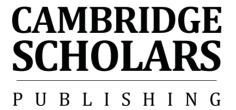
## Social Issues and Policies in Asia

# Social Issues and Policies in Asia: Family, Ageing and Work

#### Edited by

## Raymond K. H. Chan, Lih-Rong Wang and Jens O. Zinn



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This book first published 2014

Cambridge Scholars Publishing

12 Back Chapman Street, Newcastle upon Tyne, NE6 2XX, UK

British Library Cataloguing in Publication Data A catalogue record for this book is available from the British Library

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ISBN (10): 1-4438-5952-4, ISBN (13): 978-1-4438-5952-3

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#### **ACKNOWLEDGEMENTS**

This book is the result of the International Conference on Risk, Life Course and Social Exclusion – A Social Policy Perspective, co-hosted by the Department of Applied Social Sciences, City University of Hong Kong and the College of Social Sciences, National Taiwan University; and supported by the Thematic Group 04 – Risk and Uncertainty, International Sociological Association. It was held at City University of Hong Kong in June 2013. We would like to express our gratitude to the generous financial sponsorship of the conferences from the two Universities.

Most of the chapters evolved out of the earlier drafts presented there, which benefited from the intense discussions among the participants and revision made subsequently by all contributors. The book would not be possible without generous support from them. We are also obliged to the funding support received from the College of Social Sciences, National Taiwan University; and the guidance received from the publisher for the preparation of the manuscript.

#### CHAPTER ONE

### SOCIAL ISSUES AND POLICIES IN ASIA: AN OVERVIEW

### RAYMOND K H CHAN, LIH-RONG WANG AND JENS O ZINN

#### Introduction

In the past few decades, societies in Asia have experienced rapid and dramatic changes in their economic, social and political spheres. Given their wide diversity, it is understandable that the manifestation, extent and impact of these changes vary from country to country. Nevertheless, a few general trends can be observed. Globalization has swept across Asia, bringing intensive economic interactions. These interactions reflect a commitment to liberalism and a belief in market capitalism as the best method of resource allocation and distribution. The economic development in Asian countries has involved a reduction of the role of the agricultural sector and a growth in industrialization, and, for some advanced economies, the service sector. Wage labour has become the common form of employment. Individuals, as well as countries, are increasingly exposed to the competitive and uncertain global market. Employment protection, especially for vulnerable labour groups — youth, women, seniors and migrants — has become a pressing issue for most Asian governments.

Industrialization and urbanization have had an impact on demographics and family structures. The declining fertility rate has been recognized as a defining feature of a modern society, leading to small families and reducing instances of multi-generational co-residency. Changing family structures have contributed to changes in family values and roles, especially the role of women. Sometimes willingly, sometimes compelled, women are entering the workplace in increasing numbers, particularly as migrant workers. Family duties compete and are often in conflict with the demands of work. The issue of providing adequate and quality care to

family members has been exacerbated by the fact that Asian societies are ageing. An ageing population poses challenges to families and to society as a whole.

It is commonly acknowledged that in Asian societies, personal care and support needs are primarily met by family – immediate and extended – and, to a lesser degree, by community networks. In response to the changes outlined above, governments had gradually established their own social welfare systems in an effort to support economic growth and sustain their legitimacy by meeting certain recognized social needs. The systems have taken various forms: national social insurance schemes (such as pension and unemployment insurance); social assistance schemes to guard against the risks of unemployment and poverty; and social services for families and individuals with caregiving, family, marital or personal problems. The success of these ventures varies across societies, and, naturally, there have been criticisms of the breadth and depth of the provisions.

This book addresses the social issues arising from these changes in selected societies representing various Asian regions. It includes studies of the more developed societies of Japan, Korea, Taiwan and Hong Kong, as well as of societies in the East Asian regions of China, the Southeast Asian Philippine society and the South Asian Sri Lankan society. These societies represent different levels of economic and social development, but they face similar challenges and their social interventions can be usefully compared. This variety of subjects provides us with a more comprehensive understanding of the changes that have occurred, the problems that have emerged and the strategies that have been adopted. We hope to provide insight into ways of addressing social issues in this rapidly changing part of the world.

