

Making Sense of the Asian Welfare Regimes with the Western Typology

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Abstract

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 overall development of the welfare programs of the nine Asian countries and 17 Western countries together. Previous studies have examined stratification effects, governmental roles, and financing methods of welfare programs. We developed a welfare state typology with the contents of welfare programs (program types, coverage, contributor, contribution type, benefit, and education).

First, among both Asian and Western countries together, we found the three groups based on welfare program contents: (1) Hong Kong and Australia, (2) Provident fund system countries, (3) social insurance system countries relatively concerning health, (4) social insurance system countries with diverse old age pension programs.

Second, among the Asian countries, in terms of the welfare program contents, we found three groups: (1) provident fund type countries (Indonesia, Malaysia, Singapore), (2) social insurance type countries (Japan, Korea, Philippines, Taiwan, Thailand), and (3) Hong Kong as an outlier.

In terms of the welfare expenditure composition, we found a strong contrast between Asian and Western countries: the Western countries' focus on social security and the Asian countries on education.

The present study suggests that we should examine both program contents and welfare efforts and cover Asian and Western experiences to understand peculiarities and similarities of each country's historical experiences in welfare institutions better.

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, and 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 warns the danger that seeing forest may bear little resemblance to reality.

The classical discussion on ideal type can be back to Weber (1949) who deals 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) suggest that the construction of abstract ideal-types recommends itself not as an end but as a means. (Abrahamson 1999) concludes 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.

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).¹ Only few scholars pay attention 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-Ubierno (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) examine Asian

¹ There is also assert that welfare regime concept itself is useless because most countries practice a disjointed set of welfare policies due to the cumulative nature of welfare policies, the diverse histories of policies in different welfare fields, the involvement of different sets of policy actors, variations in the policymaking process, and the influence of foreign models (Kasza 2002).

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.

This article will try to expand the scope of research to Asian countries which 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. 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 compare the previous typology of welfare states and the new one by applying to only Western countries, second, examine whether Asian countries share the same typology with Western countries, and last, 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.

Welfare State Typologies

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 welfare state modeling comes from theoretical foundation from Marshall (1950; 1963; 1965; 1981) and Titmuss (1958; 1978), and empirical profit 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 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.

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).

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) concerns 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) tries to capture qualitative differences between welfare state without missing the differentials in quantitative terms for the comparability in social policy. Thus, he adopts 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) concern 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 expect that institutional structures affect the ways in which citizens come to define their interests and preferences. They choose 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).

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.

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.

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) assert 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, Hecllo, and Adams 1990; Holliday and Wilding 2003).

As a basis of typology, we classify the actual contents and institutional structure of four programs and education system: types of programs, coverage, contributions, benefits, and the duration of compulsory education (see Table 2). Basically, we adopt Social Security Administration’s (2007) classification of programs into three broad types based on benefit delivery way: employment-related (commonly referred to as social insurance system), universal, and means-tested. They add other types of programs, which delivered through financial services providers (mandatory individual accounts, mandatory occupational pensions, and mandatory private insurance), publicly operated provident funds, and employer-liability systems. Social insurance 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.

Table 2. Institutional Structure of Welfare Programs

	Pension	Health	Work Injury	Unemployment
Program Types	Social Insurance			
	Universal	Social Insurance		
	Means-Tested	Employment-		
	Mandatory	Liability		
	Individual Account	Mandatory Private	Social Insurance	
	Mandatory	Insurance	Employer-Liability	Social Insurance
	Occupational	Provident Fund	Mandatory	Social Assistance
	Account	Social Assistance	Insurance	Voluntary
	Mandatory Private	Universal	Universal	
	Insurance	Voluntary Private		
Provident Fund	Insurance			
Social Assistance				
Coverage	All Employed	All Employed	All Employed	All Employed
	Selected Employed	Selected Employed	Selected Employed	Selected Employed
	Self-Employed	Self-Employed	Self-Employed	Self-Employed
	Residents	Residents	Others	Others
	Others	Others		

Fund	Insured Self-Insured Employer Government	Insured Self-Employed Employer Government	Insured Self-Employed Employer Government	Insured Self-Employed Employer Government
Payment	Means-Tested Income-Tested Flat Others			
Cash/Medical		Cash Medical		

Based on Social Security Administration (2007)

Data and Method

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 those countries, we include only other four programs in the analysis.

