SOCIAL AND ECONOMIC POLICY

WORKING PAPER

ASSESSING THE IMPACTS OF AND RESPONSES TO THE 1997-98 ASIAN FINANCIAL CRISIS THROUGH A CHILD RIGHTS LENS

Including Children in Policy Responses to Previous Economic Crises

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December 2010

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JEL Classification: H5, H12, O23, H5, I3, J3
Keywords: Asian financial crisis, public expenditures, child rights, macroeconomic impacts, microeconomic impacts, social spending, crisis recovery, poverty, social protection

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Table of Contents

Executive Summary

The ‘miracle’ of East Asian economic growth was brought to a standstill when the Asian financial crisis hit in 1997, unleashing a range of economic, political and social consequences across the region and exposing this transformation as fragile and unstable. This paper examines the macro–micro impacts of the 1990s crisis in order to assess the impact pathways through which macroeconomic shocks affected children, youth and caregivers, and the extent to which different packages of economic and social policy responses mitigated the negative impacts on child wellbeing. It focuses on four countries most affected by the crisis: Indonesia, South Korea, Malaysia and Thailand.

The motivation for this study is as follows. The recent food, fuel and financial crises have sparked considerable debate as to how the effects of the resulting shocks on vulnerable populations in developing countries can best be mitigated. In light of the greater prevalence and distinctive nature of childhood poverty, it is important to ensure these discussions integrate age- and gender-specific considerations, and a more nuanced understanding of how previous economic shocks have affected children could help inform these debates. This study therefore seeks to add to this knowledge gap by drawing out important lessons from the experience of the Asian 1997/98 financial crisis, arguing that a review a decade after the 1990s crisis is particularly valuable because it allows for an assessment not only of the short-term effects of a major macroeconomic shock on child wellbeing but also of its more medium-term effects. More generally, given that 2009 is the 20th anniversary of the UN Convention on the Rights of the Child, it is obviously timely to consider the extent to which children’s rights have been affected by major economic and social policy choices and to tease out relevant learning for future crisis contexts.

The first part of the paper explores documented impacts on children’s rights to survival (health and nutrition), development (education and time use), protection (from violence, abuse and neglect) and participation. The second half of the paper then examines the policy responses undertaken by governments in the region in terms of macroeconomic policies, social sector reform and basic services and social protection interventions. It pays particular attention to the political economy dynamics shaping these responses.

Conceptual framework and methodology

This paper is based on a systematic desk-based review of evidence drawing on academic literature, policy documents, grey literature and available datasets. It applies a framework on the impact pathways between macroeconomic shocks and children’s and their caregivers’ micro-level experiences of poverty and vulnerability developed by Harper et al. (2009). This framework identifies key impact pathways from the macro through meso and micro levels, but recognises that policy choices by governments and regional and international actors play a major role in filtering these impacts, as do gendered social norms and intra-household dynamics.

Impacts of the Asian economic crisis: Assessing transmission belts from the macro through micro levels on children and caregivers

Macro-level shocks

The Asian economic crisis was triggered after the Thai government allowed the baht to float in July 2007, which led to a crisis of confidence not only in the Thai economy but also among the Asian Tigers more generally. As the contagion effect from Thailand spread, the region experienced sudden capital flight and the drying up of liquidity. Reversing sometimes decades of positive economic growth, gross domestic product (GDP) growth contracted sharply and inflation spiked for food and consumer goods and services. This in turn led to sudden and widespread unemployment and a reduction in the value of real wages. Overall, Indonesia was most negatively affected, followed by Thailand, and both countries endured the highest social costs, including sharply decreased remittance flows, and took the longest to recover from the crisis aftermath. In Malaysia and Korea, the stronger pre-crisis macroeconomic health of both countries afforded the government greater fiscal space within which to intervene, and as a result the recovery time was shorter, but not without considerable pain.

Meso-level impacts on human development, poverty and inequality

At the meso level, these macro-level shocks resulted in a sharp increase in poverty in the four countries, and had the greatest impact on Indonesia. Urban areas were most negatively affected, partly because of their proximity to markets and rising food and commodity prices, but rural areas – where most of the poor resided – were also significantly impacted. Poor agricultural producers, faced with the rising price of inputs and, in the case of Indonesia, the effects of the El Niño drought, struggled to take advantage of rising food prices.

In terms of age-specific impacts, young people and new entrants to the labour market were especially affected by the financial shock and subsequent unemployment, underemployment and lack of opportunities. The employment impacts also fell heavily on older people, especially women, who generally lacked the skills and education to find new employment sources following retrenchment.

With important implications for the paper's focus on children and caregivers, there is considerable evidence to suggest that the Asian financial crisis impacted men and women differently, with the gender development index ranking worsening for all the case study countries except Korea. Overall male unemployment rates increased more in all countries, but women's overall labour force participation was significantly lower pre-crisis and women appear to have been more vulnerable to deteriorating conditions of work. Those concentrated in low or semi-skilled jobs in the hard-hit service and industrial export-oriented sectors were especially vulnerable. There are also reports that women found it more difficult in comparison with men to find new work post-retrenchment, and increasingly sought new forms of income in the informal sector, often of a precarious and risky nature, including sex work. Evidence of men entering into new and insecure work is a gap in the findings.

Micro-level impacts on households

The micro-level impacts of the crisis were multiple, although they varied significantly between male- and female-headed households.

Diminishing household expenditure and consumption: Households were forced to make expenditure and consumption cutbacks in the quantity and quality of food and services in the face of declining purchasing power and reduced incomes. Overall, household expenditure decreased and the share allocated to food increased, but this often involved a switch to less and lower quality food. Spending on health also declined. The utilisation of health facilities decreased in Indonesia, Korea and Malaysia, but increased in Thailand, although there was a significant shift away from private services to lower-quality public services. By contrast, the evidence suggests that although households struggled with the costs of education, these were largely maintained at the expense of luxury goods. Children may have also borne the brunt of cutbacks in terms of recreation activities and clothes, as evidence from Indonesia suggests.

Intra-household dynamics: The limited evidence that exists on the gendered intra-household impacts of the crisis suggests mixed effects. In some cases, changing economic circumstances arguably opened up new opportunities to shift unequal gender relations as women were accorded greater decision-making power in households owing to higher contributions to household income. In other cases, however, unequal gender relations are also reported to have been magnified, with women having less access to household resources and more demanding time burdens.

Reproduction, nurture and care: The financial crisis impacted on the care economy and generally resulted in larger care burdens for women and also girls. In addition, there was an increase in gender-based violence, breakdown of familial relationships and divorce rates. Fertility patterns also changed, with more couples reportedly choosing to wait for the economy to recover before having children.

Psychological impacts: The crisis is found to have had detrimental impacts on the psychological health and suicide rates of adults, with notable gender differences. While the spill-over impacts on children and youth are poorly documented, evidence from other contexts suggests that the effects are likely to have been negative and considerable (e.g., Kahn et al., 2004).

Impacts on children's rights

The documented impacts on children's rights to survival and development are considerable but, overall, the available evidence, especially with regard to children's right to protection and participation, and differences among children by gender, ethnicity and (dis)ability status, is limited. This suggests the importance of more age- and equity-disaggregated monitoring and analysis of macroeconomic crises is vital if child wellbeing is to be protected more effectively.

Survival: Importantly, basic health indicators such as life expectancy and infant and child mortality rates were protected throughout the crisis years across the four countries. Downward trends in malnutrition also continued, but there was an increase in short-term malnutrition in Indonesia. Here, mothers buffered the impacts of the crisis from their children, but increased anaemia among pregnant women impacted infants' micronutrient deficiency. In terms of health-seeking behaviour, children's (less than three years old) contact with immunisation services decreased in Indonesia, and there is some evidence of increased morbidity during the crisis years from Indonesia and Thailand. Overall, there was a decline in the use of child health services, with the exception of Thailand, where private service usage shifted significantly towards public services.

Development: Household spending (although constrained) and government safety nets appear to have protected children's right to education relatively well and fewer working opportunities encouraged greater enrolments. Aggregate national data show that attendance at primary and secondary level stabilised or improved in Indonesia, Thailand and Malaysia; in Korea there was a slight decline in enrolments at the primary and middle school level but increases in high school and tertiary enrolments. At the sub-national level, however, there is evidence of increased dropouts, especially among the poor, in some regions in Thailand and Indonesia in particular, indicating longer-term opportunity costs for human and economic development. Indonesia and Thailand also saw more movement from private to public schools, which may indicate costs in terms of education quality.

Protection: The evidence on the effects of the crisis on children's right to protection is more limited and fragmented, but existing evidence suggests that there were important implications for the quality and quantity of care children received from caregivers, heightened risk of child abuse and mixed impacts on children's engagement in child labour. First, in terms of care, the number of children living on the streets increased in Indonesia and Thailand and they were at increased risk of sex work, drug use and crime. There was also an increase in child abandonment and children taken into care in all four countries. Increased poverty among women in general and rising rates of female migration in Indonesia in particular suggests that there may have been additional impacts on care time and quality. This is an area which requires further research.

Another area of significant concern, but about which there was no evidence of the direct impacts on children, is the implications of the rising incidence of mental ill-health as a result of the crisis on especially men but also women. Evidence from other contexts (e.g., Kahn et al., 2004) suggests that parental mental ill-health can have serious negative implications for child wellbeing and this is therefore an area that should also be monitored in the context of the current crisis.

Second, in terms of violence against children, there is some limited evidence of rising rates of child abuse from Thailand and Malaysia, associated with sudden parental unemployment and reduced working hours in the latter. However, there is more ample evidence about rising rates of gender-based conflict and violence, and it can therefore be hypothesised that these dynamics are likely to have had negative physical and psychological spill-over effects on children also.

Third, there is mixed evidence on child labour, most likely owing to data constraints. In Indonesia, older children appeared to have shouldered the burden by working longer hours, especially girls in terms of unpaid domestic work. The number of children in work or looking for work declined overall.

Participation: Little evidence has been identified as to how the financial crisis impacted on the ability of children and youth to participate in social, political and economic life, and in community decision making surrounding issues and policy solutions that affect them. Given the greater cultural emphasis placed on the responsibilities of the individual towards family, community and society in the region, understanding of children's civil rights may still be limited (Plan, 2008). There is, however, some evidence to suggest that the crisis years saw growth in student activism, with a strong focus on political change and crisis responses. Malaysia saw a crack-down on student activism following 1998 (Weiss, 2003), while changes in the political systems in Korea, Indonesia and Thailand throughout the crisis, however, may have opened up new opportunities to realise children's right to participation. This appears to be an area worthy of further investigation.

Policy responses

Political economy drivers: Complex and dynamic political economy drivers shaped the reform process and played an important role in shaping both how deeply the crisis was felt and how quickly and effectively governments were able to respond. In Indonesia, political turmoil, rioting and social violence surrounded Suharto's resignation in May 1998. The new government was faced with designing a new budget and policy response from scratch and also coping with the effects of the El Niño drought. However, the change in power arguably created a new space to put in place more comprehensive social protection infrastructure. In Korea, the crisis hit the country around the same time as the election of a new President, who had come to power on a strong social reform agenda and with significant civil society support. This meant that the impetus for cushioning the social impacts of the economic crisis was strong, but it also generated significant socio-political tensions, given the fiscal constraints under which the new administration was forced to operate. In Malaysia, the crisis led to strong antagonisms with international actors, especially the International Monetary Fund (IMF), owing to differing views on how best to tackle the macroeconomic shocks as well as a degree of domestic political instability as a result of tensions within the ruling party about how best to respond. Similarly, in Thailand, the crisis precipitated some degree of political instability, with a change of government, but this was largely peaceful and embodied a new rights-based institutional framework.

Economic policy: The economic policy responses adopted by the four case study countries were strongly shaped by interventions by the IMF. Indonesia, Thailand and Korea implemented IMF reform packages, which generally involved restructuring through strict monetary policies, fiscal discipline and a move towards privatisation. There are disagreements over the effectiveness of these and, particularly for Indonesia and Thailand, some analysts argue that they prolonged the negative impacts of the crisis. Malaysia took a controversial standpoint in resisting the prescriptions of the IMF and foreign investors by pursuing its own path to curb the financial crisis through capital control measures and by trying to gain control of its own economy. GDP recovered relatively quickly and Malaysia's response has since been credited with yielding important lessons. What sets the countries apart is largely the timing and intensity of the reform measures and the extent to which governments were able to rely on the pre-existing macroeconomic health of their economies. Korea recovered the most quickly in terms of GDP growth, followed by Malaysia, Thailand and Indonesia.

Social sector reform and investment in basic services: Overall, the paper's analysis highlights an important tension between cutting social expenditure on basic services and increasing that on social protection. Indonesia and Thailand had a more limited resource base and greater debts when the financial crisis struck, hampering their ability to protect these spheres, and so significant cutbacks in basic services were made (some in crucial areas, such as reproductive health and preventative health care measures in Thailand). Social protection packages were later scaled up (Thailand) and designed largely from scratch (Indonesia), with the help of external funds in order to mitigate the worst effects on the poor. Malaysia and Korea had greater resource bases and fiscal space, allowing them greater freedom to protect spending on health and education. Malaysia actually increased its social sector spending, allowing the government to build on its already comparatively strong social service structures and programmes. Korea too was able largely to maintain social spending, with some slight dips in crisis years, combined with a push towards privatisation of the health system.

Social protection: Informal social protection mechanisms through family and community links are reported to have proved critical in shielding negative crisis impacts on the poor and children, especially in the immediate aftermath of the crisis before formal social protection programmes were brought in or scaled up, and for those without access to these. However, these also came under threat in some contexts as social capital and social cohesion eroded, reflected in rising rates of crime and violence, homelessness and drug abuse and falling community participation.

In terms of formal social protection, a range of targeted social protection programmes were introduced or expanded in all four countries, fuelled in part by strong civil society pressures for more proactive government responses. In Indonesia, a new Social Protection Sector Development Programme (SPSDP) was introduced, made possible from alternative borrowing, including a rice subsidy programme, educational scholarships and health cards. In Thailand, resources were directed towards social protection with a pro-poor focus, with efforts to make safety nets more universal, especially with regard to health and education service provisions. Although there were some important limitations in terms of programme coverage (especially limited attention to the newly vulnerable urban poor) and leakage, the impacts on child wellbeing appear to have been relatively positive. Indonesia's rice subsidy programme and school scholarship programme and Thailand's health card system stand out as especially noteworthy examples. In Korea and Malaysia, there was a stronger focus on employment-related interventions that, although generally positive, overall appear to have failed to tackle the gendered nature of the labour market. Crucially, child protection and gender-based violence appear to have been a major gap in the policy responses in all four countries.

Conclusions and policy implications

Overall, our analysis highlights that the impacts of the Asian economic crisis were costly in terms of economic and human development, including children's rights to survival, development and protection. Given significant data constraints, especially with regard to children's rights to protection and participation, it appears that many of the impacts on children and youth may have been masked or hidden yet, based on evidence from other contexts, nevertheless entailed potentially long-term opportunity costs for life course and intergenerational transfers of poverty and social exclusion, which it is difficult to regain.

Documented impacts on children varied in length depending on the pre-existing social, political and economic base of the country, the subsequent economic and social policy responses by governments as well as the extent to which households were able to rely on informal social protection mechanisms.

The analysis yields a number of important lessons around economic crisis impacts and policy responses which can cushion children and caregivers. These include the importance of: 1) understanding the underlying political economy drivers of policy choices so as to design more strategic policy advocacy strategies; 2) designing gender- and age-responsive social protection mechanisms; 3) balancing investments in targeted social protection measures with protecting investments in basic service provision; 4) harnessing potential synergies between informal and formal social protection mechanisms; 5) ensuring that social protection responses are not limited to addressing economic and related consumption vulnerabilities but also adequately address social vulnerabilities, especially those related to gender-based violence and child protection from violence and abuse; and 6) investing in more systematic age- and gender-disaggregated data collection and crisis monitoring initiatives so as to better inform policy debates on how best to respond to vulnerable populations, especially children, youth and caregivers.

1. Introduction

The economic growth of the Asian Tigers in the decades preceding the Asian financial crisis of 1997/98 was hailed by many for its success and its 'miracle'-like appearance. The region had also made demonstrable gains in social development and poverty reduction (Stalker, 2000; Tangcharoensathien et al., 2000; UN, 2003; Yusoff et al., 2003). The economic downturn unleashed a range of economic, political and social consequences across the region and served to expose this transformation as more fragile and unstable than previously believed (e.g., Paitoonpong, 2001). Sparked by the crisis of the Thai baht in mid-1997, the crisis led to severe currency deflations across the region, plummeting gross domestic product (GDP) levels, soaring general and food price inflation, widespread unemployment and an unprecedented credit crunch (e.g., Goldstein, 1998; Miskin, 1999; Wade, 1998). Social unrest ensued, fuelled by crises of confidence in initial government responses. However, although much has been written about the underlying causes, macroeconomic consequences and general poverty impacts of the Asian financial crisis (e.g., Hopkins, 2006), understanding of the child- and gender-specific dynamics is significantly more fragmented. Accordingly, this background paper explores the impacts of the Asian financial crisis of 1997/98 on children and their caregivers, and the ways in which distinct policy responses mediated these effects.

The paper focuses on four case study countries: Indonesia, Malaysia, South Korea and Thailand. These differed in a number of dimensions including: their pre-existing macroeconomic health, political and social trajectories, the governance arrangements in place at the time of the crisis, the willingness and rapidity of governments to respond and the economic and social policy responses adopted; their orientation towards social services and core services; as well as social protection and formally administered safety nets. As such, they provide a rich lens through which to explore the interplay between macroeconomic shocks, policy filters and impacts on children's rights.

The motivation for this study is broadly threefold. First, the recent food, fuel and financial crises have sparked considerable debate as to how the effects of the resulting shocks on vulnerable populations in developing countries can best be mitigated.[1] Given what we know about the greater prevalence (Kakwani et al., 2005) and distinctive nature of childhood poverty (e.g., Jones and Sumner, 2008), it is critical that we ensure that these discussions integrate age- and gender-specific considerations. However, there is limited understanding of how previous economic shocks have affected children, and how different economic and social policies might mitigate negative effects of a crisis on children. A more thorough understanding of how previous economic shocks have affected children is critical to promote child wellbeing and protect children's rights in the face of the current crisis, and this study therefore seeks to add to this knowledge gap by exploring the Asian 1997/98 financial crisis specifically, drawing out important lessons learned. Second, a review a decade after the Asian financial crisis is valuable because it allows us to assess not only the short-term effects of a major macroeconomic shock on child

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[1] We do recognise, however, that the current economic downturn differs from the Asian crisis in 1997/98 in that the current crisis originated in industrialised countries, particularly the US, and that the global crisis holds consequences for those countries in the Association of Southeast Asian Nations (ASEAN) region more heavily dependent on exports. The 1997/98 crisis saw countries 'export themselves out' of the crisis. This may prove more difficult in current times, possibly leading to a more lengthy and protracted crisis (Manning and Sumarto, 2009; Mehrotra, 2009).

wellbeing but also its more medium-term effects. Third, given that 2009 is the 20th anniversary of the United Nations Convention on the Rights of the Child (UNCRC), it is obviously timely to consider the extent to which children's rights have been affected by major economic and social policy choices and to tease out relevant learning for future crisis contexts.

The paper is organised as follows. After presenting our conceptual framework and methodology in Section 2, in Section 3 we review the transmission belts of the crisis from macro through micro levels on children and their caregivers. In Section 4 we analyse the differential economic and social policy responses of the Indonesian, Korean, Malaysian and Thai governments and the ways in which these mediated the realisation of the four broad clusters of children's rights enshrined in the UNCRC (rights to survival, development, protection and participation), and in Section 5 we conclude, highlighting key policy implications of relevance to debates on the current 'Triple F Crisis'.

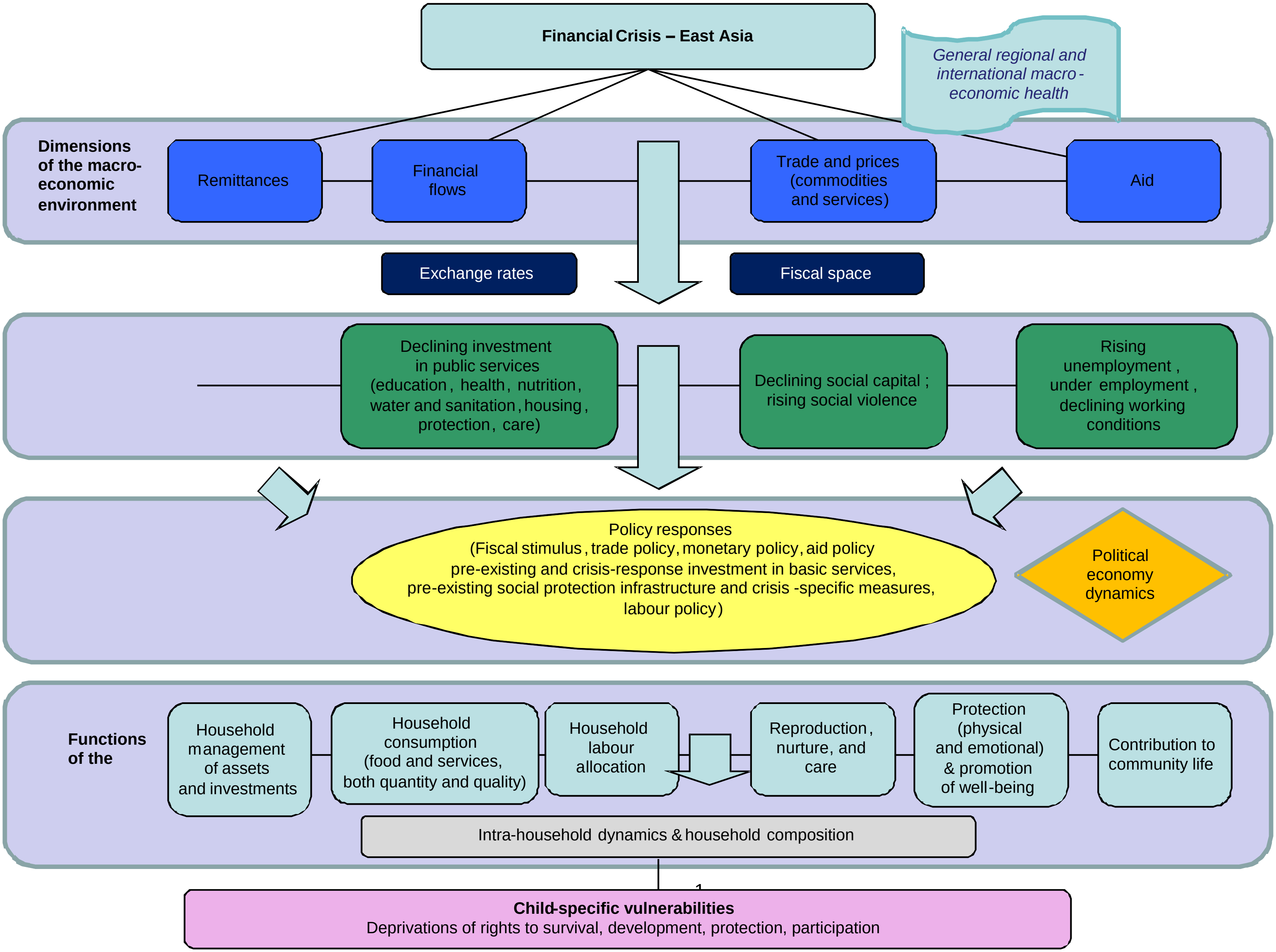
2. Conceptual framework and methodology

This paper is based on a systematic desk-based review of evidence drawing on academic literature, policy documents, grey literature and available data sources. It applies a framework on the impact pathways between macroeconomic shocks and children's and their caregivers' micro-level experiences of poverty and vulnerability developed by Harper et al. (2009) to understand the effects of the 1997/1998 Asian crisis on children's rights to survival, development, protection and participation.

As illustrated in Figure 1, the framework considers the macroeconomic environment dimensions of reduced financial flows, remittances, trade and prices and aid, and their meso-level effects, including declining investment in public services, higher unemployment, diminished consumption capacity and reduced access to credit. It then looks at the ways in which governmental policy responses shape how these effects impact household functioning, and in turn translate into children's experiences of multidimensional poverty through intra-household dynamics and household composition factors. Identifying the scale and duration of these potential effects at each level is clearly important. Experience from previous crises indicates a range of often interlinked possible impacts on children and caregivers. These include increases in child mortality and morbidity, child labour, child exploitation and violence against children and women, alongside declines in school attendance and in the quality of education, nurture, care and emotional wellbeing. Many of these impacts have long-term, lifecourse and sometimes intergenerational implications. Where possible, the paper draws on evidence which highlights the differences in experiences of children and young people based on gender, age, ethnicity, geographical location and disability, although the available evidence is often very limited and fragmented.

While the focus of this study is primarily on shedding a light on child-specific impacts of the Asian financial crisis of 1997/98, time is also given to exploring the impacts on a variety of intermediate impacts, including migration, community dynamics, household-level poverty and gender relations. This has allowed for a wide lens to explore the crisis impacts, as well as exposing transmission channels through which children are likely to have been affected positively and negatively. This approach has proved particularly fruitful where child-specific data have not been available or reliable.

It should be noted that there is a large literature on the financial crisis in Asia in 1997/98, with a reasonable proportion highlighting the considerable impacts on children and other vulnerable groups. However, there is considerable variation in the quality and methodological approaches underpinning these analyses, including contradictory data, making systematic comparison across the case study countries difficult, as evidence available for one country is not for another. Surveys taking into account the social aspects of the crisis appear to have been more prevalent in Indonesia than in the other case study countries. Similarly, given that the social protection responses in Indonesia and Thailand contained more child-specific dimensions, the analysis of these has appeared more fruitful with regard to exploring how the crisis impacted children and youth and drawing out lessons learnt from varying responses. Much of the gender-focused literature is focused on women as the unit of analysis and less is known about the impacts on men: whether there has been a 'crisis of masculinity' in response to shifting household roles, for example (e.g., see Chant, 2000). This points to the varied and dynamic experiences engendered by the crisis, and also exposes the need for more reliable child- and gender-specific (on boys, girls, men and women) disaggregated data collection and monitoring during the current crisis.


Financial Crisis – East Asia
General regional and international macro-economic health
Dimensions of the macro-economic environment
Remittances
Financial flows
Trade and prices (commodities and services)
Aid
Exchange rates
Fiscal space
Declining investment in public services (education, health, nutrition, water and sanitation, housing, protection, care)
Declining social capital; rising social violence
Rising unemployment, under employment, declining working conditions
Policy responses (Fiscal stimulus, trade policy, monetary policy, aid policy pre-existing and crisis-response investment in basic services, pre-existing social protection infrastructure and crisis-specific measures, labour policy)
Political economy dynamics
Functions of the
Household management of assets and investments
Household consumption (food and services, both quantity and quality)
Household labour allocation
Reproduction, nurture, and care
Protection (physical and emotional) & promotion of well-being
Contribution to community life
Intra-household dynamics & household composition
Child-specific vulnerabilities
Deprivations of rights to survival, development, protection, participation

3. Impacts of the Asian economic crisis: Assessing transmission belts from the macro through micro levels on children and caregivers

Across the four case study countries, the 1997/98 financial crisis entailed both similar and distinct impacts at the macro and meso levels. In contrast with the previous economic growth of Indonesia, Thailand, Malaysia and Korea, the crisis resulted in dramatic drops in GDP, significant rises in the price of food and basic commodities and sudden and widespread unemployment. Real wages plummeted sharply across the region, rolling back the significant progress these countries had been making in poverty reduction, with noticeable gender and age dimensions (as we discuss below).

The differing economic health and political environments of the four countries affected both how they were impacted and how quickly they recovered. In Korea, the state's strong fiscal position enabled the government to nationalise much of a banking sector, which was over the brink of solvency owing to widespread corporate bankruptcies. Growth resumed in relatively short order as currency depreciation allowed the country to gain market share on the export front. Malaysia also saw relatively quick improvements in macroeconomic indicators, although only after the government largely cut the country off from the larger global economy in terms of financial flows. Thailand and Indonesia were relatively slower to recover in terms of both economic and human development indicators.

