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Social Investment Policies in Canada, Australia, Japan, and South Korea

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This paper compares the social investment policy reforms that have been introduced by the two Anglo-Saxon liberal welfare regimes of Canada and Australia and the two East Asian welfare regimes of Japan and South Korea since the 1990s. The paper examines the causes of these social policy changes, and asks why these seemingly different contexts produce such similar policy idea. While all four countries share similar broad ideational template and language of social investment, they differ in terms of their target groups and policy instruments. Whereas Canada and Australia have focused their social investment policies on children through ECEC (what I call an "invest in the future" model); Japan and South Korea have approached social investment from a more general human capital and economic activation perspective (what I call a "human capital activation" model). As a result, social investment policies in these countries have targeted more broadly on children, women, and the elderly. I argue that these differences in social investment approaches stem from the differences in their social, political and economic contexts, and the political economic legacies.

Key words : social investment, care, Japan, South Korea, women, family

Introduction

Since 1990, a number of welfare regimes in remarkably different parts of the world have developed surprisingly similar policy reforms. In Canada and Australia, for example, the idea of "investing in children" has been played out in a proliferation of social policies and programs aimed at early childhood education and care (ECEC) and support for families with children; and in Japan and South Korea, the idea of "productive welfare" has manifested in noticeable expansions of public provisions in child care, elderly care, and support programs for working parents. In all these countries new social policies are emphasizing children, women, and family, a policy sector that, unlike pension and health care, has been hitherto low on the government's policy priority list, traditionally considered a private matter rather than public policy concern. Indeed, as an indication of how much policy thinking has changed, in all these countries governments are now claiming that investing in children, women, and family is not only socially important, but that it is good for the country and the economy.

This paper compares the two Anglo-Saxon liberal

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welfare regimes of Canada and Australia and the two East Asian welfare regimes of Japan and South Korea to understand the significance of this apparent convergence in social policy ideas. I ask whether these observations of similar social policy reforms demonstrate a mere coincidence or a new and more universal public policy trajectory. The paper examines the causes of these social policy changes, and asks why these seemingly different contexts produce such similar policy idea. The first section of the paper briefly discusses recent literature on social investment policies. The second section maps out the nature and the extent of new social investment policy reforms in the four countries since 1990, and how they are implemented. I argue that while all four countries share similar broad ideational template and language of social investment, they differ in terms of their target groups and policy instruments. Indeed, whereas Canada and Australia have focused its social investment policies primarily on children through ECEC (what I call an "invest in the future" model); Japan and South Korea have approached social investment from a more general human capital and economic activation perspective (what I call a "human capital activation" model). As a result, social investment policies in these countries have targeted more broadly on children, women, and the elderly. Finally, I conclude with a discussion of the two approaches to social investment.

Social Investment – Literature and Debates

In the 1980s and the 90s, most developed and developing countries adopted neoliberal market-based policy reforms in response to global economic crises, and to conservative critiques of the post-war Keynesian redistributive welfare state. Through spending cuts, welfare state retrenchments, and privatization of public services, neoliberal reforms were successful in unloading public services to the private sector and the community. In many developing countries in Asia and Latin America, neoliberal reforms were also conditioned as a part of the financial rescue or assistance from such international organizations as International Monetary Fund (IMF) and World Bank (WB). While effective in solving some of the government fiscal concerns, these reforms also created new social problems. In many countries, they resulted in increased poverty, social and economic inequality, and human insecurity. Against this global policy backdrop, social investment perspective emerged in the late-1990s as a re-calibration of the neoliberal policy framework that dominated public policy thinking after the 1970s (Jenson & St-Martin, 2003; Jenson, 2010; Midgley, 1995, 1999; Midgley & Tang, 2001; Peng, in press, a; Perkins, Nelms & Symth, 2004).

