

# Introduction of Social Insurance in Korea and Taiwan, 1945-1965

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This study deals mainly with the variations in the timing of the first social insurance programmes as well as in the priorities between Korea and Taiwan during the two decades immediately following their independence from Japan. During the period under review, in both Korea and Taiwan, the two key groups in the state, military and administrative personnel, were clearly provided with better social protection than any other groups in society. This is not least because both states had a great need to strengthen the position of these two state groups at this stage of their national political development. It is further argued that in order to understand the variations in the timing of the first social insurance programmes as well as their priorities, it is necessary to pay close attention to the characteristics of the

regimes, especially in regard to the relationship between the political leadership and the target groups for social insurance as well as the political priorities of the regimes.

## 1. Introduction

There is abundant literature on the economic policy of the newly industrializing countries of East Asia (Korea, Taiwan, Hong Kong, and Singapore: the East Asian NICs), which explains their successful economic development since the 1970s. However, literature on social policy in these East Asian NICs is very sparse.<sup>1</sup> Undeniably those few available sources are still valuable as they demonstrate the different ways of meeting social needs in these four Asian countries. Often starting from the broad concept of “welfare”, those studies document a wide range of public and

private social programmes that were implemented over a few decades in the four East Asian countries. These studies commonly close their analysis by stating the specific characteristics of social policies of those countries, such as relatively low public social expenditure but a higher degree of private participation to meet social needs. According to the authors, these common characteristics of the four East Asian welfare states are attributed to their common “Confucian” cultural background. However, those earlier

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works remain problematic at least in two respects.

First, they lack theoretical insight into the evolution of social policy in these four countries. One exception to this general tendency is the work by John Midgely. Unlike other studies, his study is firmly based on theoretical grounds such as functionalist theses, Marxist theses as well as corporatist theses. His conclusion is that those established theories have limitations in explaining the development of social policy in the four Asian NICs.<sup>2</sup> However, he fails to present any alternative theory, and merely contends that social policy in these countries is largely incremental in character and the consequence of a variety of causal events. The second problem with the earlier accounts is that, by lumping together four different countries that have different traditions concerning social policy, they failed to display the significant differences in the development of social policies in those countries.

In this study, as a conceivable remedy to those problems, I shall limit my analysis to two of the East Asian NICs: the Republic of Korea and the Republic of China on Taiwan (hereafter Korea and Taiwan respectively). The two countries share the following similarities: Confucian cultural background, Japanese colonial past, national division, origin and process of industrialisation, acquisition

of universal suffrage at a similar time point, anti-Communism, high military capacity, high foreign aid receiver in the 1950s and 1960s, economic success since the 1970s, bureaucratic-authoritarian state.

I will also focus on the development of the social insurance system during the period 1945-1965. Studying the development of their social insurance systems during this specific period seems to be valuable as both countries had faced the similar, formidable task of building up a new modern state after a long period of colonial rule by the Japanese (Taiwan 1895-1945 and Korea 1910-1945).

## **2. Development of social insurance in Korea and Taiwan, 1945-1965**

The governments of Korea and Taiwan adopted a social insurance policy within two decades of their independence – the modern concept of government of Korea and Taiwan was established in 1948 and in 1949 respectively. However, the various policies adopted by the governments differed in both timing and programmes, as seen below.

Taiwan adopted Labour Insurance (LI) in 1950, only five years after its independence. LI was designed to be comprehensive social insurance for workers.<sup>3</sup> As Article 2 of the LI Act reveals, LI encompasses both general

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<u>Year</u>	<u>Taiwan</u>	<u>Korea</u>
1950	Taiwan Labour Insurance	
1953	Military Personnel Insurance	
1958	Government Employees' Insurance	
1960		Government Employees' Pension Insurance
1962		Military Personnel Pension Insurance
1963		Industrial Accident Insurance Health Insurance

sickness insurance and occupational injury insurance.<sup>4</sup> Labour Insurance was followed by Military Personnel Insurance in 1953 and Government Employees' Insurance (GEI) in 1958. While LI encompassed the provision of general sickness insurance and occupational injury insurance for workers, GEI as well as Military Personnel Insurance encompassed the provision of both health insurance and old-age pension insurance.<sup>5</sup>

