 12).

In his recent reflections on the future of the welfare state, Esping-Anderson observes that it is important for the welfare state to be viewed as a social investment, not an economic cost to the state (2002: 9). He also proposes that in considering a new welfare state model for the future, there are key social policy commitments that must underlie such a structure. These include the specific value of investing in families as a means of ensuring the productive contribution of children in the future, and gender equity policies that should not be regarded as simply 'a

concession to women's claims' but as a means of addressing national fertility, childhood poverty and future labour shortages, crucial aspects of 'any positive post-industrial equilibrium' (Esping-Anderson, 2002: 10). He also raises concerns about the key generational issue of ageing and emphasises the need for "*intergenerational equity* (a fair distribution of the costs of future retirement between workers and retirees) and *intergenerational justice* (safeguarding the welfare of the weakest, both in working life and in retirement)" (2002: 24). However Esping-Anderson also warns against applying a single design to diverse welfare systems even though most face similar social problems (2002: 25). Although Esping-Anderson's and his colleagues' project of anticipating the needs of a new type of welfare state has a primarily European focus, it offers important reflections on the future of all welfare states and the remarkably similar pressures that all welfare states are facing.

The Australian welfare state

The historical origins of Australia's welfare state are related to the federation in 1901 of its separate colonies as states under a national government that became responsible for gathering income tax. Beginning with a means-tested national pension scheme that was funded out of general revenue in 1908, national social policy grew gradually, responding to major social and economic events and changes such as Australia's participation in World War Two. There was a peak in social policy development between 1941 and 1949, when basic legislative and service components were introduced. During this time poverty was recognised as a key problem and the government introduced core social security payments such as child endowment; funeral benefits for deceased pensioners; some maternity allowances; widow's pensions and unemployment, sickness and pharmaceutical benefits. The second peak of social policy development was in the 1970s, responding to strong women's and labour movements and a social democratic ideal of the welfare state. The Labor

government of the time introduced radical initiatives such as universal health care, free tertiary education, Indigenous self-determination strategies, sole parents benefits and funding for women's policy and child care. Since then, there have been sweeping changes and consolidations based on which political party has been in power, but external factors associated with globalisation have driven a universal tendency toward an economic rationalist approach to social policy.

Many Australian social welfare researchers (Jamrozik, 2005; Mendes, 2003; Pusey, 2003; Saunders, 2002) are critical of the current directions of Australian social policy. There is broad agreement that there has been a dramatic increase in inequality and that the punitive nature of recent welfare reforms is creating an underclass of the most disadvantaged. Within what is described in Australia as a 'left wing' and 'right wing' political divide, however, there are some researchers who still identify with a right wing position, promoting the value of increased marketisation of welfare and advising on the direction of the current government's welfare reforms (Saunders & Tsumori, 2002).

Historically, Australia's welfare state is based on egalitarianism. This was due to its direct link to the establishment of a basic wage as a measure of social security benefits, and its focus on promoting full employment and a relatively low number of 'working poor' (Mendes, 2003: 27). Under the short but dramatic reign of the Whitlam Labor government (1973–75) and during the years of the Hawke and Keating Labor governments (1983–96), it had also maintained some key functions of a more redistributive or social democratic model. These were the nationally state funded old age, unemployment, disability and sole parent pensions/benefits, free public school education and a national state-provided health care system, Medicare. The Australian electorate has shown in successive general elections that it considers these social policy objectives as pillars of the Australian welfare state and characteristic of our 'fair go' society; and, as Michael Pusey's research found, many

Australians did not want to 'end up like America' (2003: 182). A factor reflecting how we might end up like America, is evident in the increase in poverty due to the steady erosion of our protective wages system, our health system, our education system and our general recognition of the role of welfare. Under the Howard Coalition government the sense of egalitarianism appears to be giving way to a purer liberal welfare state model. There is a sense in the Australian community that the nation's closer economic, political and security ties to the USA are also bringing closer alignment in approaches to welfare provision, often viewed as a highly divided rich/poor social model.

