



Making Sense of the Asian Welfare Regimes with the Western Typology*

Chan-ung Park

Yonsei University

Dongchul Jung

Yonsei University

Increasing number of studies has focused on categorizing Asian countries based on welfare programs. However, they relied on typologies based on Western countries or covered only a small number of Asian countries. A few studies examined Asian countries without the Western counterparts. As an alternative, we examined the welfare programs of the 9 Asian countries and 17 Western countries together. We developed a welfare state typology with the contents of welfare programs (program types, benefits, coverage, financing, and education). First, we compared the previous typologies of welfare states and our typology based on the western countries. Second, we applied our typology to both Western and the Asian countries to see a possibility of unique Asian models. Finally, we examined similarities and differences within the Asian countries. We found that not only the Asian countries tend to be different from the Western types, but also found three groups within the Asian countries.

Keywords: welfare regimes, typology, Asia, OECD, welfare programs, welfare expenditures

“ASIAN” WELFARE REGIMES?

Asian welfare states have been in the spotlight since the late twentieth century. Korea, Taiwan, Hong Kong, and Singapore have been the models for rapid economic growth since the 1970s. Following these predecessors, the Southeast Asian countries such as Malaysia, Indonesia, Thailand, and the Philippines rode the next wave of economic growth in the late twentieth century. The previous studies on the Asian welfare state programs focused on the

* Direct correspondence to Chan-ung Park, Department of Sociology, Yonsei University, 262 Seongsanno, Seodaemun-gu, Seoul 120-749, Korea (Phone: 82-2-2123-2423, Fax: 82-2-365-2747, chanung@yonsei.ac.kr). This work was supported by the Korea Research Foundation Grant funded by the Korean Government (MOEHRD, Basic Research Promotion Fund) (KRF-2007-327-B00383).

complementary role for economic growth by mobilizing monetary capital and enhancing human capital, leading to the discussion of a 'welfare productivism' or 'developmental welfare' model (Aspalter 2006; Gough 2001; Ramesh and Asher 2000; Kwon 2005b). The scholars argued that the Asian welfare programs were unique enough to require a new type of welfare regimes. Such arguments also emphasized the Asian social welfare programs relied on the welfare provisions of the private sector such as families and firms. Recently, the economic crisis of 1997 and its subsequent impact on all the Asian economies has accelerated the academic debates on how these Asian models coped with such rapid socio-economic crisis and how such experiences did or did not transform the nature of Asian welfare programs.

This article will try to expand the scope of research to Asian countries. For the comparative study including both Western and Asian countries, we need new standard because the data from the given-studies do not encompass Asian countries. Thus the objective of this article is modest: first, we examine whether Asian countries share the same typology with Western countries, and second, check whether Asian countries have unique or diverse typology of welfare state. By deducing ideal types preliminarily, we hope to capture the similarities and differences among countries to better understand the variations among them.

IDEAL TYPES OF WELFARE STATE

Esping-Andersen's *Three Worlds of Welfare Capitalism* has made researches on the comparative welfare state classification prominent. Welfare regime cannot be regarded as just sum of social policies, however instead it is a complex of legal and organizational features that are systemically interwoven (Esping-Andersen 1990; 1994). Esping-Andersen (1990; 1999) suggested that welfare states have qualitatively different arrangements between state, market, households, and the variation among them are not linearly distributed but clustered by regime types, according to discrete logic of organization, stratification, and social integration. However, there are questions of theoretical status of ideal types and typologies Arts and Gelissen (2002) and Esping-Andersen (1997) also warned the danger that seeing forest may bear little resemblance to reality.

The classical discussion on ideal type can be back to Weber (1949) who dealt with two kinds of ideal types: individualistic and holistic one. Esping-Andersen's ideal types of welfare state regimes are the last one (Arts and Gelissen 2002; Watkins 1969). Ideal type is to be constructed by abstracting the outstanding features from some historical complex, and by organizing these into a coherent word-picture. The ideality of such a type lies in its simplification and aloofness from detail. The ideal type emphasizes the 'essential' traits of a situation considered as a whole and gives a bird's eye view of the broad characteristics. Weber (1949), Esping-Andersen (1999), and Arts and Gelissen (2002) suggested that the construction

of abstract ideal-types recommends itself not as an end but as a means. Abrahamson (1999) concluded that as an organizing principle for comparative studies of welfare states the typologies have proven to be a very robust and convincing tool. The following Weber's (1949) remark shows that ideal type can be the bridge between reality and theory.

The ideal typical concept will help to develop our skill in imputation in research: it is no "hypothesis" but it offers guidance to the construction of hypotheses. It is not a description of reality but it aims to give ambiguous means of expression to such a description. ... An ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent concrete individual phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified analytical construct.

WELFARE STATE TYPOLOGIES

In the welfare state literature, the typologies of welfare state programs have been a critical issue (Titmuss 1958; Esping-Andersen 1990). The typologies force us to recognize social and historical variations in the way each society has combined the efforts of its government, market, and civil society to provide its citizens collective protection. Esping-Andersen (1990) presented a typology of welfare regimes based on a constellation of public and private welfare provisions: liberal, conservative, and social democratic. His study triggered efforts to classify welfare institutions in non-European societies. Such attempts to offer welfare state typologies by Esping-Andersen or Titmuss show that the typologies are theoretically critical by demonstrating the key dimensions of divergence in welfare state programs. In short, the typologies welfare state programs involve continuous interaction between welfare state theories and empirical data of welfare state programs: welfare state theories provide a guide on which dimensions of welfare state programs should be examined and, at the same time, empirical analysis of divergences in welfare state programs offer future directions in theoretical development.

Esping-Andersen's (1990) welfare state modeling comes from theoretical foundation from Marshall (1950; 1963; 1965; 1981) and Titmuss (1958; 1978), and empirical profit from Wilensky (1975), Flora and Heidenheimer (1981), and Flora (1983; 1986). Wilensky and Lebaux (1958)'s residual versus institutional welfare states model is based on modernization thesis that the maturity or degree of industrialization and the welfare state size indicated by the total social expenditure relative to GDP explain the development of welfare state. However, for Titmuss (1987[1972]) who suggested the achievement-performance model emphasizing

Table 1. Overview of Welfare State Typologies

	How much	How	Analytical Focus	Indicators
Esping-Andersen (1990)	X		Social transfers: pensions, sickness, unemployment	Pension; minimum benefits, standard benefits, contribution period, individual's financing share/ Sickness; benefit replacement rates, required qualification period, waiting days, benefit period
Ferrera (1996)		X	Social protection: social security, health	Rules of access; benefit principle; financing regulations; organizational-managerial arrangements
Bonoli (1997)	X	X	Overall social transfer	Social expenditure as % of GDP; the % of social expenditure financed through contributions
Korpi and Palme (1998)	X	X	Social transfer: pensions, sickness	Bases of entitlement; benefit principle; governance of social insurance programs

Source | Elaborated by authors from Arcanjo (2006).

occupational and fiscal welfare, the institutional-redistributive model emphasizing social welfare in a comprehensive way, and residual model emphasizing social welfare in a restricted way and fiscal welfare, what determines which models apply is not development but ideology. Flora and Alber (1981) considered, on the material side of things, industrialization and urbanization including class relations, and on the side of ideas, political mobilization, and political/constitutional development to classify welfare states into constitutional-dualistic monarchies, liberal democracies, mass democracies, and constitutional-dualistic monarchies. Their discussion was inspired from Rokkan's political development thesis and welfare state is treated as the fourth stage following state formation, nation building, and participation (Abrahamson 1999).