On the other hand, the first social insurance in Korea, the Government Employees' Pension Insurance, was adopted in 1960, one decade later than Taiwan. This Government Employees' Pension Insurance was intended to be a financial security measure for government employees as well as professional military personnel and their families in the cases of occupational accident, sickness, retirement and death.<sup>6</sup> In January 1962, the Government Employees' Pension Insurance became applicable to government employees only as a separate pension insurance for professional military personnel was enacted.<sup>7</sup> In December 1963, two other social insurance programmes were adopted: Industrial Accident Insurance for industrial workers and Medical Insurance for private sector workers and their families.<sup>8</sup> One of the significant consequences of the variations in the timings of the first social insurance programmes as well as in priorities is demonstrated in the differences in the proportion of manual workers in both countries who were brought under the protection of the statutory social insurance programme. Notwithstanding the two groups of personnel in the state, in 1965 5.0 percent of Taiwanese had been brought under the protection of statutory social insurance while only 0.5 percent of Koreans had been brought under a similar programme, although the two countries had a similar proportion of the population who were engaged in non-agricultural work: 22.3 percent and 22.7 percent respectively.<sup>9</sup> Therefore, the welfare needs of the

rest of the population in Korea had to be met to a great extent within family and mutual aid networks in the private sector and to a limited extent by public aid.<sup>10</sup>

The purpose of this study is to explain the variations in social insurance policy between the two countries, emphasizing the following questions: 1) why is it that the first social insurance in these two countries were introduced at different points in time? 2) why have they chosen different types of social insurance? In other words, how do we account for the variations in the timing of the first social insurance and their priorities despite the many commonalities that these two countries demonstrate? This study first offers an overview of the two variants of the modernisation theory, one that focuses on the socio-economic aspect and the other that focuses on the political aspect.

The study then attempts to assess the validity of key propositions suggested by those two general approaches to social policy development by looking into the economic development and industrialisation as well as the labour movement in the two countries from 1945 to 1965. However, a short comment on economic development, industrialisation and the labour movement during Japanese colonial period will also be made for the sake of analysis. My argument is that the variations in timings of the first social insurance programmes as well as in priorities during the period under review are the variations in the characteristics of the regimes that took the responsibility of building a new modern state in Taiwan and Korea after the termination of Japanese colonial rule. In the following two sections, I will first try to enumerate the gist of the two variants of the modernisation theory and then to point out the limitations of them in explaining the variations in social policy in Korea and Taiwan during the period under review.

### 3. The factor of socio-economic modernisation

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The factor of socio-economic modernisation is often put into the term “the logic of industrialisation”. According to the proponents of the logic of industrialisation, statutory social insurance programmes are a product of industrial society. In other words, statutory social insurance programmes function as a solution to the social problems associated with industrialisation.<sup>11</sup> However, the logic of industrialisation cannot provide a reasonable answer to why Taiwan adopted its first social insurance programme a decade earlier than Korea. Although there is almost no controversy over the remarkable economic success of the two countries since the 1970s, there is a considerable confusion and, to a certain extent, a deliberate neglect on the origins and the process of industrialisation of the two countries. Economists with no profound knowledge about the East Asian economic history often praise the economic success of the two countries as an economic “miracle”. Not all scholars, however, agree with it. For example, Bruce Cumings considers the earlier accounts on the economic development in Korea and Taiwan ahistorical. He then explores the historical origins of industrialism of Korea and Taiwan in a broader context of Japanese regional hegemony during the earlier part of the twentieth century. In this process, he contends that both Korea and Taiwan experienced an economic growth in the 1930s with a substantial expansion of industrial production as a result of Japanese overall economic development.<sup>12</sup> His argument is further supported by the study of Ho. He shows that during the period of 1912-1937, Korea recorded an economic growth rate of 4.15 percent while Taiwan experienced an economic growth rate of 4.08 percent.<sup>13</sup>