3.1 Macroeconomic environment

For anyone observing the global economic dislocation in 2008-9, the root causes of the Asian financial crisis will appear immediately familiar. Abundant liquidity and low real interests rates in the region, combined with financial sector deregulation and few prudent controls, encouraged a debt-financed bubble in asset prices which eventually collapsed. There is an extensive literature (and lively academic debate) surrounding the causes of the 1997/98 East Asian crisis (e.g., Goldstein, 1998; Miskin, 1999; Radelet and Sachs, 1998; Wade, 1998), and it is generally agreed that the halcyon days of the early/mid-1990s had been built on shaky and unsustainable foundations to varying degrees (Paitoonpong, 2001). Common factors underlying the problems of Asian economies included (ibid):

- Rapid financial liberalisation;
- Explosion of foreign-denominated debt, most of which was short term;
- Unsustainable rise in asset prices, both property and financial;
- Problems of corporate governance and prudent regulation;
- Poor macroeconomic management;
- Other policy and institutional failures.

This section provides a brief overview of the key macroeconomic issues in the four countries, exploring how the crisis emerged and the pre-existing conditions which shaped the way the effects of the crisis were manifested at the national level. We begin with a brief discussion of the financial crisis in Thailand as the collapse of the baht resulted in contagion effects throughout the region, including widespread currency instability and a collapse in GDP (Said and Widyanti, 2001).

Thailand

The regional crisis that originated in Thailand in mid-1997[2] resulted from underlying structural factors, including overinvestment in property and lightly regulated financial markets.[3] The ability of property developers and local companies to borrow at very low interest rates offshore contributed to a debt-fuelled bonanza in non-productive assets. Signs of a potential crisis were already visible in 1996, when export growth slowed and manufacturing competitiveness began to decline. Despite cracks in the economy, a false confidence remained that the country's long economic 'boom' was sustainable, and that the regional economic 'miracle' in the decade prior to the crisis was a 'sure thing' (Hewison, 1999).

The Thai government's July 1997 decision to float the baht met with little success[4], and was followed by a collapse in foreign investment and the withdrawal of short-term portfolio investment. Although Thailand's debt-to-GDP ratio was not extreme (only 38 per cent in 1997), most of the debt was short term and therefore subject to capital flight. Exports declined as regional demand dried up and the situation quickly spiralled out of control, with GDP contracting by 1.4 per cent in 1997 and 10.5 per cent in 1998 (IMF, 2009). While wages fell and the economy contracted, inflation began to accelerate, with both food prices and health care costs rising by almost 10 per cent in 1998 (ILO international labour migration data, 1996-2000; MOC, 1998, in Tangcharoensathien et al., 2000). The price of medication and family planning also increased.[5]

As boom gave way to bust, Thailand experienced a credit crunch. Foreign loans were repaid or replaced with funds from the International Monetary Fund (IMF), while the banking sector was pushed to the brink of insolvency (Knowles et al., 1999). Unemployment shot up from 1.5 per cent in 1996 to 5.6 per cent in 1998, and there was a 10 per cent drop in real wages in 1998 (Gottschalk, 2004, in Sumner, 2009). The manufacturing sector was the most heavily hit, followed by the real estate and financial sectors (Paintoonpong, 2001). The agricultural sector was less affected, with a growth rate of -0.4 per cent (UN, 2003).

By August 1997, the Thai government had very little choice but to turn to the IMF to avoid 'total collapse' and effective national bankruptcy (Hewison, 1999). In return for assistance, various conditions were introduced, which saw cutbacks in social expenditure, a restructuring of the financial system and a deepening of the role of the private sector (Government of Thailand, 1998 in Hewison, 1999). The

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[2] The depreciation of the yen vis-à-vis the US dollar in 1995-1997, reflecting the region's interdependence, was also an underlying contributing factor (Takatoshi, 1999). As the Japanese yen depreciated, Asian exports plummeted, affecting Thailand first. Japan had experienced a boom in housing construction and consumer durables in the latter half of 1996 in anticipation of consumption tax rate increases. In April 1997, the consumption tax rate was raised from 3% to 5% as scheduled, the temporary income tax was repealed and the social insurance premium was raised. The reaction of aggregate consumption was far beyond expectations and was still weak six months after the tax increase.

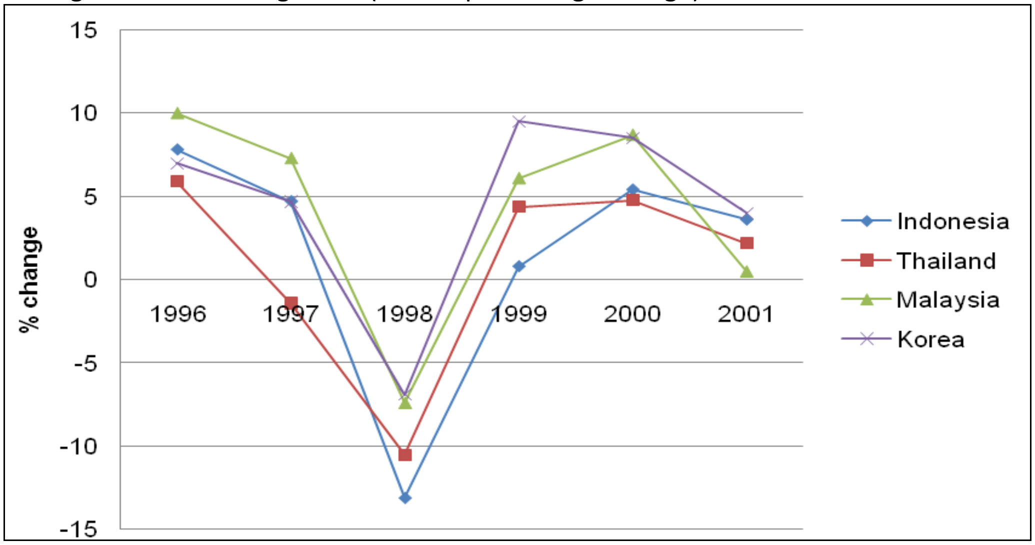
[3] Over half of the Thai stock market capitalisation was in property, banking and finance.

[4] The foreign exchange (FX) crisis began with speculative attacks on the baht in 1995. While the Bank of Thailand's initial efforts to protect the currency appeared successful, foreign exchange reserves began to decline rapidly. As reserves fell from $38 billion in May 1997 to only $2.8 billion by early July, the government was forced to abandon intervention and allow the baht to float (Sussangkarn, 1997, in Hewison, 1999; Tangcharoensathien et al., 2000). The result was a rout in the local currency, with the baht losing over half of its value in a matter of months (Hewison, 1999).

[5] The price of domestically produced drugs increased by 12-15% and that of imported drugs by 18-20% between 1997 and 1998 (AusAid, 2000, in Hopkins, 2006). The price of the contraceptive pill increased by 25% in 1997/98 and injectables by 10%, while there was no change for intrauterine devices (IUDs) (Boonyoen et al., 1998, in Tangcharoensathien et al., 2000).

economy recovered, albeit at a slow pace, with GDP growth reaching the pre-crisis 1996 level of 5.9 per cent in 2003 (IMF, 2009).

Figure 2: Real GDP growth (annual percentage change) in East Asian countries[6]



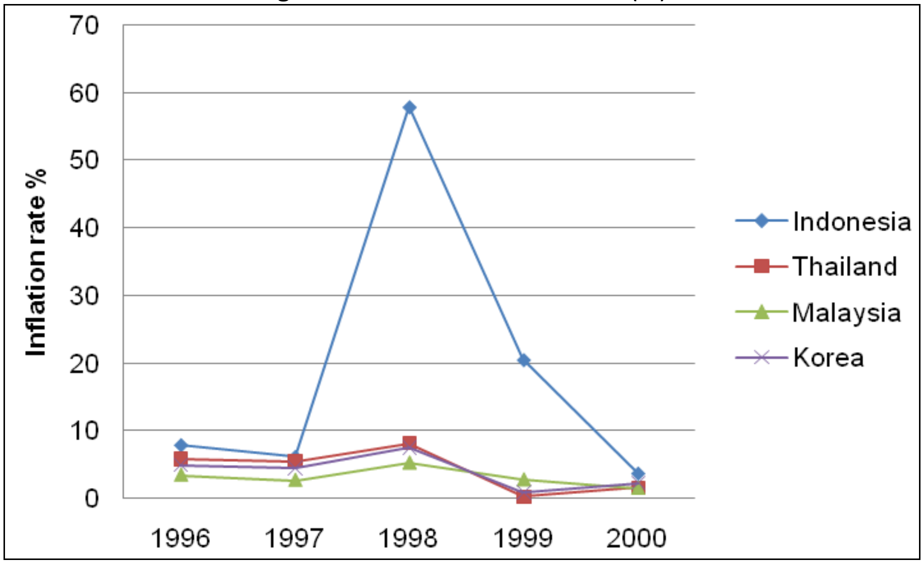
Source: Compiled from data from IMF World Economic Outlook (2009).

Indonesia

The wave of financial downturn that hit Indonesia in July 1997 (GDP fell 13.1 per cent in 1998)[7] reversed several decades of relatively stable economic growth, low inflation and a stable exchange rate (Friedman and Thomas, 2007). Similar to Thailand, the country was disadvantaged by a poorly supervised banking sector and mounting foreign debt (Manning, 1999). The result was likewise rapid devaluation of the local currency combined with rising inflation[8] and a sharp decline in investment. The El Niño drought and limited availability of agricultural inputs served to drive up food prices (Widyanti, 2006), which in turn forced down real wages and incomes. Exports declined (Barichello,,1999) as most sectors of the economy were very badly bruised. While mining, transport and communication and finance suffered the most, few sectors escaped intact (Said and Widyanti, 2001). Unemployment grew from 1.5 per cent in 1996 to 5.6 per cent in 1998, and there was a 30-50 per cent drop in real wages in 1998 (Gottschalk, 2004, in Sumner, 2009). The country recovered only gradually, with GDP growth improving to mid-single digits by 2000.

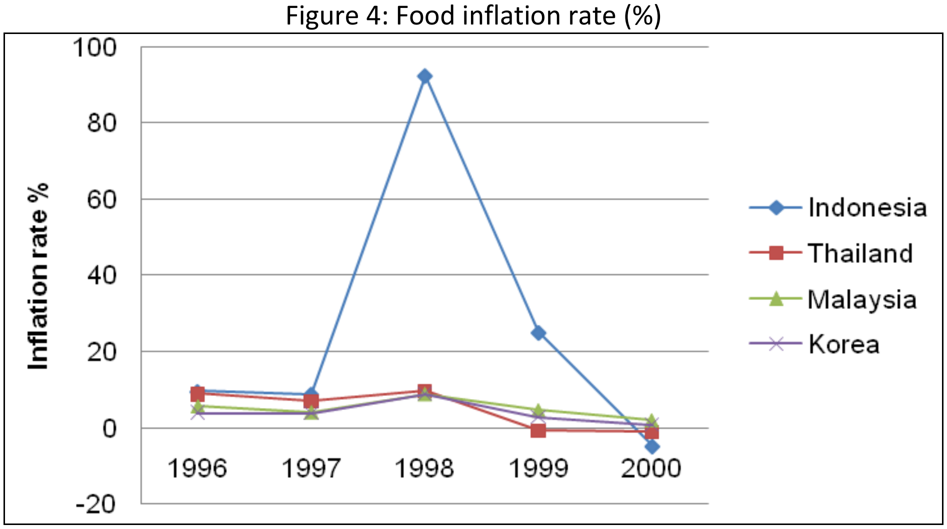
[6] Annual percentages of real GDP are year-on-year changes.
[7] Comparatively, Indonesia experienced the steepest drop in GDP based on purchasing power parity (PPP), followed by Thailand, Malaysia and South Korea (see Appendix 1).
[8] The increase in food prices was the most dramatic of the four case studies (92% compared with 57% general inflation) (ILO, data 1996-2000). Non-food items also rose by 80% between February 1996 and February 1999, according to the Susenas survey data (Dhanani and Islam, 2002).

Figure 3: General inflation rate (%)



Source: Implied inflation rate (%) calculated from the consumer price general index (including housing), ILO data 1996-2000.

Figure 4: Food inflation rate (%)



Source: Implied inflation rate calculated from the consumer price food index, ILO data 1996-2000.

Malaysia

Malaysia was generally seen as one of the economic success stories in East Asia prior to falling victim to the contagion effects of the regional financial crises in September 1997. Although it had seen a number of economic downturns in the 1980s and early 1990s, the Malaysian economy has generally been able to generate rather rapid GDP growth and sustain low levels of unemployment (Baharudin, 2004). In the 1960s and 1970s, the government pursued a development strategy which focused on the diversification of agricultural exports as a means to stabilise its export earnings and income (Yusoff et al., 2000). Malaysia developed export industries surrounding natural resources, including petroleum, rubber, timber, palm oil, and tin, while continuing to develop its manufacturing capacity and manufacturing exports (Loftus and Purcell, 2008). Export growth throughout the 1980s and 1990s came to be based mainly on consumer electronics, and small and medium-sized enterprises (SMEs) and multinationals made initial moves towards more sophisticated engineering products (Lall, 2006; Sundaram and Felker, 1999). The share of GNP arising from exports and imports increased from 77.3 per cent in 1970 to 169.2 per cent in 1997 (Yusoff et al., 2000). By the 1990s, Malaysia had a relatively advanced industrial structure, with its share of heavy industry only marginally lower than that of Korea and Taiwan (Sundaram and Felker, 1999; Lall, 2006). As a result of relatively high economic growth over the decade prior to the Asian crises, Malaysia had become more integrated into the world economy and was considered a rising 'tiger' alongside Korea, Hong Kong, Singapore and Taiwan (Sundaram and Felker, 1999).

In contrast with the other three case studies, Malaysia chose not to turn to the IMF for advice and assistance, as will be discussed in more detail in Section 4. While the country was unable to escape the high costs of the crisis (e.g., GDP contracted -7.4 per cent in 1998), unemployment remained relatively low, at 3 per cent in 1998, and there was not a precipitous collapse in real income (World Bank, 2000). Employers were encouraged to use retrenchment as a last resort, and instead many businesses shortened working hours and reduced employee wages and benefits in a bid to reduce costs. The expulsion of foreign workers also served as a buffer against a rise in unemployment (Islam et al., 2007). Although inflation rose to only 5 per cent in 1998, food prices rose by close to 9 per cent (ILO data, 1996-2000). Owing in part to government controls, rent and fuel prices rose by only 4.4 per cent in 1998; medical and health expenses increased by 6.2 per cent (ADB, 2000; Islam et al., 2007).

These problems notwithstanding, Malaysia recovered relatively quickly compared with Thailand and Indonesia. The economy rebounded by 6.1 per cent in 1999, and GDP growth had recovered to pre-crisis levels by 2000 (Hopkins, 2006).[9]

Korea

Much has been made of the Korean 'economic miracle' of the 1950s-1990s (e.g., Hart-Landsberg and Burkett, 2001). From being one of the poorest countries in Asia following the end of the Korean War in 1953, Korea enjoyed three decades of very rapid economic growth (GDP growth averaged almost 10 per cent from 1965-1995), and transformed itself into a regional leader in heavy industrial sectors such as autos, petrochemicals, steel and shipbuilding. Joining the Organisation for Economic Co-operation and Development (OECD) in 1996 was seen as the country's final step on a road of rapid socioeconomic development which had seen real wages double several times over.

By October 1997, however, the regional collapse in confidence had spread to Seoul. While most commentators believed that Korea would escape the worst of the regional financial crisis, the economy was left vulnerable by the rapid increase in short-term foreign debt racked up by the private sector between 1993 and 1997. The financial liberalisation of the early 1990s allowed significant amounts of foreign capital to flow into the country, and sizeable off-shore borrowing and domestic lending created an investment boom which left the country at risk of a withdrawal of credit. The main reason for the financial crisis in Korea was the sudden reversal of these capital flows following the panic created by the

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[9] The country did experience another period of economic trouble between August 2000 and February 2002, however (Baharudin, 2004).

financial crisis in Thailand in July 1997 (Kim, 2004). The Korean won had appreciated slowly throughout the mid-1990s, but then collapsed from W900 to the US dollar to over W1800 between September and December 1997. As the currency collapsed, interest rates shot up to as high as 25 per cent for corporate bonds, creating a debt trap for many corporates. As foreign exchange reserves dropped towards zero, Korea was also forced to turn to the IMF for assistance (ibid).

Most of the variables already discussed were present in Korea, which suffered 7 per cent GDP contraction in 1998 (IMF data, 2009). Industrial production fell by 12 per cent between August 1997 and August 1998, and business investment decreased by 28.3 per cent in the third quarter of 1998. Corporate bankruptcies reached a high of 3197 firms during December 1997 compared with the monthly average of 965 during 1996 (Hart-Landsberg and Burkett, 2001). As we have already seen, extreme currency devaluation contributed to a spike in inflation, which rose to 7.5 per cent in 1998 (slightly higher than in Malaysia); food price inflation was even higher, at 8.7 per cent (see Figures 3 and 4) (ILO data, 1996-2000). The unemployment rate grew from 2 per cent in 1997 to 6.7 per cent in 1998 and then 8.6 per cent in 1999 (Gottschalk, 2004, in Sumner, 2009).

Table 1: Korea – changes in employment structure (%) between 1991 and 2003

	1991	**1994**	**1997**	**1999**	**2000**	**2001**	**2002**	**2003**
Day labourers	15.7	14.3	14.1	17.4	17.6	16.2	17.2	14.9
Temporary workers	28.7	27.8	31.6	33.2	34.5	34.6	34.5	34.7
Full-time workers	55.5	57.9	54.3	49.4	47.9	49.2	48.4	50.4

Source: National Statistical Office, The Employment Patterns data (1996-2003) in Kim (2004).

In contrast with Thailand and Indonesia, however, much of the debt taken on during the mid-1990s had been ploughed into productive facilities in heavy industries rather than invested in the property market or financial assets. In addition, while the large corporate sector had geared up significantly in the years preceding the crisis, the government had been far more prudent, running fiscal surpluses throughout most of the 1990s. The result was that the economy was able to recover more quickly. While a large number of debt-laden industrial conglomerates (*chaebol*) failed beginning in 1998, the government was able to successful recapitalise the financial sector and re-launch economic growth by 2000. By March 2002, unemployment had dropped back to 3.6 per cent (Kim, 2004) as economic growth appeared to be firmly on track.[10]

3.2 Meso-level impacts on human development, poverty and inequality

The meso level impacts of the macroeconomic shocks outlined above were considerable in terms of overall human development. Table 2 below highlights changes in the Human Development Index (HDI) ranking (which combines a range of indicators including life expectancy at birth, adult literacy rate, combined primary, secondary and tertiary gross enrolment ratios and GDP per capita) of the four case study countries before, during and after the 1997/98 financial crisis. Indonesia had by far the lowest HDI measurement before, during and after the 1997/98 financial crisis, and remained at a similar level in 2007/08. The extent to which HDI measurements in the region worsened during the crisis years and

[10] The decline in unemployment owed in part to the proliferation of daily and temporary jobs. Whereas job security had been reasonably high in the decade prior to the crisis, employment patterns have become less stable (Hart-Landsberg and Burkett, 2001) (see Table 1).

overall between 1996 and 2000 is telling: Thailand saw the most significant decline of 24, Malaysia fell by 8, Indonesia by 7 and Korea by 2. Korea's HDI decreased during 1996/97 but improved slightly during 1997-1999. Malaysia's ranking actually increased from 60 to 56 (+4) during 1998/99, before declining to 61 (-5) in 2000. Nevertheless, Korea's and Malaysia's HDI experiences were overall less pronounced than those of Thailand and Indonesia, where the human development impacts of the crisis were more heavily felt.

Table 2: Human development rankings in case study countries, pre-, during and post-crisis

	Pre-crisis	**Crisis years**		**Post-crisis**		**Overall change 1996-2000**	**Most recent**
	1996[a]	**1997**	**1998**	**1999**	**2000**		**2007/08**
Korea	29	32 (-3)[b]	30 (+2)	30 (0)	31 (-1)	-2	26
Malaysia	53	60 (-7)	60 (0)	56 (+4)	61 (-5)	-8	63
Thailand	52	59 (-7)	59 (0)	67 (-8)	76 (-9)	-24	78
Indonesia	102	99 (+3)	96 (+3)	105 (-9)	109 (-4)	-7	107

Notes: Changes year on year are presented in brackets in each column and that from 1996-2000 asides the post-crisis measurements. a = 1996 figures out of 175 countries and 2007/08 out of 177 countries. All other years (1997-2000) are out of 174 countries. b = A positive figure indicates that HDI is the specified amount better than the previous year, a negative the opposite.

Source: Compiled from UNDP, Human Development Reports 1996-2008.

Despite progress on poverty reduction in the preceding decade, a robust body of evidence shows that the crisis also resulted in major rises in poverty and inequality across the region (Stalker, 2000; Tangcharoensathien et al., 2000; UN, 2003; Yusoff et al., 2000). Inequality as measured by the Gini coefficient increased in all four case study countries (see Table 3).

Table 3: Gini coefficient measurements before and after the Asian financial crisis

	Gini co-efficient		
	Pre-crisis	**Post-crisis**	**Change**
Thailand	41.36 (1998)	43.53 (1999)	2.17
Indonesia	36.55 (1996)	38.36 (1998)	1.81
Malaysia	48.52 (1995)	49.15 (1997)	0.63
Korea	31.6 (1998)	32.1 (1999)	0.5

Source: Based on World Development Indicators (2008) adapted from Sumner (2009); World Bank PovcalNet (1998-1999); and Lowe-Lee (2000), in Hart-Landsberg and Burkett (2001).

Rural and urban populations and geographic regions were affected differently by the financial crisis in each of the four case studies. Overall, the urban poor are frequently cited as having suffered the most because of their vulnerability to rising prices for food and household goods and employment losses. However, rural poverty was also exacerbated, particularly for net consumers and poor agricultural producers (Fallon and Lucas, 2002; Knowles et al., 1999). Overall, these dynamics differed somewhat across countries. For example, a study by Bresciani et al. (2002) found that poor rural farmers in Thailand were severely affected owing to strong urban–rural economic and migration links[11] (Krongkaew, 2002), whereas Indonesian farmers were impacted relatively less because of weaker rural–urban links. In Indonesia, net sellers in the rural economy and producers of export-oriented crops, both

[11] The impact of inflation on the costs of production and other necessary household foods were major factors at play here.

groups that were likely to be above the poverty line, were more able to benefit from rising prices and currency devaluation at the expense of more vulnerable groups (Dhanani and Islam, 2002). For example, net producers of rice benefited from significant price increases between August 1997 and February 1998 (Frankenberg et al., 1999; Waters et al., 2003). At the same time, however, poorer Indonesian farmers struggled owing to the rising prices of inputs and the El Niño drought, which led to the loss of crops and severe agricultural declines at a time when earnings from farm products were on the rise (Knowles et al., 1999).[12]

Indonesia

Indonesia saw the most dramatic increase in poverty, with the proportion of the population living under the national poverty line increasing from 15.7 per cent in 1996 to 27.1 per cent in 1999 (World Development Indicators, 2008, in Sumner, 2009). From February 1996 to 1999, both the severity of poverty and the poverty gap more than doubled overall, with the rise being worse in urban areas. However, the severity of poverty in rural areas was still four times that of urban poverty (Sumner, 2009).

This is reflected in the dramatic variation in the effects of the crisis across the country's 27 provinces and numerous island groups. The more urbanised provinces, such as Jakarta and West Java, suffered the largest employment contractions (two-thirds of the population live in Java and it was previously relatively prosperous (Knowles et al., 1999)). Areas that produced exports and delivered export-related services experienced more muted impacts: for example, Bali was protected by tourism and Sumatra by its oil, timber and fishing industries (Friedman and Thomas, 2007). In rural areas, effects were compounded by the El Niño drought, with those most severely affected including East Nusatenggara, Irian Jaya and East Timor, where the pre-crisis incidence of poverty was much higher than the national average, and where large numbers of households were very vulnerable to declines in output and incomes (Booth, 2002).

Collapses in real wages hit workers hard, particularly in urban areas. Urban workers and the landless, who were net food consumers, were especially severely affected (Freidman and Thomas, 2007), as the decline in real wages was greater in urban than rural areas (30 per cent versus 25 per cent in 1997/98) (Knowles et al., 1999). Those in fixed income groups, such as civil service workers and some private sector employees and factory workers, were also negatively affected because their wages could not keep up with inflation. The sectors of the economy most affected were construction, manufacturing, property and banking and finance – all of which are concentrated in the Java-Bali region (Waters et al., 2003). However, the general consensus is that informal sector workers were worst affected (Knowles et al., 1999), possibly because of lack of employment law and access to social assistance.

[12] Export crop plantations cultivating copra, nuts and chocolate benefited from significantly higher prices, but the advantages went largely to owners rather than plantation labourers. The incomes of fisher-folk, particularly those engaged in export catches like tuna and shrimp, rose with higher prices of fish. But again, the advantages were felt primarily by the owners of shrimp ponds and larger and better-equipped deepwater fishing boats. Small fishermen and women complained of higher maintenance costs for their boats and equipment, which served to offset the profits gained from increased prices (Knowles et al., 1999). Poor households affected by the drought found themselves unable to benefit from the higher prices of cash crops such as coffee and vanilla, and struggled with the rising costs of food and agricultural inputs (Nooteboom and White, 2006). This suggests that, while crisis opened up opportunities to benefit from rising prices, the poor struggled to take advantage of these in comparison with their wealthier counterparts.

Table 4: Poverty gap and poverty severity indices in Indonesia, February 1996-1999

	Total			**Urban**			**Rural**		
	1996	**1999**	**% change**	**1996**	**1999**	**% change**	**1996**	**1999**	**% change**
Poverty gap index	1.55	3.29	212.3	0.53	1.47	277.4	2.12	4.45	209.9
Poverty severity index	0.39	0.94	241.0	0.12	0.34	283.3	0.54	1.32	244.4

Source: Suryahadi et al. (2001), adapted from Sumner (2009).

Korea

In Korea, the percentage of the population living under the poverty line increased sharply from 9.6 per cent in 1996 to 19.2 per cent in 1999 (IMF and World Development Indicators, in Sumner, 2009). Poverty is reported to have increased both absolutely and relatively, especially in urban areas (Kang and Sawada, 2008). The proportion of households living under the poverty line – a family of four making less than 928,000 won per month in 2000, 956,000 won per month in 2001, and 989,000 won per month in 2002 – soared from 2.8 per cent in 1997 to 6.4 per cent in 1998 and 7.3 per cent in 1999. While the rates declined noticeably in the subsequent three years, falling to 5.4 per cent (2000), 4.4 per cent (2001) and 3.5 per cent (2002), they were still higher than the 1997 rate (Suk and Kim, 2002, in Kim, 2004). The problem appears even more serious in light of the relative poverty rate[13] for the same period: it jumped from 6.6 per cent to 9.2 per cent in 1998, 9.4 per cent in 1999, 8.7 per cent in 2000, 8.7 per cent in 2001 and 8.0 per cent in 2002, highlighting the problem of 'hidden poverty' (Kim, 2004). Changes in the labour market, especially the push for 'labour flexibility', led to a decrease in permanent and full-time employment and an increase in the declassification of jobs to irregular, temporary or short-term status. Hart-Landsberg and Burkett (2001) argue that this masked the actual social costs of the crisis, including increased economic insecurity and a widening gap between the rich and poor, as well as increased suicide and homelessness, which are discussed later (ibid). Between 1970 and 1997, the country's Gini index remained steady at 0.283, but it climbed to 0.316 in 1998 and 0.321 in 1999, where it remained into the first half of 2000 (see Table 3 above). This trend is also reflected in people's self-assessment of their socioeconomic status. In one study, those who considered themselves 'middle class' decreased from 63.7 per cent prior to the crisis to 48.8 per cent in 1998 and 38.4 per cent in 1999. At the same time, those who thought of themselves as 'lower income' increased from 50.4 per cent in 1998 to 61.3 per cent in 1999 (Lowe-Lee, 2000, in Hart-Landsberg and Burkett, 2001). This apparent 'shrinking' or 'collapse' of the middle class is supported by Hankyoreh analysis (1999 in Kim, 2004), as shown below.

Table 5: Self-identification of class membership (%)

	Upper class	**Middle class**	**Low class**
Pre-crisis	4.3	61.1	34.3
Post-crisis	0.6	45.1	54

Source: Hankyoreh *(*1999) in Kim (2004).

Kim (2004) argues that the crisis pushed Korea into a society of 'haves' and 'have nots'. For example, the top quintile of urban households earned 4.49 times more than what the bottom 20 per cent earned in 1997, but by the end of 1999 the top 20 per cent earned 5.49 times more than the bottom 20 per cent (4.4 million won compared with 820,000 won) (National Statistical Office, 2003, in Kim, 2004). This wide income gap persisted into 2000, 2001 and 2002.

