

Preliminary Study on the Theory of Production-Oriented Social Welfare and the Welfare System in East Asia

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Abstract: The productive welfare model originated in Western Europe at the end of the 19th century and has been gradually applied in East Asian countries and regions, reflecting the unique strategy of the government to balance economic growth and social welfare. This study discusses the reasons and effects of East Asian countries and regions choosing production-oriented social welfare policies. The study points out that the authoritarian political system, the influence of Confucian culture, government-led welfare policies and population aging play an important role in the choice of social welfare systems in East Asian countries. In addition, with the change of the international division of labor, the upgrading of the industrial chain and the reduction of the demographic dividend, this model is facing a series of challenges. This study provides a theoretical perspective and practical reference for understanding the development of welfare systems in East Asian countries under the background of globalization.

Keywords: Productive Social Welfare; East Asian Countries; Authoritarian System; Confucian Culture; Population Aging.

1. Introduction

The conceptualization of a productive welfare society and the development of welfare systems in East Asia are primarily grounded in the changing global economic landscape and the specific practices of countries in the region in response to the challenges of globalization. The outbreak of the global economic crisis in 2008 once again reflected the inherent contradictions and drawbacks of capitalism[1]: for hundreds of years, capitalism has infinitely expanded production and created huge material wealth, but the gap between the rich and the poor has become deeper and deeper, and the ability of workers to pay has been reduced; In the 60 years since the end of the Second World War, the world economy has made rapid progress on the whole, but the confrontation between poor and rich countries has become more and more serious. The new technological revolution has made brilliant achievements, and the wave of globalization has brought huge business opportunities, but the majority of wealth is increasingly concentrated in a few people and a few rich countries. The global economic crisis is the window for the internal contradictions of capitalism to intensify and finally break out, which also causes people to think deeply about this question: Can the world move toward justice while moving toward prosperity? How will the wealth created be distributed and enjoyed? Where to find the intersection of efficiency and fairness? “Welfare Systems in East Asian Countries and Regions: Globalization, Culture and the Role of Government” an academic work by Wang [2] can provide important theoretical and practical references for understanding the formation and development of the welfare system in East Asia.

The productive welfare model has gained increasing attention and recognition in this context, which emphasizes enhancing social welfare through economic growth and productivity improvement [3]. This model typically relies on active government intervention, adopting a series of social policies and economic measures such as education investment,

labor market reform, and vocational training to enhance workers' skills and productivity. It aims to promote economic development while ensuring the basic welfare of all members of society [4-5]. This model is particularly evident in the welfare practices of East Asian countries such as Japan, South Korea, and Singapore, which have improved social welfare to some extent while maintaining high-speed economic growth by strengthening investment in human capital, encouraging work and employment, and promoting economic growth. The productive welfare system in East Asia reflects the unique strategy of these countries to balance economic development and social security, highlighting the interaction between government, economy, society, and cultural factors. Studying this model will help to understand how East Asian countries seek a balance between economic efficiency and social equity through specific policy choices and institutional innovation in the context of globalization.

This study aims to review this book written by Wang [2] to explore: (1) What is “productive welfare,” and what are its characteristics? (2) How does it manifest its influence on the social welfare policies of East Asian countries? (3) How does it reflect the interaction and integration of various elements such as government, economy, society, and culture? Investigating the background of productive welfare and its impact on the welfare policies of East Asian countries contributes to a deeper understanding of how these nations, in the face of globalization challenges, endeavor to balance economic growth with social equity through specific policy choices and institutional arrangements. This research offers an important theoretical perspective and practical reference for exploring how to construct welfare systems adapted to local characteristics within a globalized context.

2. The Core Concept of "Productive Welfare" and East Asian Welfare Systems

2.1. "Productive Welfare" and the Development and Historical Evolution of East Asian Welfare Systems

The roots of productive welfare can be traced back to Western Europe in the late 19th century, where there was a growing advocacy for using social science to guide social progress, formulate social policies, and address societal problems. At the same time, social policies were employed to enhance the quality of the labor force or to provide healthy and qualified recruits for war efforts. Subsequently, elements of developmental welfare emerged in various countries worldwide, though they never achieved a significant scale. Some scholars have used the term "developmental" to describe the social policies of Scandinavian countries in the 1930s, which centered around active labor market policies and employment training [6].