Current welfare services expenditure² in Australia is 2.3 per cent of GDP or, based on 2003 data, \$17.1 billion, which is average within the OECD countries. Of this total, \$11.9 billion was funded by sources within the government sector and the remaining \$5.2 billion by non-government sources (AIHW, 2005: 4). However, Australia's historically strong and effective welfare state has shifted toward what Gilbert terms an enabling state, where the government is working hard to create a social and political atmosphere of public support for private responsibility (2004: 43). In this model the governing principles of the enabling state, which relies on the private effort and responsibility of citizens and non-government organisations, are embedded in larger ideas that differentiate the 'enabling state' from the 'conventional welfare state' paradigm. Gilbert points out that this is measured by how far away it shifts from the 'ideal' social democratic welfare state "which has been widely considered the most generous and comprehensive arrangement for social protection" (2004: 43). The enabling state is

2 Total social expenditure by Australian governments, non-government community service organisations and households in 2002–03 was estimated at \$103.8 billion. Of this, \$52.0 billion was social security benefits and other cash payments; \$34.7 billion was mandatory employer-funded superannuation; the remaining \$17.1 billion was spent on the provision of welfare services (AIHW, 2005: 1).

characterised by market-oriented approaches to welfare, including privatisation of welfare services, and a belief that the market is more efficient and therefore better at everything. This is very much the ideology of the current Australian Government. It has pursued an agenda, through deregulation, privatisation, and industrial relations, taxation and welfare reform that has clearly shifted the onus of care and social support from the state to the individual.

A further characteristic of the current politics of the Australian Government has meant that, along with the impact of a 'reformist' economic agenda, social policy has also been dramatically affected by strong social conservative views. This had had the effect of turning back social policy progress in the areas of women's status, equality and security, race and cultural relations, protection and security for sole parents, security for gays and lesbians, and the imposition of national security at the expense of individual freedoms.

Australian welfare reform, 1999 to 2006

The best example of the effects of social conservatism and neo-liberalism is in the Australian Government's welfare reform agenda. The key principle of this agenda is the move from dependency to self-reliance; and this is played out in the theme of 'mutual obligation'.

Economic cost and the growth in the cost of welfare were key arguments for the government's reform agenda that's aim was to reduce the cost of welfare and reduce the number of people dependent on the state for income support. The Australian Government spent \$23 billion on income support for working-aged people from 2001–2002 and \$52 billion overall on social security benefits and old age pensions in 2003–04. Specific groups such as people on disabilities pensions, sole parents and long term unemployed were targeted by these reforms. Australia's high rate of family joblessness, 850,000 children live in 435,000 such families was also raised as key motivation for

reform (Department of Family and Community Services, 2004). In 1999 the Australian Government embarked on its welfare reform agenda, beginning with a formal review of the state of Australian welfare.

In the process of the review, the concept of social obligation was used to develop the concept of 'mutual obligation'. The review report stated that these obligations are reciprocal and should extend across a whole community. It also stated that business, individuals and communities should have social obligations and should be incorporated into welfare reform. The idea of social partnerships emerged; as it was argued that the main reason for supporting a broad application of mutual obligation was because it would benefit welfare dependent people, by preventing entrenched social exclusion (Australian Government, 2000).

As broad concepts of mutual obligation evident in the review were translated into bureaucratic practices, they became rigid and punitive and, as Saunders (2002) observed, are now driven by the overriding need to reduce costs. Social security policy had become obsessed with debates over means rather than ends. "These changes are part of a broader strategy to shift blame away from the failure of the government to address poverty effectively onto the limitations of those who rely on the system for income support" (Saunders, 2002: 57).

Mutual obligation, the idea that those who receive assistance in times of need should be required to 'give something back', is based on the idea that a strong framework of obligation will encourage people to move from welfare to work and is seen as the solution to idleness among the unemployed and a response to the unpopularity of a welfare system that is losing support from those who pay for it. Although developed theoretically by Lawrence M. Mead (1986) in *Beyond Entitlement: the Social Obligations of Citizenship*, it was first applied by Prime Minister Tony Blair in the United Kingdom, where in his words, there was

a perceived political need to restore public trust and confidence in the welfare state.

