Divergence of Productivist Welfare States in Comparative Perspective:
The Case of the Pension Scheme in South Korea and Singapore*

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Abstract

Although East Asian states possess some common developmental characteristics, the welfare capitalism in East Asia has been evolving in the two different directions of institutional arrangement. One is social insurance-based scheme and the other is private savings-based scheme. This article conceptualizes the first pattern as compensatory (CP) system while the latter as competitiveness-enhancing (CE) system. This research examines the divergence of productivist welfare capitalism, thus exploring the causal configurations behind this variation. Focusing on the pension scheme in South Korea and Singapore, this research shed lights on how different financial systems have created the divergence and what role regime types play in facilitating the divergence of productivist welfare states.

Key Words: Productivist Welfare, Financial System, Regime Type

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INTRODUCTION

The discussion on how to understand the nature of East Asian welfare regime is still an ongoing process. Particularly, the expansion of social protection in South Korea leads scholars to raise a question about the usefulness of the concept of 'productivist regime' (Kwon & Holliday, 2007; Wilding, 2008). Some empirical studies provide robust information concerning the existence of productivist welfare regime (Lee & Ku, 2007). However, they have limitations in explaining why productivist welfare states have developed different institutional formats of social security for the last decades and whether this divergence indicates a paradigm shift of welfare regime.

Indeed, East Asian states show a divergence in their way of welfare provision (Kwon, 2005). Although East Asian states possess some common developmental characteristics, the welfare capitalism in East Asia has been evolving in the two different directions of institutional arrangement. One is social insurance-based scheme and the other is private savings-based scheme. How can we explain this variation? What is behind the divergence? Before answering this question, however, we have to conceptualize the divergence in a theoretical framework and decide at what level it takes place.

Holliday (2000), who presented the concept of productivist welfare regime, also categorizes the productivist world into three clusters: facilitative, developmental-universalist, and developmental-particularist. [1] However, his categorization is a narrative description of characteristics rather than a theoretical framework on which conceptualization and empirical tests can be carried out. To develop the concept of productivist welfare more effectively in comparative perspectives, it is indispensible to create a theoretical ground that enables us to go beyond descriptive single case studies.

In this sense, this article explores a theoretical model to test the validity of producitivist thesis. The first section examines the nature of divergence. For this goal, two different forms of productivist welfare states are presented: One is what I call *compensatory* system and the other is what I call *competitiveness-enhancing* system. The typology is produced based on two dimensions: institutional arrangement and government expenditure. This section also focuses on contrasting aspects between South Korea's pension insurance scheme and Singapore's provident

[1] In another study, Holliday argues that gradual socio-demographic changes like the increase in life expectancy and the decline in female labor-force are expected to have the greatest impact on the development of 'univeralist productivism' (e.g. Korea) (Kwon & Holliday, 2007). But, the socio-demographic changes are not unique only in the universalist world of productivist welfare capitalism. Therefore, his explanation does not seem to be persuasive.

fund scheme to demonstrate the usefulness of the typology. The next section examines the causal conditions under which the divergence of productivist welfare states emerges and grows. The main argument is that financial system is especially important in the early stage of institutional divergence while political regime and electoral competition play an important role in the growth of the divergence. The concluding section summarizes all the discussion and provides some suggestions for further research.

DIVERGENCE OF PRODUCTIVIST WELFARE CAPITALISM

Background: Continuities and Changes

As seen in Table 1, the overall level of social expenditures in East Asia is much lower than that of their Western counterparts. The sector-based statistics in the table also reveals another sharp contrast between these two worlds. To be sure, East Asian countries spent much more on education while significantly less on social security. This productivist pattern of social spending has largely continued in the 2000s (See Figure 1).[2] Both South Korea and Singapore are one of the typical cases of this model.[3] But it is also true that a gradual but robust divergence has been emerging between these two countries particularly since the mid-1990s. The Korean government has strengthened a series of social policy in the wake of the 1997 financial crisis while the Singaporean government has still maintained its minimalist social policy.

[Table 1] Public Expenditures on Social Welfare, 1995 (% GDP)

[Figure 2] Public Expenditures on Social Welfare, 2000 (% GDP)

Indeed, it is noticeable that the Korean government has made vigorous efforts to consolidate the foundation of welfare programs, especially of social insurance programs. First, the National

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[2] They have also followed a remarkably similar pattern in the order of program development from occupational injury protection, health, and old age security provision to unemployment benefits and family allowances (Schmidt, 2005).

[3] For the concept of productivist welfare states, see Holliday (2000), Kwon (1998; 2005), and Lee & Ku (2007).

Pension Scheme implemented in 1988 was extended to the rural (1995) and urban (1999) self-employed. Second, the unemployment insurance program was introduced in 1995 and expanded to all firms in 1998. Third, hundreds of social health insurance programs, which had been based on workplaces for employees and regions for the self-employed, were also unified in an integrated national health insurance program in 2000. Moreover, a new social assistance system, the National Basic Livelihood Security, was enacted so that needy people who had been excluded from the old program became entitled to public assistance.[4] In consequence, the share of total government spending on social security has increased remarkably from less than 10% to about 15% (Figure 2). In Singapore, by contrast, the earlier social security structure has continued to exist. The Singaporean government still shows strong support for education and vocational training, coupled with minimal endowment set by the government (i.e. Medifund), strong resistance to unemployment benefits of any sort, and a tightly conditioned system of social assistance (Haggard, 2008). Figure 3 illustrates how the continuing presence of productivist welfare capitalism prevailed throughout the 1990s and 2000s in Singapore.

[Figure 2] Government Expenditure on Social Policy, South Korea (1988-2005)

[Figure 3] Government Expenditure on Social Policy, Singapore (1986-2005)

Certainly, the recent development of social policy in South Korea seems to be a huge leap away from the typical model of productivist welfare states, especially when comparing with Singapore. Some argue that Korea has already crossed the bottom line of productivism toward a social democratic type of welfare state (Kwon, 2002; Ramesh, 2003) while some others view the expansion as a strategic response to enhance labor market flexibility in the face of globalization (Holliday, 2005). For sure, in the existing productivist framework, it is not easy to explain what has been happening in Korea. However, it is also problematic to see the current diverging pattern as a paradigm shift because South Korea's comprehensive expansion of social security programs was still predicated on the productivist approach under the name of 'productive welfare.' The key principle of productive welfare, which was designed by the Kim Young-Sam government (1993-97) and followed by the Kim Dae-Jung government (1998-2002), was 'state support for a national

[4] As of 2005, 3% of the total population received benefits from the program (Korea Statistical Information Service, http://www.kosis.kr).

minimum income floor through job opportunities and training for the poor and disabled' (Song & Hong, 2005). This principle was equivalent to 'workfare' aiming at creating work incentives for the long-term growth of the economy.

Given the continuities and changes in social policy, how can we understand the recent divergence taking place within productivist welfare states in general and between South Korea and Singapore in particular? As Wilding (2008) raises a question, is it still useful to analyze East Asian social policy under the productivist welfare framework? It is important and necessary to answer. But this puzzle cannot be solved as long as we hold the assumption that productivist welfare states are identical at all different levels of social welfare.

Divergence at the System Level

As Ku & Finer (2007) point out, social welfare can be analyzed at three different levels – welfare *policy*, welfare *system*, and welfare *regime* (See Figure 4). It is necessary to make clear what level among these three is associated with the divergence of productivist welfare states that we have observed. The term *policy* is used to signify the processes of governmental decision-making in a single welfare domain. The concept of *regime* implies a complex of legal and organization features that are systematically interwoven by a consistent and deep-rooted principle. Particularly, welfare *regime* highlights a historical legacy deeply embedded in relations between the state and economy with regard to production, distribution, and redistribution (Esping-Andersen, 1990). So the regime type is not easily changed even in the face of internal and external challenges (Ku & Finer, 2007). In between, there is welfare *system* that signifies an 'institutional format' in which every single welfare policies are systematically implemented to embody the underlying principle of welfare *regime*. Noteworthy here is that welfare *system* as a coherent institutional arrangement can appear in some different types depending on its political and economic conditions. In other words, *system* is the level where the divergence of productivist welfare *regime* takes place depending on socioeconomic circumstances. In this research, the divergence between South Korea and Singapore is understood not as a paradigm shift of productivist welfare *regime* but as a variation generated at the *system* level. Then, what is the point of systemic divergence of the productivist world of welfare capitalism?