The implementation of the "work-for-relief" policy during the Roosevelt New Deal era in the United States also effectively addressed the unemployment problem of that time, reflecting elements of a "productive welfare" approach [7]. In the mid-20th century, several newly independent countries that had recently emerged from colonial rule, facing challenges such as poverty, lack of education, disease, and resource shortages, sought to address these issues by emulating the British government's efforts to promote public participation in labor to achieve welfare services. An example of this is the "Community Grain and Farming Cooperatives" in West Africa. In addition, the United Nations has also played a positive role in promoting "productive social welfare". In 1966, the United Nations Economic and Social Commission passed a resolution emphasizing the interaction between economic and social development, advocating the combination of social development and economic development, and refuting the practice in economics of drawing boundaries between social phenomena and economic phenomena and separating social development from economic development.

However, after World War II, neoliberal theory rose rapidly amid rising inflation and gained widespread support from European and American politicians in the 1980s. Since then, productive social welfare has gradually declined. The former focuses mainly on cost-effectiveness, emphasizes the efficiency of economic development, points out that social welfare is inconsistent with economic principles, hinders the operation of fair competition in the business community, and ultimately leads to economic downturn. Therefore, the solution is to privatize welfare services and open up the market to allow private institutions to provide various welfare services to the public through competition. This will not only reduce the administrative expenses of the bloated public sector, but also establish a free and non-interventionist business environment, which is conducive to economic growth.

This view of blaming welfare spending for economic downturns has spread around the world and has been adopted by governments everywhere; social policies focus on promoting economic development, while social welfare and caring spirit are left to the side. However, with the expansion of production and economic growth, the phenomenon of

inequality between the rich and the poor has become increasingly tense, the conflicts between different classes have become more acute, and a series of social problems such as unemployment, school dropouts, and poverty have emerged. It was not until 1997 that the Asian financial crisis broke out and the world economy suffered a huge disaster. The inherent contradictions of capitalism were once again exposed, and people could not help but reflect on the economic and social policies dominated by neoliberalism. Since then, "social development", which was originally opposed to "economic development", has been put on the agenda again, and "productive social welfare" has regained people's attention, providing a new direction for the social policies of many countries, especially East Asian countries, so that the growth of economy and social welfare can complement each other.

2.2. The Connotation of a Productive Welfare Society

It should be pointed out that the concept of "productive social welfare" did not exist at the beginning. It was proposed by Holliday. Drawing on the "ideal type" analysis method, Holliday inherited the basic framework of Esping Anderson's institutional analysis in his analysis of East Asian social policies. By adding a new dimension - the relationship between social policy and economic policy, he obtained the fourth world of welfare capitalism with East Asian characteristics - a developmental welfare system with economic growth as its primary goal. So, what is productive social welfare? It is defined as a planned process of social change aimed at promoting the well-being of all, in conjunction with dynamic economic development [8]. Social welfare will bring about a social environment that is more suitable for economic growth, while the purpose of economic development is to improve people's livelihood and promote the all-round development of society. The theory has three principles:

First, overall: Government-led, coordinated economy and society. Establish a national department to comprehensively coordinate economic and social policies, promote closer cooperation between economic development departments and social service agencies within a unified development framework, and promote sustainable and people-oriented development. This stands in stark contrast to the "neoliberal" economic policies mentioned earlier: the latter are market-driven, focusing solely on economic indicators while disregarding social development and viewing social welfare as a burden that contradicts market logic and hinders economic growth. In contrast, proponents of productive welfare argue that adverse social factors—such as significant income inequality, unequal educational opportunities, unemployment, poverty, and crime—can greatly undermine economic performance, while a favorable social environment can provide a strong foundation for economic growth [9]. In other words, without economic growth, social development is impossible; but without the improvement of overall human welfare and the improvement of the social environment, economic development will also be a dead letter. Therefore, economic growth and social development are equally important, and the two complement each other. Moreover, we cannot simply leave the market alone, but must intervene through government and formulate reasonable social policies and social projects to promote the common development of the two.

Second, regarding "social welfare": the strategy of "helping people to help themselves". That is, adopting a macro policy that promotes employment and is people-oriented. In the view of supporters of productive social welfare, the improvement of economic conditions has a direct and positive impact on people's welfare. Therefore, in the process of development, priority should be given to plans that are conducive to creating jobs and achieving self-employment, and the ability of recipients to make a living independently should be improved through means such as education, so as to ultimately eliminate poverty and achieve the goal of "helping people to help themselves."