It should be mentioned here that, as Suh has pointed out in his work on “Growth and

structural change in the Korean Economy, 1910-1940”, no matter how impressive the Korean economic growth was at that time, it was not Koreans but Japanese who were the main beneficiaries. This is because the economic growth that took place in Korea during that period was primarily a consequence of Japanese economic policy that was intended to meet the changing needs of Japan.<sup>14</sup> There is no doubt that the same argument would apply to the case of Taiwan. In any case, the social transformation that took place in these two societies during the Japanese colonial period includes: pauperisation of rural households, widespread population mobility due to improved transportation, a relatively high degree of literacy, the emergence of a working class, and urbanization.<sup>15</sup>

The economic development and the industrialisation that began during the Japanese colonial period in Korea and Taiwan continued even throughout the 1950s, except for a few years of extreme social chaos before and after the Japanese colonial era. For instance, in the 1950s the governments of both countries pursued economic growth on the basis of import-substituting industrialisation (ISI) and went over to export-oriented industrialisation (EOI) from the early 1960s.<sup>16</sup> As a result, between 1952 and 1962, Taiwan recorded a relatively impressive economic growth rate of 7.4 percent at 1965 constant prices.<sup>17</sup> On the other hand, due to the prolonged post-colonial chaos such as the Korean War (1950–1953), Korea recorded a somewhat modest economic growth rate of 4.1 percent during the period 1953–1955 to 1960–1962 with 1970 constant prices.<sup>18</sup> In both cases, the economic growth in these two countries during this 10-year period was certainly not as impressive in comparison with economic growth during the period of the 1970s and 1980s. In sum, Korea and Taiwan show considerable similarities in the origin and the process of industrialisation as well as social

transformation. Therefore, the socio-economic modernisation theory has a certain limitation in explaining the differential timings of the adoption of the first social insurance programme in Korea and Taiwan. Furthermore, the logic of industrialisation reveals a shortcoming in explaining the variations in priority. As described earlier, the first social insurance legislation in Korea was not directed towards the industrial workers but towards civil servants and professional military personnel. On the other hand, the first social insurance legislation in Taiwan was directed towards the industrial workers and, over a span of few years in the 1950s, social insurance for industrial workers was complemented by social insurances for both military personnel and government employees.

#### **4. The factor of political modernisation**

While the logic of industrialisation traces the origin of social insurance policy to a general process of socio-economic modernisation of a country, political modernisation traces its origin to a general process of political development, i.e. “democratisation”. According to the proponents of democratisation theory, statutory social insurance programmes are a product of functioning parliamentary democracies. Among the subsets constituting parliamentary democracies, the extension of manhood suffrage to the non-propertied group, such as industrial workers, bears a close correlation with the increased propensity to introduce social insurance programmes.<sup>19</sup> The logic of political modernisation (democratisation) can have a high validity (explanatory power) when it comes to the Western parliamentary democracies, but is certainly irrelevant when it comes to the cases of Korea and Taiwan during the specific period that this study concerns. There are several specific circumstances that support this argument.

As described earlier, both Korea and Taiwan experienced considerable economic growth throughout the colonial period and substantial industrialisation starting from the 1930s. The emergence of a working class as well as the rise of the labour movement in Korea coincided with this general socio-economic transformation. As early as 1920, a first nation-wide labour movement led by the leftist intellectual elite was organized in Korea. In the 1920s and 1930s, under the guidance of this labour movement, several serious labour conflicts demanding the improvement of working conditions took place in different industrialized towns. Those labour struggles were often viewed as an anti-Japanese movement and were therefore subjected to strict punishment by the Japanese colonial government in Korea. After Japan entered into an all-out war with China in 1937, the organized labour movement was totally banned and this condition remained unchanged until 1945.<sup>20</sup>

Similar to the case of Korea, labour unions made their first appearance in Taiwan in the late 1920s. The Taiwanese intellectuals, mostly residing in Japan, were also not blind to the problems of their brothers and sisters at home and led the organizations of industrial workers and peasants in their struggles against Japanese industrial and rural policies. The culmination of the labour movement was the establishment of the Federation of Taiwan Trade Union (FTTU) in 1928.<sup>21</sup> Nevertheless, such political movements were vulnerable to the same repression by the Japanese colonial government in Taiwan as their counterparts in Korea and were totally suppressed as the war atmosphere intensified.<sup>22</sup>