[13] This is defined as the proportion of households that earn less than 40% of the average income of all households.

Table 6: Income and income change of urban employed households, by income quintile, Korea, 1998

	Total	**Lowest fifth**	**Second fifth**	**Middle fifth**	**Fourth fifth**	**Highest fifth**
Monthly income (thousands of won)	2113.1	784.1	1368.3	1827.2	2440.2	4224.0
Income change 1997-1998 (%)	-6.7	-17.2	-11.8	-9.9	-3.11	-0.3

Source: National Statistical Office data (1999).

Urban areas, where most bankruptcies and burdened banks were concentrated, are reported to have suffered the impacts of the crisis more keenly than rural areas (Kim, 2004; Knowles et al., 1999). The urban self-employed experienced a large shortfall in consumption during the crisis (Goh et al., 2005), with the urban poor in particular suffering. Urban incomes declined the most, especially among those in the lowest quintiles, as illustrated in Table 6.

Box 1: Internal migration trends

The crisis led to a reversal of rural–urban migration within case study countries, with increased numbers of unemployed workers returning to their original rural households or to other areas where employment seemed more available (Nawarat, 2006). In Thailand, for instance, many unemployed returned from Bangkok to the northeast, the country's poorest region and the area most negatively affected in terms of crisis-induced unemployment, having the highest unemployment rate of 8.6 per cent during the 1998 dry season. This exposed the constraints of the agricultural sector labour market and the limited ability of home villages to absorb the newly unemployed (Parnwell, 2002, in Nawarat, 2006), and placed pressure on natural resources in rural areas, which were further constrained by declining government expenditure on environmental infrastructure (Kittiprapas, 2002).

Indonesia saw similar changes, with many labourers returning to (or remaining in) rural areas (Feridhanusetyawan, 1999, in Knowles et al., 1999). This reverse migration trend was linked to urban dwellers having close ties to their extended families in rural areas, and by the fact that real wages in the non-farm sector declined less than in urban activities (Azis et al., 2001). Increased urban–rural migration changed the composition of labour supply and spatial unemployment, with the number of people living in urban areas decreasing significantly during the crisis, and the numbers living in rural areas and undertaking agricultural and farming activities growing. Return migration was mainly a response to job losses and disappearing income generation opportunities, but in some cases it was a flight to safety owing to increased crime rates and deteriorating security in urban areas (ibid). In Korea, it is reported that the financial crisis saw increased reverse migration from urban to rural areas, especially as the farm sector grew during the crisis and the non-farm sector contracted (Knowles et al., 1999). In Malaysia, similar trends of reverse migration from urban–rural areas were likely with the onset of the financial crisis. There was large-scale rural–urban migration in the growth period prior to the crisis, so much so that international migrant labour was needed to fill rural jobs (Yusoff et al., 2000).

Box 2: The East Asian financial crisis 1997/98: Key migration trends

The 1997/98 Asian financial crisis impacted migration trends throughout the region, with international labour movements not being immune to sharp labour demand cutbacks in affected sectors (Manning, 2002). Prior to the crisis, labour movement was mainly from poorer countries in Southeast Asia to middle-income, rapidly industrialising nations in the north, although movements of more skilled workers were often in the opposite direction, mirroring movements of foreign direct investment (ibid). The crisis threatened to put these movements on hold. Before the crisis, Indonesia and Thailand were largely migrant sending countries, and Korea and Malaysia net receivers of foreign labour. The migration patterns which arose in response to the crisis relate to and somewhat mirror how differently and negatively each country was affected by the downturn. Governments and individual citizens in Indonesia and Thailand intensified their search for labour markets overseas as a way to cope with growing unemployment and social problems that arose from the crisis (Arubakar, 2002), whereas Korea and Malaysia sought to curb the number of migrant workers so as to open up more job opportunities for citizens amid rising unemployment woes. During the crisis years (1997/98), remittances declined by 14 per cent in Thailand, 20 per cent in Malaysia and 36 per cent in Korea, but increased by 32 per cent in Indonesia (outflows of national migrants from Indonesia were highest and increased significantly). Unfortunately, very little is known about how these trends impacted children, which is an area requiring urgent attention given that similar migration impacts appear to be emerging in the current Triple F Crisis.

International and regional migration trends

In terms of outgoing migration, during the crisis nationals continued to migrate from Indonesia to Malaysia, Saudi Arabia, Hong Kong and Taiwan, with the flow increasing by 39 per cent between 1997 and 1999 (305,774 to 427,619, respectively). The number of female migrants leaving Indonesia was greater than that of males before the crisis, a trend that was exacerbated by the onset of the crisis, which saw the number of outgoing male migrants decline by 10 per cent between 1997 and 1998 (86,595 to 77,658, respectively) while that of females increased by 32 per cent (219,179 to 289,868, respectively).

Outwards migration from Thailand also increased throughout the crisis, climbing 10 per cent between 1997 and 1999 (from 183,689 to 202,416 respectively), the majority heading to Taiwan, Singapore, Brunei, Darussalam, Israel and Japan. The number of male migrants leaving Thailand during the crisis was greater than that of females, and declined only by a marginal 0.5 per cent between 1997 and 1998 (161,830 to 160,866, respectively). However, the number of female migrants grew by 41 per cent in the same time period (from 21,859 to 30,869, respectively). The evidence from Indonesia and Thailand combined suggests that overseas migration was a more common coping strategy for women than men. Women are reported to have sought a living through labour migration, prostitution and sex trafficking in Thailand, and news reports from Indonesia show women increasingly seeking to leave the country illegally (Wee, 2001).

In contrast, outwards migration from Korea declined by 38 per cent between 1997 and 1998 (from 484,316 to 295,758, respectively), with most going to Japan, Hong Kong, Taiwan, China and the US. Outbound migration was on the whole more common among males than females, and decreased among both sexes throughout the crisis. There was, however, an increase in work-related immigration, particularly common among people with skills in computing and electronics (this rose from 10,672 in 1997 to 12,655 in 1999 and 15,307 in 2000 (Kim, 2004)) seeking higher-paying opportunities abroad.

Experiences of overseas migrants

Overseas migrant populations are reported to have been deeply hurt by both job and wage cuts, as well as government repatriation policies. In the region, migrant receiving countries (and also migrant sending countries to varying degrees, e.g., Thailand) reacted by imposing strict migration controls such as freezing the recruitment of foreign labour, increasing surveillance and border controls and repatriating migrant labour already within the country (Arubakar, 2002). For example, migrants in Malaysia (which had relied on migrant labour as part of its rapid high-growth strategy) were heavily affected by a strict repatriation policy (the first in the region) that served to keep national unemployment low in comparison with other countries (Knowles et al., 1999). Migrant workers were increasingly viewed as competitors for scarce jobs with the domestic workforce (Arubakar, 2002). Migrant workers were particularly vulnerable because of their concentration in the manufacturing, construction and services sectors (ibid). In contrast, migrant workers outside of the affected Asian region who were receiving their wages in US dollars or other strong currencies benefited (Knowles et al., 1999). Repatriation policies were also introduced in Thailand, Indonesia and Korea (Knowles et al., 1999; Krongkaew, 2002). In Indonesia, Madurese migrants are reported to have been further marginalised during the crisis, confronted with the rising costs of living, limited migration opportunities, deteriorating political influence and direct and indirect forms of violence (Azis et al., 2001).

Source: Migration and remittance statistics based on ILO data (1996-2002). See Appendix 1 for details.

Malaysia

In Malaysia, the percentage of the population living under the poverty line climbed from 6.1 per cent in 1997 to 7.5 per cent in 1998 (Table 7) (Government of Malaysia, 2000), a significant rise even if less than that seen in other case studies and reversing previous trends in poverty reduction. As discussed in Box 2, under the government repatriation policy, Malaysia sent around 1 million migrants home in 1998, mainly to Bangladesh and the Philippines (UN, 2003), to make room for newly unemployed locals – mainly in the most affected areas such as construction (ADB, 2000; World Bank, 2000). This buffered the rise in unemployment (lower than that of neighbours) and poverty in Malaysia, but plunged the evicted migrant workers into poverty (World Bank, 2000). In most cases, unemployment was immediate and without compensation, causing obvious distress for these workers and their families (UN, 2003).

Poverty among urban households worsened owing to the increase in the cost of living, including food, household necessities, health care, tertiary education and transportation (Arubakar, 2002) (while rural poverty remained far higher than that of urban poverty). Foreign workers and city dwellers in particular were hit (ADB, 2000) as the formal economy was paralysed (Islam et al., 2007). Retrenchment soared to 83,865 workers in 1998 compared with approximately 19,000 in 1997 (Baharudin, 2004). Most retrenchments were in urban areas and affected low-skilled workers – more than half in construction and more than half in the largely urban states of Selangor, Pinang and Kuala Lumpur (World Bank, 2000). In an effort to maintain employment, many businesses reduced wages, including employee benefits, and shortened working hours. Informal sector workers experienced reductions in income owing to declining sales and rising prices of inputs (Islam et al., 2007).

Table 7: Malaysia – incidence of poverty and number of poor households: 1995, 1997, 1999

	1995[a]			**1997**[a]			**1999**		
	Total	**Urban**	**Rural**	**Total**	**Urban**	**Rural**	**Total**	**Urban**	**Rural**
Incidence of poverty (%)	8.7	3.6	14.9	6.1	2.1	10.9	7.5	3.4	12.4
Number of poor households (thousands)	365.6	83.8	281.8	274.2	52.4	221.8	351.1	86.8	264.3
Incidence of hardcore poverty[b] (percentage)	2.1	0.9	3.6	1.4	0.4	2.5	1.4	0.5	2.4
Number of hardcore poor households (thousands)	88.4	20.1	68.3	62.4	10.6	51.8	64.1	13.5	50.6
Total households (thousands)	4212.3	2315.8	1896.5	4488.1	2449.8	2038.3	4681.5	2548	2133.5

Notes: a = Based on the 1999 household population data. b = Estimated using half the poverty line income measure.
Source: Government of Malaysia (2000).

Thailand

In pre-crisis Thailand (1994), 9.8 per cent of the population lived under the national poverty line, but by 1998 this figure had risen to 13-14 per cent,[14] with 7.9 million people living in poverty – of these, 54 per

[14] World Development Indicators (2008) suggest the rise in poverty was 13.6%, while the Indonesian Socioeconomic Surveys reports a steeper increase (Kakwani and Pothong, 1999, in Tangcharoensathien et al., 2000). According to the latter, there were

cent were defined as ultra-poor and 46 per cent marginally poor. The crisis had particularly adverse effects on the ultra poor, who saw their number swell by 16.2 per cent; the ranks of the marginally poor increased by 12.5 per cent and of the non-poor by 2.5 per cent (Kakwani and Pothong, 1999, in Tangcharoensathien et al., 2000). This is further reflected in rising rates of income inequality. The distribution of per capita household expenditures became increasingly unequal during 1996-1998, with the expenditure share of the richest urban quintile (just 5.5 per cent of the population) increasing from 20.5 per cent to 22.5 per cent and the share of the lowest urban quintile decreasing from 2.6 per cent to 2.5 per cent (Knowles et al., 1999). Urban households suffered more owing to the rising prices of rice, housing and household goods (ibid). But in terms of employment, the relatively poor in the northeast are reported to have been most seriously affected, accounting for 63 per cent of all employment losses despite accounting for 33 per cent of the labour force – Bangkok accounted for 14 per cent of the labour force, the north 11 per cent, the central region 9 per cent and the south 2 per cent (Brooker Group, 1999, in Knowles et al., 1999). The greatest income declines were also experienced in the northeast, undoubtedly connected to the effects of drought, which was especially harsh in the region at the time (ibid).

Table 8: Poverty incidence in Thailand (1988-1998)

	Ultra poor	**Marginal poor**	**Total poor**	**Near non-poor**
Population (millions)				
1988	12	5.9	17.9	5
1990	9.5	5.7	15.3	4.8
1992	8.2	5.2	13.5	4.9
1994	5.5	4.1	9.7	3.9
1996	3.7	3.2	6.8	3.7
1998	4.3	3.6	7.9	3.8
% changes				
1988-1990	-20.2	-2.8	-14.4	-3.7
1990-1992	-13.8	-8.9	-11.9	0.9
1992-1994	-33.1	-20.9	-28.3	-19.7
1994-1996	-33.4	-23.6	-29.2	-5.9
1996-1998	16.6	13.5	15.2	3.9
Crisis index	24.4	17.7	21.6	5.8
Expected value 1998	3.4	3.1	6.5	3.6

Source: National Statistics Office Socioeconomic Survey 1988-1998 in Tangcharoensathien et al. (2000).

The poverty impacts in Thailand are reported to have been especially harsh with regard to childhood poverty: of the 7.9 million people living in poverty in 1998, 3.1 million were children, highlighting the need to target resources to families with children (Tangcharoensathien et al., 2000).

3.3 Age-specific impacts

The 1997/98 crisis entailed some marked age-specific impacts. Young people, including graduates and new labour force entrants, were particularly affected by the financial shocks and subsequent

17.9 million people living in poverty in 1988; the number increased from 6.9 million in 1996 and 7.9 million in 1998: a 14.5% increase that pushed more than 1 million people into poverty.

unemployment, underemployment and lack of opportunities. In Thailand, for example, university graduates experienced a sharp rise in unemployment as they entered the labour market in August 1998. Persons below 30 (one-third of the labour force) accounted for 60 per cent of the increase in unemployment, whereas those over 50 experienced little increase in unemployment (Brooker Group, 1999, in Knowles et al., 1999). In Malaysia, the unemployment rate for young people aged 21-24 was much higher than the averages of 12.5 per cent in 1998, 15.9 per cent in 1999 and 12.7 per cent in 2001 (the overall unemployment rate for the 15-64 age group was 3.2 per cent in 1998, 3.4 per cent in 1999 and 3.6 per cent in 2001 (Baharudin, 2004)) (see Figure 4). Youth unemployment (15-24) was also higher than the national average (5.5 per cent in 1998) in Indonesia at 15.5 per cent in 1997, 17.1 per cent in 1998 and 19 per cent in 1999. This rate was also higher among females (17.3 per cent in 1997, 19.1 per cent in 1998 and 20.5 per cent in 1999) compared with males (14.3 per cent in 1997, 15.7 per cent in 1998 and 17.9 per cent in 1999) (Gottschalk, 2004, in Sumner, 2009; UN Statistics Division data, 1997-1999).[15/16]

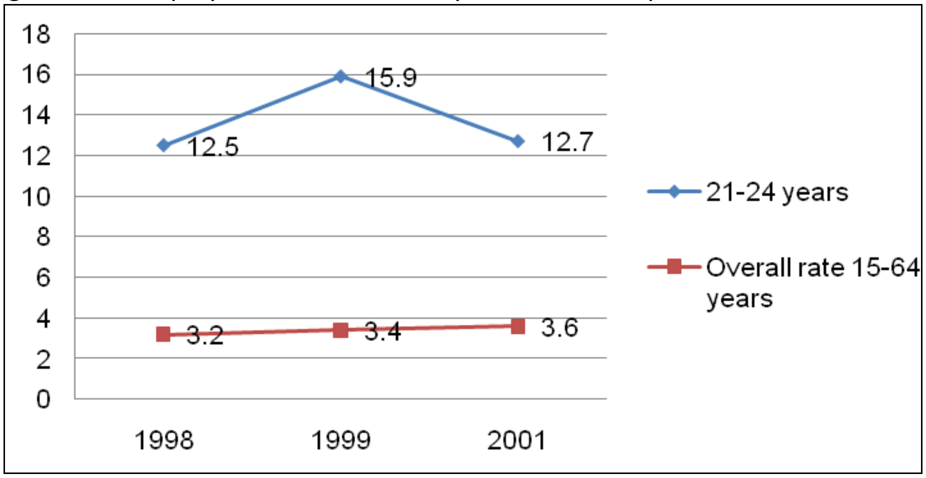
Similarly, in Korea, the employment impact of the crisis fell heavily on youth: according to Knowles et al. (1999), half of all job losses occurred among workers aged 15-29. Employment of those aged 15-19 and 20-29 decreased by 14.9 per cent and 14.1 per cent, respectively. In 1998, the number of the unemployed aged between 15 and 34 was about 781,000, which was around 53.9 per cent of all the unemployed. The majority of them were new graduates from high schools and colleges (Kwon, 2003). Many university students reacted to the job market situation by postponing graduation for as long as possible, often resorting to taking leaves of absence to work part time, travel or enrol in overseas language training. Students' temporary withdrawal rate[17] steadily increased from 24.5 per cent in 1997 to 27.8 per cent in 1998, 30.5 per cent in 1999 and 2000, 31 per cent in 2001 and 32.7 per cent in the latter half of 2002 (Hankyoreh, 2001; 2003, in Kim, 2004). An increasing number of graduates also turned to postgraduate studies to avoid being labelled 'unemployed', but also to further their chances of employment (Kim, 2004).

[15] By contrast, the Indonesia Family Life Survey (IFLS) data suggest that there was a shift in employment towards younger workers: the number of males aged 15-24 who were employed increased by 17% whereas that of men aged 55-64 declined by 12% in 1998 (Knowles et al., 1999).

[16] Older people in Indonesia are reported to have been negatively hurt by unemployment (Knowles et al., 1999). Also, in South Korea, older women faced a higher risk of financial insecurity in their old age. Lower paying jobs generated lower benefit payments and gender disparity was aggravated by the persistent differential in women's earnings compared with those of male counterparts (UN, 2003). We also draw attention to the experiences of older women in terms of labour market discrimination and difficulties in finding new work in Section 3.4.

[17] The temporary withdrawal rate refers to the number of university students postponing graduation by choosing to take leaves or absence from their courses to work part time, travel or enrol in overseas language training (Kim, 2004).

Figure 4: Unemployment rate of 20-24 year olds in comparison with overall rate



Source: Baharudin (2004).

Besides unemployment impacts, however, there is a dearth of age-disaggregated poverty data. Nonetheless, given what we know in general about the higher level of childhood versus adult poverty (Kakwani et al., 2005), it is highly likely that the dramatic increases in poverty and inequality across the region would have rendered large numbers of children and young people more vulnerable to falling into poverty. Indeed, as we discuss further later in this section, this appears to be reflected in a range of deteriorating child wellbeing indicators during the crisis period.

3.4 Gendered impacts

The impacts of financial crisis had some notable gender dimensions in all the country case studies, although comparable cross-country data are limited. These encompassed changes in the labour market and sectors, the kinds of work men and women undertook in order to cope, changes and conflicts at the intra-household level and care economy, gender-based violence and important psychological impacts.

Gendered poverty: Gender disaggregated data for male and female poverty during the crisis years are difficult to ascertain.[18] As a proxy, we considered changes in the Gender-related Development Index (GDI), which is a composite index showing inequalities between men and women in terms of life expectancy, literacy, education and income[19], and facilitates a multi-dimensional look at poverty. Overall, we found that Indonesia, Malaysia and Thailand posted slight GDI decreases in 1998, but that these recovered by 1999 or 2000. In Korea, however, the GDI continued to increase gradually throughout the late 1990s.

[18] We were able to find data only on Indonesia and Malaysia. In Indonesia, there was a slightly larger rise in the poverty and vulnerability measurement of male-headed households in comparison with female-headed households. The poverty rate rose from 15.7% to 27.6% for the former and from 15.1% to 25.8% for the latter (Suryahadi and Sumarto, 2001). In Malaysia, in 1999 the incidence of poverty in female-headed households was approximately 16%, more than double the national incidence of 7.5 per cent according to the Government of Malaysia (2000).

[19] GDI is calculated from male and female rates of: life expectancy; adult literacy (% aged 15 and above); combined, primary, secondary and tertiary gross enrolment ratio (%); and estimated earned income (PPP US dollars).

Table 9: GDI value, rank in brackets

	1997	1998	1999	2000	2005
Korea	0.845 (30)	0.847 (30)	0.868 (29)	0.875 (29)	0.910 (26)
Malaysia	0.763 (52)	0.762 (57)	0.768 (55)	0.776 (54)	0.802 (58)
Thailand	0.751 (58)	0.741 (62)	0.755 (58)	0.760 (60).	0.779 (71)
Indonesia	0.675 (88)	0.664 (90)	0.671 (92)	0.678 (91)	0.721 (94)

Note: Rank in brackets.
Source: Compiled from UNDP Human Development Reports (1999-2008).

The Gender Empowerment Measure (GEM) also measures inequality between men and women, but in terms of political participation and decision making, economic participation and income.[20] With no crisis data available for Indonesia and Thailand, Table 10 illustrates that the GEM declined in Korea in 1998, but continued to improve gradually in Malaysia throughout the crisis.

Table 10: GEM value

	1997	1998	1999	2000	2005
Korea	0.336 (78)	0.323 (63)	0.358 (61)	0.378 (61)	0.510 (64)
Malaysia	0.451 (52)	0.468 (47)	0.503 (38)	0.505 (43)	0.504 (65)
Thailand	0.407 (64)	-	-	-	0.472 (73)
Indonesia	-	-	-	-	-

Note: Rank in brackets.
Source: Compiled from UNDP Human Development Reports (1999-2008).

Gendered labour market changes: In terms of unemployment, male unemployment rates increased more in all countries, but in all cases women's overall labour force participation was significantly lower pre-crisis, and they faced more difficulties in regaining employment post-retrenchment. There were also visible gendered differences in the types of employment men and women lost. Truong (2000) argues that women were more vulnerable throughout the Asian financial crisis, owing to the way industrialisation in the region evolved to rely on women as a flexible and casual force of labour and women's unpaid reproductive work. Because women already occupied this position, during the crisis they 'cushioned' the effects of economic contraction.[21] The concentration of women in low- or semi-skilled jobs in the service and industrial export-oriented sectors meant that they were especially affected.

Indonesia

In Indonesia, men experienced a larger increase in unemployment, but from a lower baseline, leaving a situation in which women's unemployment was higher overall: male unemployment grew from 3.8 per cent to 5.0 per cent during 1997 to 1999, respectively, and female unemployment growth from 5.5 per cent to 6.1 per cent (World Development Indicators, 2008, in Sumner, 2009). Women also had a much

[20] GEM is calculated from: seats in parliament held by women (as % of total); female legislators, senior officials and managers (as % of total); female professional and technical workers (as % of total); and ratio of estimated female-to-male earned income.
[21] A mounting body of literature makes the same argument in the context of the current economic crisis. Emerging evidence suggests that women are especially vulnerable owing to their high concentration in the majority of temporary, casual, contracted and seasonal work, where significant cutbacks are being made, as well as their responsibilities in the household. See Dejardin and Owens (2009) and Sirimanne (2009) on this and for policy options for engendering macroeconomic and social protection responses.

lower labour participation rate to start with, and it increased from 51 per cent to 52.8 per cent during 1997 to 1999, respectively, compared with men's, increasing from 85 per cent and 86.8 per cent. The large fall in real wages was slightly higher for men (33.7 per cent) compared with women (33.2 per cent) (ibid). In the two most negatively affected sectors, manufacturing and construction, women made up 45 per cent and 1 per cent of the workforce, respectively, implying that men bore the brunt of retrenchment in construction (ibid). It is not known whether women or men were laid off first in the manufacturing industries, but there are reports that enterprises were replacing male workers with lower-paid women in order to save costs (in factories in Java, for example) (Hancock, 2001; UN, 2003). Moreover, Hancock (2001) reports that factory employment conditions in Banjaran, West Java, became more unstable for women, with continually changing working hours, pay rates and quotas and capricious management attitudes towards workers. In this study, 29 per cent reported that their working day 'had become harsher', with more compulsory overtime and more exploitative managers. These employees were also warned not to discuss their working conditions with researchers.

Korea

In Korea, the unemployment rate was lower for women (5.8 per cent in August 1998) compared with men (8.5 per cent), but the economically active population decreased sharply among women (396,000 = 4.4 per cent) while increasing slightly among men (65,000 = 0.5 per cent) between August in 1997 and 1998 (Kelkar and Osawa, 1999) – suggesting that women's unemployment was more hidden. Women in Korea are reported to have faced discrimination in hiring and promotion, and were openly targeted for layoffs (Kim, 2004). The impact of the crisis on women is argued to have resulted in setbacks for the equality of working women, who were a 'buffer' during the economic crisis, not only because were they the first to be laid off but also because they were encouraged to withdraw voluntarily from the labour market (Kim and Voos, 2007). Discrimination and patriarchal values surfaced strongly, with some private sector employers complaining that 'women stay too long' in their jobs (Kelkar and Osawa, 1999).

Looking at unemployment across professions between July 1997 and July 1998, the highest for women' was found at 19.7 per cent in regular work (versus 6.4 per cent for men), suggesting that 'structural adjustment has hit women harder' as they were transferred to irregular work in greater volume (Kelkar and Osawa, 1999: 144). There were particularly high job losses in clerical work (18.4 per cent), and to a lesser extent in the service sector and sales work (manufacturing and retail).

Malaysia

In Malaysia, male unemployment grew from 2.3 per cent in 1997 to 3.5 per cent in 1999 and that of females from 2.9 per cent to 3.3 per cent, respectively, revealing an overall smaller increase among women. However, women's pre-crisis labour force participation rate (which increased marginally during the crisis years from 44.5 per cent in 1997 and 44.6 per cent in 1999) was much lower than men's (which showed a slight decrease from 83.4 per cent in 1997 to 83 per cent in 1999) (World Development Indicators, 2008 in Sumner, 2009). Moreover, there were reports of women being re-employed immediately after being laid off, but for less pay and/or with working days reduced from six to four (UN, 2003). Women were more likely to lose their jobs compared with men, whose concentration in low-skilled or semi-skilled jobs in the industrial and service sectors compounded this gender bias. In addition, fewer women were attached to labour unions (Islam et al., 2007). Unskilled women workers, particularly women heads of households, were more vulnerable in the context of increasing unemployment (ibid).

Thailand

In Thailand, male unemployment grew from 0.8 per cent to 3.4 per cent between 1997 and 1998 and that for females from 0.9 per cent to 3.4 per cent in the same time period (ILO data, 1997-1998; National Statistics Office data, 1989-1998). The female participation rate concurrently decreased (from 72 per cent in 1997 to 71 per cent in 1998 and 70 per cent in 1999) and was less than that of men (86 per cent in 1997 and 1998 and 85 per cent in 1999) (World Development Indicators, 1997-1999). In terms of sector-specific dynamics, women accounted for 60 per cent of the workforce in 1997 in leading export industries such as food processing, garments and textiles, leather, gems, jewellery, and electronics. The mass lay-offs that took place in 1998 in response to the economic crisis were mostly in the textiles and electronics industries, where 90 per cent of workers were women, explaining in part the steep increase in women's unemployment. The highest percentages of retrenched women workers were in the garments industry, where women comprised 95 per cent of the retrenched workers (ILO, 2002 in Maskey and Kusakabe, 2005). Men were retrenched in greater numbers in the real estate, transport, and retail trades and in the iron and steel industries (UN, 2003).

Findings from factories in Bangkok also show that older women were laid off first, leaving them especially vulnerable as they tended to lack skills and have little opportunities to train or retrain (Maskey and Kusakabe, 2005). Moreover, poor women who were unemployed had little access to formal social protection, with few receiving compensation when they were let go, forcing them to rely on informal safety nets. Along with single, divorced women, older women are reported to have been the hardest hit and also found it the most difficult to find new employment. In this context, an important coping strategy appears to have been reliance on remittances. A higher percentage of female-headed households (24 per cent) than male-headed households (16 per cent) are reported to have received remittances, and the average value of remittances received by female-headed households was 10 per cent higher than those received by male-headed households (Knowles et al., 1999).

Changing labour structure, new and precarious sources of income: Once unemployed, many men, but especially women, struggled to find new sources of income. The crisis resulted in households changing their labour structures, with members searching for and entering into new forms of work, some of which were precarious and risky.[22]

Available evidence suggests that women increasingly sought alternative incomes in response to the economic and consumption shocks, but this varied depending on age and household composition. In Indonesia, for instance, among households with children, the percentage of working male household heads declined slightly between 1997 and 1999, while the labour force participation of female household heads increased by more than 10 per cent from 44 per cent to 49 per cent, possibly as a result of rising unemployment and decreased wages for males (Levine and Ames, 2003) and female-headed households taking on more income-generating activities during and after the crisis. Taking family size into account, families with young women (aged 15-24) were less likely to sink into poverty and more likely to rise out of poverty than other families, as these women entered the labour market to help maintain family incomes, often replacing older women who had been laid off (UN, 2003).