Third, regarding "economic growth": the strategy of "productivism". This is closely related to the above point, which means that welfare policies should be investment-oriented and promote people's economic participation, so as to generate higher economic returns. This view is diametrically opposed to the traditional European concept of the "welfare state", which holds that although the need for remedial and maintenance social services will exist for a long time, excessive focus on government-led unilateral social relief and mechanical transfer of resources to the poor will not only undermine economic growth, but may also cause recipients to become welfare dependent. Therefore, supporters of a productive welfare society emphasize the need to focus on developing human capital investment, social capital investment (investing in and transforming communities with low incomes or frequent social problems, improving residents' living standards, and creating conditions more conducive to economic development), loans, and other social assistance strategies that can promote economic development; It advocates providing employment and self-employment opportunities for low-income people and people with special needs, solving employment problems and stimulating their economic participation; At the same time, by subsidizing savings to encourage asset accumulation, the recipients' ability to resist risks is enhanced, and the people's savings can be used to complete larger-scale investment plans. In short, the "developmental welfare society" intends to achieve the win-win goal of economic growth and social development through the above means.

It can be seen that both the neoliberal market-led social policy model and the traditional European welfare state concept have their inherent limitations, while the production-oriented welfare society takes a different approach, organically combining economic development with social progress. In summary, supporters of a productive welfare society believe that economic development is the driving force of social development; but they also firmly believe that only through government leadership, participation of the people, businesses, and communities, and coordination of social policies and social programs specifically formulated to improve living standards, can the economy successfully eliminate poverty while maintaining sustained growth.

3. Reasons for the Adoption of Productive Welfare Policies in East Asian Countries and Regions

Firstly, the influence of authoritarian political systems played a key role. Since the late 1940s, state macro-control has been crucial in the process of modernization and market economy development. This fundamental state-led approach to economic or social development is often referred to as

"state authoritarianism" [10]. In addition, in the process of democratization in East Asian countries, the state also influences this political process to a great extent. Especially for the three East Asian countries of post-war China, Japan and South Korea, authoritarian government intervention is particularly evident in political and economic life. From a historical perspective, the development of centralized systems in East Asian countries and regions has strong historical roots. Even though the trends toward democratization and decentralization have become increasingly prominent against the backdrop of political and economic modernization, the authoritarian politics and nationalism of the three East Asian countries are particularly prominent compared to any European or American country. It is not difficult to understand why "government departments in East Asian economies play an important role in economic and social development by directly participating in the allocation or setting of development goals." Moreover, the institutional model dominated by conservative elites under authoritarian regimes has also significantly impacted East Asian countries and regions. The welfare systems in East Asian countries or regions are mainly designed by elites rather than formulated in response to the needs of the people. Therefore, trade unions, which play a significant role in the development of Western welfare systems, have not had a substantial impact on the formulation of social policies in these countries.

Secondly, the influence of Confucian culture is evident. On one hand, it is easy to understand that Confucius promoted "Ren" (benevolence) as a universal value and, based on this principle, envisioned a harmonious society where "the great way is practiced, and the world is shared by all." This ideal bears similarities to the welfare value system that pursues fairness and shared prosperity [11]. On the other hand, the concepts of family and community in Confucian culture also significantly influence the social welfare model in East Asia. This means that under the influence of Confucian culture, the family becomes the entity that replaces the market or the state in meeting welfare needs. Because Confucianism emphasizes the responsibilities and obligations of the family, it can induce people to reduce their expectations of national welfare and form a social welfare system centered on the family.

It cannot be ignored that relevant social welfare policies are also influenced by the Confucian idea of "family-centeredness". For example, South Korean law stipulates that individuals who support parents aged 60 or older, or parents with a disability of grade two or higher, are eligible to receive an annual subsidy of a certain amount.

Third, in the era of economic globalization, East Asia generally adopts an outward-oriented economic development model that is closely linked to the world market. Especially in South Korea and Taiwan, cheap labor is the main source of their international competitiveness, which is precisely the key to their adoption of a production-oriented welfare system. The system emphasizes improving overall welfare levels through economic growth and job creation, rather than providing direct social welfare through large-scale government spending. Therefore, the outward-oriented economic development model brought about by economic globalization has profoundly influenced the direction and choices of welfare policies in these regions, reflecting the unique challenges and coping strategies they face in the global market.