[Figure 4] Levels of Social Welfare (Productivist)

The Point of Divergence

In measuring the variation of welfare states, most scholars use the amount of government expenditure on social security. Because data on public expenditure is easily available and also enables to present a clear comparison between states, it has been widely used. But there are some methodological problems. The public expenditure approach is explicitly based on the assumption that the financial source of social policy is the government account only (Kwon, 1998). In fact, governments can also materialize their commitment to welfare by intervening in the social security provision through other than public expenditures (Castles, 1994). This is especially true in the case of East Asian states where welfare delivery is regarded as part of national strategy for economic development. For example, despite their initial pattern of public expenditure (i.e. more on education but less on social security), South Korea and Singapore have adopted and developed a fundamentally different institutional platform of social security.[5] Hence, I suggest that welfare states be understood in terms of not only the amount of *expenditures* but also *institutional arrangement* of social security. Between these two points of divergence, institutional arrangement is more important because it helps us see the division of responsibility between the state, the market, and the household. In the next section, I present an analytical framework to distinguish two different systems of productivist welfare regime.

Two Welfare Systems: Compensatory (CP) vs. Competitiveness-enhancing (CE)

Although East Asian countries share some similar characteristics as the productivist model of welfare state, they – particularly, middle income countries – can be categorized into two types of welfare system alongside (i) institutional arrangement and (ii) government's financial commitment. First, the institutional dimension is related to how governments handle social contingencies and who to bear the costs. Most of these institutional aspects can be examined by looking at which system between social insurance scheme and private savings scheme those states adopt.[6] The social insurance-based scheme aims at pooling social risks and financial

[5] Singapore advocates a private savings-based social security system emphasizing individuals' responsibility while South Korea develops a public insurance-based system focusing on risk pooling. Detailed explanation about the differences will be presented in following sections.

[6] Technically, there are four different sources of financing: (a) government's general revenues, (b) mandatory contributions to social insurance, (c) mandatory contributions to private savings account, and (d) voluntary contributions by employer and/or employee (Ramesh & Asher, 2000,). In many social democratic welfare states, the major four areas of social security have been financed entirely or primarily by the government (a). Voluntary contributions (d) are also observed in liberal welfare states. However,

responsibilities among participants while the private savings-based scheme leaves those risks and financial burdens upon separate individuals. This contrast shows a series of political and socioeconomic implications such as the possibility of income redistribution and the level of taxation.

The second dimension is the amount of government's financial commitment to social security, which is widely used in comparative social policy studies. Productivist welfare states are of course not maximalist (Croissant, 2004). But it does not necessarily mean that they are minimalist (Holliday, 2005). Although they do not have a strong commitment to citizens' social rights, some of the productivist welfare states take a broader financial responsibility for social protection when the economic benefits are expected to outweigh the cost. Korea and Taiwan have clearly started to expand social expenditures and programs, expecting that the expansion would have positive effects on the long-term growth of the economy (Kwon & Holliday, 2007).

Based upon these two dimensions, we can think of two combinations: one is a social insurance scheme associated with relatively higher public expenditures, and the other is a private savings scheme underlying minimal government involvement. First, social insurance-based security scheme is predicate on the principle of defined benefit (DB). In the DB system, one is entitled to a certain level of benefits which is – in the case of pension, for example – usually a fixed portion of the final salary. While all participants contribute at the same rate, they receive different amounts of benefits depending on their earnings. Thus, an income redistribution effect is included in the social insurance system (Hindriks & de Donder, 2003). But, it may also cause an insurance fund deficit in the long term, which the government has to solve by either spending more or implementing a fundamental reform.

By contrast, the private savings-based social security is based on the principle of defined contribution (DC) that one should only receive what one has saved during the working life. In this system, all the financial responsibilities belong to each individual and their employer. Therefore, there is no deficit problem. At the same time, however, the mechanism has no way to ensure adequate benefits for those who are really in needs. Particularly, those with no or low income during working life will find themselves with insufficient funds for social security (Ramesh & Asher, 2000). Theoretically, this type of institutional arrangement would be a good policy choice for those states that strongly pursue a minimalist fiscal policy to maintain their tax rates as low as possible.

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since the concern of this research is productivist welfare states where state intervention plays a critical role through either social insurance or private-savings schemes, I simplify my argument by using only (b) and (c) as the sources of social security financing.

The next question is then how we can conceptualize this distinction in the form of a typology. Between those two combinations above, the first set – social insurance scheme associated with larger expenditures – can be called *compensatory* (hereafter CP) productivist welfare system. The other set – private savings scheme focusing on minimal expenditure – can be depicted as *competitiveness-enhancing* (hereafter CE) productivist welfare system (See Figure 5). With respect to social policy, both systems see the role of government as a regulator, and their programs are also operated by quasi-government agencies. It is because, through this method, governments can avoid or minimize their financial responsibilities for social security while being able to effectively intervene in the operation at arm's length (Kwon, 2005). In this approach, social policy plays a role to create a socioeconomic environment that is conducive to economic development. But their similarities end there. How to read and handle social risks in the developmental context is the place where the key divergence takes place.

[Figure 5] Divergence in the Productivist World of Welfare Capitalism

In setting up developmental strategy, some countries may find their economic competitiveness in the domestic conditions particularly among skilled workers who are regarded as important for economic goals. In this case, a social insurance system is more likely to be developed since it is not only crucial to effectively mitigate any possible social contingencies by means of risk pooling but also central to the capital accumulation process. Moreover, the social insurance scheme helps build up greater integrity and solidarity among those selected group of labor forces (Kwon, 2005). Thus, this scheme can be used as a compensatory policy tool in return for economic and political supports from its beneficiaries.

The compensatory approach is not limited to an industrialization period, however. When states with the CP productivist welfare system are under pressure of neoliberal economic reform, they can still use social insurance programs as a compensation instrument (Yang, 2004). But, the target of compensation expands in this case, including not only industrial sectors but also 'economic victims' derived from socioeconomic changes. The expansion of compensation also inevitably leads the government to spend more. This argument is well exemplified by the experience that South Korea had after the 1997 Asian financial crisis.

In 1997, Korea faced a series of social and economic problems such as declining income and rising unemployment in the wake of the financial crisis and subsequent reform programs like deregulation, privatization, liberalization of financial market, and labor market flexibility. In the end, the Korean government decided to expand the coverage of its existing social insurance programs since the expansion of the programs and additional public expenditures would far outweigh the possible economic and administrative costs which the governments may otherwise need to pay for long-term growth (Yang, 2000; Gillion, 2000). Thus, although the target group of compensation would be changed dependent on economic and political conditions, productivist welfare states with social insurance schemes tend to enhance its social policies based on the principle of CP welfare.

Productivist welfare states, however, do not always adopt the compensatory approach. Some of them seek their economic competitiveness outside in the global market, believing that government spending reduces the competitiveness of national producers. Those states with the CE welfare system hold a deep-seated principle that welfare programs like income transfer and social services distort labor markets and investment decisions (Garret & Nickerson, 2005). Since government spending ultimately requires higher taxes on income and wealth which are the bottom lines of asset holders, the increase of economic competitiveness depends on low rates of taxation and public spending (Wilding, 2008). But it does not imply that the CE system-based states entirely ignore the need of social security. Seeing the creation of an optimal environment for economic competitiveness as their primary task, productivist welfare states with the CE system pursue both the maintenance of low tax rates and the construction of social security net by adopting a coercive private savings scheme that all the expected financial responsibilities go to each individual. Moreover, the private savings scheme is contributing to the promotion of national savings so that the government is able to channel the funds into investment in developmental projects without inflationary consequences (Ramesh, 2005). Needless to say, it is obvious that the CE system is reinforced when goods and services markets become more globalized as a result of either technological innovations in transportation and communication or the increase of capital mobility. Therefore, the CE system is expected to emerge more significantly in the society where shows a high level of integration into global financial and trade markets (e.g. Singapore and Hong Kong). Now we turn to reviewing the pension scheme of South Korea and Singapore based upon the CP-CE typology.