Esping-Andersen's renamed Titmuss's models for the ideological supporting, and the three welfare regimes is the outcome of critiques on the modernization thesis promoted by Wilensky and the convergence thesis of Flora (Abrahamson 1999). However, his work has provoked debates about which principles should used to classify welfare states, in which regimes particular countries belong, the number of different regime types, and the nature of gender stratification within different types of welfare states (Bambra 2007). The following table shows Esping-Andersen's welfare regime and other scholars' alternative welfare regime types.

Some countries are classified as prototypes even to be applied by different indicators or dimensions and some are belongs to different categories. Authors have different interests and it makes them to adopt different indicators. Ferrera (1996) concerned four dimensions of welfare systems: the rules of access (eligibility), the conditions under which benefits are granted, the regulations to finance social protection and, the organizational-managerial arrangements to administrate the various social security schemes.

Bonoli (1997) tried to capture qualitative differences between welfare states without missing the differentials in quantitative terms for the comparability in social policy. Thus, he

adopted the quantity of welfare the government provides and whether government's goal is prevention of poverty or income maintenance for employees. Korpi and Palme (1998) concerned the role of the institutional structures of welfare states in the redistributive process. Their assumption is that institutional structures reflect differences in the roles played by markets and politics in distributive processes within countries and embody different "strategies of equality." The shape of societal institutions is affected by the actions of different interest groups, but they also expected that institutional structures affect the ways in which citizens come to define their interests and preferences. They chose three measurements: targeting versus universalism; principle guiding the determination of benefit levels; whether representatives of employers and employees cooperate in the governing of a program. If one attaches more importance to certain attributions than to others then it is easy to arrive at different classifications (Arts and Gelissen 2002).

THE TYPOLOGIES OF THE ASIAN WELFARE REGIMES

Previous studies on welfare regimes are mostly concerned on advanced capitalist states in the Western (Bambra 2007; Bonoli 1997; Castles and Mitchell 1993; Esping-Andersen 1990; Ferrera 1996; Kangas 1994; Korpi and Palme 1998; Leibfried 1992; Ragin 1994; Shalev 1996). Only few scholars paid attention other regions: Rudra (2002; 2004; 2005; 2007), Garrett (2001), and Avelino, Brown, and Hunter (2005)'s studies encompassed both developed and less developed countries, Mesa-Lago (1989), Huber (1996), Segura-Ubiergo (2007) deal with Latin American countries, and Gough (2001), Holliday and Wilding (2003), Aspalter (2006), Kwon (1997, 2005), Jones (1993), and Hort and Kuhnle (2000) examined Asian countries. The range of comparative studies of the latter scholars is broad: comparison around the world, between the Western and the other region, or only among Asian or Latin American countries. Their methods—cluster analysis, factor analysis, principle component analysis, and BOOLEAN comparative analysis—and measurements—decommodification, institutional characteristics, base income, aggregate welfare expenditure, benefit equality, replacement rates, and the role of state, market, and society—also vary.¹ Among them, Rudra (2007)'s suggestion is noteworthy. She criticized scholars who accept extreme divergence or convergence in developing countries in the political economies and inquires 'systematic divergence' among the political economies of the developing world, particularly with respect to their distribution regimes. In the light of this, we examine nine Asian countries regarding the composition and contents of welfare programs.

The relative underdevelopment and laggardness of welfare programs in Asian countries

¹ For more details, see Arts and Gelissen (2002) and Bambra (2007).

may arouse worries about the impetuosity of making typology of Asian countries. Most programs began to be first introduced from the early 1950s to the late 1970s. The amendments to programs are passed intensively during the 1990s. Even the programs of these countries are not solid yet, their initial arrangements will constrain the future of each country's social policy as path dependence process operates (North 1990; Pierson 2000). Those programs are interdependent rather than single and independent. Thus if we make typologies based not on the level of individual program but on the more macro level that involves complementary configuration of institutions (Hall and Soskice 2000; Pierson 2000), we may suggest Asian model.

Before examining divergences of welfare state programs in the Asia, we need to discuss the idea of the Asian welfare model. Previous studies often point to how the Asian countries share similar programs based on their common cultural heritage and the state's active involvement in economic development. In the following, we briefly summarize the key findings on the common characteristics.

Common Characteristics of Asian Welfare States

Recent studies of Asian welfare state programs have shown common characteristics (Aspalter 2006; Kwon 2005a; Kwon 2005b; Lee and Ku 2007). First, the colonial experiences has influenced the characteristics of initial welfare state programs as in the case of Korea and Taiwan from Japan, and Hong Kong, Malaysia, and Singapore from the United Kingdom. Second, economic development was the central goal of the state, and welfare state programs were part of the developmental efforts. The Asian cases illustrate how economic and social policies were intertwined, prompting the concept of a 'productivist' welfare state. Third, the state sought to minimize its role and to rely on families and firms for financing and welfare service provision. In other words, the state was a regulator, not a provider, of welfare benefits. A heavy reliance on civil society for financing and welfare provisions resulted in a minimal level of redistribution. Fourth, welfare state programs evolved in a fragmented and gradual fashion in which state employees and core workers were covered first, followed by a slower expansion to other groups.

In short, the Asian welfare state programs share such characteristics as a complementary role of welfare programs for economic growth, the state's regulatory role, the gradual expansion of coverage, and a heavy reliance on families. The Asian states also did not pursue socioeconomic redistribution as the main goal of their welfare programs. Such common characteristics led to the discussion of the Asian welfare state regimes as the new fourth type of welfare programs (Aspalter 2006; Holliday 2000; Kwon 2005a). But to what extent do we observe a single model of Asian welfare state programs? A number of studies demonstrate the evidences of divergences, not convergence.

Intra-regional Divergence

Despite common characteristics of Asian welfare states during their initial development, a few studies argue that the region has diverged into different types. Hort and Kuhnle (2000) argued that one group is based on the Germany-style social insurance programs, whereas the other group is based on the provident funds due to the legacy of British colonialism. Kwon (2005a) stated that developmental welfare states diverged into selective or inclusive welfare states, which differ in terms of the scope of coverage and the state's control over the welfare program. Compared with other East Asian societies, he claimed, Korea and Taiwan shifted their welfare programs towards the inclusive type due to a productivity-based economic development strategy and democratization in the late 1980s.

Holliday (2000) proposed three types of welfare state programs in Asia: facilitative (Hong Kong), developmental-particularist (Singapore), and developmental-universalist (Korea and Taiwan). These three types share the attributes of the 'productivist' welfare capitalism, under which the states subordinate social welfare to economic growth. But these three types differ in terms of the institutionalization of social rights, redistributive outcomes, and public share in welfare provision. The facilitative type is the lowest for all three dimensions, the developmental-particularist in the middle, and the developmental-universalist the highest. Thailand and Indonesia seem to be close to the developmental-particularist type in that they emphasize families and communities, not the state, for welfare provision (Gough 2001). Malaysia is a mix of developmental-particularist and developmental-universalist due to the enactment of the British-style National Health Service and the employee provident fund for pension programs (Gough 2001).