The independence of these two countries in 1945 brought about a considerable change in the working of the labour movements. The most significant change was universal suffrage for all adults – male and female – granted in accordance with the constitutions adopted in 1947 by the government of the Republic of

China and in 1948 by the government of the Republic of Korea. This condition provided a new momentum for the labour movements in both countries. However, political development in the ensuing period did not bring any change in the political position of the labour movement in the two countries. In the case of Korea, the liberal-oriented transitional American Military Government in Korea (1945–1948) discarded all earlier anti-labour regulations and implemented a labour-protection policy that gave rise to an active labour movement.<sup>23</sup> This official pro-labour policy was given lip service by the modern Korean government established in 1948. However, in practice, the labour movement was repressed under the pretext of anti-Communism, which became one of the government's official ideologies after the Korea War.

Another critical fact that contributed to weaken the political leverage of the Korean labour movement is that the Federation of Korean Trade Unions (FKTU) organized in 1952, subordinated itself under the ruling Liberal Democratic Party. After then, the FKTU played a role of a labour-movement-suppressing organization rather than of a labour-movement-supporting organization.<sup>24</sup> After the 1961 coup, the labour movement was subjected to reorganization under the new Labour Law issued by the military government. The involvement of the military government in the reorganization of the labour movement further weakened the political power of the Korean labour movement. Although the labour movement was given official legal protection as in the 1950s, in practice, it was under numerous regulations and controls, which substantially cramped its political leverage.<sup>25</sup>

A similar political weakness of the labour movement is observed in Taiwan. Taiwan, in contrast to Korea, was not ruled by any additional foreign government after independence. Instead, the Chinese nationalist government

from the mainland took over the control of Taiwan from Japan in 1945. Immediately after independence a few attempts to organize the labour movement were made by Taiwan's own labour organizers. Those attempts failed due to lack of support from the local labour organizations. It was instead the Nationalist labour organizers that came from Mainland China who played the key role in the establishment of the Taiwan Provincial Federation of Labour in 1948.<sup>26</sup> In 1949, when the Chinese nationalist government retreated from the Chinese mainland after the defeat by the Communists, the Nationalist government also brought with it most of the repressive labour legislation enacted in the mainland context of the protracted civil war.<sup>27</sup> Moreover, the dominance of Nationalist party members in all trade union activities as well as a broad restriction of political rights under martial law after 1949 made the labour movement in Taiwan an insignificant political factor there.<sup>28</sup>

As discussed above, the factor of universal suffrage as well as the factor of working-class power have limitations in accounting for the variations in timing of the first social insurance programmes as well as in the priorities between these two countries. Where can we then find the answers to the questions that this study presented earlier? As one can easily imagine, from 1945 onwards, the regimes in the two countries faced serious tasks in building a new modern nation after the long Japanese dominance. Therefore it seems necessary to consider the characteristics of the regimes that took on this responsibility. It is also necessary to explore the divergent paths that the regimes in Korea and Taiwan took during the period under review. For the sake of analysis, this study will lay a special focus on the differences in political leadership and parties, administrative personnel and military personnel that constitute vital elements in a functioning state.<sup>29</sup>

When the characteristics of the Korean and

Taiwanese states that led the successful economic development from the mid-1960s onward are discussed, these are often grouped under the same label: authoritarian-bureaucratic developmental state. The term “authoritarian” refers to a political system in which decision-making power is concentrated in the hands of the highest political leader. On the other hand the term “bureaucratic” refers to an administrative system in which administrative personnel in bureaucratic organizations are relatively autonomous of particular groups and classes and are highly responsive to the policy goal formulated by the political leadership.<sup>30</sup> However, the above general formulation on the characteristics of the political and administrative systems of these two countries belies the real political context in which the two states were operating during the period under review. A crucial difference between the two countries is that, for better or worse, Taiwan was bequeathed the political system from the Chinese mainland while Korea had to build a whole new political system almost from scratch, the near absence of such a system being the worst legacy of the colonial period.<sup>31</sup>

## **5. The divergent paths of new modern nation-building in Korea and Taiwan, 1945-1965**

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### **5.1. Political leadership and political parties**

During the two decades under examination, the two states demonstrate a marked variation in the strength of the political leadership as well as political parties. More specifically, Taiwan experienced a complete dominance of the Nationalist Party led by Chiang Kai-shek in its domestic political arena. On the other hand, Korea went through the rotation of three ruling parties in the midst of harsh challenge by several opposition political parties.