National Pension Scheme (NPS) in South Korea

South Korea's public pension scheme, first designed in 1972 but implemented later in 1988, is a social insurance system in which the pension benefits are financed from contributions paid by employees and their employer.[7] As part of the country's economic policy, the Korean Development Institute (KDI) first proposed the National Pension Scheme (NPS) in 1972. The enactment of the scheme was clearly driven by the economic purpose to mobilize national capital required for the development of heavy and chemical industries. But, due to the first oil shock and the following high inflation, it was postponed and not revived until 1988 when South Korea embarked on democratic transition. The Roh Tae-Woo government (1988-1992) passed a new pension law that covered all firms with more than 10 employees in 1988 and 5 employees in 1992. Under the Kim Young-Sam government (1993-1997), it was further extended to farmers, fishermen, and the rural self-employed as compensation for the government's commitment to open the rice market in exchange for better access to global markets. As a result, the coverage rate increased considerably from 4.2 million workers in the late 1980s to 8.6 million in the mid-1990s (Yang, 2004).

[Table 2] Low Contribution-High Benefit Structure of NPS (1998)

However, the NPS included a structural problem around the benefit levels and contribution rates. Initially, the contribution rate was scheduled to start at 3% while the income replacement level was as high as 70%. This unrealistic trend continued until 1997 (See Table 2). The low contribution and high benefit structure brought about the financial unsustainability problem, igniting debates on the need of pension reform. To solve the problem, a pension reform commission was formed and came into operation. However, there was a conflict between economic and social policy bureaucrats as to how to reform the system.[8] Although both camps agreed with the pension expansion to the urban areas, the former proposed a bipillar system aiming at financial sustainability as the foremost goals while the latter insisted on the existing redistributive monopillar system. In the end, the Kim Young-Sam government chose the bi-pillar system that emphasizes an earning-related component. However, the unprecedented financial crisis and the power shift from the conservative party to the center-left opposition party in late 1997 brought about huge changes in the political landscape surrounding social policy processes. President Kim Dae-Jung (1998-2002), who found his power base among middle and working

[7] The development of pension scheme in South Korea came with pension plans for civil servants (1962) and two other special pension insurances for military personnel (1963) and teachers at private schools (1975).

[8] Refer to Yang (2000) for the details concerning the process of pension reform in South Korea.

classes, discarded the previous reform proposal and firmly carried out the monopillar-based pension reform. The Kim government built a strong partnership with civic organizations and trade unions, letting them participate in public policy processes. However, in spite of its labor-friendly ideology, the Kim Dae-Jung government also undertook various neoliberal policies in economic terrains.

As seen in the development process of the NPS, South Korea has consistently utilized social policy as an economic and political instrument for economic growth under the productivist welfare framework. Even if the target group of beneficiaries has expanded over time in accordance with changes in economic and political environment, there was no significant shift in terms of its compensatory strategy. In the beginning, the introduction of the pension scheme had a dual purpose. It was designed, first, as a method of capital accumulation and, second, as a means of risk pooling for a selective group of labor who were supposed to be regime supporters. Later, in the middle of democratic transition and economic globalization, the Korean government has attempted to strengthen its compensatory strategies by expanding the pension coverage, since reaping net gains from globalization cannot be achieved without placating domestic political backlash. To increase the effectiveness of compensatory strategies, however, it was also required to enhance social assistance programs for those who are in need. As a consequence, the government expenditure on social security in South Korea increased significantly since the mid-1990s.

Central Provident Fund (CPF) in Singapore

What is unique in the history of social policy in Singapore is the Central Provident Fund (CPF), a private savings-based social security scheme.[9] The CPF was already established in 1953 before Singapore gained its independence in 1965. At the outset, the British introduced this fully funded pension program to avoid the colonial government's financial responsibilities. Once established, the CPF has substantially expanded to serve a range of social security needs including pension, housing, and health. In 1968, the savings that individuals accumulated in their CPF account could be used to purchase public housing units. The Singaporean government also set up a new Medisave account under the framework of the CPF in 1984. Because savings for pension were not enough to meet the financial need of the old-age population, the government created the Minimum Sum Scheme in 1987, in which a certain amount from the members'

[9] With respect to the CPF, see Low and Aw (1997), Kwon (1998), Tang (2000), Ramesh & Asher (2000), and Ramesh (2004).

savings should set aside and used only for old-age income maintenance. Soon after, in 1990, the government introduced the Medishield Scheme to supplement the Medisave account and, during the 1990s, the government allowed individuals to invest part of their savings in capital markets. Thus, the CPF was not designed as a comprehensive social security system but rather has arisen as a patchwork to deal with exigencies. Then, how can we understand the characteristics of the CPF in the framework of the CP and CE welfare systems?

The CPF is a compulsory savings scheme, which is the institutional essence of CE productivist welfare. Even though both social insurance and private savings are funded by monthly contribution from employees and their employers, there is a critical difference. Unlike South Korea's social insurance schemes, there is neither risk pooling nor a mechanism of income redistribution in the CPF. In terms of financing and operating, the role of the state is essentially a regulator, so members have no room to rely on the government if not their own account. Without doubt, this system is effective in cutting off any additional government expenditure, but the problem is that it has no mechanism to protect those who have insufficient savings in their CPF account. This residual nature of the CPF was derived from a 'survival distinct' pervaded among the PAP leaders (Tang, 2000).

When Singapore became independent from the British rule, it was plagued with a lot of problems, i.e. ethnic conflicts, widespread unemployment, and lack of infrastructure. To overcome all these problems, the political leadership pursued a strategy of export-led industrialization by attracting foreign investments through the provision of tax incentives and the development of infrastructure. To achieve this goal, the establishment and expansion of private savings-based social security was seen desirable and even indispensible because it could not only mobilize capital required for infrastructure but also maintain tax rates low enough to attract foreign investment. In consequence, the Singapore government embarked on a series of social policy: generous publicly funded benefits for civil servants and strong support for education and vocational training while resisting direct state involvement in financing of social insurance. The close link between benefits and contributions makes the social security system less sensitive to demographic changes and, in contrast to Korea, also helps avoid the problems of sustainability and the political costs of unrealistic benefit promises (Chia, 2008). Moreover, since the reduction of government expenditure permits tax rates to be maintained at low levels, the government can pursue economic development without inflationary concerns (Ramesh, 2005). Thus, the CPF is embedded in the competitiveness-enhancing principle that any type of government spending on welfare and income redistribution reduces the national competitiveness in the global market.

WHAT IS BEHIND THE DIVERGENCE?

Existing Theories

In the previous section, I proposed an analytical framework through which to understand the divergence of productivist welfare states. However, we still have one more question. Despite certain developmental characteristics, why has productivist welfare capitalism in East Asia been evolving in the two different directions of the CP and CE systems? There are a series of competing theories of social policy that explain the origin and development of state welfare in the advanced industrial countries. However, there are few coherent theoretical frameworks and empirical tests of welfare development which is uniquely rooted in non-western, especially productivist, social contexts (Ku & Finer, 2007). Hence, it is useful and also desirable to test contending theories against the productivist context and thereby pave the way for further research on the productivist world of welfare capitalism in East Asia. In this section, I will briefly review existing theories and then suggest financial structure and regime type as an alternative explanation.

In examining the causal mechanism leading to 'varieties of welfare capitalism,' three different strands of approach can be discerned. They are industrialization, globalization, and power resources. The former two pay attention to a changing economic environment associated with industrialization and economic globalization, respectively, while the last emphasizes domestic political dynamism that filters the impact of domestic and international economic challenges.

First, *industrialization* has long been considered as an important factor in the development of welfare states. According to Wilensky (1975), "economic growth and its demographic and bureaucratic outcomes are the root cause of the general emergence of the welfare state." The rise of welfare states is associated with changes stemming from industrialization processes that break down traditional forms of social provision and family life. These changes include economic growth, growth in an aged and urban population, the division of labor, the rise of cyclical unemployment, and changing patterns of family and community life (Pierson, 2004). Based on the earlier works of Cutright (1965), Aaron (1967), Pryor (1968), and his own empirical work, Wilensky concludes that more than 85% of the international variance in social security effort is to be explained by the level of industrialization and its accompanying demographical changes.