In the context of this section of the chapter, mutual obligation is clearly an apt mechanism for the 'enabling state' and essentially relies on individual, not state, responsibility. Although it began with a focus on young people in 'work for the dole' programs, in each successive stage of reform the net for welfare recipients within the mutual obligation framework has been widening. Its impact has been highly punitive and people who are most disadvantaged are at greater risk of poverty than before. It works on a system whereby benefits are denied if obligations such as attending an interview or responding to a letter are not met. Now that the net includes sole parents, who are required to obtain work when their children reach school age and people with disabilities or chronic illness, who must seek and obtain part-time work, the notion of targeted welfare has also disappeared. Since 2006, this extended group of people who rely on the state for income support are now described as *failing* to meet obligations and are placed into a 'financial case management' system, a process contracted out to non-government agencies to make judgments about whether people who *fail* should get emergency support to help them survive periods without any income support due to *failing* to meet requirements. The risk of this system is that rather than pushing the most marginalised people into work, it may push them into dire poverty and loss of dignity as they are forced to depend on demeaning hand-outs in the form of credit for a specific supermarket chain.

The Australian Government's welfare reform program, in partnership with reduced intervention into the labour market to ensure employment, reflects the depth of change in the Australian welfare state in the past decade or so. There are many other examples, in current Australian social policy where there are equally cogent changes reflecting a shift away from a welfare state to an enabling state. Knowledge of Australia's recent and historical transformations is central to an understanding of the

current Australian welfare state. In the context of this book about generational change in Australian and Korea, understanding the current nature and place of social protection or welfare in Australia is central to considering the types of policy responses that will have to be developed in the future to address the impact of changes across discrete generations.

The Korean welfare state

In the broader disciplines of comparative welfare state scholarship and policy studies, Korea is seen to have some unique and intriguing characteristics. It has been variously described as functioning under 'developmental liberalism' (Chang, 2004: 127), as a Confucian welfare state (Sung, 2003: 384; Holliday, 2000: 706), as a 'productive welfare state' (Kwon, 2002: 2), or operating in a 'development-universalist mode' within 'productivist welfare capitalism' (Gough, 2000: 14; Shin & Shaw, 2003: 335). The struggle in scholarship to categorise or describe the Korean welfare state reflects the Eurocentricity of welfare state theory and the relative newness of social policy in Northern and Southern East Asian states. Gough and Kim, in exploring the application of 'welfare mix' measurement, determined that Korea has a genuinely mixed welfare system, with, for example, three-fifths of health expenditure coming from 'the market' or private sector (2000: 6).

Holliday discusses developing a typology for Korea as a welfare state, in an exploration of 'productivist welfare capitalism', drawing on Esping-Anderson's (1990) above-mentioned pivotal work of 'three regimes theory' (2000: 706). What is useful about Esping-Anderson's framework in this discussion is that the framework regards all welfare states as having emerged developmentally in response to capitalism, each type of regime relying on different post-war political influences. Based on Esping-Anderson's two key principles as first, a capitalist order and second, a welfare state that extends social rights, East Asian states such as Korea can be viewed in a consistent framework that acknowledges their 'particularism' (Holliday, 2000). Asian

states have developed the productivist model of the welfare state, which is subordinate to economic policy, links social rights to productivity and is premised on overriding growth objectives, thus creating a further model to add to Esping-Anderson's 'three regimes theory' and resulting in four 'worlds' of welfare capitalism (Holliday, 2000: 709). As will be seen by the discussion below, this does apply to how the Korean welfare state has emerged but it is questionable whether it will continue to be an accurate typology as the relative newness of the Korean welfare state implies a trajectory that will change and mature.

The key themes about the emergence and current nature of the Korean welfare state can be summarised as:

- Korea's short experience as a welfare state
- The emphasis on extraordinary economic development in Korea
- The initial emergence of social policies under authoritarian regimes
- Globalisation and the East Asian economic crisis
- The utilisation of Confucianism as a 'cultural' justification in determining policy
- The state as welfare regulator rather than provider
- Demographic and relationship changes in Korean families
- The ageing population, and
- Other social problems that emerge in a post-industrial state, such as the fertility crisis, child protection and poverty.