The previous typologies of the Asian welfare regimes enhance our understanding of the effects of historical conditions and intra-regional differences on welfare state programs. The typologies, however, were applied to more advanced countries in the region such as Japan, Korea, and Hong Kong. It is not always clear how we should classify other countries such as Malaysia, Indonesia, and Thailand. Also, such typologies were often based on the features of the state's economic strategy or selective dimensions of their welfare programs. We argue that we need a typology of welfare state regimes based on more comprehensive dimensions of actual welfare programs each society has developed.

As an alternative typology, we sought to develop a typology based on the actual contents of welfare programs in terms of the key dimensions of welfare state programs. First, welfare state program types can be distinguished between social insurance programs and provident funds. Social insurance programs are welfare programs in which the participants receive benefits on the basis of their previous contribution to insurance funds, whereas provident funds are forced saving plans for retirement or medical care. Second, they can be compared in terms of coverage, benefits, and financing. Such dimensions concern the beneficiaries and providers of

welfare benefits. The clustering of Asian countries according to these dimensions can refine our understanding of the extent to which each society is similar or different from the others. Such classification can also provide a new direction for research into the conditions of different welfare regimes and their impact on societies.

In the following, we compare the characteristics of welfare state programs from nine Asian countries (Japan, Korea, Taiwan, Hong Kong, Singapore, Malaysia, Indonesia, Thailand, and the Philippines) in terms of their legislative efforts, key dimensions for four key welfare programs, and government welfare expenditures. We examine the clusters of these Asian countries by applying a hierarchical cluster analysis to their welfare programs.

DATA AND METHOD

Most of the previous studies need data on the welfare expenditure of each country. Usually the OECD's national accounts and social expenditure database (SOCX) is used to compare or calculate indexes. However, SOCX does not cover non-OECD countries and there is no comparable data for Asian countries to SOCX. Thus we have to introduce new indicators for comparative study including both Western and Asian countries.

For examining the institutional characteristics of welfare programs, we use the data from Social Security Administration's (2006; 2007a; 2007b) *Social Security Programs Throughout the World*. It provides the basic information of welfare programs based on laws and regulations in force in 2005 and 2006. It contains each system's major features: types of programs (social insurance, provident fund, employer-liability, social assistance and other), the history of legislation and amendment, coverage, source of funds, qualifying conditions, benefit rates and types, and administrative organizations of five types of programs (Old age, disability, and survivors; Sickness and maternity; Work injury; Unemployment; and Family allowance). Because, among the five programs, family allowance is not universal in Asian countries, we include only other four programs in the analysis.

Politics is not just about conflicting demands and opposed ideologies; it is also about the institutional arrangements that societies devise to process demands and to manage conflicts. Even such arrangements vary considerably in terms of their degree of formality, institutions provide the basic ground rules of politics (Castles 1998). Typologies of welfare states can serve different purposes and can focus on variables related to causes, institutions, and/or outcomes (Korpi and Palme 1998). Esping-Andersen's (1990) aim was to describe the contours of the relationships among state, market, and family, his typology is based on a broad set of indicators referring to both outcomes and institutions (Korpi and Palme 1998). Our interest is to investigate the institutional aspects of welfare states, we examine the arrangement of welfare institutions preliminarily as Korpi and Palme (1998) prospected.

Table 2. The Bismarckian and the Beveridgean Model of Social Policy

	Bismarckian Model	Beveridgean Model
Objective	income maintenance	prevention of poverty
Benefits	earnings-related	flat-rate
Eligibility	contribution record	residence or need
Coverage	employees	entire population
Financing	contributions	taxation

We agree to Bonoli's suggestion to combine two single-dimension classifications, namely the one based on the quantity of welfare (measured by social expenditure) and the one based on the dominant model (Beveridge/Bismarck) to reflect much of the complexity of the evolution of welfare state as well as of current debates on social protection in many countries (Bonoli 1997).

Bonoli (1997) suggested ideal sub-dimensions of qualitative differences as Table 2, and due to the unavailability of data on a cross-national basis, he employees only the proportion of contribution-financing, which is related to Bismarckian ideal type, and the proportion of tax-financing of total social expenditure, which is related to Beveridgean ideal type. However, because we use cluster analysis, we can employ Bonoli's sub-dimensions: objective (program types), benefits, eligibility/coverage, and financing (See Appendix 1). In addition, we add two more dimensions: cash/medical benefit in medical program, and compulsory education and duration. Cash benefit in health program is important for income maintenance during the absence due to health problem. Compulsory education encourages economic development and reduces the impact of social inheritance.

Korpi and Palme (1998) concentrated on two social insurance programs—old age pensions and sickness cash benefits, however, we encompass more programs: old age pensions, sickness benefits, work injury benefits, unemployment benefits, and compulsory education system. Korpi and Palme (1998) asserted that old age pensions and sickness cash benefits respond to basic features of the human condition and have a major economic impact they likely have great relevance for the formation of interest groups comparing to unemployment and work injury insurances. For the citizens from Asian countries, there is the possibility that four social insurance programs have comparable priorities. Thus we include all of the four social insurance programs in the examination. In addition, we comprise compulsory education system because education system is closely related to future labor market. A nation's commitment to allocating life chances rests heavily on education for the economic and social inequality during the adult life (Heidenheimer, Hecló, and Adams 1990; Holliday and Wilding 2003).²

Table 3 shows the details of dimensions of four welfare programs. Pension, health, work

² Esping-Andersen (2002) criticized the failure of the expansion of education to reduce the impact of social

Table 3. Institutional Structure of Welfare Programs

	Pension	Health	Work Injury	Unemployment
Program	Social Insurance	Social Insurance	Social Insurance	Social Insurance
Types	Universal	Employment-Liability	Employer-Liability	Social Assistance
	Means-Tested	Mandatory Private Insurance	Mandatory Insurance	Voluntary
	Mandatory Individual Account	Provident Fund	Universal	
	Mandatory Occupational Account	Social Assistance		
	Mandatory Private Insurance	Universal		
	Provident Fund	Voluntary Private Insurance		
	Social Assistance			
Eligibility/ Coverage	All Employees	All Employees	All Employees	All Employees
	Selected Employees	Selected Employees	Selected Employees	Selected Employees
	Self-employed	Self-employed	Self-employed	Self-employed
	Residents	Residents	Others	Others
Financing	Insured	Insured	Insured	Insured
	Self-Insured	Self-employed	Self-employed	Self-employed
	Employer	Employer	Employer	Employer
	Government	Government	Government	Government
Benefits	Means-Tested	Means-Tested	Means-Tested	Means-Tested
	Income-Tested	Income-Tested	Income-Tested	Income-Tested
	Flat	Flat	Flat	Flat
	Others	Others	Others	Others
Cash/Medical		Cash		
		Medical		

Source | Based on Social Security Administration (2007)

injury, and unemployment programs of each country are coded according to program types, eligibility/coverage, financing, and benefits. Health program has more sub-dimensions according to whether a country has sickness cash benefit or medical benefit. Education related variables are coded according to whether a country has compulsory education system and the duration of compulsory education (See Appendix 2).