It is obvious that the degree of industrialization is a powerful indicator of the divergence of state welfare. However, if we turn to look at variations among similarly developed or developing states, the industrialization approach loses its explanatory power significantly (Pierson, 2004). Moreover, it can hardly explicate why institutional divergence between the CP and CE systems take place in East Asia where have a similar level of economic development, life expectancy, female labor-force participation, and even cultural values.

Second, *economic globalization* is also regarded as critical in determining the destiny of welfare states. As briefly touched in the previous section, the popular views that describe the effect of globalization are divided into two camps. On the one side, economic globalization is viewed to constitute a threat to states' policy autonomy (Mishra, 1995; Clayton & Pontusson, 1998). The increase of trade competition and capital mobility is conceived to foster the diffusion of market-friendly policies such as flexible labor market, corporate and income tax cuts, and sweeping deregulation measures (Teeple, 1995). Evidence on the developing countries and emerging markets also suggests that, as the exposure to global markets increases, they tend to spend less on social security and as a result the overall size of welfare is reduced (Kaufman and Segura-Ubiergo, 2001; Rudra, 2002; Wibbels, 2006).

On the other side, by contrast, a range of literature argues that the increased economic vulnerability inherent to international economic openness leads governments to provide their citizens with rock-solid social security programs because the provision of social security reduces social risks produced by a commitment to a liberal international economic order (Cameron, 1978; Ruggie, 1982; Katzenstein, 1985; Rodrik, 1997a,;1997b; 1998; Rieger & Leibfried, 1998). The increase of market liberalization generates new social contingencies and the eventual emergence of interest coalition calling for compensation among those who are economically disadvantageous. To deal with this situation, states tend to enhance social safety nets while reaping net gains generated by economic globalization.

These globalization theses are noteworthy because they are visibly overlapped with the theoretical logic underlying in my CP and CE typology. However, they are not free from limitations with regard to their assumption that the effect of globalization drives all the states 'converging' either to the bottom (retrenchment) or to the top (expansion). Unlike their expectations, empirical results confirm the diverging pattern, showing that some open economies in East Asia have limited social spending to win in the international market competition while some others have been reinforcing public welfare schemes (Campos & Root, 1996; Ramesh, 2004). It is of course true that globalization plays a critical role in creating an economic environment in which states are pressed to enhance either compensatory policies or competitiveness-enhancing policies. But, we still need to find the answer: What is the condition under which the institutional divergence between the CP and CE systems takes place?

To explore this condition, a group of scholars have focused on the role played by various domestic actors like labor unions and left-wing parties (Korpi, 1983; 2006; O'Connor & Olsen, 1998). The *power resources* approach examines the origin and level of social security in terms of working class movements and their political representatives who force the government to adopt pro-labor policies. However, this perspective overemphasizes the role played by labor unions and left-wing parties while overlooking the impact of political institutions (Rothstein, 1998), and consequently, it appears to be less persuasive in explaining the institutional divergence of productivist welfare states where the role of labor unions and interest groups have long been insignificant due to the immaturity of social security scheme and civil society.

Financial System: Credit-Based vs. Market-Based

The industrialization, globalization, and power resources approaches provide useful and meaningful insights, but none of them provide a convincing explanation of why the institutional divergence emerges in spite of their productivist nature (Lee & Ku, 2007) and why the divergence grows visibly in the face of socioeconomic challenges derived from demographic changes and economic globalization (Ramesh & Asher, 2000). To answer this question, this section sheds light on the financial structure and political conditions under which the systematic variation of productivist welfare states has taken place.

The concept of productivist welfare capitalism is a product of developmental states where government authorities have acted to guide markets and modulate the competitive process of industrialization in a way that neoclassical economics says public officials cannot get right (White, 1988; Woo-Cumings, 1999). Needless to say, the financial system is one of the most critical terrains of this developmental strategy (Stiglitz and Uy, 1996). It is also the place through which the impact of globalization is transmitted. Indeed, the developmental strategy and its corresponding productivist welfare programs are largely dependent on the structure of financial market – particularly, the extent and form of their reliance on foreign investment (Ramesh, 1995).

According to Zysman (1983), there are two different types of financial market: 'bank credit-based' and 'capital market-based.'[10] First, in the credit-based financial system, banks play a leading role in mobilizing savings, allocating capital, overseeing the investment decisions of

[10] In comparative institutional studies, the difference in the relative importance of banks and capital markets is a general criterion to draw a distinction between two types of financial system. More recently, similar attempts have been made at classifying systems along similar dimensions. Among the typologies used are *bank-oriented vs. market-oriented* financial system (Rybczinski, 1985), *debt-based vs. equity-based* or *intermediated vs. securities-based* systems (Berglof, 1997), and *insider vs. outsider* systems (Franks & Mayer, 2001).

corporate managers, and providing risk management vehicles while, in the market-based financial system, capital markets share center stage with banks in terms of getting society's savings to firms, exerting corporate control, and easing risk management (Berglof, 1997). East Asian states are not an exception. Since they embarked on an export-oriented strategy of industrialization, East Asian states have intervened intensively the operations of the financial markets, either directing credit to some industries through banks or creating a more attractive financial market for foreign investment.

Second, in a capital market-based financial system, the economies highly rely on funds they raise directly from individual investors in stock market. In this case, they are greatly constrained by those shareholders who generally seek to maximize the short-term profits of business. Particularly, in a system where the accumulation of capital in the form of foreign direct investment (FDI) and portfolio investment is greatly significant, both inside and outside pressures bearing down upon states constrain the range of policy choices available to decision-makers. Welfare spending is regarded as a fiscal burden that cannot be sustained in the competitive global economy and, accordingly, states are more likely to adopt the CE welfare system (i.e. provident funds in Singapore, Hong Kong, and Malaysia) that helps construct a sound social security system and maintain a minimum level of financial responsibility. That is, the higher the ratio of market capitalization and foreign investment, the more likely to adopt private savings-based social security system.

By contrast, the economies with a credit-based financial system are not as much vulnerable to the interests of shareholders as their market-based counterparts. Because bank loans, most of the capital provided by banks, are relatively 'patient' and 'less liquid,' investments can be long-term oriented. That is, the financial intermediaries – banks – enable both the government and companies to establish long-term development strategies without being overly concerned with short-run fluctuations in the capital market. The main concern is rather to uphold cooperative links between industries and banks so that the government can maintain its full-employment strategy in the industrial sector (Huber & Stephens, 2001). In this situation, the states with a bank credit-based financial system are likely to advocate social insurance schemes since a long-term economic growth strategy basically requires solid social safety nets as a compensatory bumper to protect skilled labors from possible social risks (Estevez-Ave, 2001).

Singapore

Between the two financial systems, there is no doubt that Singapore belongs to the group of market-based economies. In the last four decades, the Singaporean economy has experienced remarkable growth. The GDP in the mid-2000s was more than 10 times that in the mid-1970s. This strong economic performance has been attributed to several factors. Among others, the exceptionally high level of domestic savings and foreign capital inflows stands out. Domestic savings accumulated through the CPF were used to finance large infrastructure projects while large foreign companies invested directly by bringing in capital and equipment (Kwong, 2001). Indeed, Singapore heavily relied on foreign investment from the very beginning. At the time of independence, the Singaporean economy was largely agricultural, and the unemployment rate was high. Industrialization was thought to be the only way to absorb the surplus labor and put in place a foundation for economic growth. Moreover, since the 1980s, there has been a new reason for bringing in foreign investment. As earlier industrialization pushed up wages, the economy needed to shift toward higher value-added activities to justify the higher wages. As seen in Table 3, FDI was one of the few routes for the transfer of advanced technology and funds during the 1990s. Throughout the 1990s, the ratio of net investment commitment made by foreign companies was very high, ranging from about 70 percent up to even 90 percent.