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[22] It should be noted that there is less documentation of the experiences of men here, so our discussion focuses primarily on the effects on women.

There are also reports that women struggled to find new work in comparison with men. In Malaysia, men were found to have more working opportunities open to them and hence a higher capacity to generate income (Islam et al., 2007). Similarly, in Korea, women experienced more difficulties finding work than men, and college-educated women had particular trouble. In the first year of the economic crisis, the number of labour market non-participants among college-educated women increased by 31.8 per cent as they became 'discouraged workers', that is, 'someone who had given up actively looking for a job because they believed no jobs were available' (Kim and Voos, 2007). By contrast, many women in male-headed households were forced to take any position available, no matter how poorly paid or unsuitable, to make up for husbands' reduced earnings (ibid). According to Sumner (2009), women in Indonesia were also twice as likely not to have found new work as men, whereas in Thailand retrenched women found it especially difficult to get back into the labour market (even as it recovered) (Maskey and Kusakabe, 2005), owing in part to labour market discrimination.

The financial crisis led to increased informal sector[23] activity, especially among women. For example, in Indonesia, the informal sector as a share of total employment increased from 62.8 per cent to 65.4 per cent during 1997/98 (Knowles et al., 1999). There are numerous accounts of women entering informal and multiple jobs as a result of the crisis, often insecure and precarious in nature. In Malaysia, women are known to have entered lesser paid jobs (Islam et al., 2007) that frequently involved long working hours and lacked any form of social security or stability. In Korea, Knowles et al. (1999) report that the number of unpaid family workers within the informal sector increased by 6.7 per cent during 1997/98. In 1997, 62 per cent of all female workers were either day labourers or temporary workers, but the rate rose to 65.9 per cent over the course of 1998, 69.5 per cent in 1999, 69.7 per cent in 2000, 66.4 per cent in 2001 and 66.9 per cent in 2002[24]. The proportion of male employees who were contingent workers hovered between 35 per cent and 41 per cent during the same period. In Thailand, retrenchment led many women to take up informal work, including home-based work such as sewing and petty trading outside the household, which entailed long working hours and provided an unstable and insecure income (Maskey and Kusakabe, 2005). Yasmeen (2001), however, takes a more positive view of women's uptake of informal work as street food vendors in Thailand, pointing to how women experienced better working conditions and increased freedom as a result of their self-employment status.

There is also some evidence of women entering or changing their type of engagement with the sex industry in response to the pressures brought about by the crisis.[25] In Thailand, sex workers are reported to have diversified their services and changed their working conditions as a coping strategy to increase their incomes. Sex workers increasingly moved from a brothel base to more informal and casual

[23] Work in the informal sector generally refers to work which is not included in a country's gross national product (GNP) and which goes largely unmonitored by governments. This can include work in manufacturing, the services industries, agriculture and the care economy, such as domestic work. Economic liberalisation, like that pursued in East Asia prior to the downturn, has been accompanied by reversals in the formal economy which have provided the impetus for greater informalisation through, for example, the search for increased flexibility and by subcontracting labour. Women have become increasingly involved in such work, at a time when there has been a 'feminisation of labour', with women becoming increasing involved in paid work. Jobs in the informal economy generally do not adhere to the labour provisions and laws found in the formal economy, and provide little social protection such as sick entitlements or maternity leave (Kabeer, 2008).

[24] The proportion of women in management positions dropped to 3% in 1997, but rose again to reach the 5% level in 2001 (Kim, 2004). Many women turned to marketing and advertising jobs, but these soon became scarce (UN, 2003).

[25] While little to no evidence has been found as yet of men, girls and boys doing this, this may have well happened.

arrangements, sometimes not using condoms with casual partners and thus heightening the risk of HIV infection (Tangcharoensathien et al., 2000). The use of condoms among conscripted female commercial sex workers (e.g., karaoke and massage parlours) dropped from 60 per cent in 1997 to 55 per cent in 1998, but increased slightly among male commercial sex workers from 61-63 per cent (ibid). A census of commercial sex premises found that the number increased from 7208 in 1997 to 8016 in 1998, alongside a minimal increase in the number of sex workers from 63,526 in 1997 to 63,941 in 1998. The size of the average premises, in terms of the numbers of sex workers, had shrunk pre-crisis and continued to decrease post-crisis (Tangcharoensathien et al., 2000e). Similarly, in Indonesia, an increase in the number of commercial sex workers is suggested to have corresponded with layoffs of female employees in manufacturing sectors such as textiles (Wilopo, 1999, in Hopkins, 2006). Similarly, in Malaysia, the gender balance of the health impacts of the crisis are said to have been disproportionate, as more women entered the sex industry to support their families (Bronner, 2003, in Hopkins, 2006). In Korea, women's civic groups reported that more women in their late 20s and early 30s were turning to prostitution. The authorities also conceded that, in 2000, the number of *wonjo-kyoje*, or younger women dating older men for pocket money, was 'increasing rapidly' (UN, 2003).

3.5 Micro-level impacts on households

Diminishing household expenditure on and consumption of food

The purchasing power of households across the four case studies was significantly reduced owing to increased consumer goods prices and reduced wages. This had knock-on effects on lifestyle and household consumption decisions. This was particularly dramatic in Indonesia as a result of huge increases in food prices: data from the 1997 and 1998 IFLS show that real per capita expenditures declined by 24 per cent (34 per cent in urban areas and 14 per cent in rural areas) (Frankenberg et al., 1999). In Korea, total household expenditures also dropped significantly (29 per cent) during 1997/98 (Goh et al., 2005), but lower income translated into less household consumption of luxury goods, while health and education spending was largely protected. Urban households showed a larger decrease in the consumption of food and in expenditures on children's education and luxury and durable goods than in rural areas (Goh et al., 2005).

In Malaysia, per capita household expenditures decreased 12.3 per cent during 1997/98, but the urban–rural difference was less dramatic than in Indonesia, as expenditures declined 11.4 per cent for urban households and 10.8 per cent for rural households (Islam et al., 2007). There were also significant differences across Malaysia. For example, in Peninsular Malaysia (where modern sectors such as manufacturing, construction and the service sector were prevalent), households experienced more severe negative impacts on expenditures: 12.0 per cent compared with 8.6 in Sabah (Hassan, 2004; Islam et al., 2007). Thailand saw a 12.1 per cent decline in real per capita household consumption between 1996 and 1998 (Gottschalk, 2004, in Sumner, 2009).

In all cases, the food share of total expenditure rose disproportionately, and was especially damaging in urban areas. According to the annual national Susenas survey, in Indonesia, the percentage of households spending more than 65 per cent of total expenditures on food more than doubled between February 1997 and February 1999, from 18 per cent to 39 per cent in urban areas (a 21 per cent point increase), while it rose from 92 per cent to 96 per cent in rural areas (a 4 per cent point increase) (Dhanani and Islam, 2002). Although food spending was relatively well protected, households tended to switch to less nutritious foods. Per capita consumption of calories, protein, carbohydrates and fats declined considerably during the 1996-1999 period: for example, between 1996 and 1999 the consumption of meat decreased by 47.3 per cent, fish by 18.2 per cent and eggs and milk by 31.4 per cent, while the consumption of tubers, nuts and beans increased (Levine and Ames, 2003) (see Table 11).

In Malaysia, the quantity of food consumed is reported to have decreased. Households are reported to have cut their number of meals to two or even one a day (Islam et al., 2007). Urban households were worst hit, as they were unable to produce food (ibid). In Thailand, food spending as a percentage of total expenditures also increased significantly across all income groups, rising from 52.4 per cent in 1996 to 55.4 per cent among the poorest and from 29.3 per cent to 32.5 per cent among the richest (Tangcharoensathien et al., 2000). Spending on alcohol and tobacco was found to have decreased (ibid), suggesting declining income flexibility. In Korea, the percentage of household expenditures devoted to food increased from 28 per cent in 1997 to 31 per cent in 1998, but consumption of food dropped by 15 per cent (Goh et al., 2005).

Table 11: Indonesia – change in per capita nutrition consumption, 1996-1999[26]

	1996	**1999**	**Change**
	Mean	**Mean**	**%**
Per capita kg/month			
Cereals	9.935	9.111	-8.3
Tubers	1.156	1.228	6.2
Fish	1.293	1.057	-18.2
Meat	0.433	0.228	-47.3
Eggs/milk	0.567	0.389	-31.4
Vegetables	3.059	2.778	-9.2
Nuts/beans	1.225	1.252	2.2
Fruit	2.142	1.649	-23.0
Kg subtotal	19.782	17.672	-10.7
Per capita nutrition/day			
Calories	2,099	1,927	-8.2
Protein, g	56.882	51.177	-10.0
Carbohydrates, g	355.47	329.13	-7.4
Fat, g	50.701	45.389	-10.5

Source: Susenas Module 1996-1999, adapted from Levine and Ames (2003).

Diminishing household consumption of services

Overall, household spending on health was critically affected, appearing generally worse in rural areas, while investments in education tended to be more protected but still affected.

[26] Because of data constraints, kilogram analysis excludes the following food categories: oil and fat, beverage additives, spices, prepared foods and other. The categories included comprise about 68% of average per capita consumption in rupiah terms for both 1996 and 1999. Consumption of prepared foods makes up about 40% of the missing categories; since this most likely declined in 1999, kilogram analysis probably underestimates the percent drop in total food consumption. The nutritional conversions were calculated using conversion factors provided by BPS (Statistics Indonesia). Number of observations = 118,732 (58,983 in 1996 and 59,749 in 1999).

Indonesia

Declines in health expenditure were marked in Indonesia, reflecting, as Dhanani and Islam (2002) argue, Sen's (1999) notion of 'poverty as capability deprivation' and the intensity and magnitude of poverty in Indonesia at the time. Between 1997 and 1998, the share of medical expenditure as a share of total expenditure declined by 14 per cent among urban households and by 40 per cent among rural households (Frankenberg et al., 1999). Overall, Indonesia also saw a marked reduction on the reliance on public services such as community health services, with a larger proportion of the population (children and adults) relying on self-diagnosis and treatment, private providers and traditional practitioners in order to save costs (ibid).[27] There was also a shift away from professionally attended births, particularly in urban areas (Knowles et al., 1999).

In terms of education, while the overall trends point to a continuation of enrolment and attendance for children and youth in Indonesia and the fact that education investments were largely maintained, qualitative accounts reveal that households struggled with paying education costs such as fees, uniforms and transport. In focus groups carried out by the Asian Development Bank (ADB), for example, many felt compelled to withdraw their children or not enrol them in the next academic year. In cases where parents had to choose which children to send to school, they usually favoured those at elementary level, and withdrew the older siblings, especially girls, from the much costlier junior high schools (among whom, even in better times, few reached senior high school levels) (Knowles et al., 1999).

Importantly, and in contrast with the general assumption that parents tend to shelter children from the effects of macroeconomic shocks first (e.g., Harper et al., 2009; Jones et al., 2008;), evidence from the Susenas in Indonesia suggests that children bore the brunt of the decline in spending. As Table 12 shows, in households with children between 1996 and 1999, the budget share spent on children's goods (education, recreation and children's clothing) decreased by 12.2 per cent, from 3.7 per cent to 3.3 per cent, respectively, while the budget share spent on adult goods (cigarettes, tobacco, cosmetics and adult clothing) fell by only 4.7 per cent per cent, from 9.5 per cent to 9.1 per cent.

[27] However, by 1998, the change towards private providers was accounted for by children in high-income groups. The poorest children were least likely to use private care, and there was more chance that children from low- and middle-income families would move out of private care between 1997 and 1998 (Frankenberg et al., 1999). This move from public to private among the relatively better off perhaps suggests a decline in the quality of public services relating to government budget cuts (discussed in Section 4).

Table 12: Household budget shares in Indonesia pre- and during the crisis

	1996	1999	Change
	Mean	**Mean**	**Percent**
Food	0.580	0.636	9.8
Housing	0.093	0.076	-18.4
Utilities	0.065	0.047	-26.8
Health care	0.015	0.015	0.5
Education	0.023	0.018	-21.8
Children's clothes and recreation	0.014	0.015	2.9
Total children spending	0.037	0.033	-12.2
Adult clothing and beauty	0.043	0.034	-22.1
Tobacco and alcohol[a]	0.052	0.057	9.9
Total adult spending	0.095	0.091	-4.7
Total non-food[b]	0.420	0.364	-13.4

Notes: Number of observations = 118,732 (58,983 in 1996 and 59,749 in 1999). a = This category is over 95 per cent tobacco as alcohol consumption is prohibited by Islamic law. b = Includes categories not listed here: transportation, insurance and savings, miscellaneous personal items, recreation and ceremonies. These categories account for 11.5 per cent of total household spending.

Source: Susenas Module 1996-1999, adapted from Levine and Ames (2003).

Korea

Overall, larger households and those with elderly members tended to be protected to a greater extent from the shortfall in consumption. It is likely that in such houses income sources were more diversified and resource pooling was more effective (Goh et al., 2005) (some of whom may have been covered by the government pension system). Urban households and those headed by the self-employed are reported to have experienced a larger shortfall in consumption during the crisis, including larger decreases in expenditure on education, luxurious and durable goods (ibid).

Data from the Korean Household Panel Survey (KHPS) showed that households coped with the 1997 credit crunch by reducing the consumption of luxury items while maintaining food, health and education related expenditures.[28] The largest expenditure drop (63 per cent) was in the consumption of luxury items including leisure activities, dining out and durable goods. Expenditures on health and education were largely protected, although investment in additional after school classes (a very widespread phenomenon) fell by 20 per cent between 1997 and 1998 (Kang and Sawada, 2008).[29] Households in the

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[28] In Korea, while credit was used to smooth consumption of children's education, medical and child care expenses in pre-crisis years, it was not used as a coping strategy during the crisis, probably because of the credit crunch brought about by stringent monetary policies. Instead, households were more likely to cut back on consumption (Goh et al., 2005). The KHPS also found that, during the crisis, the sale of assets did not increase significantly, as assets declined by only 2%, suggesting that households were reluctant to sell their assets to cope with negative consumption shocks, since land and stock prices declined sharply (Kang and Sawada, 2008). In Goh et al.'s (2005) study there was also very limited evidence of households liquidating their assets during the crisis (only 10% reported this), possibly owing to land and stock prices declining significantly.

[29] A study by the Korea Consumer Protection Board (Moon et al., 1999 in Knowles et al., 1999) indicated that household expenditure on private tutoring decreased by 24% during the crisis, and by 28% at the middle and high school levels. In addition, this decline was not evenly distributed among income groups. In the lowest income group, private tutoring declined

lowest 20th percentile of income distribution tended to be more vulnerable, particularly with respect to consumption of their children's education, and such cutbacks were greater among urban households those in rural areas (Goh et al., 2005).

Malaysia

Available evidence suggests that households made cutbacks in health expenditure and changed health seeking behaviour patterns. In 1998, private hospitals and clinics registered decreases of 15-50 per cent in the number of patients using the services since the onset of the crisis in 1997 (Piei et al., 1999, in Knowles et al., 1999). At the same time, the patient load in government hospitals increased by 10-18 per cent (ibid). There was also a move towards self-diagnosis and treatment in Malaysia in efforts to cut back on health expenditure costs. Limited economic resources restricted the use of private services and households opted instead to substitute modern medicines with traditional ones of a reduced quality (Islam et al., 2007). The steeper medical costs are also reported to have hit elderly people particularly hard (ADB, 2000).

A regression analysis by Islam et al. (2007) finds that making cutbacks in expenditure on education (primary and secondary) was a common coping mechanism adopted by households during the crisis. This included reducing expenses for education, stopping children from going to school, stopping children from pursuing higher education and applying for scholarships or loans. In addition, households whose head had a higher educational level (with the highest being tertiary education and then secondary schooling) suffered a greater deterioration in living standards than those less educated household heads. This is explained by the fact that uneducated or less educated people were generally engaged in the agricultural and informal sectors and higher educated people in service and manufacturing sectors. Agriculture was less affected during the crisis, making those with a higher educational level more vulnerable to wage and employment shocks.

In terms of tertiary education, before the crisis a limited number of domestic university slots meant that as many as 54,000 Malaysian students were studying abroad, many of whom were either publicly (11,000) or privately (16,000) funded and the rest (27,000) were funded by their families. The crisis impacts on household income and increase in the domestic currency cost of foreign schooling meant that many of these had to return home, leading to heavy demands on tertiary education in Malaysia (Piei et al., 1999, in Knowles et al., 1999).

Thailand

In Thailand, the Socioeconomic Surveys in 1996 and 1998 showed that household real expenditure on medical care declined dramatically by 41 per cent (35 per cent in urban and 46 per cent in rural settings) and involved all income groups (Brooker Group, 1999, in Knowles et al., 1999).[30] Households switched to lower cost substitutions with self-medication, while the utilisation of public health care services did increase overall during the crisis (ibid).

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by 39% and in the highest income group it declined by only 13%. There was also a shift of teachers towards private tutoring during the crisis (ibid).

[30] This decline occurred with respect to the 'medical services' sub-category of medical care, and there was no change in balance on drug expenditure.

There is also some evidence that households struggled with the costs of education, with incomes having fallen. Among wealthier households, those who could no longer afford expensive schooling fees, as an alternative to pulling their children out of school, moved to lower-priced schools, or shifted from urban to less expensive rural schools (Kittiprapas, 2002). As discussed later on, reports on dropping out of school have tended to mirror income levels across Thailand (World Bank, 1999, in Ablett and Slengesol, 2000), suggesting cutbacks. However, overall, household education budgets do appear to have been relatively well protected as, according to the Socioeconomic Surveys, real expenditure on education rose during the crisis. In fact, education saw the biggest spending upsurge of all groups. However, only one-fifth of this increase went to primary and secondary school. Instead, increased tuition fees combined with higher enrolment rates at higher education institutions accounted for more 80 per cent of the increased expenditures (World Bank, 1999, in Ablett and Slengesol, 2000).

3.6 Intra-household dynamics

Data on the gendered intra-household impacts of the 1997/98 crisis are limited, but existing evidence suggests that unequal gender relations were intensified. In Thailand, many retrenched women who had migrated to Bangkok could no longer send money home. Some of those who chose to stay in Bangkok were supported by their husbands and family members in meeting their basic needs, and some husbands encouraged their wives to protest against their harsh treatment. However, many women also felt ashamed by no longer being able to return money and wished to stay in Bangkok in order to avoid this embarrassment (Maskey and Kusakabe, 2005). Divorced or separated women workers tended to suffer through the crisis alone, while some were supported by their grown-up children (ibid). Silvey (2001) documents how returning young female migrants in Indonesia (reverse urban–rural migration) faced unequal access to resources such as cash and food.

There is, however, evidence that suggests a more positive change in intra-household relations for some women within male-headed households, specifically those who sought extra income-generating activities and brought greater incomes into households. In Korea, more families are reported to have become dependent on the incomes of wives during the financial crisis. As a result, as income earners, these women are described as having had a greater say in household matters. 'The father's authority accordingly seems to have somewhat diminished' states Kim (2004). Similarly, Hancock's (2001) work on the experiences of young women who continued to work in factories in Banjaran, Central West Java, shows that they contributed a significantly greater amount of their wages to household budgets, which not only altered the nature of household livelihood strategies (such as adapting consumption patterns), but also raised the status of young women in their households. The crisis led to a significant number of women directing all or a greater proportion of their wages into household expenditure. At the same time, they appeared to have gained more control and taken on an increased role in household decision making. Focus groups with families revealed that new household budgeting strategies were worked out with parents, husbands and older siblings, in a more democratic way than was the case before the crisis. It is suggested that this resulted from women's new and complex experiences in factories, both from earning an independent income, increasing their bargaining power, and from being geographically 'dislocated' from their homes (Hancock, 2001).[31]

[31] However, despite increased contribution and decision-making power, less was received in reimbursement. Before the crisis (1996/97), women contributed an average of 38% of their wages to the family, with rest being spent on extra foodstuffs, luxuries and occasionally clothes and makeup. Among the sample, 16% gave 80% of their wages; 11% gave the family 100%.

There was also an interesting difference in the income and expenditure patterns of male- and female-headed households. In Thailand, while the incomes of female-headed households declined in contrast with male-headed households, the expenditures of the former increased after the onset of the financial crisis. Between 1996 and 1998, real per capita income declined by 0.8 per cent among female-headed households and increased by 4.9 per cent among male-headed households, a trend that was particularly striking in urban areas, where real per capita incomes fell 4.2 per cent for the former and increased 4.9 per cent for the latter. Despite this, real per capita household expenditure concurrently decreased by -1.8 per cent among male-headed households and increased by 1.2 per cent among female-headed households – this trend was more pronounced in rural areas, where real per capita household expenditures increased 2.4 per cent in female-headed households and fell 3.8 per cent among male-headed households (Knowles et al., 1999). This suggests a tendency not to save among female-headed households, indicating that these households were less able to save and more vulnerable to distress sales (e.g., borrowing or pawning/selling assets to help maintain consumption levels (ibid)). Moreover, there is also evidence that women in male-headed households were more vulnerable to distress sales. The crisis in Thailand, for example, is said to have has resulted in a 'resurgence of patriarchal values', under which 'governments called on women to perform their wifely and motherly duties', to 'energise' their husbands and sons and sacrifice their jewellery and savings. Being responsible for taking care of the family, women often gave up more in order to manage the household economy with diminishing resources (Kelkar and Osawa, 1999, in Maskey and Kusakabe, 2005).

This is also reflected by media campaigns that surfaced throughout Korea during the crisis years calling on people to stop buying expensive foreign goods. Women were the principle targets for these campaigns (Kim and Finch, 2002). This included, for example, the 'gold collection drives', originally initiated by Samsung and Daewoo, which campaigned for households to give up their gold. This led to a decline in gold sales for traditions such as giving gold jewellery to brides for their weddings and to graduating students – these campaigns subsequently became controversial. In reality, most of the gold given up was sold rather than donated. Kim and Finch (2002) suggest that the news media's rhetoric of patriotism and national self-sacrifice completely obscured the mixed motivations, including the financial desperation of many of the families that sold their gold as they entered unprecedented times of economic uncertainty.

In Korea, Goh et al. (2005)[32] found that female-headed households traded off education spending to increase food consumption to a greater extent than male-headed households. Female-headed households also received more private and public transfers, implying that private transfers may have been from their grown-up children, who were earning. The amount of per capita private and public transfers received by female-headed households was 692,000 and 122,000 won in 1994 and 1998, respectively, while male-headed households received only 113,000 and 45,000 won (ibid).

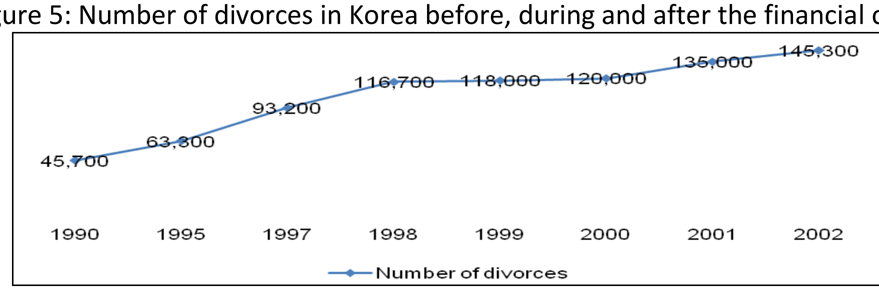
Those who contributed the average amount of 38% to their family received the equivalent of 17% of this amount back as a reimbursement (Hancock, 2001). After the onset of the crisis (1999/2000), with spending patterns readdressed, women contributed on average 53% of their wages to their families: 33% now contributed 80% or more and 30% contributed 100%. The level of reimbursement decreased to only the equivalent of 12% of the average contribution.

[32] This difference was explained largely by the age difference in household heads between men and women.

Reproduction, nurture and care

The financial crisis impacted the care economy in households and wider society in a number of ways. It is widely agreed in literature and reports that the crisis generally resulted in greater care burdens for women. In Indonesia, for example, the 1997/98 IFLS survey shows that unpaid work increased for men by 1.3 per cent and for women by 7 per cent, providing an informal safety net during the crisis (Elson, 2008). Silvey's (2001) study in South Sulawesi, Indonesia, reports that returning young female migrants (reverse urban–rural migration) faced greater care burdens than men and the elderly. Young female migrants experienced heavier domestic burdens in terms of household chores and caring for children and elderly relatives. The study also revealed an interesting age dimension, as elderly women were better off than with their returning younger female relatives shouldering these burdens. In Thailand, retrenched workers faced traditional gendered role expectations, as women were expected to take care of the family both financially and through care work (Maskey and Kusakabe, 2005). Evidence suggests that family and care relationships were under particular strain. In Indonesia, stress and conflicts erupting in households over the allocation of diminishing resources are reported to have become commonplace. In Jakarta, the number of divorce applications increased from 1713 in October 1997 to 2590 in February 1998 (Baillie, 1998, in Pernia and Knowles, 1998). In Korea, Song (2006) reports an increase in family breakdown and homelessness among women. The divorce rate increased from 1970 to 1996, but rose more conspicuously in subsequent years to become among the highest in the world, as the Figure 5 illustrates – the year-on-year 1997/98 growth rate was higher before and after the crisis.

Figure 5: Number of divorces in Korea before, during and after the financial crisis



Source: National Statistical Office (2003), in Kim (2004).

As for the reasons for divorce, the number of respondents specifically citing financial problems rose from 3.0 per cent in 1995 to 10.8 per cent in 2000, 11.6 per cent in 2001 and 13.6 per cent in 2002, the latter representing more than a fourfold increase in just seven years (National Statistical Office, 2003, in Kim, 2004). Given that the other reasons cited include personal incompatibility and trouble with in-laws, which can be linked to money troubles, Kim suggests that financial strain was a much more common reason than these numbers suggest (Kim, 2004).

The divorce rate also increased in Thailand throughout the crisis years, from 3.7 per 1000 households to 4.4 in 1997 and 4.3 in 1998. The number of people getting married also declined (see Table 13) (Siamwalla and Paitoonpong, 2002).[33]

[33] We could not identify any evidence on divorce in Malaysia.

Table 13: Thailand – marriages and divorces, 1995-1998

	1995	**1996**	**1997**	**1998**
Marriages (per 1000 households)	32.03	28.47	25.61	20.41
Divorces (per 1000 households)	3.64	3.7	4.36	4.25

Source: National Economic and Social Development Board (2000), in Siamwalla and Paitoonpong (2002).

Another common response to the effects of the crisis on the care economy was manifested in changing fertility patterns. In Malaysia, many couples chose to wait for the economy to recover before having more children. In one study, a majority of women in rural areas particularly expressed a preference for delaying childbearing during the recession (Knowles et al., 1999). Likewise, in Korea the decline in the fertility rate is also suggested to be attributable to the overall harsher economic circumstances, declining from the early 1990s and falling more conspicuously during the crisis years, from 1.54 in 1997 to 1.47 in 1998, 1.42 in 1999, 1.47 in 2000, 1.30 in 2001 and 1.17 in 2002 (one of the lowest in the world) (National Statistical Office, 2003, in Kim, 2004).

Gender-based violence and conflicts

Although the evidence is limited, gender-based violence appears to have increased in communities and households during the crisis. Women arguably 'bear the fall-outs' of increased crime rates, abuse, violence and ethnic tensions (Heyzer, 2009). In Indonesia, social violence increased during the crisis period, triggered by steep inflation and the political instability surrounding the Suharto regime. The Chinese community is reported to have been an 'easy scapegoat', with prominent politicians and the military attempting to make the public believe Chinese business people had transferred funds overseas and had 'created the crisis' (Nooteboom and White, 2006). This strengthened resentment towards and stereotypes of Chinese people, and looting erupted around the major cities of Java and Jakarta, targeting Chinese businesses, shops and apartments, with reports that up to 400 Chinese women were raped (Knowles et al., 1999; Nooteboom and White, 2006). Domestic violence increased in Thailand during 1997/98 (Knowles et al., 1999), and was found to be a common cause of stress among women (Lotrakul, 2006). Similar reports of increased domestic violence have also come from Indonesia (Suharto, 2007), Malaysia, where the Welfare Department reported an increase in the number of cases of domestic violence (507 cases in August 1998 compared with 603 in all of 1997) (Knowles et al., 1999) and Korea (ibid). In the latter case, power struggles over resources appear to have been particularly acute. Between 1997 and 1998, crimes of patricide, lineal ascendant assault and injury increased by 65.2 per cent, 46.3 per cent and 16.1 per cent, respectively. Counselling services for divorce also increased by 18.2 per cent in 1998, compared with an increase of only 0.2 per cent in the previous year (Knowles et al., 1999).

