

## **Social investment for children or elderly? - A Case Study of Taichung City's Childcare and Elder Care Reforms in Taiwan**

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## Abstract

In the post-industrial societies, the traditional male-breadwinner welfare model, within which social spending was expended on pension and other consumptive social policies (i.e. unemployment benefits) and the youth and women were often neglected, cannot efficiently deal with the emerging new social risks. Consequently, we need a new welfare state: the social investment state. New social investment strategy aims to facilitate human-capital formation of children and women by placing more emphasis on childcare services and education, since these investment-oriented policies can initiate a process of productive virtuous cycle. However, a theoretical debate arises about whether eldercare can be regarded as a part of social investment strategy or not. In this paper, we will analyse Taichung city's "Child Care Subsidize Program" and "Universal Elderly Care Program" which are launched soon after the party alternation in 2015.

The experience of Taichung city's social investment strategy is particularly significant. Firstly, social investment policies at local government level deserve our special attention because service-oriented social investment policies are often implemented and administrated at the level of local governments. This is very different from, for example, pension policy that is usually regulated and administrated by the central government. Secondly, as a successful and significant case, the two programmes mentioned above are underpinned on the idea of social investment and aim to change the traditional cash-oriented welfare model under the Kuomintang domination. Therefore, the experience of Taichung city's remarks a path shift from traditional clientelistic cash-oriented welfare model towards service-oriented social investment state in Taiwan.

In this paper, we will argue that childcare and eldercare services are both part of social investment when these service-oriented policies can create more job opportunities for female and improve quality of life of children and elderly, but we also find some difficulties need to be addressed in the process of path shift from traditional clientelistic cash-oriented welfare policies to service-oriented social investment policies. Firstly, coordination and conflicts between different administrative sectors existed. Secondly, the reforms changed the constellation of different societal interest groups and created new winners and losers (Child/Women vs. Elderly). Thus, this paper will collect secondary quantitative and qualitative data to analyse how the negotiation process has been processed through discourse debates and partisan political exchange and the investment-effects of two social investment programmes. Finally, the implications and reform experiences for welfare reform in Taiwan and the emerging new East Asian welfare regime will be discussed in the concluding remarks.

**Keywords:** cash-oriented, service-oriented, clientelistic welfare state, social investment state, Local Government, Taichung City, Taiwan

## ***Introduction***

Over the last decades, most states have to find a new strategy to face the new-risk society, which means either Bismarck Model or Beveridge Model welfare states cannot deal with the problems from the society with more unstable and more flexible labor condition. Due to the changeable society, welfare states have been transforming to a new type. The idea of new type welfare state is social investment. This strategy is welfare state reform to adapt new-risk society. The positive welfare replaces traditional welfare, which focuses on the distribution and pension. However, this pathway made the state put amount effort on the pension and distribution, and then neglects the youth and women. In the mid of 90's, Giddens gave us an idea which called The Third Way. He consider that the reform of welfare state has to independent from the traditional ideology about Left and Right then implement the "social investment" to the welfare policy. Welfare policy is no longer an Anti-productive policy but changed to a productive policy in this way.

In general, social investment strategy focuses on the human capital and skill of child and women. It is the most important thing to the economy. However, we cannot neglect the differences between each country. Every society has their own cultural characteristics in the field of family, labour and government. For example, the government in Taiwan is different from Sweden. Social Democratic Party is the most powerful party in Sweden, which makes the society, prefers to a left-wing style policy. Rather than Sweden, Taiwanese society emphasizes on personal responsibility. Swedish self-organized community policy and personal attribution and responsibility policy are total different political strategies. Although facing to this cultural difference, there are still two political programs are firstly introduced into the Social Affairs Bureau of Taichung City Government in Taiwan. These are "Taichung Child Care Subsidize Program" and "Universal Elderly Care Program." These two care programs based on social investment, which is the first idea of welfare policy implemented in Taiwanese local government. These policies got amount positive feedback and achieved rewards from the central government.

## ***Theoretical Background--Social Investment as the Idea***

Ageing society has been an important issue in modern days. There are two factors which related to this condition. One of them is the life expectancy has become longer than before, the other is the total fertility rate has been shrink in a rapid way. If we do not take any action to concern these two issues, we will face a lot of problems, for example economic insecurity. However, we cannot follow the traditional welfare policy to solve problems in the new-risk society. Taking social insurance as an example, if we keep relying on this policy to face aging society, it will cause amount pressure to the young generation because they have to pay more than before. Government has the responsibility to find another strategy to face this new situation. Giddens considered that the reform of welfare state has to independent from the traditional ideology about Left and Right then implement the "social investment" to the welfare policy. In general, social investment strategy focuses on the human capital and skill of child and women. It is the most important thing to the economy.