[Table 3] The Ratio of Net Investment Commitments in Manufacturing by Foreign Capital

Unlike South Korea where had a large domestic market and the financial power of large vertically integrated conglomerates, Singapore had to make efforts continuously to update and upgrade itself into a regional financial center and encourage foreign companies to set up headquarters in Singapore. Due to its structural limitations, Singapore had to also develop its social security system in the way to offer the most efficient offshore market in East Asia. The efforts the Singapore government has made are also found in its aim of corporate tax policy. In Singapore, corporate tax rate, which had been 32 percent in the 1980s, lowered from 22 percent to a flat rate of 20 percent in 2004 and is reduced again to 18 percent in 2008 (http://www.mof.gov.sg). Thus, the Singapore government has been offering tax incentives, aiming at making Singapore more globally competitive and attractive for foreign investment. For this purpose, it was required to downsize the overall level of government expenditure, transferring the financial responsibility of social security on private sector while closely orchestrating the provision and management. The construction and expansion of the CE welfare system, which is based on a private savings scheme, is located in the center of this policy principle.

It is obvious that the CPF include a critical problem in its function of social protection. Some studies show that, because the CPF scheme with its pre-retirement withdrawal features have serious limitations in addressing income maintenance, health care issues and poverty at old age, its effectiveness has been insignificant or at best partially successful in providing social protection (Ramesh, 2005; Chia, 2008). Due to the lack of income redistribution element in the CPF, the government needed to seek a way to increase return rates of CPF funds. Otherwise, the high contribution and high withdrawal structure would lead the average replacement rate as low as about 30 percent (Haggard & Kaufman, 2008). In the 1990s, as a result, the government had to gradually expand financial-investment options, allowing individuals to investment their savings in stock markets. In spite of this structural problem and limitation of the CPF, Singapore's social security system has been continuously developing around the enhancement of CE productivist welfare, because it was an historical product derived from Singapore's position in the global financial market.

South Korea

In contrast to Singapore whose heavy reliance on foreign investment is distinctive, the industrialization drive led by large domestic conglomerates under the protection of the government has created a different type of productivist welfare in South Korea. With its start as a resource poor and agrarian economy, South Korea could achieve rapid growth from the mid-1960s by switching to export-oriented industrialization, as did Singapore. Until the early 1970s, products manufactured by labor-intensive light industries accounted for about 70 percent of total exports. However, in 1973, the South Korean government sought to shift the emphasis away from light industries to heavy and chemical industries. Under the new developmental circumstance, large-scale businesses became the target group for which the government supported purposively and intensively by providing a significant portion of resources. This strategy was orchestrated by the economic bureaucrats through strong state intervention, particularly in the way of financing.

One of the most noteworthy features of heavy and chemical industry is how to mobilize capital since steel, ships, and automobile required a huge amount of capital. Like the Singaporean case, domestic savings and foreign capital played a crucial role for the overhead capital investment. However, the majority of foreign capital was channeled in the form of public and commercial loans. The government distributed foreign loan capital to the industry via banks at preferential rates under its direction. In contrast, because FDI by foreign companies was tightly controlled, it constituted only less than 10 percent of total foreign capital investment until the end of the 1970s (Kim, 1989). The share of FDI has increased steadily in the 1980s, and the sectoral distribution of foreign loan capital has also changed. Such changes were in part responses to state policy changes regarding foreign capital. However, throughout the 1980s, Korea was still one of the most indebted economies. The government exercised a monopoly power over financial institutions, using banks as a means of allocating monetary resources directly to manufacturing industries (Hwang, 2007). In the 1990s, the Kim Young-Sam government pursued the so-called 'globalization' strategy, expanding tax and other incentives for foreign investment in strategic high-tech sectors. However, the outcome was not very successful because new FDI in manufacturing has declined while most foreign investment went to service sectors (Chau, 2001).

[Table 4] Market Capitalization and Welfare System in East Asia

The process of financial liberalization was accelerated as the liberal ideology swept through East Asia in the mid-1990s, but as can be seen in Table 4, South Korea still had a bank-based financial system. The financial structure index (FSI) in Table 4 shows the level of market capitalization, which illustrates the relative importance of banks and capital markets in countries (Demirguc-Kunt & Levine, 2001). In terms of size, activity, and efficiency of the financial system,[11] the index shows that Singapore has continuously developed the market-based financial system in the 1990s while, in South Korea, the role played by banks has been still dominating.[12] Coincidently, all the sample states with a higher level of market capitalization have a private savings-based social security system. By contrast, those states with a bank credit-based financial system have developed social insurance schemes as their social policy.

As can be seen all this empirical evidence, bank credit-based and capital market-based financial systems have created distinctive economic environment, bringing different views to South Korea and Singapore with respect to what type of welfare system they should adopt for economic development. That is, the difference in financial system has given different incentives

[11] The index is an average of three indicators: the ratio of market capitalization to bank assets (size), the ratio of total value of equities traded to bank credit (activity), and total value of equities traded/GDP multiplied by overhead cost (efficiency) (Demirguc-Kunt & Levine, 2001).
[12] Once the cyclical component is removed from the indicators used for the FSI, it is more significant that Singapore has a high level of market capitalization while South Korea has a bank-based system (Park, Song, and Wang, 2005).

in designing and implementing either CP or CE welfare systems. However, the conditions for the emergence of institutional divergence are not necessarily same with the conditions for the growth of the divergence. The next section deals with this issue.

Political Factors: Regime Type, Electoral Competition, and Public Attitude

Supply Side

The type of financial system is not automatically linked to the growth of the divergence. It is misleading to say as if the divergence between the CP and CE welfare systems emerges wholly determined and fully formed from a set of pre-existing economic prerequisites. A distinction needs to be drawn between the *economic* condition for the *creation* of the CP and CE systems and the *political* condition for the *growth* of the systematic divergence (Pierson, 2004). In the productivist world, the divergence of welfare system emerges as a policy choice resulting from the initial needs of the state and market. But the eventual growth largely depends on political processes (Haggard & Kaufman, 2008).

As Adsera and Boix (2001) point out, compensatory strategies are likely to be held as a result of democratic political processes whereas competitiveness-enhancing initiatives are more likely to dominate policy choices and instruments in authoritarian regimes. Following this argument, political factors can be considered at three different, but interrelated, dimensions: regime type, electoral competition, and citizens' political attitude.

Democracy is clearly not a necessary condition for the creation of welfare states, but democratic governments have greater incentives to respond to social pressures for social security and services than authoritarian regimes (Haggard, 2005). This claim is predicated on the assumption that political competition makes political parties and leaders be sensitive to constituents' policy demand so that democratic states are more likely to approve social policies that might impose financial burdens on the government (Pierson, 2001; Garrett & Nickerson, 2005). This is especially evident when the political parties are under pressure from electoral competition (Ramesh, 1995). Such competition on the supply side provides incentives for politicians to appeal to voters by means of an expansion of compensatory welfare programs. But it is also important to see, on the demand side, what political attitude and belief citizens have toward the political tug of war over social policy decisions.

The shift in the economic growth strategy from light industries to heavy and chemical industries required the Korean government to mobilize a substantial amount of domestic capital.

The National Pension Scheme was formulated by the KDI in this context in 1972. However, in addition to the need of capital accumulation, there was another political motivation behind the decision (Hwang, 2007). The presidential election held in 1971 was highly competitive enough to be a threat to the Park Chung-Hee regime. Also, to win the upcoming general election, the Park government had to find a way to justify its authoritarian rule. The introduction of the NPS was expected to fit best for these goals. Although the implement was postponed due to the first oil shock, the NPS emerged again as a political instrument to gain votes in the presidential election of 1987. After more than two decades of struggle against authoritarian rule, South Korea achieved electoral democracy in 1987 when, Roh Tae-Woo, the ruling party's presidential candidate, promised to build up a system of direct, fair presidential elections. Since then, the expansion of social insurance programs including the NPS became one of popular electoral pledges.

As seen in Figure, the rates of popular votes between presidential election candidates were quite close. The margin has been about 6 to 8 percent, just except the 2007 election. This intensity of electoral competition among parties has brought a strong pressure to the governments in Korea to be responsive to the demand for social welfare. Thus, democratic transition and electoral competition played a critical role in the expansion of social security programs in South Korea.

