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### 中文摘要

如計畫申請書所預計，國民年金及勞保年金皆已相繼於 2007、2008 完成立法，並分別於 2008、2009 實施。這是全民健保之後，最為浩大的社會工程。其對人民福祉的影響也該如同全民健保一樣深遠。惟在此之後，仍有眾多問題繼續等待解決與改善。其中，尤以以下三點最為重要。

1. 重新定義老年、殘廢與遺屬
2. 將老年安全制度與就業政策相結合
3. 改善對於婦女的不利政策與法律併與家庭政策相結合。

### 英文摘要

Both of the National Pension Scheme and Labor Pension were enacted in 2007 and 2008 and introduced in 2008 and 2009. These new pension systems are almost the most important social engineering in Taiwan since 20 years, maybe comparable to the National Health Insurance. However, there are still a lot of problem, above all

- redefining the old age, disability, and survivors
- combination of the pension policy and employment policy
- the improvement of status of women in the pension system and combination of pension policy and family policy

## 關鍵詞

年金、年金保險、國民年金、勞保年金、年金政策、年金法、就業政策、家庭政策

Pension, pension insurance, national pension, labor pension, pension policy, pension law, employment policy, family policy

## 一、前言

經由約 60 年的建構，台灣已然成為福利國家，甚至是成熟的福利國家。但在所有福利政策與制度中，所有最大的缺憾則是勞保的老年、殘廢與遺屬給付一直未能改為年金給付。又軍公教及勞工以外國民的老年安全也未能有效建制，而不斷推出權宜性的老農津貼及敬老津貼等制度。

計畫執行人自 20 年前回國服務以後，在學術及教育上即賡續在德國之研究繼續以年金政策與法制為主要的核心領域。此外，亦高度參與有關政策與制度的規劃並發揮學術的社會影響力。

此一研究計畫，正是在國民年金及勞保年金立法、實施之前所提出的研究計畫。執行人，明確預知，縱然此等年金制度可以付諸實施，但仍有眾多問題等待繼續解決。其中，最為重要的無非以下三大問題，即：

1. 重新定義老年、殘廢與遺屬
2. 將老年安全制度與就業政策相結合
3. 改善對於婦女的不利政策與法律併與家庭政策相結合。

## 二、研究目的

所以要重新定義老年、殘廢與遺屬，主要是在「人口老化」的發展趨勢下，如果不重新定義，將會出現實際上未必須要退休而退休者，因而出現不必要的給付的請領者，也造成繳費的年輕世代的負擔。同樣的，殘廢若能將殘廢的定義以及遺屬的範疇加以調整，而促進其就業，也是年金政策與法制最應關注的問題。

接續以上問題，將老年安全制度與就業政策相結合，遂成為今後年金政策最應關注的議題，退休年齡的延長，固為必要的考量，但如何促進老年的就業，尤其經由部份退休等制度的設計，當是更為必要的政策與制度設計。

最後，人口老化問題的解決，尤在於代間契約的維繫，尤其下一代的生育與培育。為此，務必改善既有制度對於婦女的不利因素，進而將與家庭政策相結合。

## 三、文獻探討

以上議題，除了在學術文獻中尋求解決方案，同樣政要的是各國既有的制度及其改革，也是極為重要的文獻。

計畫執行人 1980 年代在德國參與老年安全法制比較之國際 Alterssicherung

im Rechtsvergleich 研究計畫，並在德國出版專書 台灣的老人安全——一個新興工業國家社會安全的基本問題 Alterssicherung in Taiwan – Grundprobleme sozialer Sicherung in einem jungen Industriestaat。此等研究所涉及的文獻，乃是計畫執行人最為重要的文獻基礎。在此之後，各國以至國際組織的眾多文獻，包括 ILO，ISSA、WB、IEC 等國際組織以及 EU 等之文獻皆為極為重要的文獻。

在此等文獻中，雖然有不少文獻強調以私人化，尤其個人帳戶為解決之道，尤其 WB 的有關文獻。然而，絕大多數的文獻，無不強調以延長退休年齡、促進老年人之就業、促進殘廢者之復健以及遺屬之就業促進為解決人口老化之主要手段。又為了戒絕人口老化，下一代的生育與養育，乃至為根本的對策。就此，務必將將「代間契約」，由過去二代契約之內涵改為三代契約，亦即該所有下一代之養育規為社會責任。準此，年金政策務必與家庭政策相結合。將就此，除了強化養育津貼、子女津貼、教育津貼等家庭政策，將養育期間視為年金的保費期間並為年資之計算，即屬極為重要的制度設計。除此之外，鑑於永續婚姻的越來越不可期待，離婚者對於配偶年金請求的期待利益業務必獲得保障，而需建立相關制度。

#### 四、研究方法

除了傳統的文獻閱讀與分析，前往各工業國家與相關學術及實務工作的會談，乃是必要的方法。

就此，本計畫曾提出國外研究之規劃，但可惜未獲通過。然而在執行此一計畫期間，本人獲得法務部的一個相關計畫之委託，也藉此前往德國 Max-Planck 外國與國際社會法研究所以及法院，與該關學術與實務工作者會商、討論，而有極為豐碩的成果。這部份尤其見諸該研究計畫之報告。

除此之外，在研究執行期間，參與國際研討會發表論文，並與各國專家討論，也是極為重要的研究程序。就此，本人在計畫執行期間分別前往德國、大陸及在台灣各參加一次國際會議並分別發表相關論文。

#### 五、 結果與討論（包括結論與建議）

在此計畫執行期間，與本計畫相關的研究成果，主要如下：

1. 專書：2009 年出版專書「年金政策與法制」。
2. 專書論文：Disabled Welfare Policy in Asia: Focusing on Chian, in: von

Maydell/Pitschas/Poetner/Schulte (hrsg.), Potitik und Recht fuer Menschen mit Behinderungen in Europa und Asien, 2009, Baden-Baden: Nomos, 471-486.