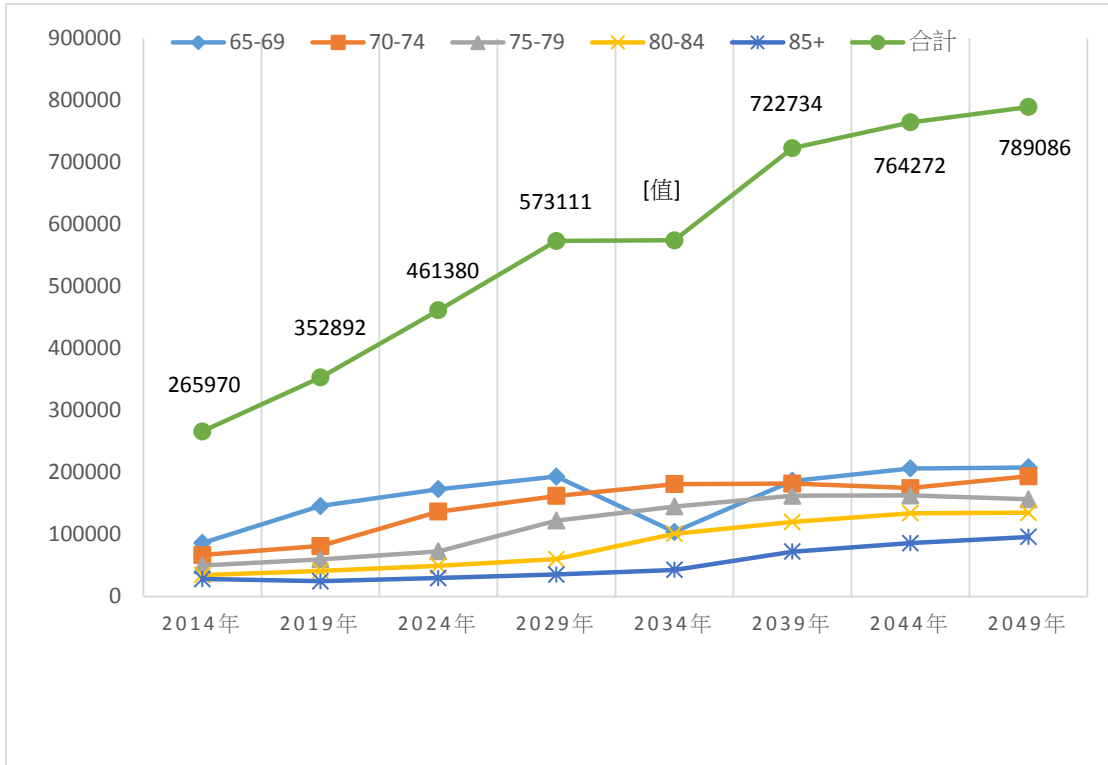


Figure 1 population projection of Taichung City from 2014 to 2049

Figure 1 is the population projection of Taichung from 2014 to 2049. We could find that the elderly population was 265,970 in 2014. Then we predict that the elderly population will increase to 789,086 in 2049. It will be a huge number. We could find that it is a keen curve between 2014 and 2029. There is no time to wait to face the aging society.