## **Economic development: Industrialization, urbanization and globalization**

Asian countries put economic growth (i.e., the GDP) as their priority. The growth of the GDP is also used to measure the achievement of modernization. The state has an important and active role in facilitating economic development and growth. Its success in delivering its promises will be crucial to its legitimacy. Most countries in Asia, and particularly the seven societies included in this book, have experienced periods of impressive economic growth. The first occurred in East Asia: Japan took the lead, followed by Korea, Taiwan and Hong Kong. China experienced dramatic economic development beginning in the 1990s. The Philippine

has its early industrialization in 1950s, experienced economy growth then, but contracted in 1980s and 1990s and fell behind afterwards. Sri Lanka, in contrast, lagged behind initially but caught up quickly in the 2000s (see Table 1.1).

Table 1.1: GDP real growth rate

Region / society	1990	1995	2000	2005	2012		
East Asia							
China	3.8	10.9	8.4	11.3	7.8		
Hong Kong	3.9	2.4	7.7	7.4	1.4		
Korea	9.3	8.9	8.8	4.0	2.0		
Taiwan	6.9	6.4	5.8	4.7	1.3		
Japan	5.6	1.9	2.3	1.3	1.9		
South Asia							
Sri Lanka	6.2	5.5	6.0	6.2	6.4		
Southeast Asia							
Philippines	3.0	4.7	4.4	4.8	6.8		

Source: ADB, 2013a, Table 2.13

In terms of the per capita GDP, Japan, Korea, Taiwan and Hong Kong are the high-income areas. The economies in China and Sri Lanka are catching up; together with the Philippines, they rank as middle-income areas (see Table 1.2).

Table 1.2: Per capita GDP at PPP (current international dollars)

Region / society	2000	2005	2012
East Asia			
China	2,357	4,102	9,210
Hong Kong	26,872	36,440	51,899
Korea	17,197	22,783	30,722
Taiwan	20,257	26,659	38,961
Japan	25,914	30,441	35,204
South Asia			
Sri Lanka	2,693	3,550	6,247
Southeast Asia			
Philippines	2,410	3,082	4,454

Source: ADB, 2013a, Table 2.2

All these societies have turned to industrialization as their primary means of pursuing economic growth. First they adopted the import substitution strategy, and then they branched into exports. Governments have provided support by introducing measures that are favourable and protective of trade. Most of these societies became competitive in the world market by offering comparatively low production costs, at least, in the initial stage. Some, such as Korea, encouraged heavy industries as another source of economic growth. Recently, Hong Kong, Taiwan, the Philippines and Japan have lessened their dependency on industry and increased their investment in the service sector (see Table 1.3).

Table 1.3: Output by economic sector

Region /	Initial year (1975)			Most recent year (2010)		
society	Agri-	Industry	Service	Agri-	Industry	Service
	culture			culture		
East Asia						
China	32.4	45.7	21.9	10.1	46.7	43.2
Hong	1.7	33.5	64.8	0.1	7.4	92.5
Kong				(2009)	(2009)	(2009)
Korea	27.1	29.3	43.6	2.5	39.3	58.2
Taiwan	7.6	45.8	46.6	1.7	32.1	66.2
Japan	4.6	39.4	56.0	1.4	26.7	71.9
				(2009)	(2009)	(2009)
South Asia	South Asia					
Sri Lanka	30.4	26.4	43.2	12.8	29.4	57.8
Southeast Asi	Southeast Asia					
Philippines	30.3	35.0	34.7	12.3	32.6	55.1

Source: ADB, 2013a, p. 81

Economic growth has been accompanied by two prominent social developments: an increase in wage labour and urbanization. An increasing number of peasants have left their farms because their land was sacrificed to urbanization or because they were drawn to better financial prospects offered by the expanding industrial and service sectors (see Table 1.4). This exodus has led to a transformation in the employment picture: wage labour — contractual and informal — is now the primary type of employment. This has, naturally, led to an increased focus on labour regulations, governance, and employment practices and protection, as well as on the consequences of unemployment.