Generally, the social investment perspective encompasses three core ideas: 1) re-integration of social and economic policies; 2) a shift from redistributive state to facilitative state; and 3) economic activation through human capital investment. The social investment perspective tries to ameliorate the failure of the neoliberal policy approach of the 1980s and the early 90s by acknowledging the limits of free-market solution, and by attempting to re-integrate social and economic policies. By incorporating social policy agenda, such as investment in children, family, education and health, with economic policy concerns such as global economic competition, shifting industrial structures, and job and wealth creation, social investment perspective reasserts the importance of the public policy in correcting market failures and in achieving positive economic returns at the same time. As Giddens (1998) points out in *The Third Way: the Renewal of Social Democracy*, by investing in human capital, "social investment state" can maintain social and economic well-being of the community and society. Under the New Labour government in the UK, social investment was perceived as moving beyond traditional "passive" welfare state focused on income maintenance to creating economic opportunities and prospects through targeted investment in human capital. The New Labour's conceptual framework towards social investment has been adopted by countries not only in the English speaking world, but also in East Asia, including Japan and South Korea. The Kim Dae-Jung government (1998-2003) in South Korea, for example, has explicitly adopted the New Labour's social investment framework and language in its "productive welfare" agenda since the end of the 1990s (Korea Office of the President, 2000).

The re-integration of social policies with economic policies (a position that had been hitherto rejected by the neoliberal approach), however, does not mean the return to the Keynesian model of welfare states. Rather, the social investment approach focuses on the functional complement between welfare and market, the public and the private. The state is thus seen as moving beyond its redistributive role by taking increasingly facilitative role to enhance individual capabilities and opportunities. Such languages as "capacity building", "lowering the 'welfare wall'" and "creating virtuous economic circle" through social investment are frequently used to describe the new pro-active role of the state in facilitating and promoting individual potential and linking them to the labour market. To achieve this, social investment policies thus focus on investments in human and social capital development. The early child education and care (ECEC) is a common policy instrument used to achieve social investment, but other policy tools such as life-long education, skills training, job creation and labour market activation through public-private partnerships and voluntary sector development are also introduced by different governments to facilitate economic growth and development. Rather than passively supporting individuals and families through welfare, the new role of the state is therefore to be actively connecting individuals to the labour market, and to facilitate individuals to transit from welfare to work.

The Shift towards the Social Investment in Canada, Australia, Japan, and South Korea

The Social Investment Idea

The governments in all the four countries examined in this paper – Canada, Australia, Japan and South Korea – have adopted the idea and the language of the social investment since the 1990s. In Canada, the social investment idea was publicly articulated by the federal Liberal government through the Throne Speech at the beginning of the Parliamentary Session in 1997. Over the next decade, the social investment discourses developed at both federal and provincial levels. The emergence of the social investment approach in Canada can be observed by the various policy experimentations at different levels of governments. These include the highly successful implementation of the $5-a-day child care program in Quebec, the introduction of the Canada Child Tax Benefit in 1998 extending financial support to low income families with dependent children, and which expanded over the next decade, and the failed federal attempt to develop a national day care strategy in 2004. Despite the local and provincial variations, observers argue that the social investment perspective in Canada gradually led to a redesigning of "welfare architecture" over the next decade and a half as ideas and slogans such as "invest in children" became mainstreamed and social policies became increasingly oriented towards early education and learning and other forms of skills and human capital development (Jenson & St-Martin, 2003; Jenson, 2010).