Following Japan’s surrender at the end of the World War II, it was the Nationalist government led by Chiang Kai-shek that took control over Taiwan in 1945 under the terms of the Cairo and Potsdam Declarations. The Nationalists’ takeover of Taiwan was based on the claim that it represented the government of the whole of China. The political power of the Nationalist government is based on the Nationalist Party (KMT), whose origins dated back to 1894<sup>32</sup> and who went through an extensive reform in 1924 under the political leadership of Dr. Sun Yat-sen. Two decades following the demise of Dr. Sun witnessed the advancement of Chiang Kai-shek to the centre of the Chinese political scene.<sup>33</sup>

The KMT’s effort to unify the whole of China failed after three decades on Mainland China. The relocation of the Nationalist government on Taiwan after the defeat by the Communists in 1949 meant that KMT was given a second opportunity to construct a modern nation.<sup>34</sup> In their attempt to build up a new modern state on Taiwan, Nationalist political leaders had a free hand in governmental policy-making. This was possible, to a considerable extent, as a result of February 28 Incident in 1947 during which the majority of Taiwan’s domestic political leaders were eliminated.<sup>35</sup> Moreover, under *the Temporary Provisions Effective During the Period of National Mobilization for Suppression of the Communist Rebellion* adopted in 1948, the re-election of members to the National Assembly as well as to the Legislative Yuan, Taiwan’s parliament, was postponed until the time of the recovery of Mainland China. The National Assembly that exercised the official function of revising the constitution as well as electing a national president and vice president became just a rubber stamp. Because the majority of the National Assembly members were Nationalist Party members who were loyal to President Chang Kai-shek, his second

and third terms of office as the President of the ROC could be renewed without causing any political resistance, either in 1954 or 1960.<sup>36</sup>

The Legislative Yuan, Taiwan's legislature, remained in recess from 1949 to 1952 during which time the Nationalist government underwent a reform process after its retreat to Taiwan.<sup>37</sup> Even after it resumed its ordinary session from 1953, its role was more or less limited to giving automatic approval to the legislative bills prepared by the Executive Yuan, Taiwan's administration.

As discussed above, the political leadership in Taiwan was firmly centred around Chiang Kai-shek, the chairman of the Nationalist Party, no comparable political leadership could be observed in Korea's domestic politics. When the First Republic led by President Syngman Rhee was established in 1948 after the three years' rule by the United States' Military Government, it was confronted with numerous problems in building up a new modern nation from the ground. Most significant of all, President Syngman Rhee had to fight with other political leaders for his own political survival. This is because he lacked his own domestic political power base as he spent most of his time as an independence fighter abroad.<sup>38</sup> By 1950 Rhee had won a degree of stability in his political power over other political leaders. However, his regime faced a series of political and economical crisis right before the outbreak of the Korean War on June 25, 1950. The three-year Korean War (1950-1953) in a sense provided a vital momentum for the subsequent dominance of Rhee in Korean politics. In any case, even during the Korean War political struggle between Rhee and opposition parties persisted. One of the major battles between Rhee and opposition parties was over the presidential election method. After he perceived the opposition parties' move to impose limits on his presidency, Rhee attempted to change the

presidential election method from an indirect one to a direct one. As he was an eloquent orator, he had convinced himself that direct presidential elections would bring him another term of office as President. After an intense controversy, the National Assembly approved the direct election of the President in 1952 and Rhee won as he had expected. During the controversy, Rhee deserted his earlier supra-party position and organized the Liberal Party so that it could serve his political ambition.<sup>39</sup>