Table 1.4: Employment by economic sectors

Region /	Initial year	ar (1980 or 1	981)	Most recent year (2010)			
society	Agri-	Industry	Service	Agri-	Industry	Service	
	culture			culture			
East Asia							
China	68.7	18.2	13.1	39.6	27.2	33.2	
	(1980/	(1980/	(1980/				
	81)	81)	81)				
Hong	1.4	50.2	48.4	0.2	12.4	87.4	
Kong	(1980/	(1980/	(1980/	(2009)	(2009)	(2009)	
	81)	81)	81)				
Korea	34.0	29.0	37.0	6.6	17.0	76.4	
Taiwan	12.8	32.3	54.9	5.2	35.9	58.9	
	(1990)	(1990)	(1990)				
Japan	10.4	35.4	54.2	3.7	25.6	70.6	
South Asia							
Sri Lanka	48.9	19.9	31.2	33.5	25.8	40.7	
Southeast Asi	Southeast Asia						
Philippines	51.8	15.4	32.8	35.2	14.5	50.3	
				(2009)	(2009)	(2009)	

Source: ADB, 2013a, p. 81, Tables 1.11, 1.12 and 1.13

Governments are also concerned with the protection of those with informal employment – the self-employed, participants in family businesses, and part-time and casual wage earners. These workers lack job protection and are not entitled to receive statutory labour benefits such as leave, pensions and social security benefits (ILO Regional Office for Asia and the Pacific, 2006). Ofreneo (2010) has noted that in Korea and Japan, there are significant differences in the wage levels, occupational benefits and job protection of regular and irregular workers, with greater protection to the former while the number of irregular workers is increasing steadily.

With the industrial and service sectors concentrated in urban or nearby suburban areas, urbanization was inevitable (see Table 1.5). The societies under study have all undergone the process of urban sprawl – the encroachment of the city into peripheral areas. Urbanization also refers to the massive movement of population from rural to urban areas. Rural communities are now populated by the older generation; the youth have gone to the cities to pursue better job opportunities. The demographic profile and social organization of both urban and rural areas have been transformed. The new urban way of life represents a challenge to the simple informal rural communities. The process of urbanization has been particularly far-reaching in China (Skeldon, 2012).

Table 1.5: Urban population as percentage of total population

Region / society	1990	1995	2000	2005	2012	
East Asia						
China	26.4	29.0	36.2	43.0	52.6	
Hong Kong	99.5	100	100	100	100	
					(2010)	
Korea	73.8	78.2	79.6	81.3	83.2	
					(2011)	
Taiwan	50.6	53.1	55.8	57.7	59.7	
Japan	77.3	78.0	78.6	86.0	91.1	
					(2011)	
South Asia						
Sri Lanka	17.2	16.6	15.8	17.8	20.5	
					(2011)	
Southeast Asia		•		•		
Philippines	51.9	48.3	48.0	48.0	48.9	
	(1993)				(2011)	

Source: ADB, 2013a, Table 1.3

Of course, migration is not always within a country; there has been a surge of migration across countries and even across regions. Push and pull factors have been cited to explain the increase in migration, both temporary and permanent (Chan & Moha Asri, 1999). Migrant workers usually move from countries with lower economic and social development to more advanced societies, where they fill the gaps in the labour market. They take the "three-D" jobs (difficult, dirty and dangerous) to earn more money than they would be able to make in their native countries. These jobs are in commercial agriculture, construction, labour-intensive manufacturing, domestic service, and cleaning and catering services (Kaur, 2010; UN Women, 2013; Wickramasekara, 2011). Korea, Japan, Taiwan and Hong Kong are among the popular destinations for temporary labour migrants, whereas the Philippines and Sri Lanka tend to export their labour. China also exports migrant workers, but it is also experiencing significant internal labour migration.