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 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 2.

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 the appealing property that the d_{ij} can be interpreted as physical distance between two p -dimensional points $x'_i = (x_{i1}, \dots, x_{ip})$ and x'_j

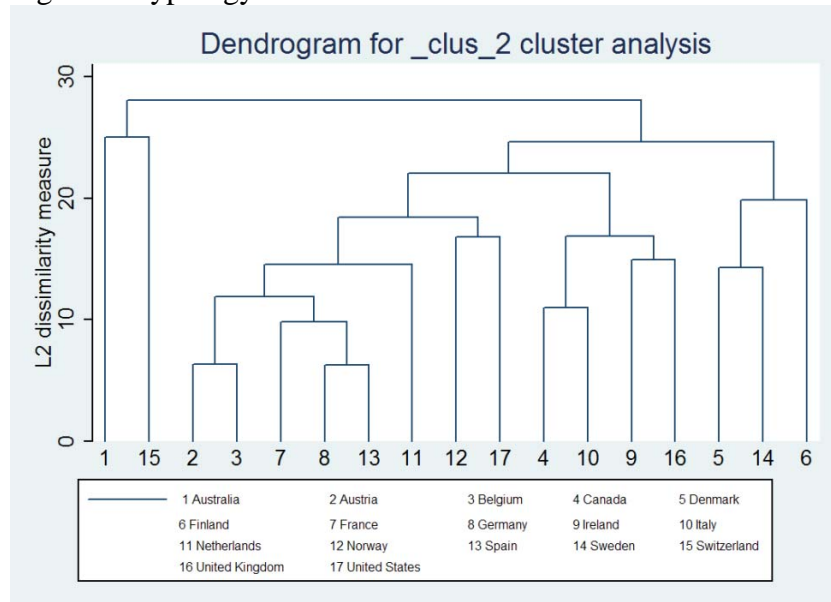
= (x_{j1}, \dots, x_{jp}) in Euclidean space.

Among cluster analysis methods, we employ 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.

Comparison of Typologies of Western Welfare States

Most of the previous studies responding to Esping-Andersen (1990) concern advanced Western countries (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). Some of them have similar classifications or different ones to each other. In this section, we apply our new classification to 17 OECD countries – Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, the United States. Usually in comparative studies of advanced capitalist states, 18 OECD countries have been analyzed. In this analysis, we exclude Japan because she will be included in the next analysis as a member of Asian country – to compare to those of Esping-Andersen’s (1990), which is the bible of welfare state classification, and Korpi and Palme (1998), which is the reference of this research. Figure 1 shows the result of hierarchical cluster analysis of 17 countries.

Figure 1. Typology of Western Welfare States



In above figure, we can witness four groups: Group 1 – Austria, Belgium, France, Germany, Spain; Group 2 – Canada, Italy; Group 3 – Ireland, United Kingdom; Group 4 – Denmark, Sweden.² Group 1 has peculiar characteristics in terms of health insurance comparing to other groups. Most of members of other groups have two kinds of health insurance programs:

² We do not label these groups yet because we think it demands more careful consideration.

social insurance and universal program. Group 1 has only social insurance program. In terms of number and type of program, Group 1 looks to have weaker health insurance programs than other groups. On the contrary, in terms of type of sickness benefits, Group 1 supplies both sickness cash benefits and medical benefits to employees simultaneously. Regarding unemployment program, France, Germany, and Spain have both of social insurance and social assistance programs. Austria and Belgium have only social insurance program and it makes them to be classified into same group with Japan, Korea, and Taiwan in the next sector analysis including Asian countries.