In 1954, the Liberal Party passed a constitutional amendment that removed the two-term limitation on the office of President, and did it without the constitutionally required two-thirds majority.<sup>40</sup> Faced with these actions, the fragmented opposition parties united into a single Democratic Party in 1955. In the 1956 presidential election, the opposition reduced the Liberal Party's majority position in the National Assembly and defeated the Liberal Party vice-presidential candidate, Lee Ki Boong, who lost to the Democratic Party vice-presidential candidate Chang Myon.<sup>41</sup> In the National Assembly elections of May 1958, the Democratic Party won more than a third of all the seats. Rhee and his supporters, consisting mostly of police and civil servants, moved to crush the opposition parties in the name of national security. His supporters resorted to blatantly rigging the March 1960 election.<sup>42</sup> By the end of the 1950s, popular reaction was generating widespread demonstrations over political intimidation as well as slow economic recovery. This set off major student demonstrations on April 19, 1960, followed by repression and violence. Syngman Rhee was finally forced to resign on 26 April, 1960, ending the First Republic. With the downfall of the Rhee regime in 1960, his ruling Liberal Party also collapsed.<sup>43</sup>

The Second Republic emerged after the National Assembly election of July 1960. The Democrats had over a two-thirds majority, but were united only in opposition against



President Rhee. This coalition immediately disintegrated into factions, and Chang Myon became Premier in August 1960 by a narrow margin.<sup>44</sup>

The democratic, civilian, Chang government was however brought to an abrupt end by a military coup on May 16, 1961. During the period of military rule (May 20, 1961–December 16, 1963), the Supreme Council of National Reconstruction assumed all three political powers (administration, legislation and judiciary).<sup>45</sup> Influenced in part by US displeasure, the coup leaders made plans for a transition back to civilian rule. To this end, the military leaders led by General Park Chung Hee proclaimed the resumption of political party activities, effective from January 1, 1963 and in haste organized on their own behalf the Democratic Republican Party on February 26. In the presidential election on October 15, the Democratic Republican Party presidential candidate, Park Chung Hee, beat the opposition Democratic Party candidate Yun Po-son.<sup>46</sup> In the National Assembly elections held on November 26, 1963, the Democratic Republican Party also won a victory.<sup>47</sup> Through these two electoral victories, military rule officially reverted to civilian rule, called the Third Republic, on December 17, 1963. Unlike his predecessors, Park showed a strong commitment to economic development, apparently perceiving good economic performance as a primary means of establishing the legitimacy of his regime.<sup>48</sup>

### **5.2. Administrative personnel**

Administrative personnel in both Korea and Taiwan are known for their relatively autonomous position *vis-à-vis* other groups and classes in society and for their relatively high commitment to the goal of the state.<sup>49</sup> Nevertheless, there existed some differences between Korea and Taiwan with regard to administrative personnel.

One of the most obvious differences has to

do with the origin of administrative personnel. In the case of Taiwan, the Nationalist government brought an ample reservoir of experienced administrative personnel when it retreated from the Chinese mainland in 1949. When it came to the economic security of the administrative personnel, due to government financial rigidity in the 1950s their salaries lagged behind the rise of private incomes. However, the administrative personnel in the Nationalist regime were apparently contented with their economic life for a number of reasons. Not only were they well aware of the government financial rigidity at that time but they could also compare their present position in Taiwan with their hardship during the 1930s and 1940s. Moreover, they could derive a sense of satisfaction from the high ranks that they held in the administration. In contrast to their relatively low economic security, the administrative personnel in Taiwan enjoyed relatively high job security thanks to their strong affiliation with the ruling Nationalist Party.<sup>50</sup>