We apply a hierarchical cluster analysis to their welfare programs for classification. Cluster analysis is essentially about discovering groups in data. It is the basic of cluster analysis to identify clusters of observations by measuring how close individuals are to each other, or how far apart they are. Clustering reflects a quantitative measure of closeness such as dissimilarity

inheritance in the twentieth century. However, he also point out that the systemically weaker impact of social inheritance in Nordic countries comes from the extraordinary commitment to investing in children and families.

distance, or similarity, with a general term being proximity (Everitt, Landau, and Leese 2001). The proximities are usually derived from the $m \times n$ matrix. We make the matrix of welfare programs based on Table 3.

Hierarchical clustering techniques may be subdivided into agglomerative methods, which proceed by a series of successive fusion of the n individuals into groups, and divisive methods, which separate the n individuals successively into finer groupings (Everitt, Landau, and Leese 2001). We apply the agglomerative procedure, which is most widely used for hierarchical methods. Proposed dissimilarity measures can be broadly divided into distance measures and correlation-type measures. The distance measure most commonly used is Euclidian distance:

$$d_{ij} = \left(\sum_{k=1}^p (x_{ik} - x_{jk})^2 \right)^{1/2}$$

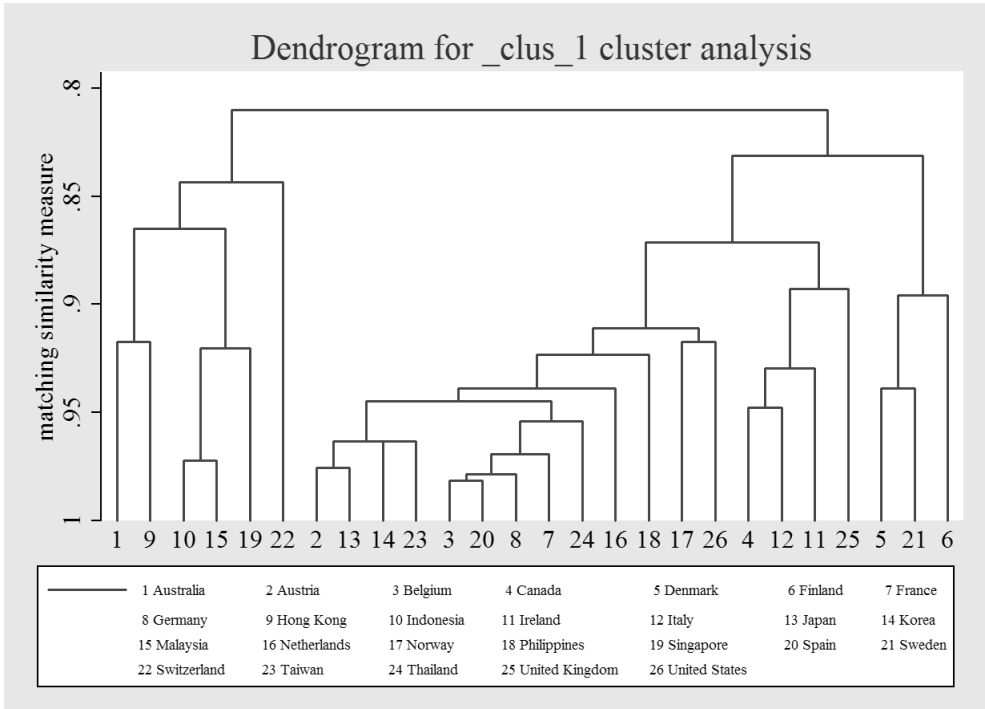
where x_{ij} and x_{ik} are, respectively, the k th variable value of the p -dimensional observations for individuals i and j . This distance measure has an appealing property that the d_{ij} can be interpreted as a physical distance between two p -dimensional points $x'_i = (x_{i1}, \dots, x_{ip})$ and $x'_j = (x_{j1}, \dots, x_{jp})$ in Euclidean space.

Among cluster analysis methods, we employ a complete linkage to find compact clusters with equal diameters (maximum distance between objects) (Everitt, Landau and Leese 2001). A hierarchical cluster analysis merges cases based on the extent to which they share the attributes or dimensions under study.

CLASSIFICATION OF ASIAN AND WESTERN COUNTRIES TOGETHER

Despite large number work in welfare state, few scholars pay attention to other regions: Rudra (2002; 2004; 2005; 2007), Garrett (2001), and Avelino, Brown, and Hunter (2005)'s studies encompass both developed and less developed countries; Mesa-Lago (1989), Huber (1996), Segura-Ubiergo (2007) deal with Latin American countries; Gough (2001), Holliday and Wilding (2003), Aspalter (2006), Kwon (1997; 2005), Jones (1993), and Hort and Kuhnle (2000) examine Asian countries. Several scholars have developed alternative typologies or added one or more types to existing classifications (Arts and Gelissen 2002). Leibfried (1992), Castles and Mitchell (1993), Ferrera (1996), Bonoli (1997) and Bamba (2005) have developed more different regime types among Western countries. Some scholars assert that Asian countries can be classified as hybrid form of the Esping-Andersen's criterion (Esping-Andersen 1997). Some studies on the Asian welfare state programs focused on the complementary role for economic growth by mobilizing monetary capital and enhancing human capital, leading to the discussion of a 'welfare productivism' or 'developmental

Figure 1. Typology of Asian and Western Welfare States



welfare’ model (Aspalter 2006; Gough 2001; Ramesh and Asher 2000; Kwon 2005). The scholars argued that the Asian welfare programs were unique enough to require a new type of welfare regimes. In this section, we examine both Western and Asian countries for a comprehensive typology.

We include nine Asian countries—Hong Kong, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand—with 17 OECD countries together to see whether Asian and Western countries share common characteristics. Figure 1 shows the result of a cluster analysis including 26 Western and Asian countries³ based on the dimensions of welfare programs in Table 3 and education related variables. We do not define the number of groups in cluster analysis in advance to minimize the arbitrariness.

Considering the given studies on welfare regimes and the cluster analysis drawing on the contents of welfare programs, we define fix groups as Figure 1: Group 1—Australia, Hong Kong; Group 2—Indonesia, Malaysia, Singapore; Group 3—Austria, Japan, Korea, Taiwan;

³ See Appendix 3 for the dendrogram for clustering analysis of only 17 Western countries. Western countries are clustered with almost same countries like the cluster analysis with Asian and Western countries together: Group 1—Austria, Belgium, France, Germany, Spain; Group 2—Canada, Italy, Ireland; Group 3—Denmark, Finland, Sweden. See Appendix 4 for the comparison with typologies of previous studies.

Group 4—Belgium, France, Germany, Spain, Thailand; Group 5—Canada, Ireland, Italy; Group 6—Denmark, Finland, Sweden. Each group has distinct program types, eligibility/coverage, financing, and benefits. However, all of them have compulsory education program and most of their duration reach middle school level: only Malaysia, Belgium, and Germany have high school level mandatory education system. The characteristics of each group are following.