[Figure 6] Electoral Competition in South Korea

Although the initial design and implementation of the NPS was carried out under the conservative governments of Roh Tae-Woo (1988-92) and Kim Young-Sam (1993-97) in the middle of electoral competition, it was largely unequal in coverage. A substantial expansion of the NPS was made under the Kim Dae-Jung (1998-2002) government in the context of the financial crisis and following social pressures (Haggard, 2008).

The traditional form of productivist welfare regime was rested on four main pillars: remarkable economic growth, relatively young population, strong role of family in the provision of social security, and limited social protest and pressure (Holliday & Wilding, 2003). However, the 1997 Asian financial crisis brought South Korea to the brink of insolvency, pushing the unemployment rate up to about 7 percent and increasing income inequality and poverty. Furthermore, a sharp challenge from the rise of ageing population and the decline of fertility has been forcing the government to play a larger role in caring for those who are in need. On the one hand, the financial crisis placed fiscal constraints on the Korean government and spurred wideranging economic reforms, including further liberalization of trade and investment and extensive corporate and financial restructuring and, on the other hand, the Korean government came under pressure to expand more protection as compensatory for the insecurity caused by neoliberal reform measures. In the stalemate between these two demands, democratic governance played a critical role in several important ways. Most significant was that Kim Dae-Jung, who was elected president in 1997, proactively drew civil organizations and trade unions in policy making processes to strengthen a series of compensatory social policies in exchange for business-friendly reform measures. Thus, democratic transition and competitive elections have contributed to making Korea's welfare system more compensatory, especially under the influence of economic globalization.

At the other extreme, by contrast, is Singapore. Even though there are some democratic procedures, Singapore is obviously less than democratic (Chua, 2005). To be sure, Singapore has open and competitive elections but on unfair ground. Electoral and other rules are a kind of political tools for securing the hegemony of the People's Action Party (PA), the ruling party. The governments placed clear limits on the opposition and labor unions. Civil society activities are also tightly restrained (Haggard & Kaufman, 2008). Figure 7 presents the contrasting feature between South Korea and Singapore. According to the index of democratic governance, South Korea has remarkably developed its democratic institutions up to the highest level (10) since 1987, while Singapore has been staying at a low level of democratic governance (-3) without any significant changes.

[Figure 7] Democratic Transition in East Asia

In fact, during the 1950s and 1960s when the power base of the PAP was not that sound, the government employed a dual strategy of promoting economic development while providing a certain degree of social welfare in order to win elections. When the PAP won elections with impressive majorities and solid political support, it has never lost its political dominance. However, the PAP also became less enthusiastic towards social security programs (Ramesh & Asher, 2000). Since then, the main concern of the Singaporean government has completely shifted to the creation of favorable economic and political conditions for inflows of FDI. Labor control was also clearly related to this economic development strategy that heavily relied on attracting FDI.

Demand Side

As observed in the case of Korea and Singapore, the supply side – regime type and electoral competition – is an important component in explaining the divergence of productivist welfare states. Equally, it is also important to see the demand side of the political market. With regard to legitimacy, the PAP has attained enormous supports from the Singaporean people based on its economic success. It has continued to receive high levels of electoral mandate in successive general elections for the last five decades. Also, the PAP could use its economic performance as a justification for further extension of state intervention, transforming citizenship into 'clients' of the state (Chua, 1994). This is reflected in the pattern of general election results. Table shows that the PAP government started from a solid political platform of securing 54 percent of the total votes in 1959. This was gradually increased to about 60 or 70 percent in the following decades.

[Table] Electoral Dominance of the PAP (votes %)

Also, with regard to the contribution rate, the CPF includes an important feature through which we can look into the public attitude indirectly. Throughout the history of the CPF, the contribution rate has changed several times, fluctuating from as low as 10 percent in 1955 to 20 percent in 1970, and even up to 50 percent in 1984. After some more adjustments to the rate, it is now fixed at 34.5 percent (as of 2007).[13] It is of course not unusual to see the up-swing of contribution rates and the down-turn of benefit levels, but in the case of Singapore, changes in the rate are quite significant. Unlike other countries where contribution rates usually change in the wake of power shift, the Singaporean government has continued to exercise discretion over the setting of contribution rate under the strong grip on power of the PAP. The Singapore government faced few political constraints on raising CPF contribution rates, could shift the balance between employer and employee contributions, and could continually revise the uses to which funds could be put from housing to education, private investment, and health care (Haggard 2005, 159). This indicates the extent to which the Singaporean government enjoys policy autonomy more from domestic pressures but less from global market constraints (Ramesh, 1995).

In sum, democratic governance and electoral competition have considerably increased the demand for social security in South Korea, while the ruling party in Singapore could maintain its

[13] In general, lower rates are applied to employees aged 50 and above (http://www.cpf.gov.sg).

minimalist social security system with public support for nearly half century. This difference in political conditions and the influence of economic globalization have driven the growth of systematic divergence between CP and CE productivist welfare systems, while the difference in the financial system played a crucial role in prompting the emergence of the divergence.

CONCLUSION

How can we understand the emergence and growth of divergence observed in the productivist world of welfare capitalism in East Asia? If the divergence is systematic by nature, what are the independent variables behind this variation? It is not easy to answer these questions unless we develop a theoretical framework through which the divergence can be carefully examined. To solve the puzzles, this research presented a theoretical model consisting of *compensatory* (CP) and *competitive-enhancing* (CE) systems of productivist welfare. The CP system is supposed to have social insurance schemes associated with relatively higher public expenditures, while the CE system is based on a private savings scheme underlying minimal government involvement. Korea's National Pension Scheme and Singapore's CPF are the most typical cases of these two systems. As examined in this article, the divergence into these two systems was not accidental at all. It was a historical product of economic and political conditions.

First, financial system played a significant role in generating the divergence. The different economic conditions derived from bank credit-based and capital market-based financial systems brought different policy options to South Korea and Singapore in designing and implementing their social security system. Second, compensatory strategies were likely to grow as a result of democratic political processes whereas competitiveness-enhancing initiatives were more likely to develop in authoritarian regimes. It is because democratic governments have greater incentives to respond to social pressures for social security and services than authoritarian regimes.

The main purpose of this article is to set up a theoretical ground on which the study of social policy in East Asia can make progress. However, as Ku & Finer (2007) emphasize, the discussion presented in this article should be tested by a series of empirical analyses including cluster analysis and cross-national time-series regression analysis to verify its usefulness. By doing so, the productivist thesis would be able to be more productive.

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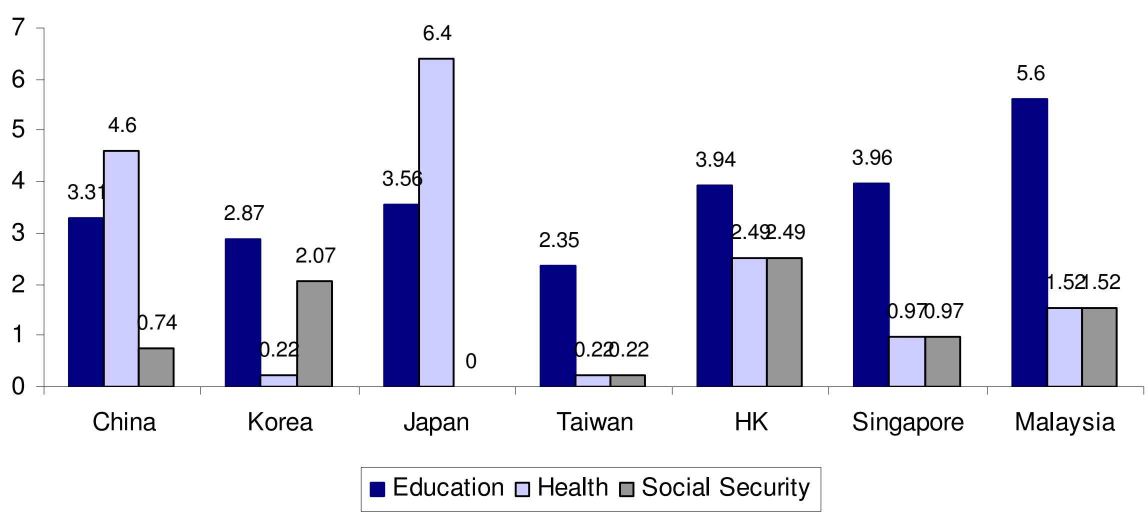
Table 1: Public Expenditures on Social Welfare, 1995 (% GDP)