Recently, attention has been focused on migrants who take caregiving jobs (looking after children or seniors) when family members cannot or will not do so. Given the nature of these jobs, a large number of migrant labour is female (UNESCAP, 2011). Female migrants from the Philippines, Indonesia and Sri Lanka make up between 60 and 80 per cent of all migrants workers (ILO Regional Office for Asia and the Pacific, 2006). These shifts in populations are another effect of globalization in Asia.

Similarly, the surge in capital flow and trade within and across regions reflects the development of a global market and the increasing involvement of these societies. The establishment of intra-regional economic pacts (such as those initiated by ASEAN and APEC) and cross-national economic agreements by bodies such as the World Trade Organization have linked national economies to global prospects. Table 1.6 shows the long-term trend of increasing economic globalization using the KOF Index of Globalization.

Table 1.6: Economic globalization index

Region / society	1970	1980	1990	2000	2010		
East Asia							
China	19.54	19.97	31.71	41.20	51.12		
Korea	32.92	40.56	44.04	53.26	59.61		
Japan	21.19	23.88	41.55	44.51	44.01		
South Asia							
Sri Lanka				47.26	40.47		
Southeast Asia							
Philippines	29.83	36.73	45.23	56.45	53.32		

Note: This index includes measurements of actual flow of trade, FDI, portfolio investment and income payments to foreign nationals, as well as restrictions imposed by import barriers, mean tariff rate, and taxes on international trade and capital accounts. Hong Kong and Taiwan data are not available in this Index.

Source: ETH Zurich, 2013

While Hong Kong and Taiwan are not included in the KOF index, they are both renowned for their freedom of trade and investment. This is especially the case in Hong Kong, which has been ranked the first in the Index of Economic Freedom by the Heritage Foundation for 19 consecutive years. Taiwan was ranked twentieth in the world and fifth in Asia in the latest 2013 ranking (Heritage Foundation, 2013). On the Foreign Direct Investment (FDI) scale, Hong Kong ranked the third in the world and Taiwan 54<sup>th</sup> in 2012, according to UNCTAD (2013). UNCTAD also found that Hong Kong ranked tenth and Taiwan eighteenth in merchandise import and export.

On the whole, it can be argued these countries have been benefited from economic globalization: they have attracted FDI and have acquired skills and technology. It is therefore not surprising that Asian countries generally favour liberal free market mechanisms, characterized by globalization, decentralization, deregulation and privatization (Low, 2003, pp. 30-31). Nevertheless, the exposure of national economies to global forces has had negative impacts. The reduction of tariffs has led to

increasing competition between local and foreign producers, often to the detriment of the former when they are the newcomers to global competition. A country's capital and stock markets are more susceptible to global market influence, as was evidenced in the series of economic setbacks since the 1997 Asian financial crisis.

These societies are still experiencing economic growth, but they have been compelled to cope with the uncertainties and potential risks that characterize the global market. In order to remain competitive, they have introduced industrial advancements and improvements in productivity, but they have also reduced labour protection. These developments have had an impact on local wage earners, especially when the social protection systems of some of these societies offer very little support.

#### Social changes: Demographic, family and gender trends

In the societies under study, two demographic trends have significant implications for families: the declining fertility rate (see Table 1.7) and the ageing population. The dramatic drop in the fertility rate in recent decades has been attributed to heightened competitiveness in an increasingly self-serving society. With fewer children, parents have more time for their own personal and career development. Women, especially, who now receive more education, want more choice in determining their life course and are not willing to consider the traditional pattern (marriage, childbirth, caregiving) inevitable. Low fertility rates also allow parents to direct more focus on their children, which will have a positive impact on human capital. Throughout Asia, the quality of children's upbringing has taken precedence over the quantity of children (Jones, 2012).