Psychological impacts

The psychological impacts of economic shocks are less frequently considered, but the 1997/98 Asian financial crisis had detrimental impacts on psychological health, with notable gender differences. While the spill-over effects on the quality of child care are not spelled out in existing data, global research on adult mental health problems and child wellbeing suggests that stressful events and the psychological health of parents can impact children's emotional and behavioural wellbeing (Conger et al., 1992;[34] Kahn

[34] Conger et al. (1992) found a correlation between the impact of economic hardship from loss of income and/or unstable income on parental emotional and psychological health to hold consequences for the development and adjustment of early

et al., 2004[35]). In Indonesia, there were significant increases in the prevalence of psychological distress among both male and female adults after the onset of the crisis owing to unemployment and financial instability (Friedman and Thomas, 2007). As Table 14 shows, women were more likely to report being sad, being anxious, suffering from sleep difficulties and being in poor general health than males, while all of these conditions worsened for both genders throughout the crisis years. In addition, females were found to be more likely to transit between states of poor psychological or physical health (in either direction) and to remain in poor health. A link was also identified between poor mental health and lowered labour force participation (especially for women).

Table 14: Indonesia – prevalence of psychological distress and poor health before, during and after the crisis (respondents age 20 and older)

	All respondents			**Panel respondents**	
Health indicator	**1993**	**1998**	**2000**	**1993**	**2000**
Males	**1**	**2**	**3**	**4**	**5**
Psychological health					
Sad	12.0	28.9	27.5	11.4	24.2
Anxious	4.6	19.7	18.4	4.6	15.5
Sad or anxious	13.8	32.7	32.4	13.5	28.6
Difficulty sleeping	18.3	31.4	27.4	18.6	28.4
Fatigue	25.5	47.2	--	25.2	--
Short temper	11.8	28.7	--	11.7	--
Somatic pain	17.4	57.9	--	17.0	--
General health status					
Poor general health	10.7	11.4	11.6	9.7	15.1
Sample	5,629	2,928	10,128	4,598	4,598
Females					
Psychological health					
Sad	15.8	41.0	37.5	17.1	37.6
Anxious	7.3	25.9	24.4	8.5	23.6
Sad or anxious	17.9	44.1	42.7	19.9	42.2.
Difficulty sleeping	22.3	35.0	32.6	23.6	35.9
Fatigue	26.3	54.0	--	28.5	--
Short temper	16.6	39.5	--	18.1	--
Somatic pain	20.1	62.0	--	21.6	--
General health status					
Poor general health	10.9	13.4	14.3	11.3	17.1
Sample	6,892	3,222	11,271	5,957	5,957

Note: Prevalence estimates weighted to be population representative. Panel sample includes respondents aged at least 20 in 1993 and interviewed in both 1993 and 2000.
Source: Friedman and Thomas (2007).

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adolescent boys (the focus of the study), in terms of self confidence; emotional distress; outwards behaviour; and relationships with periods.

[35] In Kahn et al.'s (2004) study, impacts of mental health symptoms among parents on the emotional and behavioural wellbeing of children included 'external' indicators such as: sudden changes in mood or feeling; disobedience; nervousness; trouble getting along with other children; restless or over active behaviour; and 'internal' indicators including: feelings of worthlessness and inferiority; unhappiness and sadness; fearfulness and anxiousness; and being easily confused. These impacts were greater if a child had two parents with psychological problems.

Further evidence of the psychological toll of the crisis is reflected in increased mortality rates during the crisis (see Table 15 and Box 3). In Malaysia, the mortality rate for males worsened in 2000. This is arguably related to the stress associated with unemployment and financial instability, which often manifests itself in higher suicide rates (Chang et al., 2009; Hopkins, 2006).[36] In Thailand, the mortality rate for both males and females worsened in the year of the crisis, 1997, with particularly high rates of male suicide (Lotrakul, 2006).[37] In Indonesia, such impacts are not reflected.

Table 15: Mortality rates by gender (per 1000 adults)

	Indonesia		**Malaysia**		**Thailand**	
	Female	**Male**	**Female**	**Male**	**Female**	**Male**
1970	405.2	478.5	230	282	259	237
1980	308	368	149	230	210	280
1990	219	275	125	198	123	207
1997	188	240	-	-	155	260
2000	180	232	113	202	150	245

Source: Hopkins (2006).

Although nationwide suicide data are unavailable for Indonesia, there is evidence that suicide increased during the crisis years. Data from Jakarta indicate that in just one city alone (which was registering a decrease in suicide until 1996), the rate of suicide increased from 1.6 and 1.8 per 100,000 between 1997 and 1998, respectively. The suicide rate is also recorded to have varied considerably by geographic location, being as high as 9 per 100,000 in Gunung Kidul (WHO, 2006).

In Korea, suicide surged in conjunction with the financial crisis, again especially among males. Suicide mortality rates (aged 34-64) increased in 1998: more so among males (climbing 68 per cent, from 26.4 per 100,000 in 1996 to 44.3 in 1998) than females (rising 34 per cent, from 8.9 per 100,000 in 1996 to 11.9 in 1998) (Khang et al., 2005).[38] These decreased in 2000 and 2001, highlighting the crisis impact. Young people were also negatively affected. Among the age cohort aged 15-34 years, suicides increased during the crisis, from 13.5 per 100,000 in 1996 to 16.5 in 1998, and falling to 10.7 in 2000 and 12.0 in 2002 (a 22 per cent increase between 1996 and 1998) (ibid). Similarly, deaths owing to 'accidental drowning' (measured separately from 'suicide') among both sexes increased in 1998 and returned to the 1996 level in 2000 (ibid). Chang et al. (2009) relate the increase in suicide to rising unemployment.

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[36] The only suicide rate we could locate for Malaysia was 13.1% (per 100,000) in 2000. It is also reported that the rate was highest in rural areas and among young people aged 20-30 years (Hendin et al., no date).

[37] Thailand: Suicide rates (per 100,000) by gender, 1988-2003

[38] Khang et al. (2005), reporting on Korea, describe suicide as 'the most important cause of death plausibly linked with the economic crisis'. Some of the increase in mortality from 'accidental drowning' (age 35-64) and falls (age 65-79) during the economic crisis is suggested to be attributable to the avoidance of assigning suicide as the cause of death. Importantly, in 1998, when the economic crisis first started, the greatest rise in the rate ratio was found in males aged 35-64 (rate ratio = 1.68). Unemployment may have played a great role in this rise. However, the suicide mortality rate returned to 1996 levels in 2000 among both sexes aged 35-64 and 65-79, but rose again in 2002. The resurgence in 2002 was most prominent among ages 65-79, while there was no increase among those aged 15-34. This is understood by the fact that elderly people tend to kill themselves for different reasons, such as escaping from the torments of current suffering and loneliness, compared with adolescents. It is thought that, in Korea, the resurgence of suicide mortality among the elderly might be related to worsening old-age poverty associated with neo-liberal structural adjustment after the economic crisis.

Box 3: The 1997/98 East Asian financial crisis –
impacts on psychological distress, mental health and suicide

Considerable evidence has arisen showing that men, women and children's psychological wellbeing and mental health suffered considerably in the case study countries during the economic crisis, and that these effects lasted longer than the more material impacts.

- In **Indonesia**, mental health worsened dramatically following the crisis. There were significant associations between poor mental health and lowered labour force participation, especially for women (Das et al., 2008). Females were significantly more likely than males to report being sad, being anxious, suffering from sleep difficulties and/or being in poor general health in either survey year. In addition, females are significantly more likely than males to transit between states of poor psychological or physical health (in either direction) and to remain in poor health in both survey years (Friedman and Thomas, 2007). Moreover, while consumption levels recovered in 2000, mental health did not, with psychological distress continuing after the crisis (ibid).
- In **Thailand**, there were a number of indicators of heightened stress levels. It was found that there was a 30 per cent jump in complaints related to the muscular/skeletal system, increased requests for psychological counselling as well as increased drug use. In one survey, almost two-thirds of the facilities and nearly half of the households reported that drug use had risen significantly in the community since the crisis (Knowles et al., 1999). Other factors related to migrant workers' specific circumstances. Many women who had lost their jobs in cities felt too shy to return to their original homes since they could not provide remittances and/or felt unwelcome as they became a burden on their rural relatives, and so decided to stay in urban areas. In some cases, women's inability to continue to provide remittances led to a severing of ties with relatives (Maskey and Kusakabe, 2005). Suicide rates also escalated sharply, especially among men. The male-to-female suicide ratio increased steadily from 1.6:1 in 1988 to the highest ratio of 3.6:1 in 2000. The highest rate of male suicides occurred among those aged 25-29 years (21.9 per 100,000), followed by a small peak in those aged greater than 60 years. Suicide was most prevalent in the upper northern region, where HIV infection might also be related to the high prevalence where there was discrimination against people with HIV (Lotrakul, 2006). The only (known) directed response to these trends was in **Thailand**, where the Department of Mental Health initiated a 'help line' to provide counselling. This did not reach the poor, however, as they generally did not have telephones (Tangcharoensathien et al 2000).
- In **Malaysia**, telephone surveys undertaken by the Mental Health Department revealed a higher proportion of severe stress, suicidal ideation, and hopeless feelings about the future among the unemployed and the employed, although higher among the former. Determinants of severe stress were namely unemployment, separate marital status, and financial dependence and indebtedness (Tangcharoensathien et al., 2000). The mortality rates for males worsened in 2000 from 198 per 1000 adults in 1990 to 202 in 2000. This is associated with stress of unemployment and financial instability (Hopkins, 2006). A higher suicide rate was reported in Malaysia during the crisis (Bronner, 2003).
- In **Korea**, suicide mortality rates increased in 1998 (68 per cent increase in males, 34 per cent increase in females), and returned to the 1996 level in 2000 before resurging in 2002. These patterns were the same among both sexes aged 35-64. Similar to the suicide mortality rate, deaths owing to 'accidental drowning' in both sexes increased in 1998 and returned to the 1996 level in 2000, while the rate did not increase in 2002 (Khang et al., 2005).

3.7 Impacts on children's rights

Available evidence suggests that the crisis negatively impacted children's rights to survival, development, protection and participation in dynamic and nuanced ways. Where data permit, the analysis draws on evidence that highlights how different groups of children (based on age, gender, ethnicity, geographical location and (dis)ability)) were impacted differently.

Survival

Overall, the financial crisis appears to have contributed to setbacks in realising children's right to survival in the case study countries. Basic health indicators such as life expectancy and infant and child mortality rates were protected throughout crisis years. However, there is evidence that morbidity suffered, that immunisation rates only stabilised or declined and that families changed the ways they sought health care for their children. Moreover, while downward trends in the incidence of malnutrition continued, short-term malnutrition manifested in increased micronutrient deficiencies in Indonesia,[39] but not in the other three country cases (Brooker Group, 1999, in Knowles et al., 1999; Tangcharoensathien et al., 2000).[40]

Indonesia

In Indonesia, despite huge price increases in food and the level of household consumption shock, malnutrition as measured by weight for age (underweight) continued its improving downward trend during the crisis years, falling from 32.6 per cent in 1995 to 29.8 per cent in 1998 and 28.5 per cent in 1999, as did height for age (stunting) (Waters et al., 2003) and weight for height (wasting) (Cameron, 2000a). Cameron (2000a) argues that: 1) this suggests that governance arrangements rather than spending levels per se were a key underlying factor in protecting children from the worst effects. The prevalence of malnutrition among infants rose again after 2001, concurrent with the end of supplementary food deliveries and increased political and fiscal decentralisation (ADB, 2006), again highlighting the importance of timely and long-term responses; and 2) adult body mass indexes deteriorated during the crisis, indicating that parents, especially mothers, likely shielded their children from the nutritional impacts of the crisis. Block et al. (2004) also found that, among households in Central Java, calories were reallocated intra-household, primarily in the form of rice, from mothers to children, thus buffering children from the caloric shock to the household that resulted from rapid food price increases.[41]

There is additional evidence that the national ‘declining trend in child malnutrition levels may mask a crisis-related deterioration for specific population subgroups’ (Waters et al., 2003). For example, children’s nutritional status worsened slightly for families making their living in the financial, insurance and construction industries, increasing from a 22 per cent to a 23 per cent prevalence of moderate malnutrition for the financial and insurance industries and from a 28 per cent to a 29 per cent prevalence for the construction industry (however, these are not particularly significant statistics). Average child underweight scores also worsened in the regions of Java-Bali and Sulawesi between 1998 and 1999 (ibid).

Adding to evidence that the financial crisis impacted short-term micronutrient deficiencies, Helen Keller International (1999) reports that anaemia and vitamin A deficiency (manifested in night blindness) also increased among children under five and their mothers, as did the rate of infants with significantly low haemoglobin concentrations. Block et al.’s (2004) study on the prevalence of micronutrient deficiencies in rural Central Java also showed marked increases as a result of the crisis, with some notable gender differences. Girls and boys experienced similar declines in mean haemoglobin during the peak crisis period: between 1996 and 1998 anaemia grew from 56 per cent to 70 per cent among boys,

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[39] No data for Korea.

[40] In Korea, economic and agricultural development has meant that malnutrition has not been a major problem since the 1980s. Throughout the crisis, the prevalence of wasting continued its decline, falling from 16.5% in 1997 to 8.2% in 2002 (Hoffman and Lee, 2005).

[41] Maternal body mass index returned to pre-crisis levels in October 1999, strongly suggesting intra-household caloric distribution to buffer children, which is also supported by evidence of reduced haemoglobin among mothers. The average child haemoglobin concentration stabilised post-April 1999, but remained 0.5g/dl lower than in December 1996. However, a study by Hartini et al. (2003) found that there was a strong correlation between women’s access to rice fields and their nutrient intake and iron status. Overall, the urban poor and rural landless poor women without access to rice fields fared worst in terms of nutrient intake and iron status.

respectively, and 46 per cent to 66 per cent among girls. However, boys recovered more rapidly than girls during 1999 and 2000, suggesting inequalities in the intra-household allocation of food by gender. Equally concerning, Block et al. (2004) highlight that there may have been long-term development consequences for those babies conceived and born in the peak crisis years owing to in utero micronutrient deficiency. They found that babies conceived during the crisis fared worse than those born before or after the crisis in terms of haemoglobin concentration, reflecting the effect of increased maternal wasting during the crisis. Table 16 below further reveals evidence that mothers buffered the serious nutritional impacts from their children.

Table 16: Maternal wasting and anaemia prevalence in mothers and children (under five years) in a Central Java, Indonesia, sample

	1996 (December)	**1998 (July)**	**2001 (January)**
Mean maternal body mass index	24.1	21.1	21.70
Wasting among mothers (%)	14.4%	17.4%	-
Haemoglobin concentration g/dl mothers	12.77	12.60	12.84
Anaemia among mothers	9%	12%	
Haemoglobin concentration g/dl children (under 5)	11.0	10.36	10.92
Anaemia among children (under 5)	52%	68%	-

Source: Compiled from data in Block et al. (2004).

In addition to these nutritional impacts, a look at morbidity indicators during the financial crisis in Indonesia shows that there was also a range of negative health impacts. According to Susenas survey data for 1997 and 1999, the overall morbidity rate rose from 23.2/1000 to 24.6/1000 between these years (Sumner, 2009), as did the percentage of the population with a serious health complaint, which increased from 12.8 per cent to 14.6 per cent between February 1997 and December 1998 (ibid). A much larger number of sick people were also observed in the 100 village surveys, increasing from one in five in August 1997 to one in four in August 1998 (Sumner, 2009).[42] This increase was marked in the case of child health status, as illustrated by Table 17. Interestingly, however, differences between boys and girls in health measurements such as mortality, immunisation and health treatment were small and mostly insignificant both before and after the crisis (Levine and Ames, 2003).

[42] Throughout Indonesia, Java-Bali recorded the highest increases in disruptive morbidity between 1995 and 1998, a finding that coincides with the regional patterns of the economic impact of the crisis and reinforces the likelihood that the increase in morbidity is crisis related. For households whose main source of income was the financial services industry or the construction industry – sectors particularly affected by the crisis – disruptive morbidity levels increased substantially more than for the population at large. Disruptive morbidity increased by 35.3% during 1997/98 among families whose main source of income was from the financial services sector and by 35.2% in the construction sector, compared with 18.7% for the country as a whole (Waters et al., 2003).

Table 17: Indonesia – child health status (children aged 10 years and under), % increases, 100 villages survey data

Ailment	**May 97**	**Aug 98**	**Dec 98**	**May 99**
Fever	11.40	18.00	16.30	17.30
Cough	7.50	14.30	13.10	14.60
Cold	7.60	15.20	14.90	15.60
Asthma	0.20	0.40	0.30	0.30
Breathing	0.40	0.60	0.30	0.30
Diarrhoea	1.50	2.50	2.38	1.40
Ear problems	0.10	0.30	0.13	0.10
Jaundice	0.03	0.10	0.02	0.20
Headache	1.80	2.20	1.30	1.00
Toothache	0.55	1.00	0.90	0.60
Other	0.80	4.60	7.40	5.50
Any ailment	18.70	28.40	30.30	27.40
Sickness disturbs activities	12.60	19.60	20.90	21.30
Urban	16.40	31.00	30.90	24.70
Rural	19.40	27.90	30.20	28.10
Ratio (urban/rural)	85.00	111.00	102.00	88.00
Male	18.90	28.80	30.50	28.10
Female	18.70	28.00	30.20	26.70
Ratio	101.00	103.00	101.00	105.00

Source: Cameron (2000a).

As households' purchasing power decreased and drug prices increased, health services became less affordable (World Bank, 1999, in Suci, 2006).[43] As such, the economic crisis in Indonesia coincided with a significant decrease in utilisation of government-run community health centres, sub-centres and village health posts (Waters et al., 2003). Among children who had health complaints, 43 per cent, 57 per cent and 63 per cent fewer were treated in the under-5, 6-10 and 11-15 age groups, respectively, in 1999 versus 1997 (Levine and Ames, 2003) – especially in the case of older children (Frankenberg et al., 1999). Children's visits to community health posts (*posyandu*) declined, an issue of concern given that these facilities were an important source of preventive care such as growth monitoring, immunisation and vitamin A supplementation (see Tables 18 and 19).

[43] Surveys in Jakarta and other cities, as well as in rural areas in Java, suggested that drug prices doubled or even tripled after the crisis (World Bank, 1999, in Suci, 2003).

Table 18: Indonesia – use of health care services by children before and during the crisis[44]

		Same communities			Same respondents		
Indicator	**All resp. 1997**	**1997**	**1998**	**Change**	**1997**	**1998**	**Change**
% use any health services	27.39	25.82	19.88	-5.94	26.91	16.71	-10.19
% use *pukesmas*	6.9	7.4	5.7	-1.6	7.8	5.4	-2.4
% use *posyandu*	16.1	14.7	8.3	-6.4	15.8	6.0	-9.8
% use private health services	8.49	7.79	8.49	-0.21	7.87	6.69	-1.18
% use traditional health services	0.50	0.80	0.74	-0.06	0.86	0.69	-0.16
% use *posyandu*	50.6	46.7	27.7	-19.0	-	-	-
Among users							
% *posyandu*	58.62	56.84	41.56	-15.28	58.64	35.85	-22.78
% *puskesmas*	25.08	28.63	28.90	0.26	28.94	32.44	3.50
% private doctor	13.79	12.41	17.86	5.45	11.52	18.78	7.27
% nurse, midwife, paramedic	13.86	12.69	12.99	0.29	13.03	13.17	0.14
% traditional	1.83	3.10	3.73	0.63	3.18	4.15	0.96
#obs	10,351	2746	3098	5844	2453	2453	2453

Notes: Source IFLS2 and IFLS2+. Sample is all children age under 15, except for row for use of the community health post by children less than five.
Source: Frankenberg et al. (1999).

[44] Respondents were asked about visits to each of the following types of provider: public hospitals, government health centres and sub-centres (*puskesmas* and *puskesmas pembartu*) (considered public), private hospitals, private clinics, doctors' practices, nurses and paramedics and midwives, traditional practitioners and others (considered private). Children were asked about community health posts (*posyandu*) as well, which are considered public providers. *Posyandu* is an important source of preventive care through immunisations, which are targeted towards children less than five years (Frankenberg et al., 1999).

Table 19: Indonesia – immunisation uptake for children less than three years old (%)[45]

		Same communities		
Indicator	**All resp. 1997**	**1997**	**1998**	**Change**
% of children who received vitamin A in 6 months before survey	60.6	55.12	42.75	-12.37
% of children who could present a KMS card	22.8	30.00	29.73	-0.26
% of children who have received BCG	77.05	74.88	73.61	-1.28
% of children who have received Polio at birth	21.62	18.60	22.49	3.89
% of children who have received Polio 1	87.06	86.97	80.11	-6.87
% of children who have received Polio 2	73.05	69.53	67.47	-2.06
% of children who have received Polio 3	49.27	47.44	45.17	-2.27
% of children who have received DPT 1	72.98	70.40	72.11	1.72
% of children who have received DPT 2	57.28	54.46	59.67	5.21
% of children who have received DPT 3	42.55	38.73	42.19	3.46
% of children who have received Measles	57.08	55.11	51.67	-3.44
% of children who have received Hepatitis B	49.74	39.77	48.51	8.75
#obs	1697	430	538	

Source: Based on IFLS data (1997 and 1998) in Frankenberg et al. (1999).

Korea

In Korea, government health reforms undertaken in response to the crisis (see discussion in Section 4) adversely affected the population's health status and access to health care, as people had to pay more at private hospitals (Kim, 2005). Overall utilisation of health care decreased. Between 1997 and 1998, the number of hospitalised patients decreased by 0.4 per cent, the total days of inpatient care declined by 4.7 per cent and the number of outpatient visits fell by 8.5 per cent (Lee et al., 2001, in Kim, 2005). Data from the Ministry of Health, Welfare and Family Affairs indicate that immunisation rates among children remained around the same level as before the crisis, but many parents chose to switch their source of immunisations to heavily subsidised public health centres (Knowles et al., 1999).

Malaysia

In Malaysia, available evidence shows some negative impacts to child malnutrition, although the downwards trend of the early 1990s was back on track by 2000. According to Hopkins (2006), the percentage of malnourished children under five declined from 25 in 1990 to 18 in 1999. Ministry of Health Statistics show that the percentage of children under five with moderate malnutrition continued to decline during the crisis years in Malaysia (see Table 20), while there were some regional increases,

[45] This table is based on all children interviewed in 1997 and 1998. When possible, data on immunisation status were collected from the child's growth monitoring card (known as KMS) card. When the KMS card was not available, mothers were asked about their child's immunisation status. Although the table is not based on the panel sample, and some children were born between rounds, the IFLS is a panel survey. Most of the children were already born by 1997 and were interviewed in both years. By necessity, children who had already received immunisations by 1997 and had these immunisations on their KMS card are recorded as having received those immunisations by 1998 as well. Moreover, immunisations are sequenced during a child's early years. For these reasons, the IFLS2/2+ data are not particularly sensitive to declines in immunisation uptake. The numbers in this table should be interpreted with these considerations in mind.

suggesting that the financial crisis negatively impacted children in poorer states which were already more vulnerable to moderate malnutrition.[46]

Table 20: Malaysia – children under five with moderate malnutrition

1995	1996	1997	1998	1999	2000	2001	2006
19.5	19.4	17.7	17.3	14.7	13.0	11.5	7.1

Source: Ministry of Health Malaysia (1995-2006) in Malaysia Millennium Development Goals Indicators, Eradicate Extreme Hunger and Poverty.

The percentage of children under five with severe malnutrition increased slightly from 0.80 per cent in 1996, to 1.00 per cent in 1997 and 1.10 per cent in 1998, and declined thereafter (Table 21). Again, increases were felt in certain states.[47] The percent increases appear low but nevertheless demonstrate that children's right to survival in certain areas was challenged, holding potential short- and long-term survival costs.

Table 21: Malaysia – children under five with severe malnutrition

1995	1996	1997	1998	1999	2000	2001	2006
1.60	0.80	1.00	1.10	1.00	1.00	0.90	0.60

Source: Ministry of Health Malaysia (1995-2006) in Malaysia Millennium Development Goals Indicators, Eradicate Extreme Hunger and Poverty.

The private health sector contracted during the financial crisis, as free public facilities were substituted for private services. New investments in private hospitals slowed and many private facilities closed owing to high levels of foreign debt (Bronner, 2003, in Hopkins, 2006). It is also reported that, as household expenditure on health decreased, contact with primary health services and immunisations also declined (Islam et al., 2007). The percent of one-year-old children fully immunised against TB, DPT, Polio and Measles fell slightly throughout the crisis period, although they rebounded to rates higher than 1996 quickly by 2001 (Table 22).

Table 22: Malaysia – 0ne-year-old children fully immunised (%)[48]

	1996	1997	1998	1999	2001
TB	97	100	100	98	99
DPT	90	91	95	90	97
Polio	90	90	94	89	97
Measles	81	89	86	88	92

Source: UNICEF State of the World's Children Reports (1998-2003).

[46] In most states, moderate malnutrition either stabilised or continued to decline between 1997 and 1998. However, in some states where moderate malnutrition was originally higher, it increased, most notably in Perlis (from 15.3% to 20.1%), Pulau Pinang (19.2% to 20.6%) and Sarawak (17.0% to 18.8%) (Ministry of Health Malaysia, 1995-2006, in Malaysia Millennium Development Goals Indicators, Eradicate Extreme Hunger and Poverty).

[47] For example, between 1997, 1998 and 1999 respectively, severe malnutrition rose from 0.50% to 0.80% to 4.80% in Perlis, from 1.20% to 1.50% to 3.30% in Sabah and from 0.90% to 1.30% to 2.90% in Sarawak. The steepest increase in severe malnutrition was felt in Kelantan, rising from 1.30% to 1.40% to 5.90% in the same time period to have the highest rate among states (Ministry of Health Malaysia, 1995-2006, in Malaysia Millennium Development Goals Indicators, Eradicate Extreme Hunger and Poverty).

[48] Data for 2000 unavailable.

Thailand

Thailand saw similar negative health impacts. The government sought to safeguard its immunisation spending, which proved important,[49] but the percentage of children immunised for DPT still declined from 94.3 per cent in 1995 to 92.5 per cent in 1997 and 92.1 per cent in 1999 (Ministry of Public Health Thailand, 2000, in Hopkins, 2006). Despite the programme budget for malaria prevention being preserved, incidences increased by 32 per cent between 1996 and 1998, including particular upsurges in several provinces where there had previously been no cases (Tangcharoensathien et al., 2000).[50]

The crisis also had a severe impact on urban mothers who lacked access to government health insurance (Tangcharoensathien et al., 2000). A survey of 180 health facilities reported a 22 per cent increase in anaemia among pregnant women, possibly reflecting a switch to less nutritious foods (Bhutta et al., 2009; Brooker Group, 1999, in Knowles et al., 1999). Importantly, however, in contrast with Indonesia, the crisis saw utilisation of public health services in Thailand increase. Wealthier patients were also found to move from private to public care. In a survey of 180 facilities in Thailand, utilisation of public health facilities was found to have increased significantly between 1997 and 1998, involving a 15 per cent increase in new patients overall and a 22 per cent increase in children under five (Brooker Group, 1999, in Knowles et al., 1999) (see discussion on health cards in Section 4).

Development

Overall, household spending and government safety nets (see discussion in Section 4) appear to have protected education relatively well, and the reduction in working opportunities appears to have encouraged greater enrolment in some contexts. Large-scale dropouts were avoided, and enrolments continued to increase across the four countries. However, there are some localised reports of children dropping out, and some evidence of movement of children from private to public schools (particularly in Thailand), which may mask some of the impacts of the crisis on education quality (Ablett and Slengesol, 2001). Where negative impacts were felt, these appear to have been the heaviest among the poorest children and youth.

Indonesia

In Indonesia, there was not a large overall decline in children's school attendance (see Table 23). Primary school attendance (6-12 years) rates increased from 80 per cent in 1997 to 82 per cent in 1999; lower secondary school attendance (13-15 years) from 69 per cent in 1997 to 70 per cent in 1999; and upper secondary school attendance (16-18 years) from 33 per cent in 1997 to 34 per cent in 1999. Attendance did dip for both secondary categories during the crisis years, as shown. Figures by gender show that decline in enrolments at the lower secondary level in August and December 1998 was greater for girls than for boys, but by May 1999 attendance for both girls and boys had returned to the pre-crisis level – at the upper secondary level girls had actually gained on boys by May 1999 (Cameron, 2000a). During this time, educational attainment and literacy also continued to increase, suggesting that the

[49] Before and during the crisis in Thailand, coverage of Tetanus2 and booster for antenatal visits was sustained at 88%. Tetanus decreased slowly, but the incidence was still higher than the other three target diseases (Tangcharoensathien et al., 2000).