In Australia, the idea of social investment approach also began to emerge towards the end of the 1990s. At the federal level, policy approach towards the family begun to shift, from tightening the eligibility for family allowance (for example, Basic Family Payment – 1992) and supporting stay-at-home mothers to care for their children (e.g. Home Child-care Allowance – 1994 and Parenting Allowance – 1995) to increasingly supporting families with the cost of child care and shifting child care from social welfare to economic mainstream. At the same time, the federal Commonwealth government also saw opportunities for the private sector to expand into child care service market, which had been dominated by public and not-for-profit sector providers. During the Commonwealth Coalition government (1996-2007) child care fee subsidies for parents expanded rapidly, while at the same time the government successively removed the barriers to the for-profit child care providers to operate, and facilitated the expansion of the for-profit child care along with the public and not-for-profit child care sector (Brennan, 2002, 2007). Commonwealth states, such as Victoria, also took initiatives to introduce social investment policies. For example, there was a significant expansion in the state support for education, health and other social and community services under Bracks government, as evidenced by dramatic increase in public spending in these areas throughout the early 2000s (Perkins, Nelm, & Smyth, 2004). Like the province of Quebec in Canada, Victoria's child care policy reform, based on the social investment idea, also became an exemplary case of proactive social investment strategy in Australia.

Although the Japanese government never explicitly articulated the idea of social investment, there has been a decisive shift in the government policies towards social investment after 1994. Following the conservative Liberal Democratic Party's electoral defeat in 1993 that ended the party's 38-year majority rule, and the beginning of the coalition politics for the next decade and a half, Japanese government made a turn around in its social policy positions by ending the process of welfare retrenchment that had been taking place since the mid-1980s and committing to welfare expansion (Peng, 2002). Faced with the collapse of the bubble economy, the imperatives of population ageing and low fertility and the volatile coalition politics, the national government undertook a series of administrative and social security reforms over the next decade, including the introduction of the Angel Plan in 1994, which led to significantly expansion child care and support for families with dependent children (Peng, 2002). Reversing its earlier rhetoric of supporting the "traditional role of the family", the Angel Plan openly admitted the limit of the family's capacity to provide care, and the importance of supporting the family by reducing its care burden (MOHLW, 1997). By providing social support to the family – such as child care, parental leave and other family support, social policy reforms also attempt to incentivize young couples to have more children. The Angel Plan was later complemented by the introduction of the Long-term Care Insurance in 1997 (implemented after 2000) universalizing the care for the elderly. Since the mid-1990s, Japanese government's social care expenditure on both child care and elderly care multiplied steadily (Abe, 2009). Building on its campaign slogan, "moving from concrete to people", the recently elected Democratic Party policy platform appears to converge even more with the social investment orientation. In sum, despite the lack of explicit public policy discourse on social investment, the Japanese government's policy orientation since the mid-1990s, particularly in relation to social care, signals a break from its earlier neo-liberal approach to social welfare, and amounts to *de facto* social investment policy reforms.

Finally, in South Korea, the idea of social investment became the core principle of the Kim Dae-Jung's administration's "productive welfare paradigm" after 1998 (Korea Office of the President, 2000). Since 1998, social security system in Korea has been overhauled and expanded, including the universalization of health and pension insurance, the extension of employment and occupational insurance, and the reform of the National Basic Security system. It has been suggested that productive welfare such as the one proposed by Kim Dae-Jung is simply a revamping of the productivist welfare regime often found in developmental states in East Asia (Holliday, 2000). Midgley (1995, 1999), for example, points out that developmental or productivist welfare regime is inherently social investment oriented because of the regime's fundamental economic development objectives. While the post-1998 productive welfare in Korea may appear as a reconfiguration of the developmental state policies, it is nevertheless a significant departure from the welfare policy approach taken by previous political regimes. Until 1998, welfare regime in South Korea was unquestionably productive and lean. The state's social investment was therefore limited to very narrow sectors and the public provisions for social welfare, child care and elder care were almost non-existent. The welfare state expansion in the 1990s, and in particular the social care and social welfare expansions after 1998, marks a noticeable broadening and mainstreaming of the social investment idea unparallel compared to the previous period.