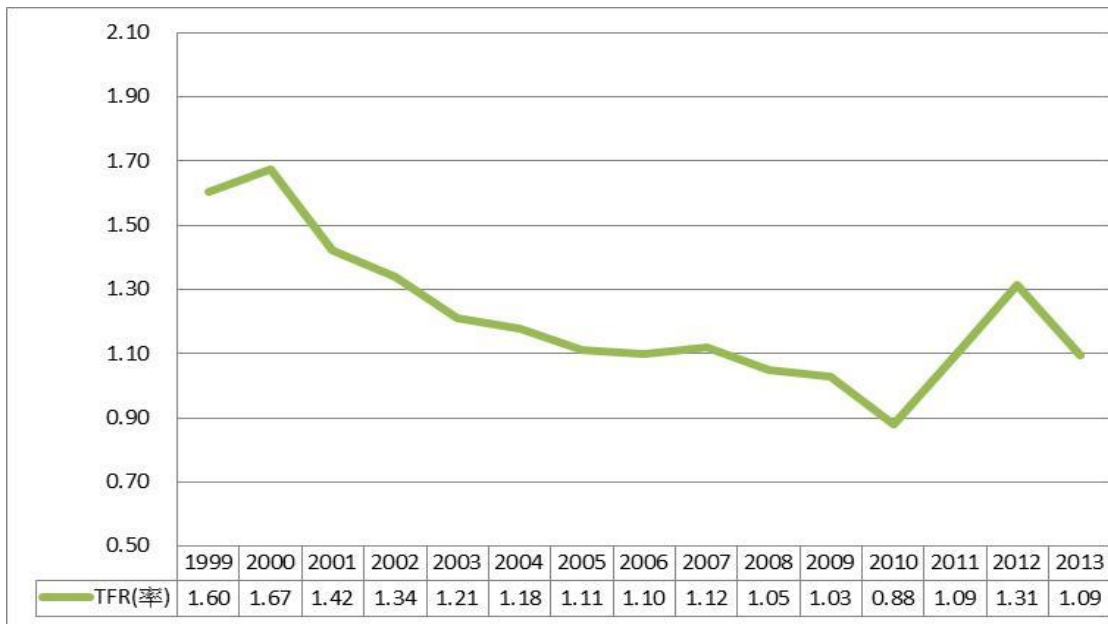


Figure 2 Total Fertility Rate in Taiwan

Figure 2 is the total fertility rate (TFR) in Taiwan from 1999 to 2013. Except of the two peaks in 2000 and 2012, most of time the TFR was decrease. In 2003, the TFR was the first time lower than 1.3. In conclusion, our society has been more elderly people and lower fertility. This is what happening both in Taichung and Taiwan indeed.

Therefore, Social Affairs Bureau of Taichung City Government has taken action to face this ongoing situation. We implement the ‘social investment’ idea to the care programs which contain elderly care and child care. We would like to not just take care both population but also upgrade our human capital by this pathway. We named our great vision of social welfare as “integral welfare” which is contains three major programs, child care, elderly care and food bank (with social assistance). In our idea, welfare is investment.

### ***Taichung Child Care Subsidize***

Taichung Child Care Subsidize is the first child care policy which is with social investment idea. In addition, there are 4 reasons why we would like to introduce this pioneer policy in Taiwan. First, the market of child care is opaque. Parents usually cannot receive the actual price, information and even quality about child care whether provided from facilitate or nanny nurse. Second, we would like to integrate the fragmented welfare system. People could understand how the welfare system running and apply the program easily when we combine separate child care program into one. Third, another goal we would like to reach is to control the price of care services. Price of care services usually increases when government subsidize parents. We introduce a mechanism to control the price in order to eliminate this phenomenon. The last one, even we all understand that the first choice is letting public child care center take care of child but there are a lot of parents still send their child to the private child care center because there is not enough public facilitate. Parents have to pay this service in expensive way and worry about the quality. However, parents do not have to worry about this now.

We set two goals of this program. First, we would like to promote the property of price-affordable universal care, and establish a care system which supply multiple, friendly and quality care service for 0 to 6 years old child in our city. Otherwise, this system could reconcile the work and care for the family and also provide jobs to professional carer. Therefore, it would promote the female labor participation rate also. We would like to establish a child care program which could not only just supply fine care services but also to promote women to work. In spite of that, there are some features in this program. We focus on the supply side of care services. How do we keep

care services provider keep supplying services without increase in price? We subsidize facilitate which provide child care service directly and have contract with them to control the price. Then, we will announce the price of care services and the withdrawal mechanism of care supplier. Provider of care services cannot receive subsidize if they increase the price. In addition, we will hold the care administrative committee to monitor the quality of care services. We believe we could reach the quality and fine price through this program. And we could say it proudly that we really make it come true.

When the provider of care service could provide affordable child care to parents, who could trust their child will be safe in the facility which government guarantees the quality by the mechanism, then parents could go to work. Especially women could release from the traditional role of carer for child in family, then attend the labour market. This child care program support every parents go to work in a positive way. Furthermore, the program not only benefits to parents but also for the care service provider. Because we subsidize care service provider, we could seems which as kind of guarantee for the job opportunities and income for them. After that, this program could encourage people attend care labour professional or industries. Beside of that, we also plan some measures for disadvantage group. In our idea, we will take care of everyone in our city. Therefore, we introduced a temporarily child subsidize for the disadvantage family.