4. Discussion and Conclusion

The production-oriented social welfare system has been widely used in East Asian countries. For instance, China's poverty alleviation policies include industrial poverty alleviation initiatives and the principles of "alleviating poverty by first enhancing education" and "empowering people with the will to overcome poverty.", and the implementation of China's nine-year compulsory education system (especially the "two exemptions and one subsidy" policy for poor rural students); China has promulgated the Labor Contract Law to regulate labor-capital relations and remove obstacles to economic development. These policies all reflect the distinctive feature of a production-oriented social welfare system that organically combines economic development and social progress. Some quantitative studies have even more significantly reflected the close connection between production-oriented social welfare and the welfare policies of East Asian countries. For example, in the case of the "Four Asian Tigers," government expenditure and social spending data reveal that, although the total social expenditure as a percentage of GDP in East Asian countries and regions is lower than that in Western countries, the proportion of social spending allocated to health, education, and vocational training is significantly higher than in Western countries [12]. These three types of expenditures are closely related to enhancing the quality of the labor force in the future and are thus considered an investment in social spending. To some extent, this focus on investment has contributed to the relatively high life expectancy and education levels of the populations in East Asian countries and regions.

However, while East Asia's productive social welfare system has developed rapidly and achieved certain results, there are still some problems and challenges that deserve people's attention. First, the issue of redistribution and social equity deserves attention: as the productive welfare system was rooted in the labour-intensive industries of East Asia in the early stages of its development, subsidized individuals were often put into the market as human capital. While this has helped them to escape poverty, it has also led to increased inequality in social distribution on a wider scale. In this way, the role of the welfare system in addressing social inequality and narrowing the gap between rich and poor through redistribution (i.e., transferring wealth from the rich to the poor through taxation) is limited, and may even exacerbate the further exploitation of these subsidised individuals by capital. It is also evident that, in the early stages of development, some East Asian countries prioritized economic indicators over social development. Slogans such as "focus on efficiency while considering equity," "let those who get rich first help others to get rich later," and "growth first, distribution later" clearly reflect this approach. Secondly, there is the issue of a "top-down government-led approach to social welfare": the government not only leads but often monopolizes the implementation of social welfare policies. Under this bureaucratic framework, various levels of government may focus solely on narrow administrative performance indicators, mechanically completing the tasks assigned by higher authorities. On the surface, it is a systematic and complete social welfare policy, but at a deeper level, it ignores the real demands of the recipients. For example, during urban village redevelopment or the relocation of rural residents, conflicts between government officials and citizens are often most intense, frequently

leading to incidents such as petitions, forced evictions, and demolitions. Therefore, how to truly consider the real demands of recipients in the process of implementing social welfare policies is still an issue worth exploring.

Third, globalization poses a new test to the production-oriented welfare system. For example, the huge economic crisis that followed the outbreak of the COVID-19 pandemic in 2020 led to a large number of unemployed people and a sharp drop in corporate profits; The adverse impact of the 2019 Sino-US trade war on China's manufacturing industry has posed a huge challenge to current social welfare policies. Furthermore, with changes in the international division of labor, the upward shift in the global value chain, the transformation of China's manufacturing sector, and the diminishing demographic dividend, the previous approach of alleviating poverty by absorbing impoverished populations into low-end manufacturing or labor-intensive industries may no longer be viable. Instead, what is required is a comprehensive improvement in the overall quality of the labor force. For this reason, the country's financial investment in education and employment training is also facing certain pressure. Fourth is the impact of population aging and declining birth rates on social welfare models. Many countries have significantly increased government spending on eldercare services in recent years, placing considerable pressure on public finances. At the same time, aging populations and declining birth rates have led to a reduction in the demographic dividend, presenting governments with the challenge of how to address this issue effectively.

In summary, whether due to the inherent structural contradictions of the productive welfare model or certain changes in the process of economic and social development in recent years, the current model of productive welfare is facing a series of challenges. The future development path of this welfare model and the responses of various countries remain subjects for ongoing observation and analysis.

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