Like Japan, public and policy anxiety over the rapid ageing and very low fertility in Korea in the recent years has also had an important impact on the Korean government's thinking about the social investment. Social investment policies became even more explicit under the Roh Moo-hyun administration (2003-08) after 2003. This has resulted in rapid expansion of ECEC since 2003 and the introduction of Long-term Care Insurance for the elderly in 2008. Building onto the idea of social investment and productive welfare, the current conservative government, led by Lee Myung-bat (2008-present), has redoubled its commitment to social welfare expansion, contrary to the initially fear that the new government would cut social spending and reverse welfare expansion. Much emphasis has been made of the job creation potential of social care and social welfare expansion. In Korea, the investment in social welfare is increasingly seen as a positive economic proposition as social care expansion is closely interlocked with expansion of service industries, job creation, employment opportunities for women, and economic activation (Peng, 2010; in press, a).

The Two Emerging of Social Investment Models

The above overview of social investment ideas shows that Canada, Australia, Japan and South Korea have all been charting a similar policy trajectory of adopting social investment discourse, language, and policies since the 1990s. The recent social policy reforms in these countries reveal that they are bringing social policies more closely in alignment with economic policy objectives, if not further integrating social and economic policies. Indeed, all four countries have seen a shift towards more instrumental use of social policy for economic ends. For instance, all these countries have strengthened their policy emphases on the ECEC. In all cases, child care is seen increasingly as beyond family responsibility, and more a part of a broader early child care and education system. At the same time, the ECEC is also increasingly viewed as an effective social investment policy tool to address issues ranging from child poverty, to meeting global economic competition, to the changes in the country's economic base from manufacturing to knowledge-based industries. Not surprisingly public spending on ECEC has increased substantially in all four countries, and there is a growing trend towards more closely coupling early child care with early child education.

One reason for the convergence towards social investment ideas is the increased cross-national policy learning and the active policy dissemination by international organizations such as OECD, World Bank, IMF and the UN. Studies show that policy epistemic communities and policy networks are important conduits of policy learning and policy transfer, and there has been significant transnational movement of social policy ideas as policy makers and other actors become more globally mobile, and communication technology improve (Haas, 1992; Hulme, 2006; Sabatier & Jenkins-Smith, 1993). In recent years, international organizations have begun to play increasingly active role within social policy epistemic communities. For example, as a "purveyor of ideas," international organizations such as the

OECD and UNESCO have come to play a meditative role not only in policy innovation, translation and dissemination, but also, in setting international policy norms by identifying problems and providing a range of “best practice” solutions (Mahon & McBride, 2008; Peng, in press, b; Jenson, 2010). In particular, through policy documents and data sets such as *Babies and Bosses* and *Starting Strong* series and the OECD family database, OECD has effectively established family policy agenda and benchmarks for member countries to harmonize their social policies. The intensification of global social policy discourses on ECEC and social investment ideas are therefore an outcome of the global policy harmonization effect of international organizations and international NGOs.

Having said that Canada, Australia, Japan and South Korea have all adopted the social investment idea, however, does not mean that they are implementing these policies in lock step with each other. In fact, despite the similarities in their social investment objectives and languages, there are some important differences in how social investment is actually understood and translated into policy reforms amongst the four countries. Broadly social investment policy reforms in Canada, Australia, Japan and South Korea can be grouped into types: 1) the “invest in the future” approach more commonly taken by Canada and Australia; and 2) the “human capital activation and mobilization” approach more widely used in Japan and South Korea. The differences in these social investment approaches stems from the differences in how the two groups of countries define social investment, and thus the choice of their policy instruments. How these countries define social investment is, in turn, closely related to their social economic contexts.