Group 1 countries have mandatory occupational account and social assistance programs for old age pension. The coverage and fund source of mandatory occupational account program of these countries vary: Australia's program covers all employees and Hong Kong's covers all employees and self-employed, Australian government pays contribution while Hong Kong government does not. Benefit for old age pension is paid with lump sum of contributions plus interests. Hong Kong has another old age pension program for residents, which is funded by government.

Australia and Hong Kong have both sickness cash benefits and medical benefits. In Australia, social assistance program pays sickness cash benefits, and universal program pays medical benefits. These programs cover all types of employees. The fund for medical benefits comes from the insured, self-employed, and government. In Hong Kong, employer-liability program for residents pays sickness cash benefits, and social assistance program for employees offers medical benefits.

Regarding work injury and unemployment program, they share same type programs: employer-liability and social assistance program respectively. The work injury program covers employees. Unemployment program of Australia covers both employees and self-employed and provides means-tested benefits, while unemployment program of Hong Kong covers workers qualified with means-test or income test and offers flat rate benefits.

Group 2 countries have provident fund type program. Generally, provident fund program includes old age pension and health programs. Provident fund program for old age pension covers employees in Singapore, while it covers a selected group of workers in Indonesia and Malaysia. The insured and employers pay contributions and the fund provides interests to the contribution.

Provident fund for health program provides only medical benefits in Malaysia and Singapore. In Malaysia, it covers a selected group of workers, and it covers all employees and self-employed in Singapore. In Malaysia, the insured and the employers pay contributions, and in Singapore the insured, self-employed, employers, and government pay them. Singapore has also social assistance type program for residents, which provides sickness cash benefits. In Indonesia, social insurance type program offers medical benefits for a selected group of employees.

Indonesia and Malaysia have social insurance program, and Singapore has employer-liability program for work injury covering a part of employees. However they do not have

unemployment program.

Program types of Group 3 countries are social insurance. Regarding old age pension program, Austria and Korea have same program structures: coverage for employees and self-employed; fund financed by the insured, self-employed, employers, and government; and income-tested benefits. Japan's program covers all employees and residents, and has income-tested benefits and flat rate benefits. Taiwan's program covers only a selected group of workers and offers income-tested benefits.

All of Group 3 countries except Korea have both sickness cash benefits and medical benefits simultaneously: Korea has only medical benefits. The insured, self-employed, employers, and government pay contributions in all Group 3 countries. Japan has a program covering both employees and residents.

Austria, Japan, and Korea have work injury program for all types of employees, while Taiwan's coverage is selective. Austria's covers also self-employed. Government shares financing responsibilities in Japan and Taiwan. Group 3 countries have same structure of unemployment program: social insurance, coverage of all employees; fund financed by the insured, employers, and government; and income-tested benefits.

Group 4 countries have social insurance programs. They have similar old age pension program structure with that of Group 3 countries, while Germany's program covers self-employed and France has social assistance program too.

All of Group 4 countries have both sickness cash and medical benefits covering all employees. They share same fund sources from the insured, employers, and government. Group 4 countries except Thailand have social insurance type work injury program for all employees. Thailand has employer-liability program.

In addition to social insurance type unemployment program, France, Germany, and Spain have social assistance type programs. Social insurance type unemployment program covers all employees. It is financed by the insured, employers, and government, and it provides income-tested benefit. Social assistance type unemployment program of France, Germany, and Spain covers all employees. France and Germany has means-tested benefits and Spain has flat rate benefits.

Countries from Group 5 also have social insurance programs like Group 3 and Group 4. However, unlike Group 3 and 4 countries, they also have universal type health program, Canada has universal type old age pension, and Ireland has social assistance type old age pension program. Social insurance and social assistance programs for old age pension cover all employees and self-employed (except Italy). Universal program of Canada covers residents and pays income-tested benefits. Social insurance programs pay income-tested benefits except Ireland which pays flat rate benefits. Ireland's social assistance program pays means-tested benefits.

Social insurance program offers sickness cash benefits, and universal program provides

medical benefits. Work injury program of Canada and Ireland covers all employees, while that of Italy covers a selected group of employees and self-employed. Government of Ireland and Italy pay contribution for work injury and unemployment program, while that of Canada does not.

Group 6 countries have various kinds of programs comparing with other groups. Most of them have social insurance, universal, and mandatory individual account of old age pension program with an exception of Finland. Social insurance and mandatory individual account programs cover all employees and universal programs cover residents. The benefits of mandatory individual account program are calculated using index, marital status, or earnings.

Denmark and Sweden have social insurance program for sickness cash benefits covering all employees and self-employed, while Finland has both sickness cash benefits covering all employees and medical benefits covering residents. Denmark and Sweden has universal program for medical benefits for residents.

Regarding work injury program, they do not share same type program. Denmark has universal program covering all employees, Finland has employer-liability and mandatory insurance programs covering all employees. Sweden has social insurance program covering all employees and self-employed.

All three countries have voluntary unemployment program with income-tested benefits covering all employees and self-employed. Finland and Sweden have also social assistance program with flat rate benefits covering all employees.

Korpi and Palme (1998) argued that pension and health programs are key dimensions of a welfare regime. In the result of the above analysis, old age pension and health program also seem to function as a key factor in forming different clusters. In the next section, we examine only Asian countries to examine whether Asian countries vary within the region.

ASIAN WELFARE STATE REGIME?

Recent studies of Asian welfare state programs have shown common characteristics (Aspalter 2006; Kwon 2005a; Kwon 2005b; Lee and Ku 2007). First, the colonial experiences has influenced the characteristics of initial welfare state programs as in the case of Korea and Taiwan from Japan, and Hong Kong, Malaysia, and Singapore from the United Kingdom. Second, economic development was the central goal of the state, and welfare state programs were part of the developmental efforts. The Asian cases illustrate how economic and social policies were intertwined, prompting the concept of a 'productivist' welfare state. Third, the state sought to minimize its role and to rely on families and firms for financing and welfare service provision. In other words, the state was a regulator, not a provider, of welfare benefits. A heavy reliance on civil society for financing and welfare provisions resulted in a minimal

level of redistribution. Fourth, welfare state programs evolved in a fragmented and gradual fashion in which state employees and core workers were covered first, followed by a slower expansion to other groups.