The Taichung Child Care Subsidize contains three pathways with multiple model. First pathway is that we subsidize institution in cash in order to make institution providing affordable child care service. These types of institution are kindergarten and cooperate child care center. Second, we will subsidize homecare directly. Parents could find qualify nanny nurse in affordable price from the platform established by Social Affairs Bureau of Taichung City Government. In this pathway, government sector cooperate with private caretaker to provide good quality care service in affordable price. Last, we subsidize to disadvantage family, such as low-income family, middle-low-income family, special situation family or other disadvantage family, directly. City Government subsidizes not only the care service provider but also the disadvantage family in this pathway. There is no one will left in our program.

Furthermore, this program will be explained and the way it will be executed. To subsidize institution, Social Affairs Bureau cooperates with Education Bureau. This program encourages family sending their child (since 2 years old) to private kindergarten by subsidized them each year 950 USD to low down the price. On the other side, there will be any charge if parents send their child to public kindergarten. We would like to cut down the price by subsidize private kindergarten directly. After pri-

vate kindergarten receive this subsidize, they cannot increase price easily because government will stop subsidizing if they increase price. It is kind of a method to control the price of private care service market. Social Affairs Bureau sets the standard price of child care service in this social investment program, this happens the first time in Taiwan. Furthermore, Social Affairs Bureau hold a Committee of Care Service Administration, which consisted by babysitter, child care center, Consumer Ombudsman Officer, lawyer, civil represent and scholar, to decide the price of care service. Committee of Care Service Administration accords to the contractual price (average, mode) and the condition of each district to calculate the price in every district. In this committee, “No Increase Price” is the principle. In spite of that, the committee will discuss and review regularly for the price, standard, items and case. If there will be any special case, it will be discuss in that committee also.

On the other side, City government subsidize fee also to family. We subsidize 63-95 USD to a family settle in Taichung each month that send their child to the babysitter or child care center both cooperate with city government. It means that if parents choose to join this program then utilize the care services which approved by city government, they could receive 63 to 95 USD each month. However, there are some families in disadvantage situation. To help these category families, we divided them to 4 different categories: the Low-income, the Middle-low-income, the Special Situation Family and Economic Disadvantage Family. The group of “Low-income” is the people; whose monthly income is under 435 USD and their total asset – saving, investment – is below 2496 USD per year. For these people we distribute monthly around 160 USD and the amount is more than Original Subsidization, which was around 82 USD per month. The other category of people who receive the Child Subsidization is the Middle-low-income group. The Middle-low-income means the people, whose monthly income is more than 435 USD but less than 653 USD. To these people we subsidize about 125 USD and before this distribution there was no subsidization for people in this category. To the “Special Situation Families” we start now to provide every month 95 USD instead of 60 USD in the past. And for the “Economic Disadvantage Families” we increase the amount of subsidization from 60 USD to 95 USD.

To realize the idea and enhance the quality and quantity of the Child Care system in Taiwan, there are some important steps and strategies that we should follow. We have done in this program already. First of all we need to know “what we have” and “how we act”. “What we have” means that we need to recognize which resources, instruments and capacities we do have, and “how we act” means that we must work efficiently and using less resources but gaining more than before. Taichung City Government paid less but benefit more than before. Second, we should always remain the

idea of “social investment” as the core value. To bring it into the practical way, we encourage families to send their children to our care system instead cared by the family. With this mechanism, we can release a lot of women, because they are still main group taking care child in home, and expand the care industries in Taichung, even spread to all the state. The more important point is that we can have more women participation in the labor market and the society. Thirdly, to be responsive to the enlargement of care labour market, we will utilize the human resources efficiently and encourage people to be part of the of the care system.

In conclusion, Taichung Child Care Subsidize creates a virtuous circle by supply child care service. It begins with reducing pressure from care to family because the affordable prices of child care service. Because of that, most of home carer could go out to work and they are usually mothers. It promotes female labour participate rate indeed. Then, the value of social service could increase due to this program. When the value upgrade, it will increase tax income then steady the finances of government. Last, because the increases of labour participate and tax income, state is full of activity and plentiful human resources, we could actually find the increase of social investment from this program.