Korea's dramatic transformation from an agrarian to an industrial society in a very short period of time is the single most important structural factor in the development of the Korean welfare state. The most dramatic social consequence of this

process was its effect on the family, diminishing the extended family structure (Shin & Shaw, 2003) and the economic capacity of families to have children at the same rate (Chang, 2004). This has led to the increasing dominance of the nuclear family model and a decline in the capacity of families to care for ageing members. It is also linked, according to Shin and Shaw, to an increase in family breakdown through divorce, the fertility rate crisis and to young people choosing to live single lives (2003: 332).

It is important to note that the foundations of the contemporary Korean welfare state were established by authoritarian regimes, beginning in the 1960s. However, the concept and ideals of a Korean welfare state were established earlier, as they were included in the constitution in 1948 (Lee, 1999: 25). During the 1950s and up until the mid-1960s, Korea suffered extensive absolute poverty, with 60–70 per cent of the population estimated to be living in poverty, and was a high level recipient of foreign aid (Lee, 1999: 26; Henderson et al, 2002: 2). The extreme poverty was largely due to the destruction of national infrastructure and economy during the Korean War (1950-53) and posed a very bleak future for its large agrarian population (Henderson et al, 2002: 2). As Minns observes, the extraordinarily rapid economic growth following the post-war period, from 1961 to 1987, was facilitated by the state's capacity to implement a strongly developmental policy whilst being "insulated from demands of social classes which may have diverted it from its objective of industrialisation" (2001: 1025). This view applies equally to the role of women in this period which was defined by a traditional Confucian structure assigning women three distinct roles in Korean society: "family reproduction; productive income generation and; voluntary community work" (Jung, 2004: 2).

From 1961 to 1987 Korea experienced three different authoritarian regimes under an 'authoritarian developmental state' model, all with a similarly minimal commitment to social policy which was viewed as a political instrument only (Lee,

1999: 26). This period saw dramatic economic growth at 9.8 per cent a year over 25 years, contributing to a rapid rise in the overall standard of living and the transformation from an agrarian to an industrial society (Lee, 1999: 26). The repressive and undemocratic nature of the state during this period meant that the social policies that were introduced were selective and minimal (Lee, 1999: 26). This process became pronounced under The Third Republic, having made a commitment to abolishing poverty and establishing a welfare state. Although it was successful in reducing absolute poverty, wages were kept very low and welfare reforms were mainly administrative or the introduction of benefits for select groups such as the military and government employees (Lee, 1999: 27). Lee observed that the establishment of pensions for these groups was a means of securing loyalty to a government that lacked legitimacy at the time (1999: 27).

It was during the last decade of this period that a democracy movement emerged as part of a formal labour movement and two key social policies were established: a revised Medical Insurance Act and the National Welfare Pension Act (1973), although these were not put into effect until 1977 and 1988 respectively (Lee, 1999: 28). The Medical Insurance Law was the first major social policy on health, although initially it only extended to large workplaces with over 500 employees and a system for low income and poor people covered by the then restrictive Public Assistance scheme, called Medicaid (Joo, 1999: 390; Jo & Choi, 2002: 8). It was not until 1989 that the Korean population as a whole received compulsory cover under the national scheme (Jo & Choi, 2002: 8).

The model of employer-based pension and health self-insurance remains as a core part of the Korean welfare state. Various reforms over the period extended health insurance to encompass more of the population (some 42 per cent were covered by 1985) (Lee, 1999: 28). Nevertheless, in vast contrast to the government-funded Australian national health insurance system, Koreans have always had to pay, and still do, almost

half of their total medical costs directly, even those covered under the Medical Aid Programme (Shin, 2000: 87; Jo & Choi, 2002: 10).