Group 2 and Group 3 have similar institutional structures to each other and also among other groups. What makes them to be classified into different group is old age pension program. Regarding old age pension, both of them have social insurance program, however, Group 3 has social assistance program in addition. Group 4 has prominent old age programs: social insurance, universal, and mandatory individual account programs. Both social insurance and universal programs are adopted by most of other countries. However, mandatory individual account program, which is one of programs delivered by financial service providers, is rarely adopted.

Generally, as Korpi and Palme (1998) concentrated on old age pension and health insurance programs, our analysis shows that those two kinds of programs have major influence on the structure of social welfare programs. Table 3 also shows the similarity between Korpi and Palme (1998) and our classifications.

Table 3.

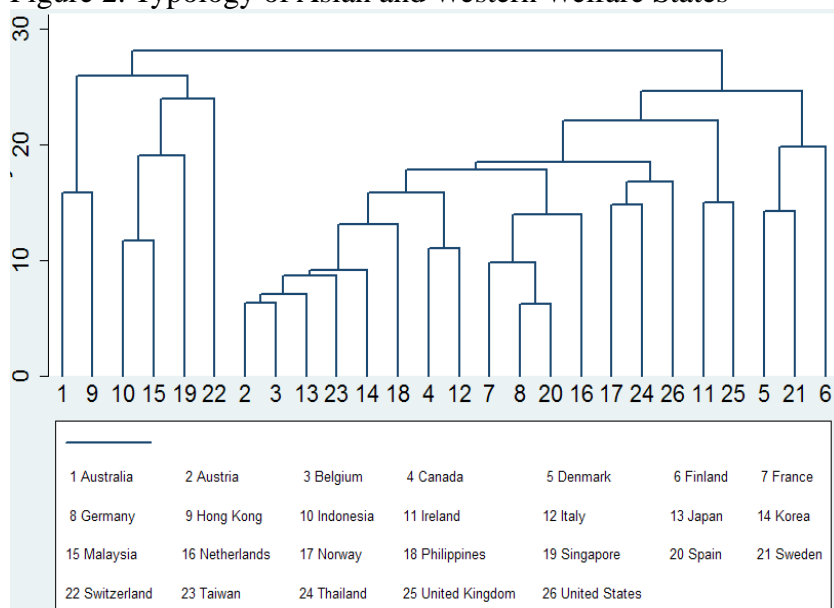
Country	Esping-Andersen (1990)	Korpi and Palme (1998)	Park and Jung (2008)
Finland	Conservative	Encompassing	
France	Conservative	Corporatist	Group 1
Germany	Conservative	Corporatist	Group 1
Italy	Conservative	Corporatist	Group 2
Japan	Conservative	Corporatist	
Switzerland	Conservative	Basic Security	
Australia	Liberal	Targeted	
Canada	Liberal	Basic Security	Group 2
Ireland	Liberal	Basic Security	Group 3
New Zealand	Liberal	Basic Security	
UK	Liberal	Basic Security	Group 3
USA	Liberal	Basic Security	
Austria	Social Democratic	Corporatist	Group 1
Belgium	Social Democratic	Corporatist	Group 1
Denmark	Social Democratic	Basic Security	Group 4
Netherlands	Social Democratic	Basic Security	
Norway	Social Democratic	Encompassing	
Sweden	Social Democratic	Encompassing	Group 4
Spain			Group 1

Applying New Classification to More Countries

Contrary to a lot of studies on welfare state of Western societies, only 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. The range of comparative studies of the scholars is broad: comparison around the world, between the Western and the other region, or only among Asian or Latin American 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 Bambra (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 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 whether Asian countries can be classified into the same frame of Western countries.

We add 9 Asian countries – Hong Kong, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand – to the given 17 OECD countries and apply same analysis method. Previous studies have included only some of the 9 Asian countries such as Japan, Korea, and Taiwan with Western countries, or analyzed only Asian countries. We try to encompass Western countries and more Asian countries simultaneously. Figure 2 shows the result of cluster analysis including 26 Western and Asian countries.