Table 1.7: Fertility rates

1990	2000	2010			
2.3	1.7	1.6			
1.3	1.0	1.2			
1.6	1.5	1.2			
1.8	1.7	1.1			
1.5	1.4	1.4			
South Asia					
2.5	2.2	2.3			
4.3	3.8	3.1			
	2.3 1.3 1.6 1.8 1.5	2.3   1.7   1.3   1.0   1.6   1.5   1.8   1.7   1.5   1.4     2.5     2.2			

Source: ADB, 2013a, Table 1.17

An inevitable result of the declining fertility rate is that the family has become smaller. The reduction in family size has also been encouraged by socio-economic developments, urbanization and modernization (UNESCAP, 2008). The increase in internal and external migration, in particular, has had an effect on family size. As noted above, the rapid economic development and the concentration of economic activities in urban centres have led to the absorption of massive workforce in cities. In the case of China, large numbers of seniors and their grandchildren live on their own in rural communities while the working adults take up residence in the city (Jones, 2012: p. 95). Migration has also influenced family structure, such as increasing the number female-headed households and breaking down traditional living arrangements and extended families (UNESCAP, 2008, p. 8).

As a result, there are smaller families, fewer children, more seniors living on their own and a decline in unpaid caregivers. The ageing population is a major challenge to these Asian societies, particularly highly developed societies, such as Japan, Korea, Hong Kong and Taiwan (see Table 1.8). Calls for retirement protection schemes, health insurance (and long-term care insurance) as well as health and care services are urgent. More and more people are advocates of "active ageing," which takes a positive view of seniors' potential and seeks to remove barriers to their social and economic participation. Active ageing also demands respect for the rights of seniors (Chan & Behling, 2013). In general, it provides a positive alternative attitude towards the value of seniors in society.

Table 1.8: Population aged 65 and over (% of total population)

Region / society	1990	2000	2010			
East Asia	1770	2000	2010			
China	5.8	6.9	8.4			
	8.7	11.0	12.9			
Hong Kong						
Korea	5.0	7.3	11.1			
Taiwan	6.2	8.6	10.7			
Japan	11.9	17.2	23.0			
South Asia						
Sri Lanka	5.5	6.3	7.8			
Southeast Asia						
Philippines	3.1	3.2	3.7			

Source: ADB, 2013a, Table 1.6

Women too have aspirations for alternative courses, especially in recent years when they have more education, higher workforce participation and, therefore, greater economic independence (see Table 1.9). They tend to postpone marriage and, consequently, parenthood. Attitudes towards having children, and the associated direct and indirect economic, social, and opportunity costs have also changed (UNESCAP, 2008).

Table 1.9: Women labour force participation rate (employed females per 100 employed males)

Region/ society	1991	2000	2012			
East Asia						
China	82.3	82.9	81.4			
Hong Kong	59.5	73.2	86.8			
Korea	65.8	69.0	71.1			
Taiwan	44.4	46.0	50.2			
Japan	69.0	68.8	73.2			
South Asia						
Sri Lanka	40.0	46.4	46.0			
Southeast Asia						
Philippines	55.6	59.8	63.7			

Note: Taiwan figures are the female labour force participation rate.

Source: DGBAS, 2014; UNESCAP, 2013, Table E.1.1

The family has also become destabilized due to the increase in divorces and separations (UNDESA, 2012). On the whole, the rate of divorce in the developed Asian societies is almost comparable to that of the West. For example, the crude divorce rates in Korea, Japan, Hong Kong and OCED-average in 2005 were 2.6, 2.1, 2.1 and 2.3, respectively (Census & Statistics Department, 2007; OECD, 2009). Nevertheless, there is no fear that the family has become an outdated concept in Asia as the marriage rates are still remaining stable, but assumptions about family formation, structure, roles and functions have changed.

The growth of the divorced/separated population reflects changing attitudes towards marriage and towards divorce, which has until recently been highly stigmatized in Asia. Tolerance for unhappy marriages for the sake of the children and maintaining family honour has decreased, especially among women who are gaining economic independence (Jones, 2012).