Key to the development of a welfare state is the promotion of gender equity. Although women were granted the right to vote in the 1948 Constitution, it was not until the government established the Korean Women's Development Institute that the idea of 'women's policy' emerged in 1983 (Jung, 2004). This was a relatively ineffectual body until 1987 when it gained important political influence in policy and governance development in government (Jung, 2004). Although there was a strong women's movement in Korea from the 1970s onwards it was reluctant to engage with the authoritarian state, and therefore operated through churches, notable for the promotion of core feminist claims for education for women and for their active opposition to sex tourism (which had been openly encouraged by the government in the post-war period) (Jung, 2004). As Jung notes the other site for demands for greater equity for women was universities, with the first women's studies course being established in 1977 at the Ewha Women's University, where they earned a reputation for promoting women's issues as key social issues (Jung, 2004). It was, however, primarily due to international and national pressures in the late 1980s that women's policy evolved into important legislative and programmatic change. This included the Equal Opportunity Act (1987), the Basic Plan on Women's Development (1985) and the Mother and Child Health Act (1986) (Jung, 2004). Despite these reforms, the causes and consequences of gender inequity were not addressed and it was not until Korea adopted a genuine democratic system in the late 1990s, that women's policy began to be effective (Jung, 2004).

Also during this period the Korean government provided some support for community-based organisations to establish themselves as social welfare services, focussing on day care for children, support for the elderly, and some support for people with disabilities (Lee, 1999: 29). The real development of a

social policy response to people with disabilities was assisted by Seoul's nomination for the 1988 Paralympics, which resulted in dramatically changed attitudes within government and wider Korean society (Yun & Nam, 1999: 484). From 1988 onwards, a number of key social policies were established to assist rehabilitation and care, employment programs and assistance for medical, educational and care expenses (Yun & Nam, 1999: 485). However, the social policy response to people with disabilities relied more on institutional rather than home support and was primarily available in urban centres (Yun & Nam, 1999: 489).

Despite growth in welfare spending between 1987 and 1997, Korea still performed poorly in its overall social services spending – even compared to other East Asian states such as Indonesia and Malaysia, both of which spend around 11 per cent of GDP on welfare (You & Lee, 2000: 21). However, as You and Lee (2000) point out government spending is only a small part of 'the social policy problem' in South Korea. They observe that the government's economic policy of 'growth first, distribution next' still resounds in its current approach. This is supported by Gough and Kim's analysis of Korea's welfare state, where they observed that little had changed in the mix of private sector, public sector, non-government sector and families' welfare in the decade up to 1997 (2000: 6).

According to Huck-Ju Kwon (2002) and others (Kwon, 2000, Lee, 2004; Shin, 2000; You & Lee, 2000), the East Asian economic crisis precipitated a unique response in Korea, as one of the countries hit hardest by the crisis. He explains that Korea not only undertook significant economic reforms, but embarked on 'vigorously implemented social policy initiatives' in response to the crisis (Kwon, 2002: 2). This view is also shared by Shin and Shaw, who observed, 'one of the unintended consequences of the process of liberalisation and globalisation in South Korea has been the expansion of its welfare state' (2003: 337). The Korean government recognised at this time that they had previously given a very low priority to social policy and with a steep rise in

poverty arising from the economic crisis, basic welfare needs were stark (You & Lee, 2000, pp 20–21). Lee also observed that despite following the IMF's neo-liberal agenda that was tied to its significant funding throughout the crisis, Korea 'pursued an expansion and consolidation of social welfare programs' (2004: 29).

What is important in Kwon's (2002) observations of Korea's response to the economic crisis is that although it returned to economic stability far more quickly and completely than did its neighbours it continued with a strong social policy agenda. Kwon also observes that, like the Japanese and Taiwanese governments, the Korean government maintains a welfare system that is prepared to regulate but not finance welfare through the redistribution of wealth from the rich to the poor as it could with a strong progressive income tax system (2002: 6). Although expenditure in the area of social assistance under the National Basic Livelihood Security system increased dramatically after the post-crisis reforms of the Kim Dae Jung (KMD) government, by nearly three billion won between 1998 and 2000, reflecting greater access to assistance, as well increased need in that period (Lee, 2004, pp 293–294), welfare spending still did not reach a strongly redistributive level.

According to Kwon (2002) it is most appropriate to view the Korean welfare state in the North East Asian context, as distinct from the South East Asian region. The key similarity between the North East Asian states is their reliance on a social insurance system (mostly self-funded), with higher income earners gaining most benefit from redistribution (Kwon 2002: 5). Between all East Asian states Kwon notes an important political similarity where authoritarian governments dominate social policy-making 'using it an instrument for legitimation' and as an instrument for economic policy rather than treating it as a competing demand of governance (2002: 6). This view is also supported by Joo's analysis of the political purposes of governing elites in their development of key social policies such as medical insurance law and minimum wage law (1999: 388). Kwon describes the two key

elements that paved the way for the growth of a social policy agenda at the time of the economic crisis as being the failure of the bureaucracy to manage the economic crisis, and the change of government (2002: 9).