3. 百科全書專文：Social Insurance in: The Oxford Encyclopedia of the Modern World, 2008, Vol. 7, 54-56

4. 國際會議論文：

(1) 2008年10月16日於政治大學舉行之「東亞年金法制改革國際研討會」發表由本人及林永裕所撰寫之論文「重返福利國-台灣勞保年金及國民年金之立法與實施」。

(2) 2009年9月12-13日參加於人民大學舉行之Fifth International Forum on Social Security，並宣讀論文Why is Social Security Development Limited? – A comparative Study of IRA in Singapore, Taiwan, Hong Kong and Mainland China

5. 相關研究計畫：2007年7月—11月法務部委託「離婚配偶對原配偶老年給付之剩餘財產請求權—社會保險之老年給付以及勞工、軍公教人員退休金最為剩餘財產請求權相關問題及立法芻議之探討

在以上各成果中，年金政策與年金法制專書的出版，可說是本計畫最為重要的成果。

其次，獲得德國 Max-Planck 研究所以及人民大學之邀請發表相關論文，以及獲得牛津大學出版社邀請參與 The Oxford Encyclopedia of the Modern World 中 social Insurance 條目之撰稿（為台灣唯一獲邀者），則是本人在計畫執行期間在國際上的重要表現與成果。

以上研究成果，部份已以附件方式附錄於期中報告。前述專書或百科全書專文亦可於圖書館等取得。惟在人民大學之會議論文 Why is Social Security Development Limited?- A Comparative Study of IRA in Singapore, Taiwan, Hong Kong and mainland China，也是本計畫極為重要的研究成果，甚且是在學術上最具有突破意義的論文，則有以附件加以呈現之必要，因而特附錄於下。

必須再次強調者，台灣的年金制度甫行建立，而正如同工業國家的經驗，今後仍有層出不窮的問題等待解決與改革。因此，此等研究務必沿續，甚至強化。

就未來的研究面向與方向選擇，如何解決人口老化所帶來的問題，如何透過制度的改革，包括以上所提及的各種政策與手段，應是研究的重點。但在目標選擇，則應以福利國際的永續發展以及人權的保障，尤其社會人權的實現為重要的

目標。

最後，應明確認知，台灣已是成熟的福利國家。台灣不應再留在有關知識「進口國」的階段，而應扮演知識輸出國的應有角色並負起應有的任務。台灣現行制度，所採行逐年提升保費、逐年延後退休年齡，尤其在 18 年後將延至 65 歲（可優惠延退至 70 歲），以即已優惠方式鼓勵延退之措施，在國際上皆有極為重大的意義。最為重要者，台灣的案例，說明除了在歐美日，在新興的工業國家，在亞洲，尤其在大中華地區，出現現代的、成熟的福利國家，絕對是可能的。

就此，計畫執行者，除了在學術研究上盡心盡力，也在有關政策與制度建構中積極參與。就此，或說明學者參與實務的必要性從中，學者得以其所學友所貢獻；從中，學者也從實務的參與獲得成長與學習之機會。這也是今後在有關研究計畫以及國家政策或制度設計、改革時，可以計及的重要經驗。

六、 附錄

## Why is Social Security Development Limited?

- A Comparative Study of IRA in Singapore, Taiwan,  
Hong Kong and mainland China

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Presented at the Fifth International Forum on Social Security,  
12<sup>th</sup> -13<sup>th</sup> Sep., 2009, Renmen University of China

# **Why is Social Security Development Limited?**

## **– A Comparative Study of IRA in Singapore, Taiwan, Hong Kong and Mainland China<sup>\*</sup>**

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### **1. Introduction**

The IRA (Individual Retirement Account) scheme is not a form of social security but rather a compulsory savings scheme, which discourages the pooling of social risks and social solidarity. Moreover, the IRA is not only the replacement of a social security scheme, but also the means employed to dismantle it. According to the World Bank's (1994) three-pillar proposition, it asserts that: the IRA will inevitably take the place of the social insurance system and the goals recommended by the ILO Convention No. 102 will be ignored eventually.

This paper is concerned with the development of the social security schemes, particularly the non-development and underdevelopment of social security systems. For these purposes, this research is going to use Singapore, Hong Kong, Taiwan and China as cases studies. These four regions and countries, generally speaking, are called Chinese Society or the Chinese cultural area, and have established IRAs one after another. Therefore, this study is going to inquire whether there is any common element shared by these four regions and countries that led to their introduction of similar schemes.

This research plans, firstly, to discuss the economic, social, political and cultural backgrounds of these four regions and countries and, secondly, to compare the differences and similarities between social policies and social security schemes employed in these four societies. Lastly, the study will emphasise the development of a preference for the IRA. Presumably, the reasons why East Asian countries of Chinese Society are passive towards the development of social security schemes must also be the crucial factors urging them to reform their current social security policies and institutions.

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<sup>\*</sup> Sincere thanks to PhD candidate Hung-yang Lin at the University of York and Dr Daniel Nelson at York College for their translation and editing.

## **2. Comparison of Economic, Social, Political and Cultural Contexts**

### **2.1 Economic Contexts**

It is doubtless that, in terms of economics, Singapore, Hong Kong and Taiwan belong to the market economy; on the contrary, China has been a planned economy since 1949 and the economic reforms after 1978 have given birth to a Socialist Market Economy that has greatly changed the society.