#### Social issues arising from recent changes

In summary, Asian countries are moving in the same direction, though at different paces. Their integration into the global market is manifest in their industrialization (and, in some cases, de-industrialization), their increasing urbanization and their high level of migration. These changes have led to a proliferation of wage workers. One of their major challenges is to provide adequate employment opportunities for the growing number of workers, who are now concentrated in urban areas.

The unemployment rates in these Asian countries are far lower than the 8% average of the OECD in 2012. Nevertheless, there is a growing concern about the rise in unemployment, which is evidenced by the most recent data on relatively developed societies (exceptions are Sri Lanka and the Philippines: the former has recently experienced a significant rise in employment, and the unemployment rate of the latter had remained stable at 7.0% as of 2012). Unemployment can be devastating when there is no social safety net. Failure to secure a job, especially among vulnerable groups – youth, older applicants, the disabled, and women – leads to a host of other problems, such as poverty and social exclusion.

**Table 1.10: Unemployment rates** 

Region / society	1990	1995	2000	2005	2012		
East Asia							
China	2.5	2.9	3.1	4.2	4.1		
Hong Kong	1.3	3.2	4.9	5.6	3.3		
Korea	2.4	2.1	4.1	3.7	3.2		
Taiwan	1.7	1.8	3.0	4.1	4.2		
Japan	2.1	3.2	4.7	4.4	4.3		
South Asia							
Sri Lanka	15.9	12.3	7.6	7.4	4.0		
Southeast Asia							
Philippines	8.4	9.5	11.2	7.9	7.0		

Source: ADB, 2013a, Table 1.9

Another urgent issue is the protection of labour rights, statutory employment benefits, and laws governing labour dismissal and the power of labour representatives. Overall, there have been improvements in labour governance and protection in Asia (ILO Regional Office for Asia and the Pacific, 2013). According to the Global Competitiveness Report, income protection was not significantly weakened in the 2000s, and employment

protection improved in Hong Kong, Korea and Taiwan during the decade (Chan, 2013).

Of course, most of the societies that we are studying prize labour market efficiency, which means less regulation and protection of labour. Flexible workforces and labour practices are the conventional means to maintain a competitive edge in the global market. They were the key strategies adopted after the Asian financial crisis in the late 1990s. As a result, irregular forms of employment have proliferated, especially in Korea and Japan, and threaten employment stability.

These simultaneous, seemingly contradictory, trends – increasing protection and ensuring flexibility – are evidence that Asian societies are struggling to find a balance between competitiveness and social stability. This balance is constantly challenged by workers' demands for a "decent job" – one with an adequate income, recognition of rights and effective protection (ILO Regional Office for Asia and the Pacific, 2006).

The social trends that we have identified – smaller families, ageing population, decreased fertility, lack of informal caregiving offered to their members – have also led to the need for balance: people are balancing the need to provide financial support and striving for personal aspirations in work and personal biography, and the need for caregiving and family commitments. Governments must address the challenges posed by a population forced to maintain this balance, or aspiring for increasing diverse life aspirations. A more fundamental question for us to explore is the meaning and value of family (as well as gender roles). Will the family continue to play a significant role in caregiving, apart from financial support, in the future? If not, how will the current welfare system evolve to meet future challenges?

#### Welfare systems and arrangements in Asia

Given the huge diversity in welfare systems across Asia, it is impossible to provide a typical description. Nevertheless, many comparative studies have pointed out general features that can be used to describe the welfare systems in most Asian countries. Jones argues that Asian governments are "Confucian Welfare States" (1993), characterized by "conservative corporatism without worker participation," "solidarity without equality; laissez-faire without libertarianism" and a "household economy" (1993, p. 214). Kwon (1997) describes the "East Asian welfare model" in terms of a commitment to low public expenditure, a strong regulatory mechanism and limited income redistribution. Applying the concept of welfare capitalism to Asian welfare models, Holliday (2000)