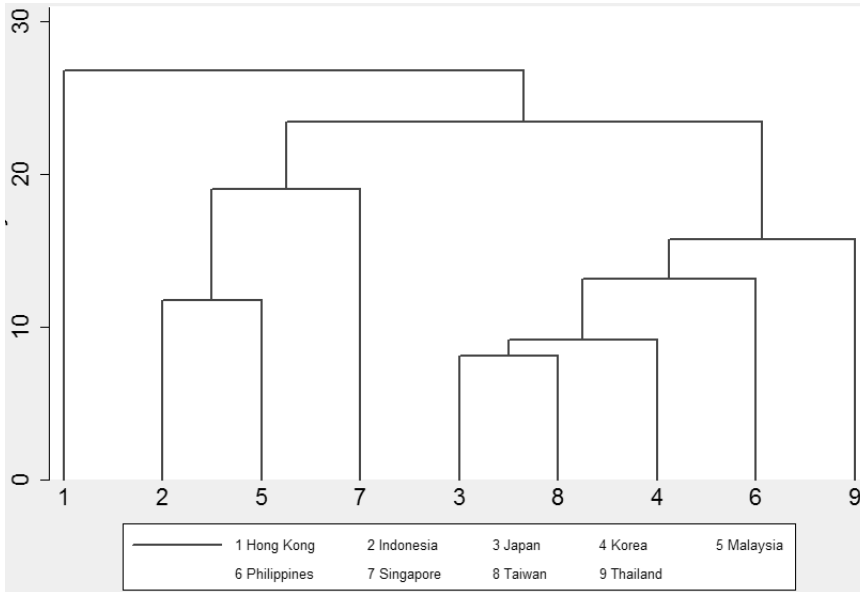
In short, the Asian welfare state programs share such characteristics as a complementary role of welfare programs for economic growth, the state's regulatory role, the gradual expansion of coverage, and a heavy reliance on families. The Asian states also did not pursue socioeconomic redistribution as the main goal of their welfare programs. Such common characteristics led to the discussion of the Asian welfare state regimes as the new fourth type of welfare programs (Aspalter 2006; Holliday 2000; Kwon 2005a). But to what extent do we observe a single model of Asian welfare state programs? A number of studies demonstrate the evidences of divergences, not convergence.

Despite common characteristics of Asian welfare states during their initial development, a few studies argue that the region has diverged into different types. Hort and Kuhnle (2000) argued that one group is based on the Germany-style social insurance programs, whereas the other group is based on the provident funds due to the legacy of British colonialism. Kwon (2005a) stated that developmental welfare states diverged into selective or inclusive welfare states, which differ in terms of the scope of coverage and the state's control over the welfare program. Compared with other East Asian societies, he claimed, Korea and Taiwan shifted their welfare programs towards the inclusive type due to a productivity-based economic development strategy and democratization in the late 1980s.

Holliday (2000) proposed three types of welfare state programs in Asia: facilitative (Hong Kong), developmental-particularist (Singapore), and developmental-universalist (Korea and Taiwan). These three types share the attributes of the 'productivist' welfare capitalism, under which the states subordinate social welfare to economic growth. But these three types differ in terms of the institutionalization of social rights, redistributive outcomes, and public share in welfare provision. The facilitative type is the lowest for all three dimensions, the developmental-particularist in the middle, and the developmental-universalist the highest. Thailand and Indonesia seem to be close to the developmental-particularist type in that they emphasize families and communities, not the state, for welfare provision (Gough 2001). Malaysia is a mix of developmental-particularist and developmental-universalist due to the enactment of the British-style National Health Service and the employee provident fund for pension programs (Gough 2001).

We examine whether there is unique or diverse groups in Asian countries by the same method applied to previous analyses. Figure 2 shows that there are three groups among Asian countries. The first one is only Hong Kong as she is separated from others in the previous analyses: her mandatory occupational account program in old age pension makes it up. The second group is composed as same with the second group of the previous analysis: Indonesia, Malaysia, and Singapore, which have provident fund systems. The last group is other countries

Figure 2. Typology of Asian Welfare States



with strong trend of social insurance programs.

Then how about the result of difference between Asian and Western welfare states and the diversity among Asian countries? Usually in comparing welfare states, the social expenditure as percentage of GDP and Gini coefficient or poverty rate are quoted as index. However, we do not have enough comparable quantitative data of Asian countries. For alternative way, we use Government Finance Statistics data from IMF. If we examine the relative composition of government expenditure on social related items as proxy, the differences among groups are clear. Figure 3 shows the relative composition of government expenditure on social security, health, housing, and education.

Western countries do not show clear differences among the groups. Among four items, most Western governments spend more on social security than other items. The old age pension and health insurance programs are the major differences among the groups, and the expenditures on social security and health care show a minor difference.

On the contrary, the groups from Asian countries show clear differences. Generally, Asian countries spend much more on education than on other items. Relatively, the provident fund group and the social insurance group pay more money on education. For Hong Kong, expenditure on housing and education reaches over half of total expenditure. Comparing provident system group and social insurance group, their difference comes from expenditure on housing and health. Provident fund system group spends on housing more than social insurance group, and social insurance group spends on health more than provident fund system group.

Figure 3. Relative Composition of Government Expenditure of Asia and Western Countries



Thus, key difference among the groups of Asian welfare states is the expenditures on education and housing.

DISCUSSION

Our analysis based on welfare programs' contents and structure reveals that Asian welfare states are distinct from Western welfare states and Asian welfare states are not of a single, homogeneous type, but rather have diverged into three main clusters. How do we explain such divergences in welfare programs between Asian countries and Western countries and among Asian countries? It is difficult to point to a single, dominant factor, since the relevant factors often occur simultaneously and cross-cut the effects of one another. However, based on previous studies, we can present a brief summary as follows.

First, institutional legacy makes a difference. As Esping-Andersen (1999) and Pierson (1995) argued, the first generation of welfare institutions has shaped the second generation by institutionalizing the organizational principles of welfare programs and consequent political coalitions. For example, social insurance and provident funds, two alternative programs for pension benefits, create distinct benefits, cost structures, and stake holders in subsequent welfare reforms.⁴

Second, the state's economic growth strategy plays an important role in the development of a welfare program. Esping-Andersen and others have argued that production and welfare regimes have interacted with each other in Western societies. Such a link is more visible in Asian countries due to the active management of the state's economic growth and welfare provision (e.g., "developmental state" and "welfare developmentalism"). In other words, once a certain style of welfare state programs is institutionalized, the force of institutional inertia makes it hard to change the fundamental principle even up against new socio-economic and political demands in subsequent periods.

Third, democratization has played an important role in the divergent development since the late 1980s. From the above table, all the countries in the top rankings (e.g., Korea and Taiwan) experienced fast democratization in the late 1980s. The countries with recent advance in democratization (e.g., Thailand and Malaysia) have also increased welfare spending. Democratization promotes the collective mobilization of workers and citizens as a whole for policy solutions to socio-economic problems. Also, democratization forces the state to respond to such social demands in order to survive electoral competition. Recent trends of democratization and welfare spending point to the importance of politics in the development of the second generation welfare regimes in Asia.

Fourth, the economic crisis of 1997 also did not present substantial impacts. The analysis of the trends in welfare spending around the time of the economic crisis did not reveal long-

⁴ See Appendix 5 for the comparison of social expenditure as the index of input of welfare efforts and poverty rate as the index of output of welfare efforts of OECD countries from our analysis.

lasting changes. Such a weak long-term effect may come from the quick recovery of those countries from the crisis (Korea, Indonesia, and Thailand). Also, the demands of the international organizations and financial institutions focused on economic reform. However, in the long run, it is possible that the structural reforms in the economy could affect labor markets in terms of employment stability and might put pressure on welfare programs.

In the future study of Asian welfare regime types, the present study suggests the following dimensions to be examined. First, we need to combine both contents of welfare programs and expenditures to understand the direction and efforts of welfare policies together. Second, the present study is limited by focusing on contents and welfare efforts. But we need to analyze the effects of welfare programs on inequality to develop a welfare regime typology. Third, due to increasing interaction between welfare and economic policies, we need to incorporate both types of policies to develop a social policy regime.