Canada and Australia: invest in the future

The social investment approaches in both Canada and Australia are explicitly future oriented. The tow countries have put their primary focus on children, the future generation. In both countries, the social investment ideas emerged from two policy concerns in the late 1990s: the rising child poverty, and the need to prepare the countries for the knowledge-based economy. The proportion of children living in poverty in Canada and Australia rose in the 1980s and 90s, as a result of economic restructuring, welfare state cuts, and changes in family structure, particularly the substantial increase in single parent families. During the 1980s and 90s, both countries experienced rapid process of deindustrialization as their economic bases shifted from manufacturing to services and knowledge-based industries. One of the most visible outcomes of this shift to “new economy” was the change in the labour demand. The demand for skilled workers in new industries pushed the wages of educated and skilled labour force up while leaving the unskilled workers behind. The post-secondary education attainment rate of younger people increased during this time, but this did not erase the fact that a significant proportion of adult population in these countries did not have the skills to succeed in the new economic context. The earnings gap became increasingly more evident in the 1990s as the earnings of the lower-wage workers (particularly male wages) fell while that of the higher-wage workers rose (Morisset, Myles, & Picot, 1994; Heisz, Jackson, & picot, 2004, Borland, 1999). The economic recession of the early 1990s further underscored the increasing social and economic inequalities of the new economy. In both countries, the “jobless economic recovery” left unskilled and semi-skilled workers further behind, contributing to the ever-growing economic polarization.

At the same time the family structures in the two countries also begun to change as extra-marital childbearing became more common, and common-law relationships became more mainstream. The proportion of single parent families in Canada and Australia rose substantially over the 1980s and 90s. In Canada the proportion of single parent families as a percentage of families with dependent children rose from 16.6% in 1981 to 25% in 2001; in Australia, the proportion increased from 14% in 1986-88 to 23% in 2002-04.[1] Studies show that in both countries over 80% of these families are headed by mothers, and the majority of these families are poor and dependent on social assistance (Wong, Garfinkel, & McLanahan, 1993). In both countries, the high poverty rate amongst single parent families became an increasingly important public policy concern in the 1990s. This situation was made worse by social welfare reforms at this time. In both countries, welfare state restructurings at federal and provincial levels resulted in the tightening of income support eligibility criteria, increased maternal employment expectations, and stricter means testing. The combination of the increase in the proportion of single parent families, welfare restructuring, and the increased labour market insecurity thus contributed to the increased child poverty rate. By the early 1990s, child poverty rates in Australia and Canada were 14.0% and 13.5%, respectively, amongst the highest in the rich OECD nations (Rainwater & Smeeding, 2003). In response to the increase in single parent families, social welfare policies in these countries also shifted from supporting mothers with small children through welfare to increasingly conditioning mothers to work and "making fathers pay". New work requirement for single mothers were introduced in both countries as a condition for income support, while stronger enforcement was put in place to ensure non-residing parent pay child support.

Coming out this social and economic backdrop, social investment policies in Canada and Australia were therefore targeted to what were perceived as the new social risk groups, children, single parent families and low income families. Like the UK the social investment languages and discourses in Canada and Australia also emphasized the need to move from passive welfare to active economy. Terms such as "welfare-to-work" became a common expression for the new welfare regime. Increasingly, investing in children, particularly through early child education and care, were thought to be an effective tool to combating child poverty and creating conditions for future success. In both countries, ECEC initiatives such as *Best Start* programs were implemented and promoted by governments and communities as a multi-prong strategy to support children and parents, and combat child poverty. In Canada, starting with the national objective of reducing child poverty, federal, provincial and territorial governments reached a consensus and introduced the National Child Benefit (NCB) in 1999. The package included income supplement, services, and tax credits and subsidies for low income families with dependent children. By providing child care tax subsidies and income supplement to working parents, the NCB sought to achieve the dual objectives of supporting child care and incentivizing parents to work by "making work pay".