Figure 2. Typology of Asian and Western Welfare States



The above figure shows five groups: first, Australia and Hong Kong; second, Indonesia, Malaysia, and Singapore; third, Austria, Belgium, Japan, Korea, and Taiwan; fourth, France, Germany, and Spain; fifth, Denmark and Sweden. Both two countries from the first group are isolated from other countries because they have unique programs. Regarding old age pension programs, they have mandatory occupational account, which is one of programs delivered by financial services providers like mandatory individual account of Denmark and Sweden. Even they have different health insurance program systems, they share similar work injury (employer-liability) and unemployment (social assistance) programs.

The second group has common to each other but unique to other groups program: provident fund system. These funds, which exist primarily in developing countries, are essentially compulsory savings programs in which regular contributions withheld from employees' wages are enhanced, and often matched, by employers' contributions and operated publicly (Social Security Administration, 2007). This program covers old age pension and health insurance programs.

The third group is composed with Western and Asian countries. Among them, in the previous analysis for only Western countries, Austria and Belgium are classified together with France, Germany, and Spain. However, in this analysis, they are separated. All of the third group have only social insurance program regarding old age pension. As mentioned above, it makes Austria and Belgium separated from France, Germany, and Spain. Among the countries of this group, only Korea does not have sickness cash benefit program. Taiwan is also exception in terms of work injury program. She has employer liability program while others have social insurance program. All of the fourth and fifth groups are the members of Group 1 and Group 4 of the previous analysis respectively. They have similar structure with the third group, but their old age pension programs have more options.

Even we examine Western and Asian countries together, there is no clear common denominators between them. Thus in the next section, we examine whether Asian countries have unique or diverse groups.

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.

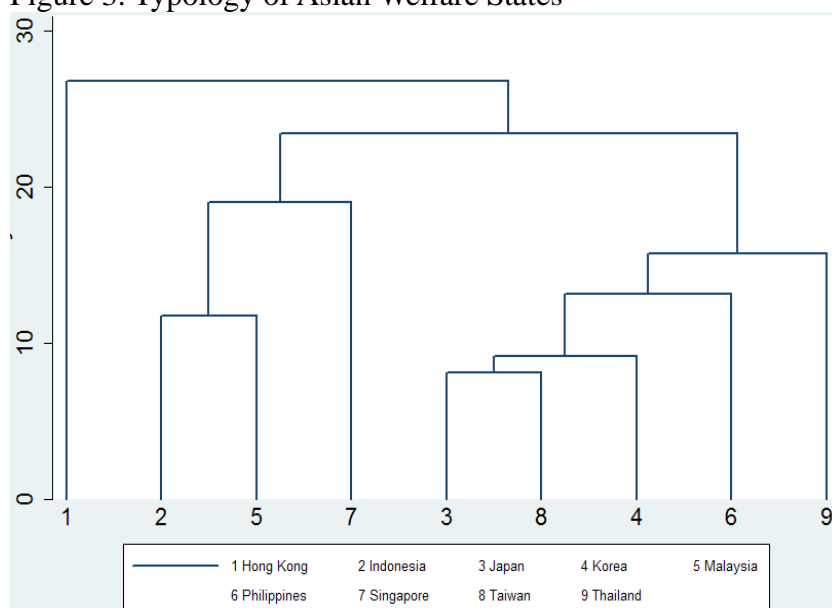
In short, the Asian welfare state programs share such characteristics as a complementary role

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).