[50] The increase owed to a number of factors, including that some forest and border areas were susceptible to vectors among temporary migrant workers and problems to do with programme effectiveness, namely surveillance and control of vectors suffering from staff being moved around a cash flow problem in financial year 1998 (October 1997-September 1998) (Tangcharoensathien et al., 2000).

quality of the time children spent in education was not significantly affected either. As we discuss further in the policy responses section, this was arguably attributable at least in part to the government scholarship scheme for the poor. There is, however, some evidence of households struggling with the costs of education in urban areas leading to a decline in enrolments.[51] Moreover, between 1997/98 and 1998/99 there was an 8.3 per cent shift in private to public school enrolments (Filmer et al., 1998, in Ablett and Slengesol, 2001).[52]

Table 23: Indonesia – school attendance rates (%), 100 villages survey data

	May 1997	**August 1997**	**December 1998**	**May 1999**
Primary school (6-12 years)	80	87	86	82
Lower secondary school (13-15 years)	69	65	67	70
Upper secondary school (16-18 years)	33	32	32	34
Urban/rural comparison				
A)Primary: Urban	85	90	89	84
Rural	79	87	86	81
Ratio (urban/rural)	107	104	103	104
B)Lower secondary: Urban	81	78	80	81
Rural	66	62	63	67
Ratio (urban/rural)	122	126	126	121
C)Upper secondary: Urban	48	51	49	53
Rural	29	26	27	29
Ratio (urban/rural)	166	197	184	187
Male/female comparison				
A)Primary: Male	79	87	86	81
Female	82	88	87	82
Ratio (male/female)	97	98	98	98
B)Lower secondary: Male	68	65	66	68
Female	71	65	67	71
Ratio (male/female)	96	100	99	96
C)Upper secondary: Male	35	33	33	34
Female	32	31	31	34
Ratio (male/female)	110	107	106	101

Source: Cameron (2000a).

[51] According to the Survey of Schools (Filmer et al., 1998, in Ablett and Slengesol, 2001), this translated into declining urban junior secondary enrolment. In 1995/96, the change in enrolment figures for junior secondary schools was 5.2% in rural areas and -3.1% in urban areas. In 1997/98, the change stood at 1.3% for rural areas and -6.3% in urban areas. While there were signs of declining urban enrolment preceding the crisis, there was 'a new class of poor in and around the cities' that could no longer afford to send their children to school. Already lower, rural secondary enrolment did not record dramatic drops. This study also recorded declining primary enrolment during the crisis in urban and rural areas.

[52] This figure may not provide direct evidence of an income effect, as poor children were well represented in private schools: the World Bank (1998, in Ablett and Slengesol, 2001) points out that more than 50% of students from the poorest quintile attend private junior secondary schools (higher than any other quintile) because the vast majority of privately run schools at this educational level offered medium- to poor-quality education at lower than public fees. The opposite situation prevailed at the primary level, where private schools were mostly elitist and were dominated by students from wealthier households (ibid).

Korea

In Korea, there was a decline in kindergarten, primary and middle school enrolment and completion during the crisis years, but an increase in high school and tertiary enrolment. According to Moon et al. (1999, in Knowles et al., 1999), the kindergarten gross enrolment rate declined from 39.9 per cent in 1997 to 37.2 per cent in 1998. The primary school enrolment rate declined only slightly, from 98.6 per cent to 98.3 per cent in the same period, while middle school enrolment declined from 101.0 per cent to 99.9 per cent. However, World Development Indicators (2008, in Sumner, 2009) show that the primary school completion rate dropped from 98.2 per cent pre-crisis (1996) to 91.8 per cent post-crisis (1999).

In contrast, the high school enrolment rate increased from 68.8 per cent to 74.3 per cent, and the continuation rate from general high school to tertiary schooling increased from 81.4 per cent to 83.9 per cent between 1997 and 1998. The continuation rate from vocational high school to tertiary school concurrently shot up from 29.2 per cent to 35.7 per cent (Knowles et al., 1999). These trends reflect not only a strong income effect (parents tend to regard kindergarten as a luxury), but also decreased demand for child care owing to a decline in female employment (Moon et al., 1999, in Knowles et al., 1999). Increased enrolment at the high school and tertiary level is explained by the increased unemployment among youth alongside decreased working opportunities (Knowles et al., 1999).

Malaysia

In Malaysia, aggregate education rates show mixed results and, at worst, a small decline in the primary school enrolment rate, from 96.7 per cent in 1995 to 95.2 per cent in 1998 (Ministry of Finance, 1998, in Hopkins, 2006).[53] Central to the Malaysian experience, however, was the pressure that the crisis placed on tertiary education. Many of the 54,000 university students studying abroad had to return as the government scrapped its sponsorship programme (ADB, 2000), in turn straining domestic tertiary colleges and universities. For example, in 1998, there were 112,000 applicants for 40,222 university places in Malaysia, compared with 27,118 applicants for 15,964 places in 1995. This led to large numbers of students coping with cramped and overflowing classes, inadequate infrastructure and facilities and insufficient or outdated libraries and computers (Piei et al., 1999 in Knowles et al., 1999). In addition, the number of graduates seeking work was much higher than the number of employment vacancies. The widest gap was in 2001, which produced 7242 active graduate registrants compared with 1911 vacancies. Graduates were forced to take whatever jobs were available, even though they were often unsuitable (Baharudin, 2004).

Thailand

According to the National Statistics Office (in Tangcharoensathien et al., 2000), at the national aggregate level, the crisis years encouraged higher enrolments as a result of fewer employment opportunities at the primary level and particularly among the 15-17 year age group. As such, there was a reduction in the numbers of children not attending school throughout the crisis years (see Table 24). Among 5-10 year olds, the percentage of children not attending school decreased from 7.8 per cent in 1996 to 4.1 per cent in 1998 and among 15-17 year olds from 32.7 per cent in 1996 to 25.3 per cent, showing improvements overall.

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[53] However, the overall primary school participation rate did increase from 92.5% in 1995 to 94.0% in 1999 (World Development Indicators, 2008, in Sumner, 2009).

Table 24: Thailand – percentage of children not attending school, 1988-1998

	0-4 years	5-10 years	12-14 years	15-17 years	18-24 years
1988	95.8	18.9	32.4	69.1	89.1
1990	94.8	17.7	29.0	67.6	88.6
1992	94.3	14.7	21.1	56.6	85.8
1994	90.8	11.4	12.0	42.7	83.2
1996	87.8	7.8	7.0	32.7	80.4
1998	83.0	4.1	6.1	25.3	72.7

Source: National Statistics Office Socioeconomic Surveys, in Tangcharoensathien et al. (2000).

There is, however, a contrasting and localised account of increased numbers of children dropping out of school. Rural areas had significantly higher dropout rates than urban areas, but this remained largely unchanged throughout the crisis (Ablett and Slengesol, 2001). However, there was one exception to this trend, with lower secondary school dropouts increasing in the central region and Bangkok. The changes were most profound in the metropolitan areas of the capital, where the dropout ratios for this age group increased from nearly 4.0 per cent in school year 1996/97 to 6.6 per cent two years later (World Bank, 1999, in Ablett and Slengesol, 2001).

Importantly, the regional differences in dropout rates are mirrored by income levels across Thailand. Based on its analysis of Socioeconomic Surveys data, the World Bank (1999, in Ablett and Slengesol, 2001) finds that, for the primary school age group, the dropout rate among the poor was almost double that among the non-poor during the 1998/99 school year. The relative difference was even wider for lower secondary students. The absolute rate gap was greatest in the upper secondary age group, at 40 per cent for the poor versus 27 per cent for the non-poor. However, according to the data, the crisis did not aggravate these gaps. Overall, the Socioeconomic Surveys indicate that the percentage of children not attending school dropped from 1996 to 1998 in poor as well as in non-poor households. The primary school age group recorded the biggest relative decline in children not attending school: from 6.3 per cent to 3.3 per cent in poor households, and from 3.1 per cent to 1.8 per cent in non-poor households (while dropouts were still higher among poor households).

Urban unemployed families also struggled to cope with the impact of the crisis and manage their children's educations. A 1998 survey by the Thailand Development Research Institute (TDRI) found that about 32 per cent of children had experienced cuts in educational expenditures, especially those attending high school. About 10 per cent of them moved to public schools, particularly those in primary and high schools, about 9 per cent anticipated that they would not have tuition fees for the next semester and about 5.6 per cent sought third party support – about 3.6 per cent of the children had already dropped out of school (TDRI, 1998, in Kittiprapas, 2002). ADB (Pongsapich and Brimble, 1999, in Ablett and Slengesol, 2001) also recorded movement from private to public schooling. Between 1997 and 1998, private enrolment decreased slightly at the primary level – where the difference between public and private education costs is widest – but remained largely unchanged at other levels. This suggests that, in the Thai case, switches from private to public schools could obscure seemingly positive public school attendance figures and mask dropouts, making these figures look more impressive than they actually were.

Protection

While evidence detailing the impacts of the financial crisis on children's rights to protection is limited, what is available clearly suggests that children's right to protection was threatened from a number of directions. The crisis appears to have strained the care mechanisms for children in households and societies, and in a number of contexts increased their involvement in child labour activities. More children were abandoned throughout the crisis years, and while it is difficult to determine the role of other factors in this increase, this trend is thought to be related to the increased stress placed on families to cope during the economic shock and its associated impacts on poverty, as discussed. In response, society-wide care institutions were overwhelmed, and the numbers of children living on the streets increased, rendering more children vulnerable, again with long-term opportunity costs with regard to survival and development. Furthermore, there were reports of increased cases of children and youth in conflict with the law, and some reports of increased cases of child abuse. Data on household-level conflicts, however, were largely absent in this case, perhaps because of its sensitive nature.

Indonesia

In Indonesia, available evidence suggests that children's right to protection was at risk. Reports focus mainly on the increase in the number of children lacking adult care, and the risks they faced in terms of becoming involved in exploitative activities and crime. ADB (2006) reports that there was an increase in the number of neglected children and children living on the streets during the crisis years. According to the Ministry of Social Affairs, the number of street children in Jakarta increased from 3000 prior to the crisis to 13,000 during 1998 (Feridhanusetyawan, 1999, in Knowles et al., 1999). At the time of the crisis, a Plan International programme identified that high school dropouts, domestic violence and violence in the environment were the most critical issues found among street children. Children on the streets were at risk of physical and sexual abuse and economic and sexual exploitation, making them vulnerable to additional rights violations.[54] Child sex workers were especially at risk of sexually transmitted diseases (STDs) and HIV (Suharto, 2007). Children living on the streets are reported to have engaged in petty thievery and drug dealing to gain food and money (ibid). Similarly, Knowles et al. (1999) report that there was an increase in the number of high school students and runaway children being arrested for stealing food and money, suggesting a breakdown in family and care relationships. These children had little protection and were often prey to pimps, policemen and gangs that incorporated them into their criminal activities (ibid). Young people were also affected by the violence and rioting in the capital, Jakarta, and several other cities, where there were a number of student deaths (Pritchett and Sumarto, 2002). Rioting, looting and protesting against government policies, high inflation, corruption and nepotism had been common since the early 1990s, and culminated in calls for Suharto's resignation in May 1998 (Stalker, 2000).

In terms of child labour, a mini-Susenas survey in December 1998 found that asking children to work was a relatively common coping strategy adopted by Indonesian households. One in five poor households and one in 10 non-poor households employed this coping strategy (BPS/UNDP, 1998, in Sumner, 2009). The more reliable and representative Sakernas survey includes only working children aged 10 to 14 years. In this age group, child labour was calculated at 1.6 million children in 1997 and 1.7 million in 1998 (a 6 per cent increase) (Sumner, 2009). Working children aged 14-17 had to work longer

[54] It is worth noting that these were issues facing children living on streets before the crisis, but more children were at risk during the crisis as the number of street children grew.

hours owing to declining purchasing power, while working opportunities for younger children decreased overall (Cameron, 2000a). Some children who were taken out of school to work ended up far away in cities where they could easily be exploited as domestic servants, factory labourers or street vendors (Knowles et al., 1999).

According to 100 villages survey data from May 1997 to August and December 1998 and May 1999, among children not attending school, those under 13 years of age were working a lot less hours during the crisis (Cameron, 2000a). However, those aged 14 and above were working more hours (younger children appeared sheltered from this, possibly because of the lack of jobs). This suggests that older children may have shouldered some of the crisis burden by working longer hours than they did pre-crisis (ibid). An increase in urban school attendance at the upper secondary level (see above) may be attributable to the lack of work available for children in this age group in cities, whereas in rural areas children were more likely to be absorbed into self-employment on farms (ibid), fishing or other household enterprises (Knowles et al., 1999). Among boys and girls aged 10-15, trends in their main activities before and after the crisis were similar, with boys spending the majority of their time in school or at work and girls spending the majority of their time doing household labour (Levine and Ames, 2003). Indeed, the percentage of girls aged 10-14 whose main activity was housework increased from 2.6 per cent to 3.7 per cent in 1998, after steadily declining since at least 1993. The percentage increase was higher among girls aged 15-19, climbing 3.5 per cent from 19.5 per cent to 23.0 per cent, but remained flat among boys (Levine and Ames, 2003). These trends highlight the fact that looking solely at school enrolment rates may mask increased housework and child care undertaken by young women (ibid).

Table 25: Indonesia – crisis impact on child labour, children aged 10-17 (%)

		May 1998	**August 1998**	**December 1998**	**May 1999**
Working		19.7	18.8	21.6	17.4
Job search		2.64	1.43	1.08	1.15
Total		22.34	20.23	22.68	18.55
Working:	10-15 years	14.4	13.4	15.8	11.8
	16-17 years	39.7	37.9	42.5	36.8
Hours if work >0	10-15 years	24.3	25.8	25.8	25
	16-17 years	32	33.3	32.7	33.1
Sector[a]	Agriculture	72.28	71.56	74.5	70.23
	Industry	10.28	9.94	9.31	11.29
	Trade	9.84	7.87	7.34	7.96
	Services	7.16	7.64	5.43	7.52
	Other	0.44	2.99	3.42	3.01
Status	Self-employed	17.5	15.81	15.14	16.17
	Employee	12.24	13.54	12.37	14.92
	Family worker	70.09	70.65	72.48	68.9
Recently stopped work			6.51	8.39	7.69
Reason	Lost their job		7.62	4.49	3.45
	Business folded		21.9	14.04	19.31
	Look after household		4.76	3.93	11.72
	Inappropriate work		10.5	6.18	6.9
	Income too low		17.1	8.43	16.55
	Work environment		12.4	5.62	3.45
	Other		25.7	57.3	38.62

Note: a = May 1997 – mining and construction classified as industry, transport and communication as services.
Source: Cameron (2000a).

Korea

In Korea, the crisis seriously upset family and care relationships. Related to the increase in the tension and violence which surfaced in some households, the number of children without a caregiver increased sharply during the crisis. This is reported to have owed partly to pressures placed on single parent families (Ministry of Health, Welfare and Family Affairs, 1998, in Kim, 2005). Table 26 shows that the number of abandoned children in Korea peaked in 1998 and declined thereafter, increasing by 21 per cent between 1997 and 1998. The number of lost children also increased between 1996 and 1998, by 47 per cent, peaking in crisis year 1997. In addition, there was also a sharp increase in the number of runaway children between 1996 and 1998 (a 54 per cent increase). In terms of care services, between 1997 and 1998, the number of children in institutional care grew by 31 per cent. The numbers of children in foster and adopted care also increased.

Table 26: Korea – status of children in need of protection and results of treatment

		Types of occurrence				Results of treatment			
	Total	**Abandoned children**	**Illegitimate children**	**Lost children**	**Runaway children, others**	**Institutional care**	**Foster home care**	**Adoption**	**Households headed by children**
1996	4951	1276	1379	189	2107	3161	727	479	584
1997	6734	1372	1833	342	3187	3917	1209	898	710
1998	9292	1654	4120	277	3241	5112	2353	1283	544
1999	7693	1432	3058	216	2897	4683	1249	1181	580
2000	9085	1270	4190	152	1757	4481	2285	1755	564
2001	10586	717	4897	98	728	4774	3090	1848	874
2002	10057	634	4337	74	749	4663	2177	2544	673
2007	8861	305	2417	37	748	3245	3378	1991	247

Source: Ministry of Health Welfare and Family Affairs (1996-2007), in Korea National Statistics Office (2008).

There was, however, no evidence of increased child labour.[55] Instead, the decline in income-generating opportunities for youth contributed to the higher enrolment rates in high school and tertiary education (Knowles et al., 1999), as discussed above.

Malaysia

In Malaysia, evidence suggests that the financial crisis increased pressure on family and care relationships, and that as a result more youth found themselves in conflict with the law. ADB (2000) reports that the number of children taken into care rose by 10 per cent during the crisis years (1998-2000). Meanwhile, juvenile crime rose by 13 per cent during 1997/98, with the largest increase recorded in petty and vehicle thefts and house break-ins (Knowles et al., 1999). Cases of domestic abuse also rose steeply, possibly because of the stress of sudden retrenchment and reduced working hours (ADB, 2000).[56]

In terms of child labour, there were some reports of children dropping out of school owing to parents' inability to afford education and transport costs and increases in the incidence of children working to supplement family income (Islam et al., 2007), which occurred mainly in Malaysia's agriculture and informal sectors (Kane and Vemuri, 2009).

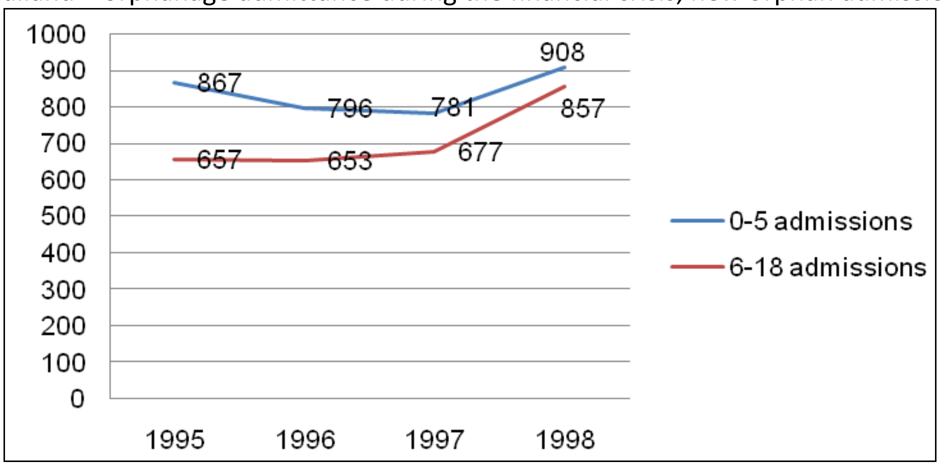
Thailand

In Thailand, available sources suggest that the financial crisis significantly impacted children's right to protection from a number of sources. Abandonment emerged as a key child protection issue, as did the involvement of out-of-school youths in crime and drug use. In response to the crisis, there are reports that some married women sent their children to the provinces to be cared for by their grandparents while they continued to work in Bangkok and send money to support their children (Maskey and Kusakabe, 2005), highlighting another way in which families tried to cope. Thailand also saw an increase

[55] This is likely because Korea's national per capita GDP has exceeded the income threshold below which child labour is most common (Edmonds and Turk, 2002).
[56] Research in the US has shown a correlation between poverty, financial difficulty, unstable work conditions and increased intra-household conflict, child abuse, maltreatment and neglect, resulting in serious consequences for child and adolescent development (Conger et al., 1992; Drake and Pandey, 1996; Kotch et al., 1995).

in child abandonment The severe stress brought about by the crisis, particularly on poorer households, is reported to have led to an increase in orphanage admissions of abandoned children (under five and older) (Figure 6). A higher number of abandoned newborns from HIV-positive mothers was also observed. At the same time, donations to orphanages were declining, exacerbating difficulties for already overstretched facilities (Department of Social Welfare, 1993-1999; Thawornwanchai et al., 1999, in Tangcharoensathien et al., 2000).

Figure 6: Thailand – orphanage admittance during the financial crisis, new orphan admissions per year



Source: Department of Social Welfare (1993-1999); Thawornwanchai et al. (1999), in Tangcharoensathien et al. (2000).

During this period, other evidence suggests that a growing number of out-of-school youths in cities were at risk of falling into drug use, prostitution and criminality. Non-governmental organisations (NGOs) reported 10-15 per cent increases in the number of street children and child abuse cases following the onset of the crisis, as well as a marked increase in drug use (Knowles et al., 1999).

In Thailand, again, there are contrasting accounts regarding the impact of the financial crisis on child labour. A study by Kakwani (1998, in Kittiprapas, 2002) estimated that the crisis led to a significant increase (of up to 0.35 million persons)[57] in child labour, raising serious long-term consequences for Thailand's human resource development.

A report by the International Labour Organization (ILO) (Thijs and Glind, 1998, in Kane and Vemuri, 2009) exploring the financial crisis and child labour in Thailand and Indonesia was not conclusive, but suggests that the impact was likely to be equally positive as it was negative. Importantly, the increase in poverty and school dropouts in areas augmented a *potential supply* of child labour (i.e., the number of children at risk, not necessarily the number actually entering child labour). In addition, the closure of many formal sector businesses saw a growing informalisation of the economy and of the informal sectors in which children were more likely to work. However, this potential supply was not necessarily drawn on. Child labour is just as likely to have stabilised or decreased, given that the economic sectors affected were likely to let children go and that a lack of economic opportunities in urban areas may have led to reverse migration of children into 'safer' forms of rural work. There are, however, few or no data to substantiate these theories and reliable data exploring child labour over time are difficult to obtain

[57] We do not have any baseline data to compare this with.

(Thijs and Glind, 1998, in Kane and Vemuri, 2009). Knowles et al. (1999) also report that there is no evidence of increased child labour in the available survey data. It is important to keep in mind that, according to some sources, Thailand saw an increase in school dropouts and a switching of some children from private to public schools, perhaps obscuring enrolment and attendance figures, in turn hiding much child labour, particularly in the household. This is useful in terms of thinking about the nuanced ways in which child labour may have been affected through the financial crisis years.

Participation

Very little evidence has been identified as to how the financial crisis impacted the ability of children and youth to participate in social, political and economic life and in community and public decision making surrounding issues and policy solutions that affect them. This presents a significant gap in the literature, while there is some evidence to suggest that the crisis years saw a growth in student activism mainly towards political change and crisis responses. Changes in political systems in Korea, Indonesia and Thailand throughout the crisis, however, may have opened up new opportunities to realise children's right to participation. Children's civil rights are arguably the least understood rights and most challenging to realise (Plan, 2008). How an economic crisis, as well as other interrelated shocks, may impact these rights is difficult to measure, not only because of a lack of evidence, but also because of the political nature of ensuring the participation of children and youth in civil affairs.

In Indonesia, youth and student movements are reported to have been influential in the 'Reformasi' movement in 1998, which led to Suharto's resignation and the creation of a democracy. Following the crisis, however, there was a clear need to find new ways of encouraging more young people to become politically aware (Tumenggung and Nugroho, 2005). In addition, the crisis is described as having weakened the state and created a 'window of opportunity' in Indonesia (Beard, 2003). Beard (2003) reports of a Youth Group that had previously planned and set up a library supporting the state's campaign to eradicate literacy. When the crisis hit, the Youth Group used the library to organise its members in public demonstrations demanding significant social and political reform (ibid).

Similarly, in Malaysia, around the time of the crisis and growing disagreements within government as to the appropriate response to the crisis (also often referred to as 'Reformasi'), students joined in mass campaigns, spearheaded by NGOs and opposition parties, for social justice, civil liberties and good governance (Weiss, 2005). These also voiced concerns around: the right to education (hence a strong opposition to the commercialisation of higher education); freedoms of expression and association; and matters such as interest rates on government loans. These issues have continued to energise students after the crisis period. A string of new student organisations and networks formed at the time. For example, the multiracial (but mostly Chinese) Malaysian Youth and Student Democratic Movement (DEMA) was established in 1998, aiming to break down ethnic barriers on campus and mobilise students in both public and private institutions around issues of student rights, campus and national democracy and human rights (ibid). There is, however, evidence suggesting that such activism and participation were curbed. From 1998, the government launched a harsh crackdown on the new wave of student activism, involving arrests, expulsions, the closing or freezing of assets and labelling groups as militant or extremist (ibid). The authorities also intimidated students by such means as calling their families to report on their political activities (ISREC, 2003, in Weiss, 2005). Lecturers and professors in support of such activism were also publicly criticised and/or sacked (Weiss, 2005).

Student activism grew in Korea during the crisis years (which had declined in the late 1980s and early 1990s) and became more closely allied with environmental and urban housing movements and labour organisations, with their push for more social welfare provisions under the new President in 1998. It is generally agreed that these were granted more freedom than under previous governments (Lee, 2005).

Advocacy for children's and young people's participation and citizenship to be institutionalised into development initiatives and programmes has increased since the early 1990s,[58] but there is little analysis dealing with the interrelated impacts of the financial crisis as such, making it difficult to determine direct impacts in these cases.

Civil rights and citizenship are closely linked to country-specific political, social and cultural contexts, and this may further contribute to the limited analysis of participation rights in the East Asian context (Plan, 2008). It is important to note that, while Western cultures stress individual rights, many East Asian societies place greater emphasis on responsibilities of the individual towards family, community and society. By definition, civil rights inherently refer to individuals. Civil rights are protections and privileges given to citizens, and citizenship entails a collection of rights and obligations that define the members of a community. Therefore 'in societies where individuals exist as part of and having responsibilities toward the whole, ensuring civil rights [for children in East Asia] continues to be a challenge' (Plan, 2008).

3.8 Summary of similarities and differences of crisis impacts on children's rights

This section has highlighted the impact pathways through which children's rights were affected by the Asian financial crisis. At the macro to meso level, this has included spill-over effects of rising and gendered patterns of unemployment and underemployment, changing and gendered patterns of migration and remittance flows and declining household consumption (in terms of both quantity and quality) of food and services. At the household and intra-household, micro-level impacts have included shifting gendered and generational roles with respect to income generation, household decision-making processes, time use, labour allocation and care work. While there is evidence that parents, and especially mothers, sought to cushion children from some of the negative impacts of the crisis, these efforts are likely to have been complicated by growing time poverty, increased levels of intra-household conflict and violence and psychological ill-health. Below, we summarise the key impacts discussed in this section, before turning to an analysis of the ways in which different governmental policy responses filtered these impacts in Section 4.

Survival

Basic health indicators such as life expectancy and infant and child mortality rates were protected throughout crisis years across the four countries. Downwards trends in malnutrition also continued, despite rising food costs and substitution of high-quality foodstuffs for less nutritious foods. Nevertheless, there was an increase in short-term malnutrition in Indonesia and some evidence of mothers buffering the negative impacts from their children, visible through the increased anaemia among pregnant women (Thailand and Indonesia) as well as wasting (Indonesia). In terms of health care access, children's (under three years old) contact with immunisation services decreased in Indonesia

[58] See Save the Children (2005) and Plan (2005), as well as the UNICEF child-friendly schools and cities initiatives: www.unicef.org/lifeskills/index_7260.html and www.childfriendlycities.org/.

and, throughout the crisis, utilisation of health care declined in Indonesia, Korea and Malaysia. Health service use increased in Thailand, but there was a significant shift from private to public sector care, with likely implications for quality of care received.

Development

National-level figures show that attendance at primary and secondary level stabilised or improved in Indonesia, Thailand and Malaysia; although Korea witnessed a slight decline in enrolments at the primary and middle school levels, there were marked increases in high school and tertiary enrolments. Across the case studies, fewer working opportunities owing to the contracting labour market contributed to greater contact with education. Although there appear to have been regional differences in dropout patterns given families' inability to cover school fees and related education costs, especially in parts of Indonesia and Thailand, targeted scholarship programmes for poor students appear to have avoided large-scale dropouts. Indonesia and Thailand also saw more movement from private to public schools, with possible implications for education quality.