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Appendix 1. Types of Programs

The term of welfare programs in this paper refers to *Social Security Programs Throughout the World*. The following is the summary of the definitions of programs in *Social Security Programs Throughout the World*. Three broad approaches to coverage provide cash benefits under income-maintenance programs; social insurance, universal, and means-tested systems. Under both the social insurance and the universal approaches, the insured, dependents, and survivors can claim benefits as a matter of right. Under means-tested approaches, benefits are based on a comparison of a person's income or resources against a standard measure. There are three other types of programs which are delivered, mainly through financial services providers (mandatory individual accounts, mandatory occupational pensions, and mandatory private insurance), publicly operated provident funds, and employer-liability systems.

Social insurance systems generally base eligibility on the length of employment or self-employment or, in the case of work injuries, on the existence of the employment relationship itself. The amount of payments is usually related to the level of earnings before any of contingencies caused earnings to cease. Such programs are financed entirely or largely from contributions made by employers, workers, or both and are in most instances compulsory for defined categories of workers and their employers. **Universal** programs provide flat-rate cash benefits to residents or citizens, without consideration of income, employment, or means. Typically financed from general revenues, these benefits may apply to all persons with sufficient residency. **Means-tested** programs establish eligibility for benefits by measuring individual or family resources against a calculated standard usually based on subsistence needs. Benefits are limited to applicants who satisfy a means test. The size and type of benefits awarded are determined in each case by administrative decision within the framework of the law.

Applies to a **mandatory individual account** where covered persons and/or employers must contribute a certain percentage of earnings to the covered person's individual account managed by a contracted public or private fund manager. The mandate to establish membership in a scheme and the option to choose a fund manager lie with the individual. The accumulated capital in the individual account is normally intended as a source of income replacement for the contingencies of retirement, disability, ill health, or unemployment. Applies to a **mandatory occupational pension** where employers are mandated by law to provide occupational pension schemes financed by employer, and in some cases, employee contributions. Benefits may be paid as a lump sum, annuity, or pension. Applies to a **mandatory private insurance** where individuals are mandated by law to purchase insurance directly from a private insurance company.

Provident Funds are essentially compulsory savings programs in which regular

contributions withheld from employees' wages are enhanced, and often matched, by employers' contributions. The contributions are set aside and invested for each employee in a single, publicly managed fund for later repayment to the worker when defined contingencies occur. Typically, benefits are paid in a lump sum with accrued interest, although in certain circumstances drawdown provisions enable partial access to savings prior to retirement or other defined contingencies. Under **Employer-Liability Systems**, workers are usually protected through labor codes that require employers to provide specified payments or services directly to their employees. Specified payments or services can include the payment of lump-sum gratuities to the aged or disabled; the provision of medical care, paid sick leave, or both; the payment of maternity benefits or family allowances; the provision of temporary or long-term cash benefits and medical care in the case of a work injury; or the payment of severance indemnities in the case of dismissal.

Appendix 2. The Structure of Variables

The following table is a part of dummy variable lists. It represents the structure of social insurance type old age pension program. For example, Korean old age pension program covers all employees and self-employed, so the b, d columns of Korean row are coded into 1.

	a					g					m		
	b	c	d	e	f	h	i	j	k	l	n	o	p
Australia	0	0	0	0	0	0	0	0	0	0	0	0	0
Hong Kong	0	0	0	0	0	0	0	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0	0	0	0	0	0	0	0
Malaysia	0	0	0	0	0	0	0	0	0	0	0	0	0
Singapore	0	0	0	0	0	0	0	0	0	0	0	0	0
Austria	1	0	1	0	0	1	1	1	1	0	1	0	0
Japan	1	0	0	1	0	1	1	1	1	0	1	1	0
Korea	1	0	1	0	0	1	1	1	1	0	1	0	0
Taiwan	0	1	0	0	0	1	0	1	1	0	1	0	0
Belgium	1	0	0	0	0	1	0	1	1	0	1	0	0
France	1	0	0	0	0	1	0	1	1	0	1	0	0
Germany	0	0	1	0	0	1	1	1	1	0	1	0	0
Spain	1	0	0	0	0	1	0	1	1	0	1	0	0
Thailand	1	0	0	0	0	1	0	1	1	0	1	0	0
Canada	1	0	1	0	0	1	1	1	1	0	1	0	0
Ireland	1	0	1	0	0	1	1	1	1	0	0	1	0

	a					g					m				
	b	c	d	e	f	h	i	j	k	l	n	o	p		
Italy	1	0	0	0	0	1	0	1	1	0	1	0	0		
Denmark	1	0	0	0	0	1	0	1	1	0	0	0	1		
Finland	1	0	1	0	0	1	1	1	1	0	1	0	0		
Sweden	1	0	1	0	0	1	1	1	1	0	1	0	0		
Netherlands	0	0	0	1	0	1	1	1	1	0	1	1	0		
Norway	1	0	1	0	0	1	1	1	1	0	0	1	0		
Philippines	0	1	1	0	0	1	1	1	1	0	1	0	0		
Switzerland	0	0	0	1	0	1	1	1	1	0	1	1	0		
United Kingdom	1	0	1	0	0	1	1	1	1	0	1	1	0		
United States	1	0	1	0	0	1	1	1	1	0	1	0	0		