In the case of Korea, the modern government suffered from a lack of administrative personnel and therefore had to recruit a large number of administrative personnel during the period under review. The first phase of large-scale recruitment of administrative personnel took place in the early stage of the Rhee government, between 1948 and 1952. The second phase of the large-scale recruitment of administrative personnel took place during the period of military rule (1961–1963). In the Park government, some 14.1 percent of civil servants had been in the military immediately before joining the civil service. This percentage increases in the higher ranks.<sup>51</sup> Despite their relatively heavy workloads in the newly established government, the economic security of the administrative personnel in the Korean government was considerably low in comparison with those in working in the private sector. As a matter of

fact, the low standard of pay for civil servants was in part the consequence of Rhee's contention that "Korea's disrupted situation requires that the salaries be kept low and that patriotism should be the primary inducement to government service".<sup>52</sup> The administrative personnel in the Korean government suffered not only from low levels of economic security but also from poor job security. Their work in the government was frequently subjected to a variety of disciplinary measures such as reduced salary, periodical suspension from office and dismissal. The common contemporary concept of civil servants as having jobs for life was not yet established at this early stage of the modern Korean government.<sup>53</sup>

### **5.3. Military personnel**

In the 1950s both Korea and Taiwan were known for their huge number of military personnel, approximately 600,000 soldiers in each army, ranking among the highest military/civilian ratios in the world.<sup>54</sup> However, the sheer statistics on the size of the military obscure the process of how the armies grew to be so gigantic as well as the difference in the relationship between military leadership and political leadership.

As a matter of fact, reliable statistics on the size of the Nationalist army in the 1950s are not available, due obviously to the reason of national security. What is clear is that Taiwan maintained an extra-high military capacity throughout the 1950s and the 1960s for two major reasons. First, Taiwan was still at war with Communist China. Second, the Nationalist Army still maintained the pretension of retaking the mainland.<sup>55</sup>

What is clearer as to the military personnel in Taiwan is the size of the officer corps and the relationship between the military leadership and the political leadership. During the period of the mass influx of mainlanders, 1947-1949, a considerable number of Nation-

alist military officers joined the group.<sup>56</sup>

One serious problem that the Nationalist Army had to face was the surplus number of military officers that accumulated during the period of retreat 1947-1949. In contrast to the Nationalist army in Taiwan, during the period from the time of the establishment of the Republic of Korea up to the time before the outbreak of the Korean War, the Korean military was relatively small in size, inexperienced, and lacked organizational cohesion.<sup>57</sup> Korea's modern military establishment had its beginning in the Korean National Constabulary, which was established by the United States military government in Korea on January 15, 1946. As of November 1946, the strength of the constabulary was only 6,000 men but it had grown to 50,000 men by the summer of 1948. In September 1945, one month after the establishment of the modern Korean Government, the constabulary was renamed the Republic of Korea (ROK) Army.<sup>58</sup> The size of the ROK Army further increased from 100,000 in 1950 to 600,000 in 1952 and further to 700,000 in 1957, but decreased to 600,000 in 1958. Because of its size, the ROK Army came to constitute the largest homogenous group in Korean society by the end of the 1950s.<sup>59</sup>

The growth of the military leadership in Korea went to a great extent in parallel with the quantitative and qualitative growth of the ROK Army during the three-year Korean War (1950-1953). Especially, the founding of the Korea Military Academy (KMA) in 1952 along the lines of the programme at West Point, the US army officers' training school, provided a decisive momentum for the growth of the military leadership. Massive US military aid throughout the 1950s transformed, in practical terms, the Korean military leadership into the most modernized and westernised group in Korean society that came directly to be involved in Korean politics in 1961.<sup>60</sup>

## 6. Possible explanations

At the outset of this paper, two questions were raised 1) why is it that the first programmes of social insurance in these two countries were introduced at different points in time? 2) why have the countries chosen different types of social insurance?

From the above discussion on the characteristics of the regimes during the critical years of 1945–1965 we may have been placed in a better position to answer the question why Korea and Taiwan showed variations in timings of the first social insurance programmes as well as in their priorities despite their several commonalities. There is a 10-year difference in the introduction of initial social insurance legislation between Korea and Taiwan.