Protection

The evidence on the effects of the crisis on children's right to protection is more limited and fragmented, but existing evidence suggests that there were important implications for the quality and quantity of care children received from caregivers, heightened risk of child abuse and mixed impacts on children's engagement in child labour. First, in terms of care, the number of children living on the streets increased in Indonesia and Thailand; these were at increased risk of sex work, drug use and crime. Thailand, Indonesia and Malaysia all witnessed an increase of children and youths in conflict with the law, and this was found to be associated with disintegrating family structures. Similarly, there was an increase in child abandonment in Thailand and Korea, more children were taken into care in Thailand and Malaysia and children without carers also increased in number in Korea. Other potential impacts on the quality and quantity of care, although not made explicit in the literature, can be deduced from some of the documented meso- and general household-level effects of the crisis. Overall, there appears to have been a relatively smaller decline in female compared with male unemployment, with more women seeking alternative employment sources to make ends meet for their families. While this is obviously important in terms of meeting basic household consumption needs, evidence from other contexts suggests that, as women's working hours increase, the time they have to spend with their children is affected and, in the absence of child care facilities, children, and especially daughters, often take on additional care work and domestic responsibilities to compensate for their mother's absence (e.g., Heymann, 2006). This may have been a particular concern in the case of Indonesia among families where mothers migrated in search of better income-generating opportunities, unless traditional gendered caring norms significantly shifted. This is an area about which little is known, and further investigation is required in order to understand the effects of labour migration of children's wellbeing.

Another area of significant concern, but about which there was no evidence of the direct impacts on children, is the implications of the rising incidence of mental ill-health as a result of the crisis on especially men but also women. Evidence from other contexts (e.g., Kahn et al., 2004) suggests that parental mental ill-health can have serious negative implications for child wellbeing. This is therefore an area that should also be monitored in the context of the current crisis.

Second, in terms of violence against children, there is relatively scarce evidence from our four countries. There were reported increases in child abuse in Thailand (Knowles et al., 1999) and Malaysia, associated with sudden parental unemployment and reduced working hours in the latter (ADB, 2000). However, there is more ample evidence about rising rates of gender-based conflict and violence, and we can therefore hypothesise that these dynamics are likely to have had negative physical and psychological spill-over effects on children also.

Third, there is mixed evidence on child labour owing to data constraints. In Indonesia, older children appeared to have shouldered the burden by working longer hours, while the number of children in work or looking for work declined overall (Cameron, 2000a). Girls' (15-18 years) but not boys' involvement in housework increased (Levine and Ames, 2003) in crisis years. In Malaysia, there is one reference to children needing to supplement family income (Islam et al., 2007), while in Thailand evidence is contradictory and there are no reports of an increase in child labour from Korea.

Participation

Little evidence has been identified as to how the financial crisis impacted upon the ability of children and youth to participate in social, political and economic life, and in community and public decision making surrounding issues and policy solutions that affect them. In general, understanding of children's civil rights is relatively limited in the region, given greater emphasis on the responsibilities of the individual towards family, community and society (Plan, 2008). Changes in political systems in Korea, Indonesia and Thailand throughout the crisis, however, may have opened up new opportunities to realise children's right to participation.

4 Policy responses

This section examines the economic and social policy responses towards the Asian financial crisis of 1997/98 in order to shed light on the extent to which these addressed the crisis impacts on children and their caregivers. The four country case studies provide interesting comparisons from which important lessons can be derived, both about child- and gender-sensitive policy responses and about the political economy factors driving policy trajectories. It should be noted, however, that because comparative monthly data is unavailable, an in-depth understanding of the timing of potentially competing policy responses is beyond the scope of this paper.

The macroeconomic responses towards the Asian financial crisis differed across the four case study countries, with varying results. Indonesia and Thailand both responded by agreeing to IMF conditions for assistance packages. While these appeared the best option at the time, both economies, as discussed, took considerable time to recover, and even to recent years have struggled to reach their GDP growth rates of the early 1990s (see Figure 2 in Section 3). They also endured the highest social costs from the measures taken as prescribed by the IMF, including serious cutbacks in social expenditure. At the same time, important social protection packages were either scaled up (Thailand) or designed anew (Indonesia), raising important questions about possible trade-offs between investments in universal basic services and more targeted social protection measures, including those specifically focused on vulnerable children.

Korea also sought IMF assistance and advice, but the country's sound pre-crisis economic footing enabled it to recover more quickly. There is, however, considerable debate among analysts as to whether the social reforms undertaken during the Kim Dae-jung administration provided an effective social safety net for the poor or instead furthered neo-liberal economic restructuring and the social exclusion of poor people, especially women (e.g., Hart-Landsberg and Burkett, 2001; Kim, 2004). On the one hand, spending on health and education was largely protected, but there was a move towards significant privatisation of health care services, which negatively impacted the health seeking behaviour of the poor in particular.

In contrast with Thailand, Indonesia and Korea, Malaysia resisted the prescriptions of the IMF and foreign investors and pursued its own agenda, with the aim of stabilising and gaining control of its own economy. This was accompanied by a strong focus on national interests and priorities, holding that IMF austerity programmes had not alleviated the situation but rather deteriorated living standards in the region (Kukreja, 2000). GDP recovered quickly in 1999 and 2000, but Malaysia experienced another period of economic trouble in August 2000 to February 2002 (Baharudin, 2004). The government's controversial decisions have since been credited as being innovative and effective, with the IMF actually acknowledging that useful lessons can be learnt from the Malaysian experience (Khor, 2004). Malaysia's actions combined with its greater fiscal space during this time enabled it to protect and actually increase its social sector spending. Nonetheless, important lessons can be learnt from how its social protection programmes were not adapted to the changing poverty landscape in crisis years, and were inadequate in responding to the sharp spike in urban poverty.

The section is ordered as follows. We begin with a brief overview of the broader political landscape in each country at the time of the crisis, in order to identify some of the key political economy drivers of the policy choices adopted. We then discuss economic policy responses, including those related to monetary policy, trade and prices, remittances and international migration, provision of credit and official development assistance. This is followed by an analysis of social policy responses, subdivided into a discussion on investment in basic services and a more detailed discussion on social protection measures, including employment-related measures, targeted services for the poor in education and health, social assistance interventions and social services for children. We also briefly discuss civil society actions in helping mitigate the worst effects of the crisis, but the literature here is sparser.

4.1 Political economy drivers

In order to set the stage for our analysis of the diverse policy choices adopted by the governments in the four case study countries, it is important to consider broader political economy drivers that shaped the reform process. Political and environmental context factors played an important role in shaping both how deeply the crisis was felt and how quickly and effectively governments were able to respond.

Indonesia

In Indonesia, political turmoil, rioting and social violence surrounded Suharto's resignation in May 1998. As violent conflict along regional, class and cultural lines had mostly been suppressed under the Suharto regime, the crisis arguably served to weaken state institutions, bringing 'the situation to the breaking point, allowing repressed tensions to flare up' (Lucas, 2009). This was exemplified most dramatically in the violence and looting against the ethnic Chinese business community (Knowles et al., 1999). In other words, the economic crisis triggered a political and social crisis which would have far-reaching consequences (Hopkins, 2006).

The change of political power in the midst of the crisis meant that the new budget and policy response were not announced until July 1998 and had to be designed from scratch. Indonesia was also suffering from the effects of the El Niño drought which, combined with rising food and agricultural input prices, crippled small-scale farmers. This cut back food production and created the tinder for widespread forest fires (Stalker, 2000). The financial crisis, combined with these factors, would have undoubtedly affected the government's ability to respond immediately, and/or intensified crisis impacts, but it also opened up new opportunities to put in place a more comprehensive social protection infrastructure.[59]

The crisis and broader political reforms also provided new opportunities for NGOs to play a more active role in the policy arena. Under the Guided Democracy system of President Sukarno (1957-1966) and President Suharto's New Order, NGOs had been careful to confine themselves to largely service delivery rather than policy advocacy activities. Their numbers and activity level increased considerably during the 1990s, and Indonesia is regarded as one of the countries where NGO activities were most active when the economic crisis hit in 1997 (Takahashi, 2006). NGOs continued to proliferate during the financial crisis (Blomquist et al., 2001). Indonesian civil society, including NGOs and students, went beyond traditionally politically sensitive boundaries and provided a robust response to the initial reactions of the government, providing the final blow to Suharto's presidency (Takahashi, 2006). NGOs were also actively involved in standing up for the needs of the marginalised (UCLA, 2008), and in administering many of social assistance and microcredit, community health, child and family welfare and adult literacy programmes (ibid).[60] They were also increasingly consulted by the government in the process of programme guidelines preparation as well as serving as independent evaluators for social protection programmes (UN, 2003). A UN (2003) study further argued that, given that many NGOs in the region have a strong female presence, they could play an important role in bringing stronger gender perspectives into the social safety net schemes and social protection policies. Labour unions were also active in protesting against the relaxation of labour laws. These contributed to a number of bills, and employers were only partially successful in achieving their goal of increased labour flexibility (Caraway, 2003). The push for improved business transparency and social responsibility resulted in Indonesia's first Code on Corporate Governance in 2001 (Loftus and Purcell, 2008).[61]

However, the proliferation of NGOs also created new challenges, especially in terms of coordination and accountability (Blomquist et al., 2001). For example, the Community Recovery Programme, which channelled foreign and other funds to NGOs, delayed disbursements until the viability and direction of applicants could be more reliably determined (ibid). Often, 'instant' NGOs simply tried to take advantage of aids and loans from either government or private donors (local and foreign) (Azis et al., 2001). Indeed,

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[59] Beard (2003) describes the crisis as having opened a 'window of opportunity' for 'radical planning'.
[60] NGO poverty alleviation programmes are reported to have put more emphasis on shared benefits and responsibilities among programme recipients, and on the readiness of the target group. However, Azis et al. (2001) argue that NGO programmes tend to have been more effective because of their more limited scale and coverage.
[61] Stated purposes of the Code included: compliance with the prevailing regulations having the force of law, in accordance with companies' social responsibility towards the various stakeholders and environmental protection; and that companies shall provide stakeholders with relevant information necessary for protecting their rights

while NGOs are seen as an important counterweight to a highly centralised government, and 'can play an important role, not least as implementers of government-financed programs, the problems are too great to be left entirely to them' (Booth, 2002).

Korea

In Korea, the crisis hit the country around the same time as the election of President Kim Dae-jung, a long-term democracy activist and opposition leader, who had come to power on a strong social reform agenda. Kim Dae-jung was a long-time opposition leader who had stood against the authoritarian regimes and criticised the 'putting the economy first' paradigm of policymaking (Kwon, 2003). In addition to governmental change, the economic crisis led to a string of criticisms directed towards the state around the mismanagement of the economy. Together, the 'change in political leadership and the failure of the state bureaucracy paved the way for a new approach to structural reform' (ibid). The government was also concerned that militant and college students would organise mass demonstrations, sparking protests from trade unions, the urban poor and many others (ibid).

Initially, the country responded positively to Kim's calls for collective belt tightening, but as the painful restructuring measures which the government opted to introduce upon the advice of the IMF translated into widespread layoffs and bankruptcies, widespread protests ensued. Progressive civil society groups and labour unions (especially the Korean Confederation of Trade Unions), which had held high hopes for Kim's presidency, increasingly voiced their opposition to the reform measures and called for the urgent need for a reorganisation of welfare provisions and benefits and greater social protection interventions, providing the impetus behind reforms (Kim, 2008; Kwon, 2003). An advocacy coalition emerged, comprised of activists from social pressure groups, political advisers to the President in the Presidential Office and some National Assembly members, particularly concerned with reforming the government's primary livelihoods programme to raise the level of benefits equal to a relative poverty line, later proving successful in these efforts (see Section 4.4.3) (Kwon, 2003).

Women's organisations (including Korean WomenLink, Korean Women Workers Associations United, Korea Women's Trade Union, Seoul Women's Trade Unions and Action Center for Restoration of Irregular Women Workers' Rights) were particularly active in seeking to alleviate women's unemployment and calling for better pay and an end to workplace discrimination which escalated during the crisis (Hart-Landsberg and Burkett, 2001; Kim and Voos, 2007; Moon, 2002). They advocated around the need to design and implement women-friendly public works programmes with the assistance of government funding and the rights of temporary workers (UN, 2003). Some NGOs also set up information and referral services for job-seeking women, Working Women's Centres and support networks. Women are described as having been a 'leading force in the recent struggles of Korean workers' (Hart-Landsberg and Burkett, 2001).

Civil society organisations (CSOs) also pushed for the restructuring of the financial sector and improvement of corporate sector efficiency. In response, the government initiated the Financial Supervisory Commission, which had 171 financial institutions (including five banks) closed down or suspended by April 1999. Measures to enhance transparency of corporate governance and to strengthen the accountability were also undertaken (Lee, 2004).[62]

Malaysia

In the Malaysian case, political instability emerged around September 1998, when Finance Minister Anwar Ibrahim experimented with IMF-style policies and mounted criticism against the Prime Minister Mahathir bin Mohamad, launching an anti-corruption, cronyism and nepotism movement, inspired by slogans and events taking place in Indonesia. Anwar was subsequently sacked and Mahathir continued with his strong anti-IMF stance (Sundaram, 2006). The Prime Minister blamed institutions like the IMF and international financial companies for undermining the region economically and acting in a paternalistic manner and insisted that IMF prescriptions were not in the country's best interest. While this may have also acted to deflect blame and consolidate his own power domestically at such an unstable time, this nationalistic stance debatably isolated the country from key actors and institutions in the world economy (Kukreja, 2000). Many market sceptics criticised the country's actions and did not consider the Malaysian authorities capable of designing and implementing an alternative response, while some have later conceded that they have been proven wrong (Sundaram, 2006).

In contrast with the other three countries, despite some 'tentative development in the emergence of civil society', in that the government became more subject to civil society demands during the crisis years (Abidin and Ahmad, 1999), the centralisation of decision making in the Office of the Prime Minister and the relative subordination and weak position of other state departments and civil society ensured that the ideas and interests of the Prime Minister and his allies were pursued (Nesadurai, 1998). Alternative ideas were generally downplayed or ignored (ibid). This is not to argue that NGOs were not active. Amanah Ikhtiar Malaysia (AIM) and various state-based poverty eradication foundations provided loans to the 'hardcore poor', and received an interest-free loan of 200 million ringgit from the government for disbursement during the New Economic Policy (NEP) period, enabling AIM to expand its activities to Sabah and Sarawak and to provide loans to more of the 'hardcore poor' involved in agricultural activities and small businesses (UN, 2003). There was also a drive for corporate governance reforms, resulting in the Finance Committee on Corporate Governance in March 1998.[63]

Thailand

In Thailand, the crisis also precipitated some degree of political instability, with a change of government from Chavalit Yongchaiyudh's New Aspiration-led coalition to that led by Chuan Leekpai's Democrat Party and a reshuffle of the Chuan coalition in October 1998. The changes were, however, all through

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[62] A non-authoritative self-regulatory approach was adopted in Korea, through establishing a corporate governance code in the formation of the Committee on Corporate Governance in 1999, as a non-government body. Later that year the Committee issued the Code of Best Practice for Corporate Governance, as a guide to corporations in establishing proper corporate governance structures. Section II of the Code included requirements for directors to perform their social responsibilities and to consider the interests of various stakeholders (Loftus and Purcell, 2008).

[63] The first corporate governance reforms of the four countries. This comprised representatives from government and industry and was to identify and address weaknesses in corporate governance that were exposed by the financial crisis. This was followed in 1999 by the establishment of the Securities Commission, as a self-funding statutory body to supervise the Kuala Lumpur Stock Exchange. The Malaysian Code of Corporate Governance was approved in March 2000, holding that listed companies must report on how they applied the principles embodied in the Code or explain why they did not (Loftus and Purcell, 2008).

constitutional means (Hewison, 1999) and largely peaceful. The country was relatively stable at the time, with a coup d'état by the military considered at the time as intolerable by the public (Tangcharoensathien et al., 2000). The recent 1997 People's Consortium and the Eight National Economic and Social Development Plan (1997-2001) had also embodied an important institutional framework, empowering people to realise their rights and liberties (Pongsapich, 2001). In response to the crisis, agenda setting by NGOs, academics and social organisations around the urgent need for poverty alleviation measures, combined with greater awareness of the harmful social impacts of the financial crisis, compelled the government to launch new social welfare programmes and to extend the existing schemes (Krongkaew, 2002; Naruemon, 2002, in Croissant, 2004). The financial crisis added momentum to the promotion of sustainable development and social responsibility, and there was a push for more a more financially sustainable economic model (Loftus and Purcell, 2008). For example, King Bhumibol and Buddhist monks called for 'sufficiency economics', involving moderate consumption and an economic model conducive to sustainable development, which gained widespread support across diverse sections of the Thai population (Sunday Times 2002, in Loftus and Purcell, 2008). Thailand also responded to the calls for improved corporate governance.[64]

4.2 Economic policy

The economic policy responses adopted by the four case study countries were strongly shaped by interventions by the IMF, even in the case of Malaysia, as disagreement about whether to resist IMF prescriptions led to major political tensions between the President and the Finance Minister (see discussion below). What sets the countries apart is largely the timing and intensity of the reform measures and the extent to which governments were able to rely on the pre-existing macroeconomic health of their economies. The following section discusses these different approaches in turn, but also includes a brief description of a regional cooperation effort, the Chiang Mai Initiative (see Box 4).

Indonesia

Although the most aid dependent of the four countries under analysis, initially the Indonesian government appeared to be handling the economic situation better than its Thai counterpart, as it did not go through a costly attempt to defend its currency (see discussion below), acting more quickly and decisively in addressing financial sector weaknesses (Paitoonpong, 2001). However, some key policy misjudgements, combined with the mounting political crisis, brought about a currency collapse and an economic crisis more severe than Thailand's (ibid). The Indonesian government reacted by accepting IMF guidelines and assistance, which prescribed a strict monetary policy to stabilise the exchange rate and a tight fiscal stance to facilitate external adjustment and provide some of the resources needed for financial sector reform (Chomthongdi, 2000; Hopkins, 2006). Interest rates were increased, anti-inflationary strategies and efforts to freeze the exchange rate were introduced, but were relatively ineffective as the prices of basic goods grew further (Dhanani and Islam, 2002), and the recession deepened. The IMF pushed Indonesia to further open its economy and privatise SOEs and to maintain a deflationary fiscal stance. Macroeconomic stability was maintained largely because of positive trends in inflation and GDP and resumed export growth in 2000 (Chomthongdi, 2000).

[64] The Securities and Exchange Commission in Thailand responded in 1999 with the publishing of a report, Enhancing Good Corporate Governance of Thai Listed Companies, which was subsequently revised in 2004. The Code was not compulsory but held that listed companies must disclose and justify non-compliance.

Opinions on the effectiveness of the IMF package in Indonesia vary widely. On the one hand, the IMF has hailed it as a success story; on the other, critics highlight limited progress in structural reform, with some blaming the government for inconsistent implementation of structural reforms (Chomthongdi, 2000). Importantly, in the decade following the crisis, growth did recover, based on stronger domestic demand, which reduced export dependence (Cook, 2009).[65]

Korea

The new elected president of Korea, Kim Dae-jung, was forced to turn to the IMF for advice and an emergency rescue loan even before his inauguration. The IMF rescue package worth $57 billion was agreed on 3 December 1997, and focused on corporate restructuring, financial and public sector restructuring[66] and market liberalisation (Chomthongdi, 2000).[67] The World Bank and ADB committed another $14 billion (Kim, 2005). President Kim, whose economic principles were rooted in principles of democracy and a market economy, pointed to the need to restructure the economy as a whole, and build medium- and long-term growth potential (Lee, 2004). As a result, a Tripartite Commission between the private sector, the government and labour union representatives was established in January 1998, involving important changes in the labour law to increase flexibility in the labour market by removing barriers to large-scale layoffs (ibid).

The government also agreed to open its capital markets and grant domestic firms greater freedom to borrow from abroad, which contributed to a weakening of the country's centralised planning system and greater foreign debt (ibid). Interest rates were increased sharply[68] and fiscal policy tightened to support stabilisation and cover the cost of financial restructuring. Foreign equity ownership ceilings were eliminated. The hope was to retain existing, as well as to attract new, foreign capital (Chomthongdi, 2000). However, in the context of widespread pessimism about the magnitude of the crisis in the region, foreign financial institutions accelerated their retrieval of short-term credit. Although the government agreed to cover most of the private sector's short-term debt, a significant credit crunch and increase in bankruptcies ensued (ibid).

While the economy grew relatively quickly in 1999 and 2000, these gains have been argued to be fragile, as a large percentage of the funds which helped the country overcome its debt problems came from the

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[65] Indonesia is thought to be more insulated from the current economic downturn owing to its smaller export to GDP ratio, which was 25% to total GDP in 1990 and 34% to total GDP in 2005 (Mehrotra, 2009) (the least export dependent of the four case study countries). Indonesia's failure to integrate closely with the rest of East Asia and China in the booming electronics-driven product 'fragmentation trade' may turn out to be 'a blessing in disguise', owing to it being built more on domestic demand (Manning and Sumarto, 2009). Nevertheless, its economy remains commodity driven (over 40% of its exports) and so falling commodity prices may curb growth through reduced consumer spending as well as slowing export growth (Mehrotra, 2009).

[66] The restructuring of the public sector entailed a major downsizing of government bodies followed by privatisation. In July 1998, the government announced that, out of the 108 SOEs, 38 would be immediately privatised, 34 would be gradually privatised, 9 would be merged into others or liquidated and 21 would go through restructuring (Chomthongdi, 2000). This dramatically decreased the assets of SOEs (as of November 1999, SOE assets worth 7.3 trillion won had been sold).

[67] The Financial Supervisory Commission was established and by April 1999 had 171 financial institutions (including 5 banks) closed down or suspended. Measures to enhance the transparency of corporate governance and to strengthen accountability were also undertaken (Lee, 2004).

[68] The IMF, however, allowed the government to lower interest rates in May 1998; Korea has since followed a policy of low interest rates.

IMF and foreign direct investment. Domestic businesses were especially affected and were impaired in their ability to contribute to the national economy (Hart-Landsberg and Burkett, 2001). However, Korea has continued to grow steadily over the last decade suggesting that the impacts were on the whole more short-term[69]. The IMF package did however leave Korea heavily dependent on external factors (Chomthongdi, 2000) and its export industry on U.S market conditions (Hart-Landsberg and Burkett, 2001), therefore rendering the country more vulnerable in the current economic crisis.

Malaysia

In Malaysia, IMF recommendations engendered considerable high-level political tensions in the country. The Finance Minister was initially receptive to an orthodox IMF package of policies in November and December 1997, which deepened the impacts of the crisis by devaluing the ringgit and exacerbating inflation. In the second quarter of 1998, however, Minister Anwar Ibrahim dramatically changed the course of response, and in May 1998 various policies to reflate the economy through countercyclical budgetary means were adopted (Sundaram, 2006). Amid the political rivalry between the Finance Minister and Prime Minister Mahathir, capital and other controls were introduced in September 1998, and the ringgit exchange rate was fixed at 3.8 ringgit to the US dollar, compared with the pre-crisis rate of around 2.5 (ibid). Mahathir controversially resisted IMF advice and assistance[70] and instead chose this path of capital controls in order to stem the depreciation of the currency and insulate the economy from external shocks (Hopkins, 2006). The National Economic Recovery Plan (July 1998) aimed for a quick recovery through fiscal stimulus, plus loosening monetary policy to increase aggregate demand; fixing the exchange rate and imposing selective capital controls to stabilise the currency; providing social protection for vulnerable Malaysians; and restructuring corporate and banking sectors to restore business activity. The government also revived privatised infrastructure projects through the Infrastructure Development Fund (World Bank, 2000).[71] Restrictions on capital movements were implemented and price controls on various goods, such as sugar, rice, cooking oil and flour, were strengthened. In response to the increases in drug prices, the government encouraged the use of cheaper generic drugs where possible (Suleiman et al., 1998, in Hopkins, 2006). These moves served to limit the role of the market and represented an attempt by the government to gain control over the ringgit.

The government's actions received considerable international criticism and were accused of being of a radical 'anti-market' and 'anti-liberal' orientation (ibid), but in reality represented more Keynesian anti-recession policies. In the end, Mahathir did eventually agree to a World Bank loan and IMF conditions for some economic assistance, which were central to it maintaining social investments, although he remained highly critical of international financial institution (IFI) approaches (Kukreja, 2000). The introduction of capital controls in Malaysia has since been agreed to have been key to the country's recovery from the crisis. The capital controls, combined with the exchange rate peg, created stability in

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[69] Korea is the third most export-dependent country of the four, with its export-to-GDP ratio growing from 28% of total GDP in 1990 to 42% of total GDP in 2005 (Mehrotra, 2009), while this is regionally comparatively low.

[70] Mahathir was defiant of what he regarded as the IMF 'meddling' in the economic affairs of Malaysia. Rejecting IMF calls for high interest rates, tight money flows and government expenditure cuts, the Prime Minister held that 'for the affected nations, the combination of stock-market collapses, sharp [currency] devaluations, high interest rates and IMF-inspired austerity programmes has not alleviated the situation. On the contrary, it has led to a further deterioration of living standards' (Mohamad, 1999, in Kukreja, 2000).

[71] This constituted 7 billion ringgit or 2.5% of GDP (Vijayaledchumy, 2003).

the currency and stock markets, and acted as a stimulus to the tradable sector. This enabled Malaysia to maintain domestic ownership of firms and guarantee political and social stability. The strong supervisory and regulatory powers of Malaysia's central bank were also key (Cozzi and Nissanke, 2009). The IMF has also since acknowledged that useful lessons can be learnt from the Malaysian experience (Khor, 2004). The Malaysian case shows that alternatives to IMF policies can be relatively successful, but also reiterates the importance of policy space and flexibility to affected countries (ibid). The Malaysian economy did continue to grow while being quite heavily dependent on the export sector.[72]

An additional but arguably less salutary prong of the Malaysian government's economic policy response was the implementation of a strict repatriation policy, which saw some 1 million migrants in 1998 expelled from the country to make way for newly unemployed locals (ADB, 2000). This served to keep the unemployment rate among nationals low relative to the other case study countries, but with costs for already highly vulnerable foreign workers.

Thailand

In Thailand, the government was especially careful to keep the IMF and its closest Western supporters 'on its side', with the Prime Minister expressing the government's commitment to free trade and market liberalisation. This was viewed as the most effective and efficient means to ensure sustained growth, in keeping with Thailand's long orientation towards trade and the private sector (Hewison, 1999). The IMF stabilisation and structural adjustment programme in Thailand started in August 1997, when the IMF approved a $4 billion loan for Thailand as part of an overall $17.2 billion bailout package, with the main objective of bringing back foreign capital (Chomthongdi, 2000). The IMF reform package in Thailand focused on fiscal discipline, a tight monetary policy and banking sector restructuring (Hopkins, 2006). Thailand was able through foreign aid to introduce four economic stimulus packages in 1999 to help mitigate the social impacts of the crisis (Maskey and Kusakabe, 2005) (see discussion below).

However, critics have argued that the IMF package in Thailand brought the country into further recession in late 1998, debatably 'rescuing but not reforming' the financial sector, without improving governance or laying the foundations for a more diversified and sustainable export structure (Chomthongdi, 2000).[73] The IMF insisted on the privatisation of public enterprises in most sectors in order to deepen the role of the private sector in the Thai economy and 'reinforce its outward orientation' (IMF, 1999, in Chomthongdi, 2000). Interest rates were sharply increased to help stabilise the exchange rate and attract foreign capital, but this largely failed and had a very negative impact on the domestic economy and SMEs, increasing costs for domestic businesses (Chomthongdi, 2000).

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[72] In Malaysia in 1990, exports represented 75% of total GDP and this grew to 123% in 2005. Malaysia is the most vulnerable (of the four case study countries and one of the three most vulnerable in ASEAN with Thailand and Vietnam) in the current global economic downturn. The 40% electronics share of its total exports leaves Malaysia fully exposed to the downswing in the global economic cycle, compounded by falling oil and commodity exports, which comprise over 35% of Malaysia's exports. The government is pursuing 'aggressive fiscal spending' to promote growth' (Mehrotra, 2009).

[73] Thailand is one of the region's most vulnerable countries (with Malaysia and Vietnam) to the current economic crisis. Its export-to-GDP ratio grew from 34% of total GDP in 1990 to 74% of total GDP in 2005 (Mehrotra, 2009) (behind Malaysia in the four case study countries).

Labour flows to and out of Thailand also attracted considerable policy attention during the crisis. Specific targets for Thai migrant workers were set by the government,[74] although in practice actual departures remained relatively unchanged from those prior to the crisis (Knowles et al., 1999). There were also reports of the repatriation of illegal migrants by the Thai government, mainly Burmese and Cambodian nationals (ibid).