Singapore, Taiwan and Hong Kong became East Asian dragons in the early 1980s. Nowadays, with the rise of China, Russia, India and Brazil, these four fast-growing developing countries are called BRICs. That is, a highly developed economy is the thing that these four regions and countries have in common. Besides, uniquely, these four regions and countries hold huge amounts of foreign exchange reserves.

### **2.2 Social Contexts**

Undoubtedly, Singapore, Taiwan and Hong Kong were tremendously industrialised in the past few decades. It is unavoidable for all of them to face all the social problems experienced in advanced industrialised countries. In China, despite industrialisation and urbanisation increased, especially in costal areas since the onset of economic reforms, the agricultural population was still greater than that of the other three regions and countries. That is, the social problems in urban and rural areas of China may need to be separately treated. The discussion in this paper will focus on the development of social security schemes in Chinese urban areas, where the social risks of industrial workers are not different a lot from that in Singapore, Taiwan and Hong Kong.

### **2.3 Political Contexts**

The political settings in these four regions and countries vary significantly.

Singapore's polity may not be that different from the West's, but the rule of the Lee family, namely Lee Kuan Yew (1959-1990) and Lee Hsien Loong (2004-present), characterises Singapore as a familial or patriarchal leadership.

Taiwan's polity used to resemble that of Singapore. The dictatorship of Chiang's family and Kuomintang between 1949 and 2000 encouraged a paternalistic ideology towards politics and monopoly of political party. However, the change of ruling power in 2000 considerably reduced the influence of familial and patriarchal politics. Hong Kong was a British Colony from 1842 until its return in 1997, when it became a Special Administrative Region of China. Although Hong Kong has a parliament of its own (i.e. LegCo), the organisation of LegCo is different from that of legislatures in

the West and the Chief Executive is not voted for by the general population. Singapore was a Crown Colony from 1867 and ruled together with Malaysia after the Straits Settlement, but has been isolated from Malaysia since 1965; Taiwan was a Japanese colony between 1895 and 1945. In this sense Singapore, Hong Kong and Taiwan have shared experiences of being colonies and were necessarily influenced by Britain and Japan.

China has been ruled solely by the Communist Party since the People's Republic of China was founded in 1949. Although China successfully introduced a Socialist Market Economy in the late 1970s and has been growing in prosperity since then, the "three representatives" of political arrangements confirm that the Communist Party still dominates all aspects of the country. Nowadays China still abides by socialism, which was the foundation of the "Socialist Market Economy".

## **2.4 Cultural Contexts**

Although Singapore, Taiwan, Hong Kong and China are all part of Chinese Society, the so-called 'Confucian' or 'Chopstick Cultural Area', in general, in terms of culture, they differ from each other in several ways.

Geographically, Singapore is located in Southeast Asia and is close to Malaysia, Indonesia and so forth. With regard to the composition of its population, the largest ethnic group in Singapore is of Chinese origin and constituted 74.7% of the populace in 2008. However, Singapore's location makes it the least influenced by Chinese culture of the four cases, therefore Singaporeans cannot be characterised as pure Chinese in terms of culture.

In Hong Kong, although 95.0% of the people were Chinese according to the 2006 census, the languages most commonly spoken are not the official Chinese language i.e. Mandarin but Cantonese and English. The region was a British colony for more than 150 years and hence Hong Kong has its own character and culture.

Because the Taiwan Strait separates Taiwan and China, as well as the fact that it experienced half a century of Japanese occupancy and another fifty years of rule by the Kuomintang after 1949, Taiwan has obviously developed differently from China. Nevertheless, about 98% of Taiwanese people originate from mainland China and the official language is the same as that of China. With regard to the above mentioned aspects, undoubtedly, Taiwan is culturally Chinese.

It is widely agreed that mainland China was the origin of Chinese culture. Although Chinese is the dominant ethnic group in China, the respect for cultures and languages of minority groups makes for a diversified culture in this big country. In this sense China differs from Taiwan, where the society is composed mainly of Chinese people, and its traditional culture has also been heavily influenced by the socialist ideology

and polity. Nonetheless, the prosperity of the coastal provinces is bringing changes to the rest of China, which is subsequently narrowing the gap with Singapore, Hong Kong and Taiwan.

Besides the lifestyle aspects mentioned above, the four cases share two additional cultural similarities worth noting: firstly, a tendency towards paternalism that is rooted in Chinese culture; secondly, the experience of Westernisation caused by colonisation. Paternalism in China and Chinese Society was underpinned by the domination of kinship and clanship and the tradition of “filial piety”. From the perspective of the empire, the rule of imperialism meant obedience and rule by others overrode values such as freedom, human rights and self-administration for thousands of years.

With regard to the influence of Western culture, Singapore, Hong Kong and Taiwan were obviously Westernised during the colonial period; while China was suppressed by Western industrial countries at that time. As a result, in contemporary China, pride in Chinese culture was wiped out and the society submitted to and revered the West, particularly in its popular policies and theories as well as Marxism and Leninism. As a result, the so-called “colonisation attitude”, which means to unconditionally accept and copy everything from the West, was, and still is, the cultural phenomenon shared by these four regions and countries.

### **3. Comparison of Social Security System and Social Policy**

#### **3.1 Singapore**

The Central Provident Fund (CPF) system was and still is the most important social provision in Singapore, while public assistance benefit is very limited. Social insurance schemes, which are popular in most industrialised countries, have not been introduced in Singapore.

The CPF in Singapore was established by the British colonial government in 1955, therefore the CPF is closely related to colonial policy. Besides, colonialist ideology also hindered the implementation of social welfare provisions hence welfare schemes are not popular in this city state.