### ***Taichung Universal Elderly Care Program***

To establish Taichung City to the best living city in Taiwan, we recognized that “ageing” is not just important, but it is an unavoidable issue for everybody. Therefore, Taichung City Government is carrying out the “Taichung Universal Elderly Care Program.”

It has been understood that the prevention is more important than the operation. Social Affairs Bureau of Taichung City Government introduced a series of programs for the elderly with this core value. There are four categories elderly, from health to disability, which are health, sub health, mild disability and disability. To face the four different categories, Taichung City Government planned 4 programs to provide care services to them. “Pre-Preventive Care” is the first program which relate to active ageing. Second program called “Evergreen Elderly School” which designed for the health and sub health elderly attend to. These two programs could cover around 70% elderly. Then, “Day Care Center” is the third program which provides care services to sub health and mild disability elderly. Last one is “Community Care” which combined with Long-Term 2.0, which introduced from the Central Government.

The most important thing is keep the 70% elderly in health in this program. To



keep fitness and health of our senior citizen, we have to build up the “Pre-Prevention Care Service Base”. In 2014, we already set 210 of this kind of base, and the number of the bases became to 257 until last year. It means the increase rate of this base is nearly around 22%. We divided the procedure of the “Pre-Prevention Care Service Base” into 3 steps, which are: Expansion, Intensification and Qualification. We believe that the “Pre-Prevention Care Program” will grow positively with the above-mentioned points.

To implement the “Pre-Prevention Care Program” practically, we instituted the “Evergreen Elderly Class”. This class includes the idea of lifelong learning and social participation for our senior citizens. We already established 487 classes in Taichung until last year. In the classes we provide meals for our elderly also, therefore they could eat together and share their lives to each other. There will be no more elderly living alone.

The “First Step Preventive Care” is the daily care service for elderly in Taichung and it divided into 3 different spheres: the utilization of idle space, being the model and performances. It begins with the utilization of idle spaces, we held the daily activities for our senior citizens in the cooperated educational institutions and use their rooms which leaves unused for now. It could combine providing activity for elderly and activate the idle in one program. After that, in order to break the generation gap, we bring our elderly and youth together and host activities; therefore we have the interactions through the generations. It is our goal to be the model of exchanging experience between the young people and elderly. Third, to reach the goal of perform and run the classes, we already have 13 elderly schools and they are open for everyone who would join the elderly school.

The “Second Step Preventive Care” is about the idea of the daily elderly care service. According to that we set up the “Community” for day care service, and we organized “Aging Lesson” which is for example the rhythm and dancing courses for senior citizens. The most important step we have set is that we arranged the “Flexible Services”. It helps families which have elderly at home and relieve them from the pressure – physically and financially - by care their family member in high age. “Rui-Chi Community Caring Network” is the most success example in this program. In the first step, there was a screening to all the elderly in the community. We would like to not only screen how many elderly need the care services but also advocate this program in this step. That is the reason we held 16 screening activities and conduct it for 565 elderlies. In the second step, Social Affairs Bureau already held 14 classes for 210 elderlies. We care dementia elderly in the third step. There are 13 guard stations for caring elderly which called “Rui-Chi Guard Station”. Finally, there were 21

“Rui-Chi Afternoon Tea Meeting” for 287 elderlies. Elderlies could share their life experiences in the afternoon tea meeting to each other. We could feel activity of elderly from those programs.

Here is the current situation about the long-term care in Taichung. We are planning to cooperate with central government to reach the Long-term Care 2.0.

<b>Item</b>	<b>Facilitate Number</b>	<b>Persons</b>
Home Care	14	4616
Daily Care	18	606
Home Daily Care	8	40
Elderly Nutrition	8	788
Transpiration	2	782
Accessibility Facilities	3 Assistive Device Center	631
Respite Care	74	2153
Home Nursing	38	933
Home Rehabilitation	12	982
Institute Care Facilitate	94	479
Dementia Group Home	2	23
Mobile Shower Bath	1	64
Support Service for Home Carer	1	Case Management 71

### ***Achievements and Future***

This article already shows that what and how Social Affairs Bureau of Taichung City Government has done the care policy with the core value, social investment, since 2014. “Taichung Child Care Subsidize Program” and “Taichung Universal Elderly Care Program” is the pioneer of welfare policy which is based on the social investment as its core value in Taiwan. We could say it proudly that Taichung City is the first city in Taiwan implements the social investment. “Taichung Child Care Subsidize

Program” benefits not only the family but also the care industries. “Taichung Universal Elderly Care Program” promotes elderly going out to find some activity and do not feel alone. Both programs have strong affects to all the society and bring our civil to the upper living level.