In province such as Quebec, the NCB was also accompanied with the expansion of public child care. In Quebec, the provincial government's total expenditure on child care (including the refundable child care tax credit and direct subsidies to child care services) rose from $384 million in 1995 to $1,496 million in 2004. Although critics of Quebec's $5-a-day child care program argue that it was inadequate in meeting the real child care needs of the province, this is nevertheless as significant step from before, making Quebec an clear social policy outlier in comparison to other provinces in Canada (Lefebve, 2004). Unfortunately, because of the provincial mandate over health, education and social welfare, achieving an overarching national policy or even a national consensus on child care or early child education has been historical very difficult in Canada. The NCB is an unusual case, but this was possible mainly because it did not attempt to lay ground rule for child care, but rather, was a consensus on the financial arrangement amongst the federal, provincial and territorial governments to reduce child poverty. In 2004, the Liberal federal government did manage to reach an agreement with the provincial or territorial governments to develop a national strategy for child care, but this agreement was cancelled before being finalized with the change of the government in 2006. Since then the social investment policies have remained mainly at the level of public and policy debate, while the actual implementations remains variably carried out by different provincial governments.

Although Australia shares similar federal government system, the ECEC is generally considered the responsibility of the Commonwealth (federal) government, even though education is primarily the responsibility of the state governments. In the case of Australia, the federal government has therefore taken on a more central role in the child care policy, starting with the Child Care Act of 1972 that brought child care and education under the Commonwealth Minister of Labour and National Services. During the 1980s, the Labour government considered child care largely a part of the social wage. Both the child care spaces and public expenditure on child care expanded during this period as the government expanded its support through fee subsidies to parents and direct funding for not-for-profit child care providers (Perkins, Nelm, & Smyth, 2004). Like Canada, the policy approach to social welfare and child care in Australia changed over the 1990s. In an attempt to reduce public expenditure, both the Labour government under Paul Keating (1993-96) and the National Coalition government headed by John Howard (1996-2007) successively reformed child care policies to "marketize" child care along with other government services (Brennan, 2007; Press, 2000). The Child Care Act was revised in 1991, extending child care fee subsidies for parents using for-profit as well as not-for-profit care services. Child Care Cash Rebate was introduced in 1994 to further support working parents. Similarly to Canada, Australia also introduced Child Care Benefit in 2000, replacing the earlier system of child care assistance, and providing increased financial support while simultaneously raising the income threshold for eligibility and increasing the hours of subsidized care for parents with small children. The combination of child care subsidies to the for-profit sector and increased public support for ECEC led to a huge expansion of ECEC market in the 1990s. The total number of children using child care increased from 256,326 in 1991 to 871,107 in 2010 (DEEWR, 2010), while the total combined public expenditure on child care and pres-school services increased from $2.14 billion in 1998 to $3.79 billion in 2005 (OECD, 2011).

In sum, in both Canada and Australia, the social investment policies have focused primarily on invest in the future with explicit objectives of reducing child poverty, incentivizing parental employment, and creating positive conditions for child development through ECEC. In both countries, much of the social investment discourse is framed in terms of protecting children, the most vulnerable group in the society, at a most critical stage of their development. Through tax incentives and tax subsidies for child care, social investment policies in both countries aim to reinforce parental economic responsibility, and at the same time, support human capital investment in children through primarily market-based ECEC services.

Japan and South Korea: focus on human capital activation and mobilization

Whereas children are the main target of the social investment in Canada and Australia, in Japan and South Korea a significant emphasis has been also put on the elderly and women. As such, the governments of these two East Asian countries have expanded public investment in child care, and as well, the care of the elderly, and introduced a number of "women friendly" workplace policies since the 1990s, all of them aimed at promoting healthy ageing, incentivizing women and the elderly to participate more in the labor market, and to encourage young families to have more children. Fundamentally, the motivations behind Japan and South Korea's social investment policies are quite different from that of Canada and Australia. Rather than driven by the concerns of child poverty and income inequality –