For a long time, the Singaporean government has taken a passive approach towards social security provisions and even denied the people’s entitlement to them. On the contrary, the Singaporean government emphasises self-reliance and family obligations. Pai (2006) pointed out that “Singapore’s welfare system is said to be based on the philosophy of self reliance and ‘Asian values’.” Together, the British colonial government’s inaction on social welfare provisions and the Singaporean government’s paternalistic ideology have resulted in the underdevelopment of the social security system in Singapore. Accordingly, Pai (2006) states that the “philosophy of self

reliance may have been reinforced in part from the British colonial government...But for the most part, consensus seems to credit the Singapore government's assertive patriarchal role that has been able to encourage conformity amongst its citizens."

### **3.2 Taiwan**

The Labour Insurance scheme was established in Taiwan in 1950, and social insurance systems for servicemen and civil servants were introduced in the same decade. Chow (1986: 6) comments that "among the four counties (i.e. Hong Kong, Korea, Singapore and Taiwan) Taiwan has the earliest and the most comprehensive legislation on social security... Social security in Taiwan has always been regarded as the responsibility of the state and a natural component of economic growth."

Nevertheless, Labour Insurance has some defects such as:

It does not provide medical benefit for dependents;

Neither does it provide unemployment benefit; and

Lump-sum old-age/disability/survivor payments are paid out rather than regular pensions.

The Labour Standards Act, promulgated in 1984, did not remove the drawbacks mentioned above but further privatised retirement benefits in Taiwan. The state accordingly enforced employers to provide retirement and severance payments. In other words, it was a setback for welfare development in Taiwan.

Notwithstanding the retreat in the 1980s, social security provisions grew in the 1990s.

The introduction of National Health Insurance and Employment Insurance in 1995 and 1999 individually solved two of the problems noted above, but the reform of lump-sum payments remained unsettled.

Although the Democratic Progressive Party (DPP) came to power in 2000, their approach to retirement provisions was to introduce more privatisation. The Labour Standards Act is gradually going to be replaced by the Labour Retirement Act of 2004, which is a compulsory fully-funded IRA scheme. In addition, the Labour Retirement Payment Act encourages centralisation, bureaucratisation and nationalisation because Taiwan's IRA scheme is centrally managed by the state and the funds are invested in capital and financial markets.

Despite the setbacks of the early 2000s, the introduction of the National Pension Insurance in 2008 and the amendment of the Labour Insurance scheme in 2009 providing regular old-age/disabled/survivor pension payments for labourers mean great progress towards the development of social welfare in Taiwan has been made. The modified Labour Insurance scheme provides for higher levels of retirement payments and solves the third problem noted above. A person who contributes to the new Labour Insurance scheme for 40 years could receive around 60% of their final

salary<sup>1</sup>. Therefore, the level of replacement rate of the amended system not only meets that suggested by the ILO Convention No. 102 and 128, but is also as high as the level of some Western welfare states. The age of retirement is sixty at the moment but is due to rise to sixty-five within eighteen years; the contribution rate will gradually increase from 7.5% to 13.0% in the future.

The National Pension Insurance system is a flat-rate contribution and benefit system for those who are not covered by social insurance programmes for labourers, civil servants, educators and servicemen. Moreover, a parental leave allowance scheme was introduced as a part of Employment Insurance in 2009. Thus far, Taiwan has become a well-established welfare state that with social provisions commensurate with those in Western industrialised countries, some of which even surpass the level in the West. The difference between Taiwan and the Western welfare states is that the compulsory IRA scheme has been retained throughout the course of pension reform. Taiwan took a positive approach towards the development of social security schemes between the 1950s and 1980s, possibly as a consequence of traditional ideology. More likely is that the Kuomintang intended to consolidate its legitimacy and even the paternalism of their rule with the implementation of social security provisions. Also, the United Nations (UN) and International Labour Organisation's (ILO) propositions on social policy inevitably influenced Taiwan's policymaking processes because Taiwan was a member of the UN and particularly was the representative of China as one of the five permanent members of the Security Council until 1972.

However, the question is: why was privatisation introduced in 1984 and 2004? Was it the anti-welfarism of indigenous economists combined with the World Bank's propositions and support for the privatisation of pension schemes? There is evidence to suggest that this is the case. In the early 1980s, two leading Taiwanese economists, John Fei and Tai-Ying Liu, asserted that "social welfare schemes are the product of Western countries. Now that Chinese Society has the tradition of family support, western welfare provisions are not necessary." (Kuo 1990: 18; Kuo 1997: 18)

Likewise, during the DPP's term, the most influential economist at the time, Sheng-Cheng Hu, supported the IRA on the grounds that it was recommended by the World Bank as the solution to pension reform. He also argued that because the general public are irrational and short-sighted, ordinary workers would be better off entrusting their wealth to financial managers, who could then invest it wisely (Kuo 2009: 149, 237-238). Such arguments are based also upon the hypothesis and critique that the Western social security system could not prove successful. Welfare dependence, the financial burden of the government and also the enterprise are all shortcomings of the

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<sup>1</sup> With regard to the regulations, one could earn 1.55% of replacement rate for every year of contribution to this system. Because the level of benefit is based on the highest fifteen years of earnings, the actual replacement rate is less than 1.55% per year.

social security system (Kuo 1997: 1-52). However, the lobbying of some interest groups during the reform processes might have been the crucial factor. But why were Taiwan's political parties, particularly the DPP, interested? Possibly, it is because privatisation along these lines enables the state to control and manage funds and therefore the economy as a whole. Cynically, it could also be argued that there are considerable profits to be made from privatisation. In addition, through the control of markets, political parties can effortlessly manipulate elections.

The introduction of National Health Insurance in 1995, Employment Insurance in 1999, National Pension Insurance in 2007, as well as the amendments to Labour Insurance in 2008 and the establishment of a parental leave allowance scheme of 2009 can be seen as a government attempt to underpin the legitimacy of its rule, just as the Kuomintang had done between the 1950s and 1970s. However, the difference is that by the early 1990s there were general elections for local governments, parliament and president. The extensive policies that were introduced after the mid-1990s were proposed due to the competition between candidates and political parties during the elections.