East Asian states' success in their pre-economic-crisis development had been at the cost of developing and funding a welfare state. It is from these characteristics that the idea of a 'developmental welfare state' emerged (Kwon 2002: 6). Prior to the 1980s Korea fitted this profile, with social policy being determined from above rather than from grass roots or community advocacy organisations. However, as Korea moved towards democracy, through the late 1980s and 1990s, critical voices about the welfare system were free to evolve but little happened to improve social protection for poor, disabled, unemployed and older people (Kwon 2002: 7). These issues were not addressed until the end of the decade, when Korea was seen to have achieved 'true' democracy. A shift away from the 'developmental welfare state' to the 'productive welfare state' was introduced by the Kim Dae Jung government in 1999, reflecting the incorporation of social policy as an integral part of governance and as an 'institutional means of keeping democracy and the market stable' (Lee, 2004: 293).

As with the pension and health insurance systems, it was in the early period of democratic government (1988–1992) that all social security payments (except family allowances) were introduced (Shin, 2000: 86). Social security was extremely constrained, however, and reflected "a Korean welfare model which stressed the role of the family, the partnership between public and private sectors, the development of human capital, and the avoidance of dependency on the state" (Ministry of Health and Social Affairs, 1994 as cited in Shin, 2000: 87). In 1998 unemployment benefits coverage as an employment based contributory scheme (Shin, 2000: 94) were extended to cover workplaces with 10 or more employees, and later that year, to all workplaces. In 2000 the government introduced a modern social assistance program, the National Basic Livelihood Security

system (NBLS), and expanded the four social insurance schemes and new women's policy initiatives (such as maternity benefits) and significantly increased overall welfare expenditure (Lee, 2004: 293).

Social policy for an ageing population was not developed in this period. There was no adequate response to the dramatically changing cultural, family, social and occupational arrangements that had occurred in the previous 20 years or so. In that time Korea had seen the doubling of its aged population from 1.45 million in 1980 to 3 million in 2000 (Mi Oh & Warnes, 2001: 703). This is an astounding statistic when compared with other countries: for example it took 115 years for France's aged population to double, the UK 70 years and Japan more than 30 years (Mi Oh & Warnes, 2001: 703). By 1998 there was a pressing need for ageing policy in Korea. Cultural and personal views of filial piety (the expectation that elderly parents would be cared for by the oldest son and his wife) were held by only 19.6 per cent of the population by 1996, due to the spread of education, changed material and occupational aspirations, increased workforce participation by women, and outside-of-family leisure (Mi Oh & Warnes, 2001: 706). Also, the new generation of older women did not want to repeat their experience of looking after their mothers-in-law, and along with older men, wanted independent lives (Jang, 2005).

The previously discussed economic crisis of the late 1990s resulted in a dramatic drop in private income transfers to parents, reflecting, in part, the shift to highly urbanised, less stable employment (Mi Oh & Warnes, 2001: 706). The need for mobility and rapid urbanisation was a further result of increasing 'commodification' of labour, resulting in a type of housing, either shanty towns or high rise apartment living, that was not conducive to extended family living (Mi Oh & Warnes, 2001: 706). The proportion of people over 65 who lived with their families dropped from 77 per cent in 1984 to 50 per cent in 1994, with an equally dramatic increase in the number of older people living alone (Mi Oh & Warnes, 2001: 707). Media

reports in 1997 showed an alarming level of abuse of the frail aged by their children resulting in death or suicide, reflecting the overall incapacity of the new Korean society to care for its oldest and most frail members (Mi Oh & Warnes, 2001: 709). Although there was a dramatic increase in state spending on the aged between 1983 and 1996, in health, mental health, home care and residential care, this expenditure tended to benefit only the very poor and the very rich (Mi Oh & Warnes, 2001, pp 710–718).