In the “Taichung Child Care Subsidize Program”, Social Affairs Bureau of Taichung City Government do not cut any other welfare policy budget but produce more positive affection. Then, this program reduces the pressure of parents from care. Currently, each family only spends 250 USD in child care services each month. However, they had to spend around 440 USD for child care service before this program introduced. Turn the focus to the provider, kindergartens, care center and babysitter receive 10%-40% child more than before. Finally, parents reconcile care and work, especially mother. In our survey, there are more than 80% parents assert this program help they going out to work. Most of family satisfied this program, almost 92.19% identity this program. Besides of that, we recreate the care market from this program. The amount of care supplier grows about 10%-40% during this period of time. In addition, the population in Taichung increase, also the TFR. These are really huge achievement in our knowledge.

Besides of the achievement, we look forward to the future. We will strengthen the capability of community in order to expand our care services for elderly. First, we will increase the time of each service. For example we will increase one day per week to two days per week. Then, we will build the access-free environment. Finally, we keep promoting five preventions activities for elderly people. Otherwise, we would like to expand first step and second step preventive care. For the first step preventive care, will construct stronghold in each district to reach the goal of help elderlies ageing healthy and happily in Evergreen School. In addition, we will build more community center in the second step preventive care. These community care basement will base on help elderly recovering. Finally, our ultimate goal is connecting with Long-Term 2.0 policy which introduced from the Central Government.

The goal of Long-Term Care 2.0 (LTC 2.0) is building a long-term care system with quality, affordable and universal. Afterward, this policy will activitize elderly as the prevention from disability. The public sectors will supply community support service and hospice care in order to give some rest space for the home carer. Last, this policy would like to arrange elderly in their original place. We do not want to move elderly to any place which is not their hometown. Therefore, we have to arrange a series of care facilitates such as home care, community care to institute. Besides of these goals, LTC 2.0 would like to expand the amount of care services. There are already 4 categories elderly could join LTC 1.0. However, there are 8 categories in the LTC 2.0.

LTC 2.0 includes more than LTC 1.0. Those people who are older than 65 years old, rural indigenous older than 55, people with disability older than 50 and people who are older than 65 with IADL disability could be covered by LTC 1.0. Then, when the LTC 2.0 was introduced, people who have dementia older than 50, urban indigenous with disability between 55 and 64, people with disability and frailty elderly older than 65 also could apply long term care service. Turn to the care services item, LTC 2.0 added 8 care services more than LTC 1.0. Care services in LTC 1.0 are basic care services (e.g. home care and daily care), elderly nutrition, transportation, accessibility facilities, long-term care institute, respite care, home rehabilitation and home nursing. In the LTC 2.0, we have added care service for dementia, indigenous community care, small scale care service support care for home carer, community care – ABC system, community preventive care, prevention care, discharged service and connect to home care. We could find that we expand the service not only forward but also backward. LTC 2.0 expands two ways indeed.

In order to cooperate with Central Government, we planned a Taichung Pilot Project which will integrate four parts of services into one. We will utilize 4 tools to provide quality care service. We use multi dimension assessment index to inventory for all age in order to develop assessment. Then, we will produce a package care plan to provide flexible using. Third, we integrate payment and care method into one mechanism. The account system for government pay to the care provider was complicated and fragmentation. Therefore, we drop out the complicated progress into the one system. It would save a lot of time in paying fee. Last, we will institute the LTC information system. We would like to collect all the data from the LTC policy then establish a fine database which is similar with National Health Insurance database. Researchers could utilize these information to conduct studies then provide suggestions or advices to state. There will be a clear direction to lead us alter the LTC system continually better .

Social investment is the new way to think about welfare state. Traditional welfare state will be out of date in the future because society keep transforming. Welfare state has to be more flexible than before. In Taiwan, Taichung City Government is not only the first but also the one implementing this value into welfare policy. We look forward to receive the positive affect from implement this value and would like to introduce policy which could really benefits to the people. Livable city is the goal we are working for.