### **3.3 Hong Kong**

Speaking about the development of social security provisions in Singapore and Hong Kong Chow (1985: 6) notes that "social security has certainly not been viewed with sympathetic eyes... To summarize, social security in both Singapore and Hong Kong is perceived as contradictory to their economic development objectives and regard as burdens which the two governments grudgingly bear." In fact, Hong Kong is different from Singapore and other British colonies because a provident fund system was not established in Hong Kong until the Mandatory Provident Fund (MPF) scheme was launched in 2000.

Pai (2006: 35) argues that the British colonial government did propose a pension plan resembling Singapore's CPF and a social insurance pension plan like the ones in Britain, the USA and Canada, but "these all met with resistance from the business community". Research also indicates that the Chinese government may have influenced the decision-making process leading up to the establishment of the MPF (Ho 2001: 75-76; Ramesh 2004: 40-41; Wilding 1997). Nonetheless, it is worth noting that the National Health Service, Comprehensive Social Security Assistance, and Old Age Allowance and Disability Allowance schemes (implemented since the 1970s) in Hong Kong provided basic and special assistance to people in need (Pai 2006: 38-42). In terms of public expenditure, on the one hand, Hong Kong spent 14.6% of its budget in 2005/06 on social welfare provisions, in particular non-contributory schemes, which illustrates Hong Kong's concern for social security issues. On the other hand,

the Hong Kong government was worried about the huge expenditure on social welfare. Accordingly, in addition to the MPF, the Hong Kong government was considering privatising non-statutory services and increasing subvention to NGOs (Pai 2006: 42). In short, a social insurance pension scheme was not considered an option in Hong Kong.

### **3.4 China**

As a socialist state, China implemented a general social provision scheme in the early 1950s shortly after the revolution. At that time, the social protection scheme was based on individual governmental departments or state-owned enterprises (SOEs); therefore it was in effect an occupational welfare plan instead of a social security system.

Since the economic reform in 1979, the Chinese social security system has been significantly modified to fit the new economic policies and chiefly focused on employees in urban areas. This is understandable given that the main aim of social security programmes has always been to cover industrial labourers against various kinds of social risks. Even nowadays, the social insurance schemes in Germany and the United States still mainly concentrate on industrial workers.

The Chinese social insurance system provides a wide range of programmes for urban labourers such as medical insurance, occupational accident insurance, unemployment insurance, maternity insurance and so forth.

As for old-age protection, China implemented a mixed scheme composed of public pension insurance and IRA. According to the rules in 1997, the benefit level of public pension insurance scheme was 20% of the average wage. Besides, as scheduled, IRA's contribution rate would gradually increase year by year to 11%, which illustrates China's reliance on the IRA scheme. The Chinese IRA's monthly payment level is determined by the amount of the account balance divided by 120. According to the reform of 2005, the public pension insurance programme will award 1% of the replacement rate for each year of contribution. In addition, IRA's contribution rate was lowered from 11% to 8%.

As it is clear from the discussion above, China has taken a positive approach to establishing its social security system. The reform of 2005 not only augments the benefit level of social insurance schemes but also enforces companies to contribute 20% of employees' monthly wages to the social insurance fund. Nevertheless, despite the facts cited above, China has also hesitated about its social insurance pension scheme and emphasised the IRA system. There are two possible explanations for this (Wang : 10, 8-9):

In order to avoid the financial burdens on social welfare programmes that Western

countries encounter these days; and

In order to avoid dependence on social welfare provisions, also supposedly a feature of Western welfare regimes.

Here, it should be clarified that social insurance systems in Western industrialised countries are not necessarily a financial burden; instead, social insurance systems may help governments alleviate their obligations to an aging population. Furthermore, social security programmes, particularly social insurance systems, do not always result in welfare dependence; rather, they encourage labourers to contribute to society. In effect, the reform of 2005, like those implemented in most Western industrialised countries, reformulated the system and made the years of contribution closely related to the level of payment, which necessarily as well as efficiently reduces welfare dependence.

## **4. Individual Retirement Account (IRA)**

### **4.1 Singapore**

As discussed above, Singapore's IRA, namely the CPF, was a legacy of British colonial government and aimed chiefly at the domination of the economy. The situation changed little post-colonialism and the CPF was further integrated with Singapore's housing policy. Although Singapore developed medical care and annuity provision under the auspices of the CPF in the 1980s, the IRA's function of protecting older persons was called into question. The fact that the average account balance of retirees was less than US\$ 20,000 under the high level of contribution rate (between 30% and 40%) further proved CPF's inability to render a reasonable level of retirement income (Asher and Newman 2001: 157).

Because the CPF and its funds are administered and managed by a governmental department, the CPF Board, it is a centralised and nationalised system. With economic control being exercised through the CPF scheme, Singapore's paternalistic ideology has been reinforced. As Standing (2002: 117) points out "[i]n Singapore, the government forces workers to save 40 per cent of their earnings... an example of state paternalism." Therefore, the CPF scheme has become an instrument for preserving paternalism and building up the paternalist state.

Nonetheless, the fact that the CPF Board is prohibited from investing in the stock market reduces its ability to manipulate capital and financial markets.

### **4.2 Taiwan**

Taiwan's IRA scheme is separate from the Labour Insurance scheme. According to the rules, employers should solely contribute 6% of employees' monthly wage to

participants' accounts. The number of participants amounted to 4,573,412 and monthly contributions were about NT\$ 10.9 billion in December 2008. Because Taiwan's IRA was only launched in 2005 and the number of recipients was low, the IRA could only accumulate NT\$ 100 billion or more annually which was around the level of expenditure on old age benefit of Labour Insurance<sup>2</sup>.