It was also at this time that the issue of child abuse was finally addressed in legislation; with the introduction of the Child Abuse and Neglect Prevention Act. As indicated by Doe (2000), social policy on child abuse is a recent development. Although the rights of children were recognised in 1988, when the Declaration of Children's Rights was introduced, the incidence and acceptance of physical abuse against children remained very high. Prior to the 1998, legislation to 'protect' children did not provide any definition or criteria by which to identify child abuse, nor any specific reference to physical abuse as maltreatment (Hahn and Guterman, 2001: 176). As reported in Hahn and Guterman's (2001) survey of epidemiological studies and policy responses to child abuse in Korea, physical punishment of children was widely accepted amongst parents and professional groups such as teachers. Although the issue of child abuse was forced onto the government agenda by the South Korean Women's Movement (as was the case in Australia in the 1970s, particularly in relation to sexual abuse), as well as by scholars and medical and social work practitioners, actual responses to child abuse in the public domain remained largely unchanged. Prior to the 1998 legislation, a number of non-governmental organisations had established services for reporting abuse and endeavoured to conduct public education about child abuse in order to counter strong Confucian traditions of child ownership and discipline that dominated thinking in families (Hahn & Guterman, 2001, pp 169–170). Although research across the wider population showed a high

prevalence of physical abuse, reporting was extremely low. Up until the late 1990s, it would seem, child protection was virtually non-existent.

In summary, the Korean welfare state emerged in the period of authoritarian governments, between 1961 and 1978 and growing incrementally in response to increased democratisation in the decade between 1987 and 1997, and expanding dramatically in response to the economic crisis of 1997, particularly under the influence of the Kim Dae Jung government from 1997–2003. There has been a growth in overall social welfare expenditure from 5.29 per cent of GDP in 1996 to 9.18 per cent in 2001. It is predicted that in around 30 years time, Korea's social welfare expenditure will reach the average level of other OECD countries, around 20 per cent of GDP, mainly due to new welfare programs growing in response to changing demographic needs (Moon, 2000 as cited in Lee, 2004: 298).

You and Lee (2000) see globalisation as having forced the Korean government to increase its social expenditure but suggest that the existing social policy framework in Korea requires a significant overhaul if it hopes to deal with key social problems. They point out that despite increased spending, the costs of education and health care have increased even faster, and they cast doubt on the government's capacity to cope with growing unemployment (You & Lee, 2000: 26). In their view the most important issue for reform rests with taxation, and they call for a distributive, progressive system and propose that its role in social policies requires redefinition (You & Lee, 2000: 26). They also call for less intervention in the quasi-private education system, which they see as draining poorer peoples' resources and excluding parents and teachers from educational policy decisions (You & Lee, 2000: 26). In a recent study of social security payments in Korea, Choi and Choe (2007) found that poverty reduction strategies since the 1997 East Asian crisis had not resulted in significant reductions in poverty. They found that 31.8 per cent of people who received payments and who were living below the poverty line, remained below the poverty line

after the payments (Choi & Choe, 2007: 187). They also found that even though there was improved efficiency in the distribution of social security transfers there was little improvement in the effectiveness of such small transfers. Korean's poverty support payments are one-seventh to one-tenth of Western welfare states (Choi & Choe, 2007: 189). Choi and Choe conclude that Korea needs both to redesign its income transfer system and develop diverse social assistance programs aimed at preventing future increases in the number of people living in poverty (2007: 189).

Policy comparisons

The following tables show comparative timelines for the introduction of some key social policies or welfare state instruments in Australia and Korea. Although not comprehensive, these tables reflect the very different social, economic and political histories of the two countries. Of obvious benefit to Australia was its early democratic base starting in the colony of New South Wales in 1843 (and other colonies soon to follow) and nationally in 1901. Korea's late democratisation (widely acknowledged as 1992 with the first popularly elected civilian president) has meant that many social movements, such as the women's movement in the 1970s and 1980s, have had no access to or influence on policy development until recently (Phillips & Jang, 2005).

More detailed examination of specific policy areas reveals further complexity and difference between the two countries' social and cultural contexts. For example, this chapter has barely mentioned Australia's Indigenous population, which is highly overrepresented in all welfare needs groups. Korea does not have this specific configuration as part of its demography nor in its demands for social protection.