	East Asian Countries (1995)						Western Countries (1993)				
	China	Hong Kong	Japan[d]	Korea	Singapore[e]	Taiwan[f]	France	Germany	Sweden	UK	US
Education	1.96[c]	3.03	3.60	4.94	2.86	5.01	5.60	4.70[h]	6.70	5.20	5.20
Health Care	..	1.96	5.07	0.47	0.84	3.88	7.28	6.43	6.22	5.75	5.85
Social Security & Welfare[a]	0.19	1.22	7.37	2.15	0.39	1.83[g]	20.52	21.58	30.66	15.83	9.83
Housing [b]	..	..	..	3.05	0.55	0.38	0.92	0.24	1.17	1.84	..
Total	**2.15**	**6.21**	**16.04**	**10.61**	**4.64**	**11.10**	**34.32**	**32.95**	**44.75**	**28.62**	**20.88**

* Source: OECD (1996a; 1996b), ADB (2001, 2003, 2007), Jacobs (2000).
* Notes: [a] Including social security insurances, social services, and social assistances.
[b] Including community development in case of East Asian countries. [c] Both education and health care. [d] 1992. [e] Central government only. [f] 1996. [g] Pensions only. [h] 1994.

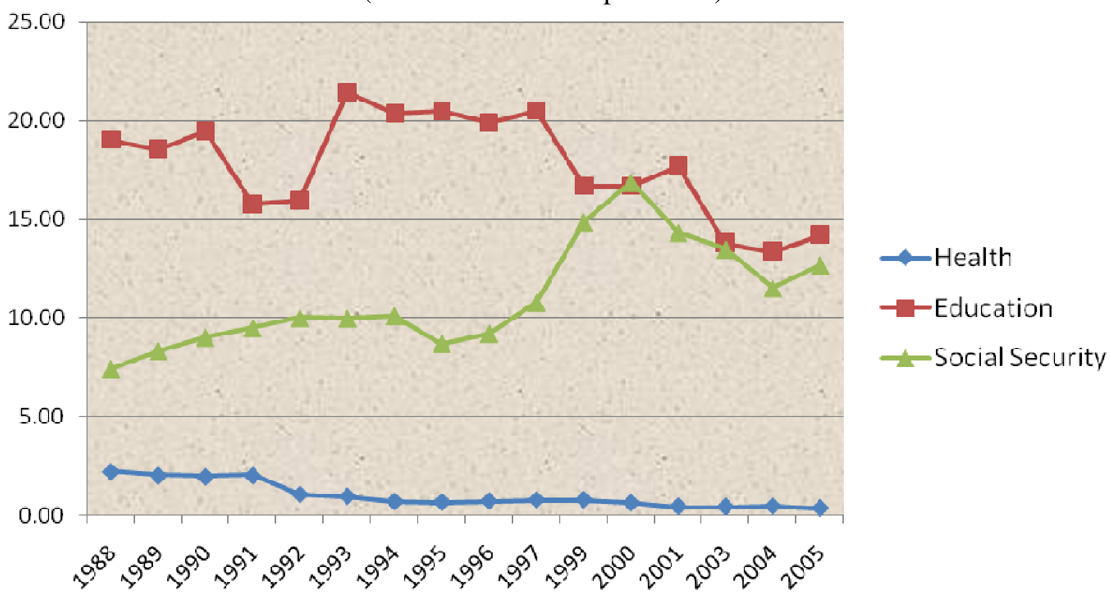
Figure 1: Public Expenditures on Social Welfare, 2000 (% GDP)



* Source: World Bank (2007), ADB (2007)

Figure 2: Government Expenditure on Social Policy, South Korea (1988-2005)

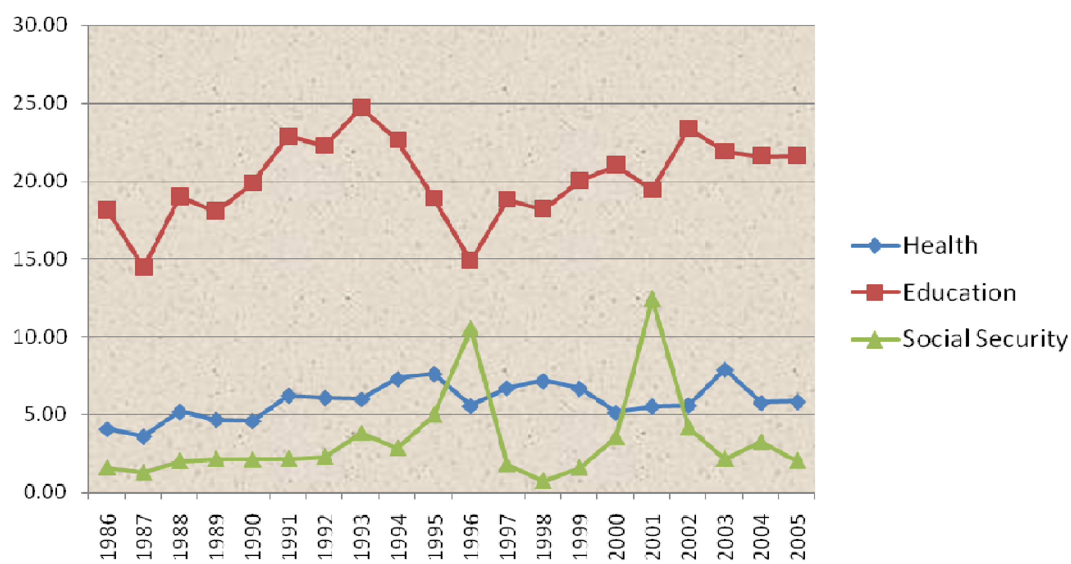
(% of Total Govt Expenditure)



* Source: IMF, Government Finance Statistics Yearbook (Various Years).

Figure 3: Government Expenditure on Social Policy, Singapore (1986-2005)

(% of Total Govt Expenditure)



* Source: IMF, Government Finance Statistics Yearbook (Various Years).

Figure 4: Levels of Social Welfare (Productivist)