The administration of Taiwan's IRA is not decentralised as in Latin America and Hong Kong, but is centrally managed by a governmental department. Moreover, the authorities concerned could entrust a part of the funds to domestic or foreign financial institutes for operation. It differs from Singapore's CPF in that it is not allowed to put money into the stock market and other risky forms of investment. According to the rules of Taiwan's IRA system, the state guarantees a prescribed level of return if the investments make deficits. In other words, the general public must foot the bill when the financial professionals get it wrong.

Taiwan's privatisation of old age security scheme in 1984 was closely related to the pervasive idea at the time of "take the unit one works for as her/his family or school" on the one hand, and indigenous economists' resistance to social security systems on the other hand. It should be noted that the main objection of anti-welfarist economists was that Taiwan needed to revive its family support system rather than establish a social security system. However, they ignored the fact that, firstly, the family support system was also part of Western tradition but gradually dismantled as industrialisation prevailed and family solidarity declined. Secondly, Taiwan was now an industrialised society by this time and more than two-thirds of the working population were employed.

The arguments that emphasised the family were in fact based on paternalism, which in Taiwan conceptualised enterprises as families and employers as patriarchs. Also, the scheme they proposed - namely the IRA, which was passed in 2004 - was obviously, as Standing (2002) points out, firmly grounded in paternalism. Besides, Sheng-Cheng Hu's rationalist assertion made explicit not only these economists and financial managers' paternalism but also their self-colonialism.

In addition, the World Bank's (1994) suggestion of the IRA scheme encouraged and helped to rationalise the indigenous economists' calls for the establishment of a fully-funded IRA scheme. However, importantly, as Modigliani and Muralidhar (2003) maintain, the World Bank's proposition of IRA was dubious, and Orszag and Stiglitz (2001: 42) further argue that:

*"Unfortunately, as often happens, the suggestions have come to be viewed narrowly – focusing on a second pillar limited to a private, non-redistributive,*

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<sup>2</sup> According to official statistics, IRA contributions in 2008 were NT\$ 113.8 billion while expenditure on old age benefits via Labour Insurance was NT\$ 152.5 billion in 2007.

*defined contribution approach. Most of the arguments in favor of this particular reform are based on a set of myths that are often not substantiated in either theory or practice.”*

### **4.3 Hong Kong**

Hong Kong’s MPF is different from those in Singapore and Taiwan because it is a privately managed system rather than a state-run central provident fund (Pai 2006: 34-39) and resembles the Chilean model.

As mentioned above, the draft of the Old-age Pension System (OPS) was opposed by the business community; therefore to entrust MPF funds to private financial institutes was a compromise between the state and the business class. Modigliani and Muralidhar (2003: 222) state that “[i]n many cases, the reforms that emphasize three-pillars systems (with a funded, mandatory DC relying on individual accounts as a second pillar anchor) will lead to a enormous waste of resources and run the risk of leaving individual with poor balances in their DC accounts while enriching asset managers.” Therefore, apparently, a privately managed fully-funded system was not only an option that could be accepted by business community, but was also the end they hoped for.

However, considering the problems that IRA may fail to deal with, such as inflation and the risks of investment, it is doubtful whether Hong Kong’s MPF can achieve a 40% replacement rate in the future. These problems were aggravated after Financial Crises in Asia in 1997 and in the world in 2008/09 thus it seemed to be unwise to lean on financial methods to render old age protection. This is the fatal weakness of IRA schemes and also demonstrates the way globalisation affects social security systems. Hence, if it were not IRA schemes, then the influence would be minimised.

The reasons behind the establishment of the MPF in Hong Kong are not entirely straightforward. Hong Kong’s MPF was not established by the British colonial government and although the World Bank’s proposition might have influenced Hong Kong’s decision to implement the MPF, this needs to be examined. Likewise, China’s attitude towards Hong Kong’s MPF needs to be scrutinised because China is favourable towards IRA. Nevertheless, it is clear that Hong Kong’s business community dominated the establishment of MPF.

It may be alleged that IRA is based on individualism instead of Chinese traditional culture because it seems difficult to understand the introduction of MPF as part of the tradition of family support system. However, it may help to examine this issue from the viewpoint of colonial culture, particularly that of paternalism. On the one hand, the British colonial government was the reason why Hong Kong was passive on social security programmes. Because there were no general elections in Hong Kong, the

colonial government's decisions could not be challenged by the general public. In addition, the product of the compromise between the British colonial government and the business community, namely the MPF, further indicated the business gentry's dominance on issues of social policy. Their influence was not reduced after 1997, but enhanced. Therefore, if the MPF of Hong Kong represented the augmentation of paternalism, then the power holders would be asset managers. Besides, if Chinese culture were characterised by paternalism, then Chinese Society would be the world that nurtures IRA.

#### **4.4 China**

The reform of 2005 lowered the contribution of the Chinese IRA from 11% to 8%, which implies a reduced role for the IRA in old age protection. Accordingly, 10 provinces established their own management systems to administer public pension insurance and IRA funds separately. Therefore, IRA would accumulate a huge amount of fund after some years.

In addition, the reform of 2005 reversed the rule introduced by the 1997 reform, which stated that IRA funds were not allowed to be invested in the stock market. It was also suggested that the authorities concerned introduce additional regulations for monitoring the investment of IRA funds. In practice, the funds that were entrusted to the National Council for Social Security Fund have been invested in capital and financial markets<sup>3</sup>. It is foreseeable that this huge fund will heavily control and influence China's economy.