*Table 1.1.
Comparative table of key social policies Australia & South Korea*

Social Policy	Australia	Date Intro	Govt Level	South Korea	Date Intro	Govt Level
Old age pension	1st means-tested old age pension	1908	National	1st pensions for civil servants	1960	National
	Universal old-age pension	1973-75		National Welfare Pensions Act	1994	National
	Means tested	1976		National Basic Livelihood & Social Insurance	2000	National
	74% of >65yr olds rely on govt pension for main income source	2005				
Unemployment Benefit	Intro of Commonwealth unemployment and sickness benefits - flat-rate payments from general revenue - means tested	1945	National	Expansion of unemployment insurance to include workplaces of 10 or more & later al workplaces – employment contributory scheme of limited time	1998	National
	'Mutual Obligation' Reforms	1999-2005	National			
Health Insurance	Medibank free universal state funded health & medical	1972	National	Medical Insurance Initially only covered large workplace w/ 500 employees & a system for low income & poor people - Public Assistance scheme, called Medicaid	1977	National
	Medicare, small tax contribution from all income-earners	1983	National			
	Free for low income & children	1997				
	Intro of private insurance tax incentives & minimisation of bulk-billing			Whole population compulsorily covered	1989	National
	Reintroduction of bulk-billing for children & poor	2004	National			

*Table 1.2.
Comparative table of key social policies Australia & South Korea*

Social Policy	Australia	Date Intro	Govt Level	South Korea	Date Intro	Govt Level
Gender equity	Women's vote	1902	National	Women's vote	1948	National
	Women's policy Instruments & gender equity – & intro of Equal Opportunity legislation	1973–75 & 83–96	National & states	Introduction of Women's Policy	1983–97	National
	Dismantling of women's govt department	1996 – 2005	National & states	Master plan on Women's Policy	1995	National
	De-funding of large # of women's orgs.	1996	National & some states	Introduction of Equal Opportunity Legislation	1997	National
	Change of portfolio from Status of Women to Women's Issues	2005	National	Ministry of Gender Equality established	2001	National
			National	Women's Policy Coordination Committee	2002	National
Child protection	Early legislation covering institutions & child welfare	1920s–1960s	States	Declaration of Children's rights	1988	National
	Beginning of deinstitutionalisation of children in state care	1970s	States	1st Child Abuse and Neglect Prevention Act	1998	National
	Legislation included provisions for all forms of abuse	Early 1980s	States			
Domestic violence & sexual assault	Refuges, sexual assault referral centres	1974 & early 1980s	National & states	Prevention of Sexual Violence Act	1994	
	Criminal legislation (AVOs etc)	Early 1980s	States	Prevention of Domestic Violence and Protection of Victims Act	1997	
	Family Law changes	1975 & 1995	National			

Conclusion

This overview of the nature and histories of key social policies in Korea and Australia demonstrates that there are many differences between the two countries, but it also shows that there are shared concerns about key social issues, as well as similar government responses to some of these concerns. In exploring the social and political nature of social policy development this chapter aimed to add to an understanding of the range of responses to challenges brought about by important demographic changes in Australia and Korea that are addressed in the following chapters.

This chapter has also presented some theoretical ideas about how to view the Australian and Korea welfare states, noting the rise of Asian welfare states as a key interest and challenge to a previously Eurocentric scholarship in the field. Drawing on the work of welfare state scholars in Australia and Korea, the above discussion also demonstrates the lively critical engagement of researchers of social policy in both countries. This chapter also highlights an interesting tension between the directions of the Korean and Australian welfare states: as Korea moves rapidly forward, embracing stronger equity and stronger participation by the state in social policy, Australia pulls away from culturally entrenched egalitarian approaches to welfare toward an 'enablement' model or more strongly emphasised market model. Some of the broader critical analyses reflected in the literature reviewed in this chapter are also articulated by the researchers in the proceeding chapters, providing some in-depth explorations of social problems arising for generational change in Australia and Korea. It is hoped that the forward-looking nature of much of the research reported in this book will contribute to governmental and societal responses required to address the specific needs of the rapidly transforming populations of the two countries.

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