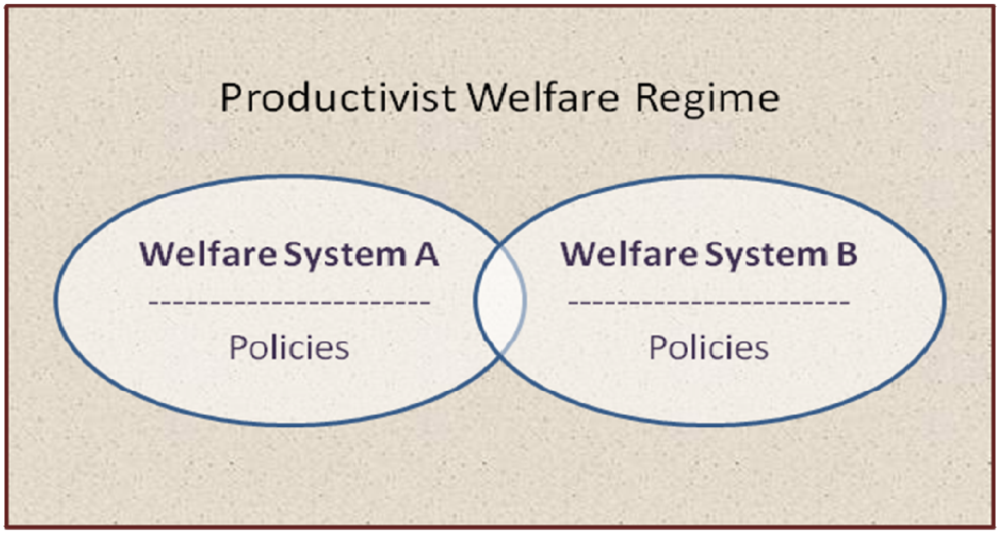


Figure 5: Divergence in the Productivist World of Welfare Capitalism

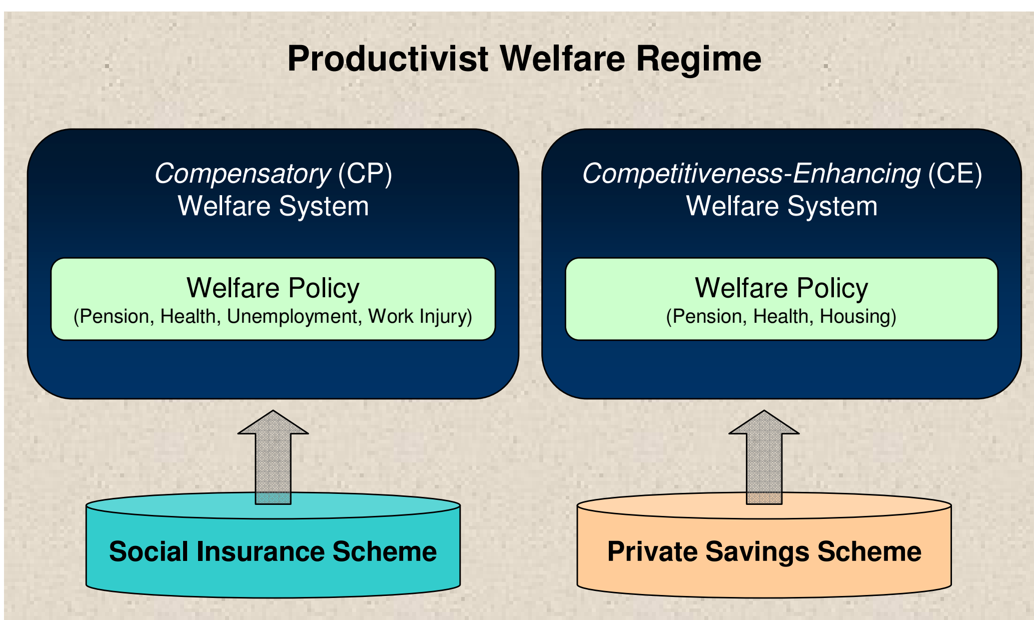


Table 2: Low Contribution–High Benefit Structure of NPS (1998)

Country	Germany	Japan	Sweden	Korea
Contribution Rate (%)	18.6	16.5	20.3	**9**
Income Replacement (%)	60	69	60	**70**
Retirement Age	65	60	65	**60**

* Source: Yang (2004: 197)

Table 3: The Ratio of Net Investment Commitments in Manufacturing by Foreign Capital (%)

Country Origin	1990	1991	1992	1993	1994	1995	1996
Foreign	89	84	79	81	75	71	71
Local	11	16	21	19	25	29	29

* Source: Kwong (2001: 12)

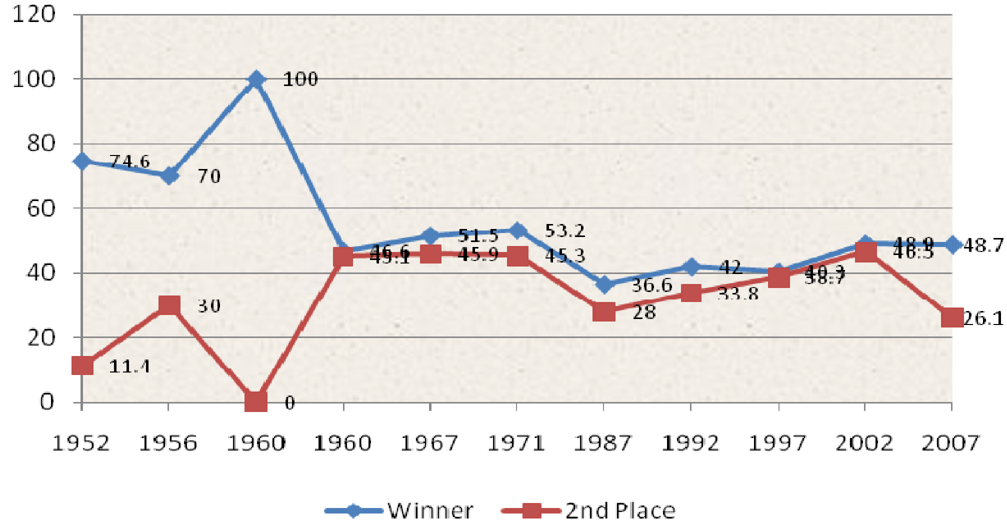
Table 4: Market Capitalization and Welfare System in East Asia

System	Countries	Financial Structure Index (FSI)	Classification
Social Insurance (CP)	Korea Japan Thailand	0.89 – 0.19 0.39	**Bank-based**
Private Savings (CE)	Singapore Hong Kong Malaysia	1.18 2.10 2.93	**Market-base**

* Source: Adapted from Demirguc-Kunt & Levine (2001)
* Note: In their analysis, Demirguc-Kunt and Levine categorize Korea and Thailand as a market-based system. But the index clearly indicates that these countries have a lower level of market capitalization (less than 1).

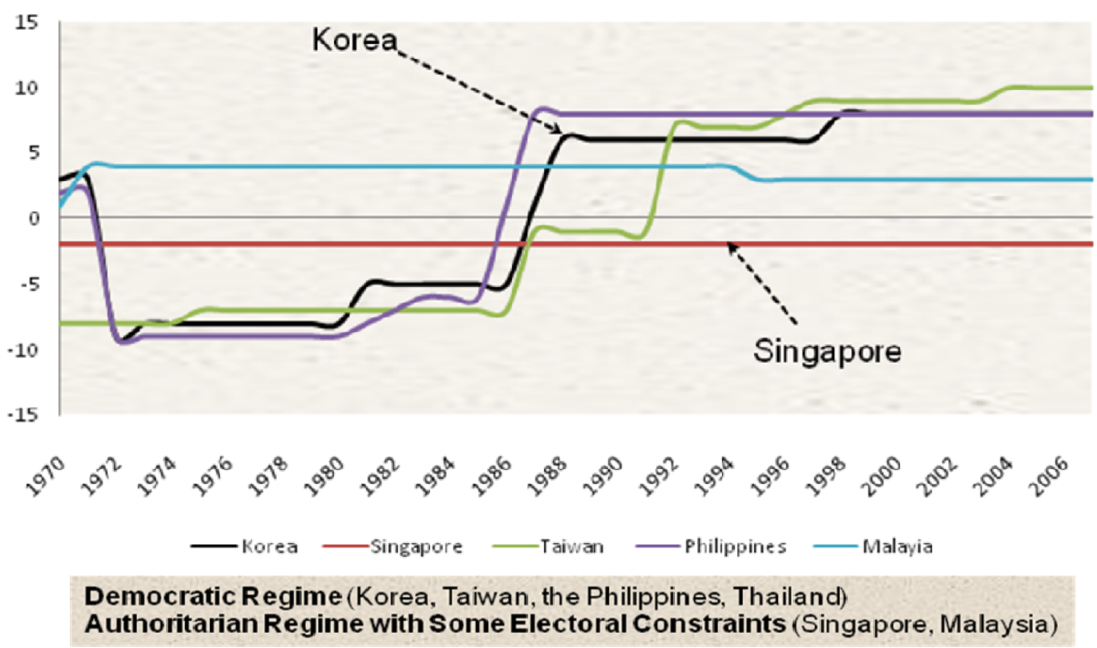
Figure 6: Electoral Competition in South Korea (votes %)

President Election



* Source: National Election Commission, South Korea (http://www.nec.go.kr)

Figure 7: Democratic Transition in East Asia



* Source: Polity IV Database (Marshall and Jaggers 2007)

[Table 5] Electoral Dominance of the PAP (votes %)

General Election

1959	1963	1968	1972	1976	1980	1984	1988	1991	1997	2001	2006
54.1	46.9	84.4	69.2	72.4	75.5	62.9	61.8	59.5	61.3	75.3	66.6

* Source: Election Department, Singapore (http://www.elections.gov.sg)