which, did in fact became an increasingly more evident and wide spread issue after the Millennium in Japan and South Korea – the initial imperatives for social investment in Japan and South Korea were rather concerns over the population ageing and the very low fertility rate. For the two countries, the medium and long term social and economic implications of such demographic shift were obvious: increased dependency ratio, ageing of the labour force, labour shortage, decline of economic productivity and economic growth, and eventual population decline. For Japan and South Korea the prospect economic growth decline strikes a particularly sensitive political chord, not simply because, like other advanced capitalist economies, economic slowdown implies the weakening of the country's geopolitical position within the world, but for these two developmental states in particular it also repudiates the very principal role of the state – that of guiding the country through economic development. Indeed, for both countries, much of the governments' political mandate and legitimacy during the post-war era rested on their ability to manage economic growth and development. Dealing with long term economic decline is therefore an entirely new, and politically precarious, proposition for both countries. Active social investment was therefore an important strategy for these two countries to counter real and potential negative economic fall-outs of the progressive population ageing.

In the case of Japan and South Korea, the use of social investment policies has been less of an ideational break from its historical policy trajectory as compared to Canada and Australia. As Midgley (1995, 1999) points out, the idea of social investment is inherently developmental in that in many countries social development was simply promoted in conjunction with overall economic development. In East Asia, both Japan and South Korea have been widely recognized as successful cases of developmental states that managed to achieve rapid economic growth with relative equity in the post-war era, and their success have been credited to these state's role in leading and coordinating industrial policy and social investment in human capital (World Bank, 1993; Peng & Wong, 2008; Holliday, 2000). For both countries, social investments in health and education are not a new development, but rather a part of larger economic development strategy. In both countries traditionally there have been significant public and private investments in child education. What is different with the social investment since the 1990s, however, is the significant emphasis on not just child education, but also child care, elderly care, and support for women through family policy, policy sectors that had hitherto considered outside of the public responsibility, a private family responsibility.

In Japan, child care expansion has resulted in the increase in the total the total number of children enrolled in licensed child care centers from 1.8 million to 2.02 million between 1990 and 2008, at a time when the total number of children under the age of 6 were steadily declining. Indeed, the total social expenditure on children and family more than doubled from ¥1.6 trillion in 1990 to ¥3.6 trillion in 2007. Similarly, with the implementation of the universal Long-term Care Insurance in 2000, the number of long-term care recipients in Japan also increased from 1.49 million in 2000 to 3.29 million in 2005, while its expenditures increased from ¥3.25 trillion to ¥6.3 trillion between 2000 and 2007 (NIPSSR, 2008). In addition, new employment legislation reforms have expanded government support and strengthened legal protection for working parents (women). Fully paid maternity leave (16 weeks) and one-year paid parental leave (with income replacement of 40%) were introduced in 1996. Employment reforms also clearly specify parents' right to take leaves and provides guarantee of employment upon return. Employment reforms after 1998 have also ensured working parents' right to flexible hours, care leaves, an options to switch to part-time employment.

In Korea, the social investment in children, the elderly and women only began to pick up pace after

2003, but here also a significant expansion of child care and elder care services can be seen. The total number of childcare centres increased from 1,919 in 1990 to 29,823 in 2007, while the number of children enrolled in childcare centres rose from 48,000 to 1,062,415 (MOGEF, 2007). Korea's public spending in early child education increased from 356 billion Won to 886 billion Won between 2002 and 2006, while that of child care nearly quintupled, from 435 billion Won to 2,038 billion Won. Like Japan, new education reform plan in South Korea is also moving towards in more closely integrating early childhood education and early childcare for children aged 3 to 5. There has been a proposal to introduce free pre-school education for all 5-year olds. Pointing out that early childhood education is "the best educational investment" a country can make, the Korean government has framed the integration of early childhood education and child care as a way to reduce families' financial burdens and to raise women's social and economic participation (Presidential Commission on Education Reform, 1997, cited in Na & Moon, 2003). Like Japan, Korea also implemented a universal Long-term Care Insurance in 2008. In its first year of implementation, a total of 230,000 elderly people received elder care services through the LTCI (5.3 per cent of the population aged 65+). This number is projected to increase to 320,000 by 2013 (MOHWFA, 2009). Work-family reconciliation policies have also been introduced. The four-month paid maternity leave and one-year paid parental leave (with 500,000 Won per month subsidy) have been implemented since 2000. Since then additional changes, including the extension of one-year parental leave to up to three years, and 3-day paternity leave, have been made to further bolster work-family reconciliation.