Moreover, the reform of 2005 removed the rule of 120 and changed the dividing of the amount of account balance according to the age of retirement, from 56 (if she/he retired at the age of 70) to 233 (if she/he retired at the age of 40). This rule may improve the level of old age protection but, as discussed above, the main problem remains. That is, the IRA's role in old age protection may be greatly restricted if the value of the money accumulated cannot be maintained. Now that the Financial Crisis has shown that currency may be extremely inflated or devaluated and bonds and stocks may become nothing more than pieces of paper, China may need to be cautious about this.

After the reform, Market Socialism was the keynote of China's economy and is still the essential element of politics and culture today. The occupational welfare provisions applied before the economic reform were closely related to socialist ideology. Even so, the tradition of family played an important role in social security provision, and despite the massive changes taking place in China households in rural areas continue to rely on the family support system rather than the social security

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<sup>3</sup> Please refer to <http://www.ssf.gov.cn/stgl/grzhjj/> for details. (in Simplified Chinese characters)

system.

Although social insurance pension schemes were established for urban workers along with the development of economy, the preference for also privatisation grew in the meantime. The former President of the Chinese Academy of Social Sciences, Mr. Li Tieying, commenting on the trend of social security reform suggests that “[a]s far as I know, European and American states are also reforming their social security systems, mainly to resolve the problem of “welfare illness” formed as a result of excessively good welfare treatment. Singapore, Chile and other countries are applying the model of compulsory savings social security... We must update ourselves on the latest development in the reform of social security system.” (General Preamble to SSSS, in: Wang, 17) With such an argument he shared obviously the opinions of the anti-welfarism in Taiwan. However, it is not clear yet whether the social security systems in the West cause “welfare illness” and financial crisis; similarly, it is still uncertain whether Singaporean and Chilean IRA schemes will be successful. The merits of using IRA schemes as a strategy for solving the problems of the social security system are debatable; however, it is clear that IRA schemes help revive paternalism and collectivism in the economy. In the sense that the IRA scheme reinforces the paternalistic distribution of economic power, then it is simply a renaissance of the obsolete order. Moreover, the huge funds available give asset managers enormous power to control the economy and allocate resources. Therefore, the privatisation of the pension scheme becomes a means for reestablishing a planned economy.

## **5. Comparison**

Among the four regions and countries, the levels of industrialisation in Singapore, Taiwan and Hong Kong are similar. However, in terms of the development of their social security systems, especially their social insurance programmes, Taiwan has gone much further than either Singapore or Hong Kong. Singapore and Hong Kong are also quite different from each other in this respect. Both emphasise social provision through IRA schemes but Singapore launched its CPF around half a century earlier than Hong Kong’s MPF. The MPF is not expressly an economic policy nor is it the core of social protection in Hong Kong. However, Hong Kong is characterised by its National Health Service and social assistance schemes which render the Hong Kongese the basic level of social provisions. China, on the other hand, is not as industrialised as Singapore, Taiwan and Hong Kong but its social insurance programmes, in urban areas especially, are growing fast and outstripping the levels of provision in Singapore and Hong Kong.

Among the IRA programmes in these four regions and countries, with regard to the

scale of influence, Singapore's CPF is the most influential and Hong Kong's MPF the second most important. Because China's IRA contribution rate (8%) is higher than Taiwan's (6%) China is in third and Taiwan in fourth place. Although Taiwan has already built up some social insurance programmes, the government has established an IRA scheme as an additional provision to top up the Labour Insurance benefit. Taiwan's IRA accumulates large amounts and is managed, as is the Singaporean system, by a governmental department. It should be noted that a specific part of Taiwan's IRA funds are entrusted to private financial institutes, which reduces the scale of its nationalisation. In addition, because companies that hire more than 200 employees can establish their own IRA schemes, this further abates the government's control of IRA management. In China, the IRA funds are originally administered and managed by provincial governments and this is deemed as a nationalisation of management. Besides, the Chinese government authorises the National Council for Social Security Fund to manage IRA funds, which reinforces the scale of nationalisation of the funds. On the contrary, Hong Kong's MPF is managed by private financial institutes. As for the operation of funds, Singapore is characterised by the prohibition of investment in capital, financial and stock markets but emphasises housing and medical programmes. Taiwan and Hong Kong's IRA schemes allow investment in the stock market and other risky speculations. As discussed above, such kind of operation may not only become the government's means of manipulating the stock market and economy, but also greatly influences the results of public elections. With regard to the development of the Chinese IRA scheme, the control of the economy sought may become a reality in the future.

It could be argued that the cultural factors influencing the development of social security schemes in Chinese Society originate from traditional ideas such as the utopia proposed by Confucius in his chapter on great harmony (Ta Tung). However, the development of contemporary social provisions apparently has little or nothing to do with these traditional ideas about welfare. Instead, the extension of social welfare provisions in Taiwan is closely related to Kuomintang social policy, democratisation, the consensus of the social goals between the Allies of World War II, and the UN and ILO consensus on social policies. Hence, national and international politics are the key factors here. Similarly, the development of social provisions in China after 1949 is associated with the political culture of socialism. Accordingly, the development of social security schemes in both Taiwan and China has been influenced by political revolutions. That is, the aims of these revolutions are to introduce specific social provisions, the appeal of which is their proximity to standards applied by foreign countries and suggested by international organisations. The development of social provisions in Singapore and Hong Kong's development has not been affected by the

above mentioned forces but the schemes, such as Singapore's CPF and Hong Kong's National Health Service and social assistance programmes, have clearly influenced by British colonial government.