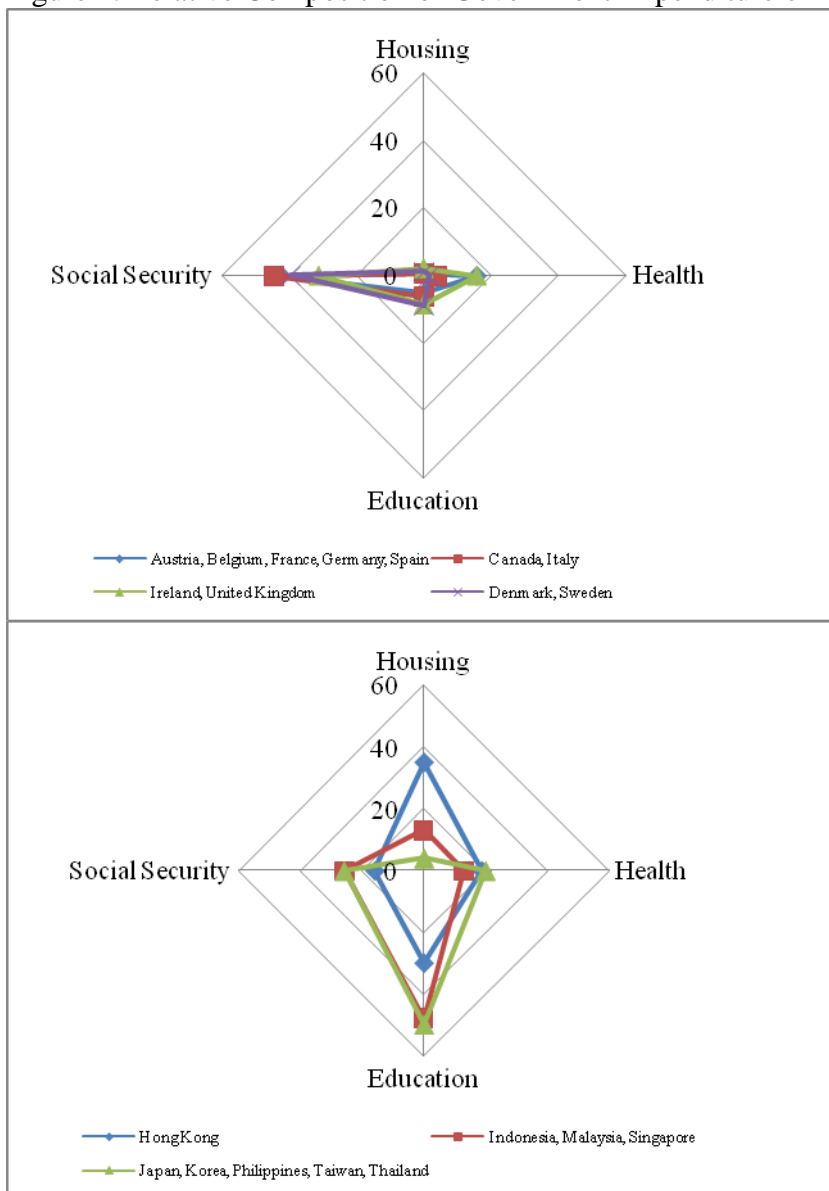
Figure 3. Typology of Asian Welfare States



We examine whether there is unique or diverse groups in Asian countries by the same method applied to previous analysis. Figure 3 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 analysis: 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 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? If we examine the relative composition of government expenditure on social related items as proxy, the differences among groups are clear. Figure 4 shows the relative composition of government expenditure on social security, health, housing, and education.

Figure 4. Relative Composition of Government Expenditure of Asia and Western Countries



For Western countries, they do not show clear differences among groups. Among four items, most Western governments spend more on social security than other items. As the old age pension and health insurance programs are the major factors to differentiate groups, the expenditures on social security and health care of government show just small difference from group to group.

On the contrary, the groups from Asian countries show apparent differences among groups. Generally, Asian countries spend much more on education than other items. Relatively, the group provident fund system and the group of 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. What makes Asian countries form diverse group is the expenditures on education and housing. That different composition of government expenditure may be the result of different strategies of governments. The different strategies are the reflection of contents and structure of social welfare programs of each group.

Discussion

Our analysis based on welfare programs' contents and structure reveals that Asian welfare states have different typology from that of Western welfare states and Asian welfare states are not of a single, homogeneous type, but rather have diverged into three main clusters, with some common characteristics. 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.

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-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.

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