In 1950, Taiwan introduced its first social insurance, the Labour Insurance scheme. This social insurance programme was introduced by the Taiwan Provincial Government, not by the Taiwan Central Government. The obvious reason could be that the Chinese Nationalist government was preoccupied with short-term rehabilitation after the relocation from the Chinese mainland. What supports the argument that the introduction of Labour Insurance is in accordance with the goal of the Nationalist regime is two official documents: “The Guiding Principle of the Labour Policy” and “The Guiding Principle of the Basic Social Security during the Post-war Period”, passed during the Sixth Nationalist Party Congress in 1945.<sup>61</sup> During the initial period on Taiwan, the Nationalist regime still kept the vision of recovering the Chinese mainland. To that end, the Nationalist regime gave high priority to a plan to foster economic and social development on Taiwan as a showcase for the whole of China.<sup>62</sup> Labour Insurance was followed by Military Personnel Insurance in 1953, almost immediately after the Nationalist regime resumed their ordinary

governmental functions. As indicated earlier, Taiwan had an unusually high proportion of military officers to the total number of military personnel due to the mass influx into Taiwan between 1947 and 1949. It was necessary for the Nationalist regime to reorient the military officers to civilian careers and Military Pension Insurance was designed to provide financial security for those who retired from military service. Military Personnel Insurance was followed by Government Employees’ Insurance (GEI) in 1958, roughly the time when the Nationalist regime became convinced of their financial stability, thanks to economic growth since the early 1950s.

In contrast, Korea, from the time of independence in 1945 to the early 1960s, experienced significant post-colonial political instability, which exercised a negative impact on economic development. During this period, the primary political leader in the First Republic, Syngman Rhee, had consumed a considerable proportion of his presidency fighting for his own political survival, thus paying less attention to the economic development of the country. As discussed earlier, this had to do with his lack of domestic political power base as he spent most of his time as independence fighter abroad.

The first social insurance programme in Korea, the Government Employees’ Pension Insurance, was only adopted in 1960 by the Rhee regime, when his government found some leeway in the government budget. As mentioned earlier, he lacked a stable political base within Korea. The government employees who also made up the bulk of the Liberal Party were crucial tools for the survival of the Liberal Party regime. Moreover, at that time, living conditions for government employees were no better than for the rest of the population, due to the low salaries paid to them. The second round of social insurance legislation occurred during the period of military rule (May 20, 1961–December 16, 1963). One of

the first policy measures the military leaders had taken in the field of social insurance was to enact a separate pension insurance for military personnel that was until then operated as a part of the Government Employees' Pension Insurance. This step should be seen as President Park's strategy to strengthen his political leadership *vis-à-vis* the military leadership. Most of the military leaders who stood above President Park in the military rank system were forced to retire from the military service. Nevertheless, they soon found new civilian careers as directors of private and quasi-official companies, as well as higher civil servants when the country reverted to civilian rule at the end of 1963.<sup>63</sup> In December 1963, programmes of Industrial Accident Insurance for industrial workers and Medical Insurance for private sector workers and their family members were adopted on the basis of the recommendation by the Social Security Investigation Committee.<sup>64</sup> The adoption of these two social insurance schemes obviously reflects the Park government's primary policy goal of economic development, in order to compensate for their lack of political legitimacy.

## 7. Concluding remarks

The main focus of this study was the variations in the timing of the first social insurance programmes as well as in the priorities between Korea and Taiwan during the two decades immediately following their independence from Japan. Nevertheless, as described at the beginning of this study, it is undeniable that there existed substantial similarities in social policy between these two countries. During the period under review, in both Korea and Taiwan, the two key groups in the state, military and administrative personnel, were clearly provided with better social protection than any other groups in society. This is not least because both states had a great

need to strengthen the position of these two state groups at this stage of their development. It is also important to point out that the social policy development in the two East Asian countries revealed during this specific period is neither attributable to their common "Confucian" cultural background (as Catherine Jones has argued) nor the consequence of a variety of causal events (as John Midgely has argued). It is rather a reflection of the need and the political objective of the political regime that took the responsibility of building up a new modern state after the Japanese colonial period.

In sum, the empirical evidence from Korea and Taiwan demonstrates that the variations in the timing of the first social insurance programmes and priorities during the period under review were conditioned by variations in the characteristics of the regimes that assumed the task of building a new modern state. A change in the characteristics and the policy objective of the regimes may explain the development of social insurance directed to the rest of population in the ensuing period.

### Notes

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