Like Canada and Australia, both Japanese and South Korean government have emphasized the expansion of child care and elderly care services through private market. However, unlike the two English speaking countries, the "marketization" of care services in Japan and South Korea is much more regulated as the state continues to maintain significant control over the cost of the services and certification and licensing of child care and elder care workers (Peng, 2010).

Conclusion:
The Two Approaches to Social Investment

The comparison of the social investment policies in Canada, Australia, Japan and South Korea shows that while the four countries share similar ideas and discourses about social investment, they differ in how they approach social investment policy reforms, and hence the specific policy tools used to achieve their social investment objectives. Indeed, there appears to be two distinct approaches to social investment: an "invest in the future" approach commonly used in Canada and Australia, and a "human capital activation and mobilization" approach more commonly found in Japan and South Korea. The differences in the two approaches to social investment stems from the differences in the historical, social, and economic contexts of these two pairs of countries. Whereas the social investment discourse in Canada and Australia emerged from the concerns over increased child poverty and income inequality resulting from the economic restructuring, the changes in family structures, and welfare retrenchments of the 1980s and 90s, in Japan and South Korea, the primary motivation for social investment emerged from concerns over the mid- and long-term social and economic outcomes of progressive population ageing. As a result, social investment policies in Canada and Australia are much more targeted to children, particularly children at risk. Through child care subsidies to working parents and the marketization of child care and early child education services the social investment policies in these two countries attempt to invest in the human capital development of children in early years of development, at the same time encouraging parental employment and facilitating the development of private market in child care and early education services. In Japan and South Korea, the human capital activation and mobilization is achieved by the expansion of child and elderly care services and women friendly family policies. By expanding public support for care services and relieving the family, and particularly women, of family care burden, the social investment policies in the two East Asian countries aim to support the human capital development of children and healthy ageing for the elderly, and at the same time, redeploying women's human capital from unpaid care work within the household to paid employment in the labor market.

The differences in social investment approaches found amongst the two pairs of countries also reflect their different political economic legacies. As liberal regimes, Canada and Australia have historically taken a residual approach to social welfare. Issue such as child care has always been considered a private family responsibility. These countries' traditionally strong reliance on market solutions to individual well-being has meant that state provisions for the family has been limited to serious cases of market failure, often in the form of poverty alleviation. It is therefore not a coincidence that the basic motivations behind social investment ideas in these countries stem from child poverty and growing income inequality arising from economic and labour market transformations. It is also not surprising then that much of the social investment ideas and discourses in these countries are also focused on creating opportunities for children to succeed in the new economy, and on shaping parental responsibilities through labour market participation.

Compared to Canada and Australia, the developmental state legacies of Japan and South Korea have had a different influence on their social investment thinking. While equally future oriented, Japanese and South Korean governments have historically played a more direct role in shaping and coordinating economy and the labour market. As a part of economic policies, these countries have also made more instrumental use of social policies to achieve their economic objectives. The recent social investment policies in Japan and Korea are much more broad in reach in that they go beyond the traditional investment in child education, to investing in the redeployment of women's human capital in the labour market. In effect, these two countries have been using social investment policies to activate economy by reassigning some of the unpaid work into the paid market economy in hope that it will not only create much needed jobs, but also incentivizing young couple to have more children so as to stave off the eventual population ageing.

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Notes

[1] In Canada, a single parent family is defined as families with at least one dependent child under the age of 18 headed by one parent. The Australian survey only includes families with at least one dependent child under the age of 15 headed by one parent.