Another issue that needs to be discussed is why social security systems are questioned. Although these four regions and countries apparently resort to the tradition of family support, in fact, the contexts of family ideology are different. Singapore emphasises family support the most among these four societies, which is related to the Singaporean government's paternalism ideology. Paternalism is therefore the main source that supports CPF. In Taiwan, the stress on family support obviously hinders the development of social provisions. The establishment of an employer-sponsored retirement payment scheme and IRA not only casts doubts on social security schemes, but also reveals the government's preference for rule by paternalism. The predilection for paternalism is influenced by traditional culture and is backed by economic theories and the World Bank's proposals on pension reform. The introduction of a privately managed MPF scheme in Hong Kong was due to the lobbying of the business community. In China, the family support system is promoted in rural areas only, while urban residents are covered by social security programmes. The Chinese government's preference for the IRA scheme may be based on the World Bank's assertion that the financial deficits in Western countries are caused by social insurance systems. However, the World Bank's thinking on this issue may be misguided. It is worth mentioning that the four regions and countries ignore the ILO conventions on social security provisions, for example, No.102 and No. 128. Ironically, Taiwan, where the social insurance is highly developed and which provides even better levels of benefits than the ILO conventions, is not a member.

## 6. Concluding Remarks

Singapore, Taiwan, Hong Kong and China are greatly influenced by Chinese culture and although their social security systems in these four societies vary there are some similarities among the differences. That is, they question and even object to the kind of social insurance programmes that are widely implemented in Western industrialised countries.

This point of view, from a perspective within the Chinese cultural area, pushes the four regions and countries to adopt similar policies, namely the IRA scheme. However, their reasons for implementing the scheme range from colonisation ideology to the interests of the business community. Most importantly, paternalism may be the crucial ideology leading to the implementation of IRA schemes, and apparently it is related to traditional culture.

IRA schemes, e.g. Taiwan's IRA programme, would probably not be supported without backing of the World Bank. China's arguments against social insurance systems might be invalidated if they were not endorsed by an international organisation such as the World Bank. Therefore, the World Bank's rejection of the social insurance system and advocacy of the IRA scheme fuel the development of IRA programmes in Taiwan, Hong Kong and China. The paternalistic ideology of these regions and countries is restored along with the World Bank's recommendation; this is the reason why IRA is favoured in the East. In other words, the IRA scheme is not a novel innovation with a strong theoretical backing; rather, it simply a development of a traditional culture shared by Asian countries. The question is, however, whether an obsolete ideology, namely paternalism, can cure the social problems of the 21<sup>st</sup> century?

Therefore, especially in Chinese Society, it might not be possible to establish a viable social security system if the ideology of paternalism remains intact and the World Bank and neoclassical economists continue to dominate the debates on pension reform

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八、 國科會補助專題研究計畫成果報告自評表

## 國科會補助專題研究計畫成果報告自評表

請就研究內容與原計畫相符程度、達成預期目標情況、研究成果之學術或應用價值（簡要敘述成果所代表之意義、價值、影響或進一步發展之可能性）、是否適合在學術期刊發表或申請專利、主要發現或其他有關價值等，作一綜合評估。

1. 請就研究內容與原計畫相符程度、達成預期目標情況作一綜合評估

達成目標

未達成目標（請說明，以 100 字為限）

實驗失敗

因故實驗中斷

其他原因

說明：

2. 研究成果在學術期刊發表或申請專利等情形：

論文： 已發表  未發表之文稿  撰寫中  無

專利： 已獲得  申請中  無

技轉： 已技轉  洽談中  無

其他：本計畫之成果，主要包括專書論文一篇、專書一本以及國際會議論文二篇。此外，配合法務部計畫，完成相關研究計畫報告一份。

3. 請依學術成就、技術創新、社會影響等方面，評估研究成果之學術或應用價值(簡要敘述成果所代表之意義、價值、影響或進一步發展之可能性)(以500字為限)

#### 一、學術成就：

在本計畫期間，共有以下主要學術成就：

1. 專書：2009年出版專書「年金政策與法制」
2. 專書論文：**Disabled Welfare Policy in Asia: Focusing on Chian**, in: von Maydell/Pitschas/Poetner/Schulte (hrsg.), *Potitik und Recht fuer Menschen mit Behinderungen in Europa und Asien*, 2009, Baden-Baden: Nomos, 471-486.
3. 百科全書論文：**Social Insurance** in: *The Oxford Encyclopedia of the Modern World*, 2008, Vol. 7, 54-56
4. 國際會議論文：
  - (1) 2008年10月16日於政治大學舉行之「東亞年金法制改革國際研討會」發表由本人及林永裕所撰寫之論文「重返福利國-台灣勞保年金及國民年金之立法與實施」。
  - (2) 2009年9月12-13日參加於人民大學舉行之Fifth International Forum on Social Security，並宣讀論文 *Why is Social Security Development Limited? – A comparative Study of IRA in Singapore, Taiwan, Hong Kong and Mainland China*
5. 相關研究計畫：2007年7月—11月法務部委託「離婚配偶對原配偶老年給付之剩餘財產請求權—社會保險之老年給付以及勞工、軍公教人員退休金最為剩餘財產請求權相關問題及立法芻議之探討

#### 二、社會影響：

執行人長期參與福利國家，尤其年金制度之之建構。2007年立法並於2008年實施之國民年金以及2008年立法並於2009年實施之勞保年金，不論在基本原則的擬定或是制度、法律的規劃與制訂，執行人發揮了至為關鍵性的角色與影響。將年金政策與法制一書執行人例年所撰寫論文與現行制度加以相較，即可證之。

如今，此等年金制度雖已實施，但仍有眾多問題，等待解決與改善。如何將老年、殘廢及遺屬重新定義，如何結合金年與就業促進之政策，如何在年金制度中改善對婦女的不利制度並與家庭政策結合，皆是極為核心問題。經由此一研究計畫，在未來的制度改革及修法上，當如同過去繼續發揮其社會影響力。