a: coverage

b: all employees

c: selected employees

d: self-employed

e: residents

g: financing

h: insured

i: self-employed

j: employer

k: government

l: benefits

m: means-tested

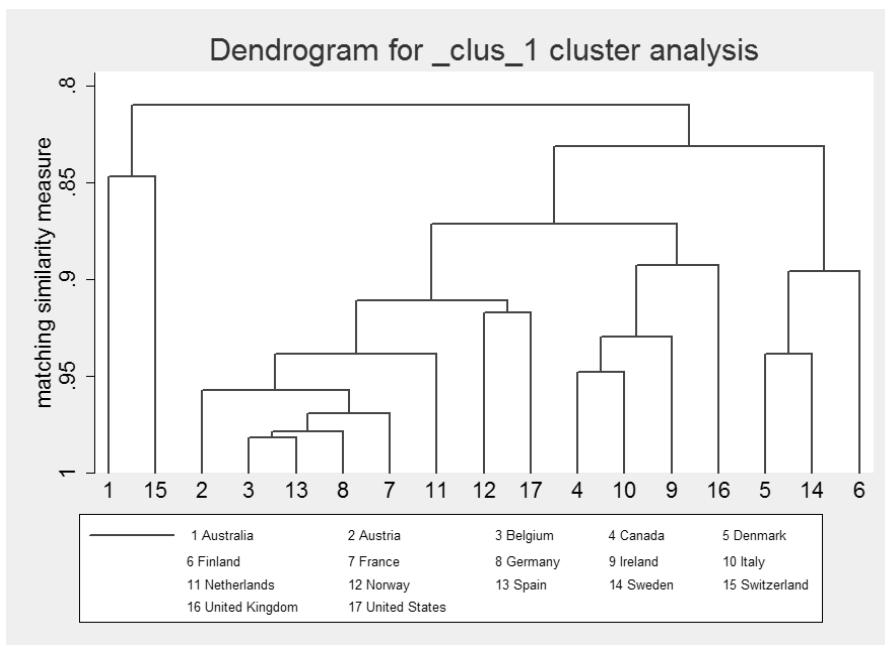
n: income-tested

o: flat

p: others

f: others

Appendix 3. Typology of Western Welfare States



Appendix 4. Comparison of Typologies

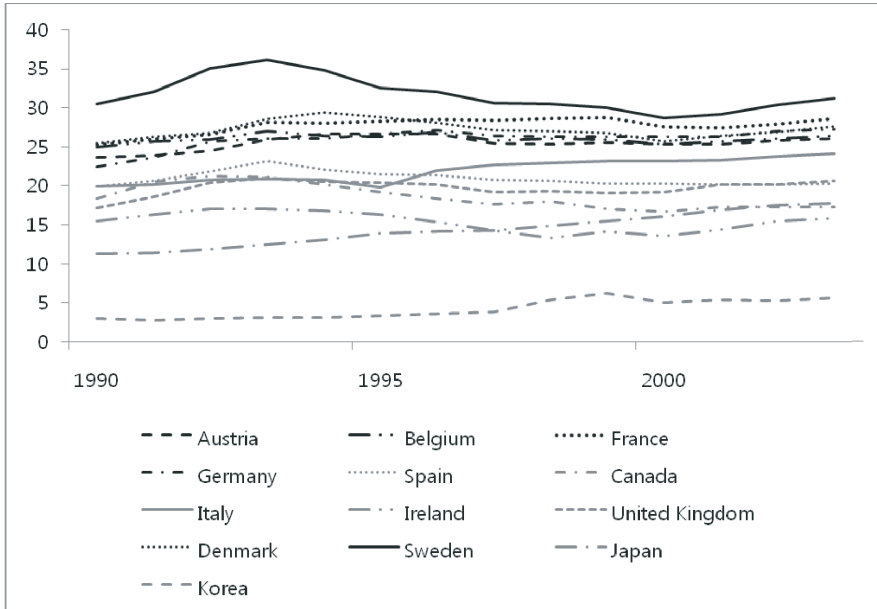
Country	Esping-Andersen (1990)	Korpi and Palme (1998)	Park and Jung (2008)
Finland	Conservative	Encompassing	Group 3
France	Conservative	Corporatist	Group 1
Germany	Conservative	Corporatist	Group 1
Italy	Conservative	Corporatist	Group 2
Japan	Conservative	Corporatist	
Switzerland	Conservative	Basic Security	
Australia	Liberal	Targeted	
Canada	Liberal	Basic Security	Group 2
Ireland	Liberal	Basic Security	Group 2
New Zealand	Liberal	Basic Security	
UK	Liberal	Basic Security	
USA	Liberal	Basic Security	
Austria	Social Democratic	Corporatist	Group 1
Belgium	Social Democratic	Corporatist	Group 1
Denmark	Social Democratic	Basic Security	Group 3
Netherlands	Social Democratic	Basic Security	
Norway	Social Democratic	Encompassing	
Sweden	Social Democratic	Encompassing	Group 3
Spain			Group 1

Appendix 5. Social Expenditure and Poverty Rate of OECD Countries

In the following, we try to compare the input and outcome of welfare programs with comparable data from OECD of previous typology. We illustrate social expenditure for input and poverty rate for output of welfare programs. Figure 1 shows social expenditure as percentage of GDP from 1990 to 2003. The expenditure levels form groups almost similar with our previous typologies. Sweden and Denmark that have prominent old age pension programs occupies the top level of social expenditure. The group of Austria, Belgium, France, Germany, and Spain spent as the second level. Except of Spain, the member countries of this group maintain relative higher and stable expenditure level. The expenditure level of each one of the third (Canada, Italy) and the fourth group (Ireland, United Kingdom) crossed over at the mid 1990s. The growth of expenditure level of Italy led this trend while others decreased. Comparing to Western countries, the expenditure level of Korea and Japan stays relatively lower level, especially Korea stays at the bottom. On the contrary, Japan caught up Ireland and Canada recently. However, the expenditure level gap among countries is reducing as time goes

by.

Figure 1. Social Expenditure as percentage of GDP (1990-2003)



Source | OECD Social Expenditure Database (SOCX) (<http://stats.oecd.org/>)

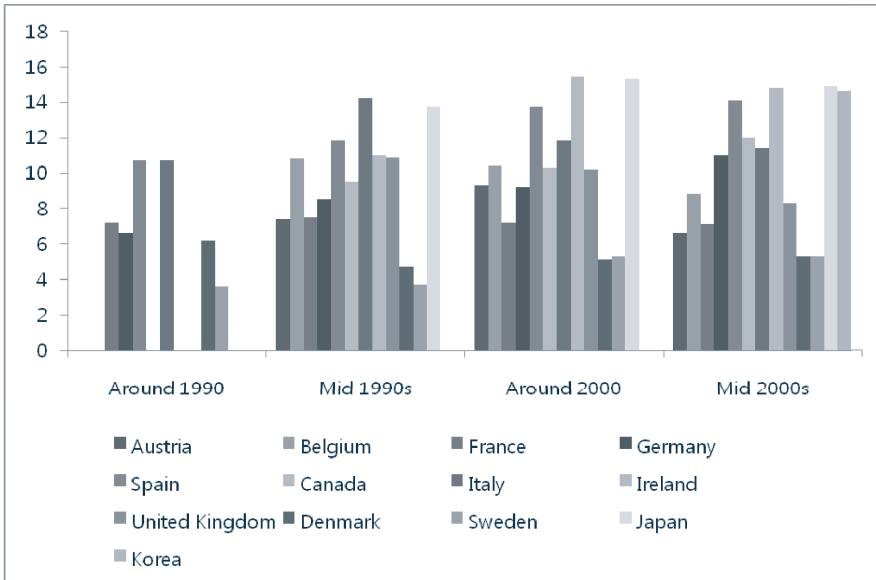
Figure 2 shows poverty rate after taxes and transfer as 50 percentage of the current median income.⁵ As the social expenditure level is higher than other groups, Sweden and Denmark the lowest poverty rate. The group of Austria, Belgium, France, Germany, and Spain also show the second lowest level of poverty rate. As the social expenditure level of Spain is lowest among the group members, her poverty rate is relatively higher continuously than other members. The members of third and fourth groups, except the United Kingdom, show confused looks, while the poverty rate of the United Kingdom is decreasing continuously since the 1990s. Regarding data from Korea, we have only for the mid 2000. Thus we cannot compare the trend of Korea with other countries. Even though, considering the gap of social expenditure level between Korea and Japan, they show almost same poverty rate in the mid 2000s.

As we see above, some groups have maintained their level of social expenditure and poverty rate during the last decade and some have not. We need more observation and examination of the trend and change of both social expenditure level and poverty rate more thoroughly. We also need collect data for more Asian countries to investigate Asian and

⁵ Here we apply 50 per cent poverty line, while some organizations use 40 per cent or 60 per cent poverty line, to make our research comparable with existing researches.

Western countries simultaneously.

Figure 2. Poverty Rate after Taxes and Transfers: 50 per cent of the Current Median Income



Source | OECD Income distribution and Poverty Income Distribution Dataset (<http://stats.oecd.org/>)