Box 4: The Chiang Mai Initiative

A key regional level economic policy response to the financial crisis in 1997/98 was the Chiang Mai Initiative (CMI), in which ASEAN countries developed a cooperative financial agreement in 2000 with China, Japan and Korea (now widely known as 'ASEAN plus Three'). The CMI involved a network of bilateral swap arrangements among ASEAN countries and China, Japan and Korea, which have larger foreign exchange reserves, with the idea that these three countries can provide liquidity to any country in the region that suffers from a short-term liquidity problem, with the aim of preventing an extreme crisis or systemic failure in a country and subsequent regional contagion as occurred in the 1997/98 crisis. This initiative has since been bolstered in response to the current global financial crisis to help countries cope, with the bulk of money coming from China, Japan and Korea. The initiative has strengthened financial cooperation in the region and signalled the greater recognition of the need for improved regional economic surveillance and dialogue.

Source: Mehrotra (2009); Park (2002).

4.3 Social sector reform and investment in basic services

The social policy responses undertaken by governments in the region were multifaceted and need to be understood in their complexity in order to effectively assess their impacts on children and their caregivers. The first prong that we consider is that of broad social sector reform and investment in basic services in the wake of the crisis, given sudden and significant fiscal constraints. In all cases, with the important exception of Malaysia, cuts in basic services were made and in areas where children were likely to have been affected. Fiscal discipline was most stringent in those countries implementing IMF reform packages, and this arguably compounded impacts on poverty and inequality. This section reviews the reforms and cuts made in the social sector and, where data are available, highlights areas of specific relevance to children and caregivers.

Indonesia

The Indonesian government was unable to maintain public spending on social services, a direct cost of the IMF-prescribed financial restructuring which exacerbated Indonesia's national debt. Total public debt rose sharply in crisis years. At end-June 1997, public debt totalled $51 billion, a manageable 23 per cent of GDP. However, by the end of 1998, debt levels had jumped to 60 per cent of GDP and to 93 per cent by April 2000, when total public debt reached $152 billion, significantly higher than in the other case study countries (Chomthongdi, 2000) (see Table 27). This sharp increase owed primarily to the issuance of bank restructuring bonds. This debt service burden crippled Indonesia from being able to mitigate the impact of the crisis on vulnerable groups immediately and in the future (ibid).

[74] For example, the government's target for Taipei, China, was set at 210,000 in 1998, a 108% increase to that in 1997.

Table 27: Public debt as percentage of GDP

	1997 (pre-crisis)	Post crisis
Indonesia	23.0	93.0 (April 2000)
Thailand	15.7	51.9 (April 2000)
South Korea	12.0	22.2 (end of 1999)
Malaysia	33.7	40.1 (1999 & 2000)

Source: Adapted from Chomthongdi (2000). Malaysia data from Public Bank Berhad (2002).

The Indonesian budget was additionally impaired by the rising prices of inputs and declining tax revenue resulting from rising bankruptcies and reduced household spending (ADB, 2006, in Waters et al., 2003). The situation was exacerbated by the insistence of the IMF that the government return a fiscal surplus of 1 per cent of GDP (a fiscal target which had little analytical base). This target was subsequently relaxed by the IMF but had already done considerably damage to government spending (Hopkins, 2006).

Total public health sector spending declined by 9 per cent and then 13 per cent in 1997/98 and 1998/99, respectively (ADB, 1999, in Waters et al., 2003). Notably, this had visible effects on the availability of reproductive health and family planning services. For example, of 219 reproductive health and family facilities surveyed in the IFLS, 49 per cent stated that they experienced a change in the availability of family planning services during 1998, compared with 35 per cent of private providers. The change in availability made service provision difficult for 72 per cent of public facilities (Knowles et al., 1999). There were shortages of antibiotics, iron supplements, contraceptives and contraceptive pills in government health facilities (ADB, 1999 and RAND, 1999, in Waters et al., 2003).

The Indonesian 1998/99 education budget was cut by 27.65 per cent relative to 1997/98 (Chomthongdi, 2000). While large-scale negative impacts on education were avoided, perhaps in part mitigated by the government's subsequent social protection programme in education (see Section 4.4.3), and while overall enrolment levels did not decline, poorer families are, as discussed in Section 3, reported to have faced more difficulty in keeping their children in school.

Korea

In Korea, President Kim Dae-jung undertook extensive social sector restructuring. As will be discussed in more detail below, Kim pushed for a broad range of pro-welfare reform policies, with investments in health and welfare increasing over the course of the crisis, although only marginally in 1998.

Table 28: Total and health expenditures of government, in Korean won billions, 1996–2001

	1996	1997	1998	1999	2000	2001
A. Total government	58,823	67,579	75,583	83,685	88,736	99,180
B. Total health and welfare	2371	2851	3113	4160	5310	7458
C. Public health and health care	210	227	227	232	236	317
B/A %	4.03	4.22	4.12	4.97	5.98	7.52
C/A %	0.36	0.34	0.30	0.28	0.27	0.32

Notes: A = Total budget managed by the Ministry of Health, Welfare and Family Affairs. B = Public health, health care, food and pharmaceutical services and technology development.

Source: Adapted from Ministry of Health, Welfare and Family Affairs, Yearbook of Health and Welfare Statistics (2002), in Kim (2005).

These macro-level figures mask a number of important and arguably negative trends in the health sector reforms. Substantial areas of the health sector were privatised, resulting in a reduction in the number of health personnel employed by the government itself (Kim, 2005).[75] Services in public hospitals declined as services such as catering, laundry and facility maintenance were contracted out. The number of local government officials also fell in accordance with instructions from central government to reduce the number of officers, which was done largely by laying off the least powerful groups, including temporary, female and older workers (ibid). Private hospitals were subsequently promoted. Importantly, although public hospitals were already inferior to private ones prior to the crisis, they played a key role in providing health care to the poor at a much lower price than private services. Guidelines from central government sought to close down and contract out public hospitals and, as a result, the percentage of public beds fell sharply, from 10.2 per cent in 1996 to 8.1 per cent in 2000 of total beds (Pak, 1998, in Kim, 2005). Other reforms were made in significantly replacing regular work with irregular work in the private sector, as well as deregulating occupational health and safety (Kim, 2005). These health reforms served to weaken public health measures and are argued by Kim to have had a negative impact on the health status of Koreans, demonstrated by the decrease in health care utilisation during the crisis, the rise in suicide and psychological health complaints, the increase in deaths from cardiovascular diseases as well as a marked increase in occupational-related disability or deaths.

In the case of education, Korea's education budget dropped slightly between 1997 and 1999 (a 4.5 per cent change) but rebounded quickly in 2000 and 2001. The crisis appears to have contributed to a slowing of the progress made in increasing the budget since 1995 but, importantly, spending was largely maintained and large-scale cuts were not seen (see Table 29).

Table29: Korea – central government budget vs. Ministry of Education budget, by year

Year	**Central government budget (A)**	**Ministry of Education budget (B)**	**B/A (%)**
1995	54,845,022	12,495,810	**22.8**
1996	64,926,818	15,565,217	24.0
1997	90,489,113	18,287,609	20.2
1998	94,611,094	18,127,838	19.2
1999	114,697,979	17,456,265	15.2
2000	118,919,976	19,172,028	16.1
2001	124,461,641	20,034,365	16.1

Source: Republic of Korea Ministry of Education statistics (1965-2007).

Malaysia

In Malaysia, following the implementation of fiscal stimulus packages and its rejection of IMF packages, overall government spending increased from an average of 22 per cent of GDP in 1995-1997 to 30 per cent in 2001, or an average of nearly 25 per cent of GDP during 1998-2001 (Vijayaledchumy, 2003).[76] The government sought to build on existing social service structures and programmes and the social sector budget was increased during the crisis years (Table 30). The government protected recurrent expenditures on social assistance for needy children, the handicapped, the elderly and hardcore poor

[75] The number of nurses employed by public health institutions declined by more than 7% between 1998 and 1999 (Ministry of Health and Welfare, 2002, in Kim, 2005). The number of personnel per 100 patients decreased from 64.2 in 1995 and 78.1 in 1996 to 58.7 in 1998 and 58.0 in 1999 (Korea Health Industry Development Institute, 2000, in Kim, 2005).

[76] Importantly, however, Malaysia's financial liabilities did not exceed its foreign exchange reserves (Paitoonpong, 2001).

(World Bank, 2000). Government development expenditure for the Ministry of Youth and Sports amounted to approximately $1.4 billion ringgit for the period 1996-2000. This amount represents 1.4 per cent of the total development expenditure for that period (ESCWA, 2003). Malaysia had relatively good initial conditions and strong safety nets and basic services in health and education already in place, which allowed the government to implement this fiscal stimulus, keep debt low and protect social expenditures to a large extent (World Bank, 2000). Despite this, as tax revenues came under strain and prices increased, it did become harder to provide services, and a fiscal deficit did emerge. The government was forced to impose some expenditure cuts in order to provide the additional funds for the restructuring of domestic financial institutions and to repay these foreign debts (Islam et al., 2000). Efforts were made to maintain services, but the availability of such services to the poor was affected given increased demand from people who previously used private services (ibid). Services provided by the private sector declined confronted by falling demand, rising costs and falling profits (ibid). Private hospitals and clinics registered decreases of 15-50 per cent in the number of patients using their services since the onset of the crisis (Piei et al., 1999).

In terms of health, the government did postpone the development of many planned health projects, especially those reliant on expensive imported capital (Hopkins, 2006).[77] On the whole, the Malaysian health budget is seen to have been relatively well protected.[78] From 1996-2000, federal government expenditure on health services amounted to some 3.7 billion ringgit. This accounted for approximately 12 per cent of total social sector expenditure and 3.7 per cent of the total development spending of the government (ESCWA, 2003). Unlike Indonesia and Thailand, contraceptives remained free (ADB, 2000), and a government-sponsored study in 1998 found that the availability and accessibility of the population of contraceptives and family planning services had not been adversely affected by the crisis (Piei et al., 1999).

Table 30: Malaysia – social sector budgets (million ringgits)

	1996	**1997**	**1998**	**1999**
Total social	18,808	19,970	20,845	23,548
Development	3984	4919	5783	6936
Recurrent	14,824	15,051	15,062	16,612
Education	12,489	12,881	13,443	15,323
Development	2091	2521	2915	3865
Recurrent	10,398	10,360	10,528	11,458
Health	3474	3727	4047	4461
Development	459	449	716	835
Recurrent	3015	3278	3331	3626

Source: MOF (1999), in World Bank (2000).

[77] This delay in major projects enabled the operating budget of primary care services to be increased by about 20% in nominal terms in 1998 and 29% in 1999 (the increase was justified to meet the additional demand for public sector services in the wake of declines in family income) (Hopkins, 2006).
[78] An ADB (Knowles et al., 1999) study, in contrast, actually reports it to have increased from 14.4% in 1998 and an additional 6.5% in 1999.

Table 31: Central government health expenditure (in constant prices per capita, national currency units)

	Indonesia	**Malaysia**	**Thailand**
1985		69.97	
1990	5031.9	87.34	
1995	11,683.4	100.4	988.07
1998	10,648.5	117.4	1111.0
1999	10,588.1	126.3	1013.1
2000		140.9	1017.2
2001		163.7	1337.2
2002		164.5	1062.3

Source: ADB (2004), in Hopkins (2006).

At the beginning of the crisis, the education budget was cut by 18 per cent, but this was later reinstated and increased overall. The cutbacks were aimed towards supplies, office equipment and transport (World Bank, 2000). Many teachers switched to teaching privately (ADB, 2000). Adding to the evidence that tertiary education was most adversely affected, an overseas sponsorship programme for university graduates was scrapped and many students studying abroad had to return (ibid). A larger share of university students had to be absorbed by domestic universities, increasing the 1999 recurrent budget for tertiary education (World Bank, 2000).

Thailand

In Thailand, the high costs of financial sector restructuring was met through the imposition of harsh fiscal measures, including a reduction in public spending and an increase in the VAT tax rate from 7 per cent to 10 per cent (Chomthongdi, 2000). Public debt also increased dramatically (see above), owing to reduced revenues, rising prices and IMF lending conditions (Hopkins, 2006). The tight fiscal measures impacted on the government's already limited ability to mitigate the social impacts of the crisis, and spending cuts in core services were stark (see Table 32).

Table 32: Thai government expenditure, 1997-1999 (in million baht)

Programme	Fiscal expenditure for 1997	Fiscal expenditure for 1998	% difference from 1997	Fiscal expenditure for 1999	% difference from 1998	Fiscal expenditure for 2000	% difference from 1999
Agriculture	83,964.3	62,475.7	-25.6	61,375.6	-1.8	67,068.1	9.3
Industry and mining	3005.5	2989.5	-0.5	3206.4	7.3	3659.0	14.1
Communications and transport	95,939.5	80,470.7	-16.1	64,890.4	-19.4	60,165.6	-7.3
Commerce and tourism	6935.5	6374.9	-8.1	4783.2	-25.0	5490.9	14.8
Science, technology, energy and environment	19,514.5	14,203.1	-27.2	12,624.1	-11.1	15,227.0	20.6
Education	216,278.5	208,274.8	-3.7	208,616.1	0.2	222,416.1	6.6
Public health	75,023.0	66,455.2	-11.4	62,467.4	-6.0	65,744.0	5.2
Social services	158,696.4	103,082.2	-35.0	98,501.5	-4.4	92,994.6	-5.6
Defence	119,429.3	92,565.6	-22.5	89,349.7	-3.5	88,690.5	-0.7
Internal security	44,278.1	43,875.2	-0.9	44,554.6	1.5	50,006.3	12.2
General admin	114,139.0	104,811.2	-8.2	99,429.4	-5.1	109,531.3	10.2
Debt servicing	46,796.4	44,421.9	-5.1	75,201.6	69.3	79,006.6	5.1
Total	984,000.0	830,000.0	-15.7	825,000.0	-0.6	860,000.0	4.2

Source: Adapted from Bureau of Budget (1998, 1999, 2000), in Kittiprapas (2002).

The criteria behind these cuts focused on 'low priority projects, potential operational promptness and high ratio of imported products'. Sectors protected were those which promoted employment, national competitiveness and long-term economic recovery and improved health care (Tangcharoensathien et al., 2000). In the health sector, the government tried to make cuts in areas which would have a 'short term impact on health status' (Hopkins, 2006). However, in reality this included critical areas such as health promotion, mental health and the HIV/AIDS control budget (ibid). Between 1997 and 1998, the budget towards the Department of Mental Health declined from 1514.9 to 1438.1 million baht (a 5.1 per cent decrease) (UNAIDS, 1999). The budget towards counselling services declined by 32 per cent in the same time period (from 2.5 to 1.7 million baht) (ibid). The cutbacks made in reproductive health and family planning were especially harsh, with the reproductive health budget reduced by 12.2 per cent (more than the Department of Health (5.1 per cent) during 1997/98 (Tangcharoensathien et al., 2000)).[79] The 1998 Ministry of Public Health AIDS budget was cut by 24.7 per cent (UNAIDS, 1999).[80] In addition, the distribution of condoms in brothels and commercial sex establishments was reduced (Tangcharoensathien et al., 2000). HIV prevalence did continue to decrease among commercial sex workers, pregnant women and blood donors throughout crisis years, but increased among intravenous drug users (having being sustained at 40 per cent in 1996 and 1997, it increased to 47.5 per cent in

[79] The price of the contraceptive pill grew by 25% and injectables by 10% between 1997 and 1998.

[80] The 1998 Ministry of Public Health AIDS budget declined from 1459.9 million baht in 1997, to 1099.0 in 1998 and 1092.6 in 1999 (UNAIDS, 1999).

1998) and male STD patients (where the trend reversed slightly from 8 per cent in 1996 and 7 per cent in 1997 to 8.5 per cent in 1998)[81] (Tangcharoensathien et al., 2000).

Evidence on the impacts of the cutbacks made in public health suggests that these were negative. For example, in a spot survey of 180 public health facilities in Thailand, more than two-thirds claimed that their 1998 budgets for medicines and drugs were either cut, delayed or insufficient to meet the facility's increased needs. Nearly four-fifths stated that the resulting shortages have lowered the quality of care they provide. It is also known that public health facilities in Bangkok experienced fewer budget cuts than those in other regions, possibly reflecting a political and/or urban bias. For instance, 60 per cent of surveyed facilities stated that their budgets had been cut or delayed in 1998 compared with 1997. Only 22 per cent of Bangkok's facilities experienced budget cuts or delays, compared with 65 per cent of facilities in the northeast and 67 per cent in the north. Services also suffered from private donations decreasing (Knowles et al., 1999).

The education budget, as shown in the table above, decreased by only 3.7 per cent between 1997 and 1998 (Kittiprapas, 2002), with the greatest cuts in supplies and expenses (30 per cent) and equipment, property and construction (46 per cent) (Brooker Group, 1999, in Knowles et al., 1999). Even so, the impacts on education facilities were marked. In a survey of 220 schools, two-fifths reported budget cuts averaging 27 per cent, and non-governmental (supplementary) budgets fell by 35 per cent in 1997 and 1998, as donations from parents, local communities and other sources also declined during the crisis. Three-fifths of schools reported that budget cuts and delays led in particular to a lack of teaching materials. As in the case of health cuts, surveyed schools in Bangkok experienced budget cuts to a lesser extent than schools in other regions. For instance, more than two-fifths of school officials reported that their schools had experienced budget cuts in construction and maintenance during 1997/98, while none of the nine surveyed schools in Bangkok experienced such cuts (Knowles et al., 1999).

These cuts were, however, alleviated to some extent in 1999 with budget increases in some areas. These centred on 'alleviating social and labour problems and promoting efficiency in public sector management' (Tangcharoensathien et al., 2000). This included increases in the reproductive health budget as well as an increase on spending on health promotion for school children and youth (ibid). Despite this, the previous cuts made in these core services would have undoubtedly impacted negatively on children's welfare in the short and long term.

4.4 Social protection

Social protection programmes are an increasingly recognised policy option to be introduced and/or scaled up in response to an economic shock. Social protection refers to a variety of social assistance and security mechanisms which seek to reduce vulnerability and build resilience to economic, social, natural and other shocks and stresses (e.g., Jones et al., 2009; see Table 33 below). Recently, there has been not only growing policy attention to social protection interventions but also increased recognition of the

[81] As for the general population, World Bank Development Indicators (1996-2000) find that the prevalence of HIV among the population aged 15-49 was 2% in each year between 1996 and 2000. There is insufficient evidence to indicate higher mortality or a shorter lifespan among AIDS cases as a result of budget cutbacks, but it is possible that persons could die early because of inadequate treatment of opportunistic infections. Increases in the prices of drugs further constrained hospitals in terms of their ability to respond to people with HIV/AIDS (UNAIDS, 1999).

importance of ensuring that such measures are both child and gender sensitive (e.g., DFID et al., 2009; Holmes and Jones, 2009). In this section we review a variety of both general and child-specific social protection mechanisms in order to assess their relative efficacy in tackling key vulnerabilities that children and their caregivers faced during the Asian Financial Crisis.

Table 33: Types of social protection and household and child-specific measures

Type of social protection	**General household-level measures**	**Specific measures for children**
Social assistance	Conditional and unconditional cash transfers, food aid	Scholarships, school feeding, cash transfers with child-related conditionalities , fee waivers for education, child care and use of child health services
Social insurance	Heath insurance and other risk pooling mechanisms, such as disaster insurance and unemployment insurance	Subsidies for health insurance for children (e.g., waivers on premiums and co-payments)
Social welfare services	Preventative and responsive social welfare services focused on those needing protection from violence and neglect – e.g., shelters for women, rehabilitation services, etc	Child foster systems, preventative and responsive services to address child-focused domestic and community violence, child trafficking and child labour
Social equity measures	Anti-discrimination legislation, affirmative action policies, asset protection	Adoption and implementation of legislation to promote child rights and address rights deprivations including (e.g., violence, trafficking, early child marriage, etc) and as perpetrators (special treatment and rehabilitation services for young offenders); efforts to promote children's voice and agency
Complementary measures		
Complementary basic services	Health, education, economic/financial, agricultural extension	Child-focused health care services, pre, primary and secondary school, childcare services
Complementary pro-poor or growth with equity macroeconomic policy frameworks	Policies which support growth + distribution	Policies which support progressive realisation of children's rights in line with macroeconomic growth indicators

Source: Jones et al. (2009).

Prior to the Asian financial crisis of 1997/98, safety nets and social security schemes were limited – and largely only available to formal sector or government employees in all the case study countries. The majority of the most vulnerable relied upon informal or traditional family or community mechanisms (Paintoonpong, 2001). During the crisis, governments reacted differently in their approaches to social protection, with some adopting more child- and gender-specific measures than others. For example, some initiatives sought to protect household spending that would directly affect vulnerable children and youth, through educational scholarships for instance; others were less child specific, such as those focused more on providing help for the unemployed, perhaps assuming that the benefits would cushion household expenditure and thus benefit children indirectly.[82] The four countries were also all differently placed in terms of their already existing social protection systems, political will and fiscal space, as well as their differing conceptions of social protection, as either an entitlement based on citizenship rights or as a response to the needs of the 'deserving poor' (Harper et al., 2009).

Approach to social protection

The Asian financial crisis arguably opened up a new policy space to reorient government social protection programmes towards vulnerable groups, including children and caregivers.

Indonesia

Indonesia's introduction of the Social Protection Sector Development Programme (SPSDP) represented a new direction for the government, which had no previous experience with a broad social protection system. Despite fiscal austerity measures, the government did seek to protect the poor and its response stands out as being particularly progressive with respect to its previous provisions. The SPSDP was approved relatively late (July 1998), in part because of the country's political turmoil. It was financed through ADB,[83] reflecting how the government sought alternative assistance to scale up social protection to mitigate the social impacts of the crisis, in the face of IMF-imposed core services cuts. The main purpose of the SPSDP was to reduce the impoverishment caused by the economic crisis, while introducing sector reforms to strengthen social services delivery and access to key services such as health and education, in anticipation of decentralisation. The SPSDP targeted about two-thirds of Indonesia's poor (ADB, 2006) and initially involved two project loans totalling $300 million. The programmes have since been sustained and built upon.[84]

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[82] There is generally more available evidence of the social and child-specific impacts of Indonesia's and Thailand's programmes on children, likely because these governments focused more on targeted social protection measures than preserving universal access to basic services.

[83] The SPSDP combined two loans: $100 million for Loan 1622-INO – the policy component (the Programme) and $200 million for Loan 1623-INO (the Project). The ADB provided support to government policies aimed at: 1) maintaining access of the poor to social services; 2) maintaining quality; 3) continuing decentralisation of social services management; and 4) strengthening the efficiency, transparency and accountability of management of funds in school and health centres. The project loan aimed to: 1) maintain school enrolment and education quality at pre-crisis levels through the provision of scholarships to junior secondary school students and block grants to junior secondary and primary schools; 2) protect the health and nutritional status of the poor, particularly mothers, infants and children by promoting access to and quality of essential health and family planning services; and 3) provide support to the growing number of street and neglected children by providing scholarships and supplementary feeding. Three technical assistance (TA) grants accompanied the loans: 1) Monitoring and Evaluating the SPSDP; 2) Capacity Building for Decentralised Social Services Delivery; and 3) Capacity Building for Planning and Evaluating Programmes for Street Children (ADB, 2006).

[84] Today, Indonesia leads the region in cash and food assistance programmes (BLT and Raskin) and rural infrastructure programmes (PNPM). In 2006, an unconditional cash transfer programme was introduced, partly to compensate for the loss of fuel subsidies that had become fiscally unsustainable in the face of rising prices. Owing to difficulties in targeting and high leakage, a trial conditional cash transfer, the Hopeful Family Programme (PKH), has been piloted since 2007, containing a gender component by targeting women in poor families with the hope of meeting health and education outcomes for children through various conditions (see Hutagalung et al., 2009). The BLT Plus is a cash transfer introduced in 2008, also in response to the increasing price of fuel prices in the international market. This is an unconditional cash transfer targeted at poor households, where each household receives 100,000 rupiah per month + basic commodities such as cooking oil and sugar. The current social protection infrastructure owes much to the actions taken during the 1997/98 crisis period. As such, the government is now much better placed to deal with shocks to jobs and incomes among the poor (Manning and Sumarto, 2009). The country is also more adequately placed compared with 1998 because there are more active labour unions, which are much

Behind the social protection impetus in Indonesia there were both pragmatic and pro-poor motivations in the face of economic and political instability and the profound (and growing) social consequences of the crisis (Pritchett and Sumarto, 2002). First, both the new government and the IFIs and bilateral agencies needed to be seen to be responding proactively to the impacts of the crisis in order to differentiate themselves from the past. Second, there was a desire to mitigate the poverty impacts of the economic crisis on households and communities, especially through protecting key social services, mainly health and education. Third, there were Keynesian motivations to sustain aggregate demand nationally and locally to halt the collapse in output. Combined, these motivations resulted in a mixed package of social protection support (ibid).

Indonesia, therefore, introduced a range of entirely new social protection programmes. As part of the SPSDP, the new government announced support for a set of 'safety net' *Jaring Pengaman Sosial Bidang Kesehatan* (Health Sector Social Safety Net, or JPS-BK) programmes in the July 1998 budget (Pritchett and Sumarto, 2002), signalling an important shift, as Indonesian people had never to any significant extent relied on government safety net programmes before the economic crisis. This meant that the programmes incorporating labour, health and education needs had to be designed rapidly from scratch and factor in the governance challenges involved in rolling out a large scale safety net across the archipelago (ibid). Overall, this initiative highlights the importance of developing effective targeting mechanisms, as a large number of poor were simply not covered by the programmes (Sumarto, 2006).

Korea

While the government closely followed the neo-liberal suggestions of the IMF lending programmes, it too pursued an expansion and consolidation of social welfare programmes based on the principle of solidarity. As a consequence, the size of social welfare expenditure grew quickly between 1996 and 1999 (see Table 34). According to Lee (2004) 'the financial crisis and the Kim Dae Jung government together have brought the subject of social welfare into the mainstream political discussion and on to national policy agenda, as a means to make democracy better able to withstand shocks inherent in the market economy, for the first time in Korean history'.

Table 34: Korea – growth in social welfare expenditure

Welfare expenditure by OECD standard (billion won)						**Annual growth rate %**	
Items	**1990**	**1996**	**1997**	**1998**	**1999**	**1990-1997**	**1998-1999**
Social insurance	3687	10,973	12,865	18,202	22,929	19.5	33.5
Social assistance	861	1780	2077	2512	3353	13.4	27.1
Welfare services	1103	3578	4446	5799	7090	22.0	26.3
Company welfare	1940	5810	9881	21,756	13,808	26.2	18.2
Total expenditure (a)	7591	22,142	29,269	48,269	47,180	21.3	27.0
(a)/GDP ratio	4.25	5.29	6.46	10.86	9.77	-	-

Notes: Social insurance = pension insurance, health insurance, workmen's compensation insurance, employment insurance. Social assistance = National Basic Livelihood Security (NBLS), disaster relief. Welfare services = welfare services for the children, the handicapped and the elderly. Company welfare = paid maternal leave, paid sick leave.
Source: Adapted from Ko (2002), in Lee (2004).

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less likely to accept a fall in real wages. Nevertheless, the country faces challenge in protecting small-scale enterprises in urban areas and rural communities where most of poor people reside.

Reflecting this commitment to investments in social protection, the government introduced a range of reforms in social insurance and assistance. When the economy appeared to have turned a corner in 1999, the government declared its commitment to 'Productive Welfare' as the third pillar of its governance, together with democracy and market economy, expanding and supplementing its unemployment insurance and replacing its primary distribution system with the NBLS system, which aimed to support people with inadequate incomes. Reforms were also made in the pension system. However, as discussed further below, overall, the underlying gendered nature of the labour market and child-specific vulnerabilities were not comprehensively addressed.

Malaysia

Malaysia already had relatively good initial conditions in terms of service delivery and safety nets before the crisis. In addition, the government implemented a fiscal stimulus package, managed to keep debt relatively low and protected social assistance budgets to a large extent. Overall, more money was allocated towards existing safety nets. Of the fiscal stimulus of 7 billion ringgit of GDP, 1 billion was allocated towards social safety net measures to mitigate the impact of the crisis on the poor (Vijayaledchumy, 2003). This largely went to safety nets already in place, with some additional ones introduced in training and microcredit. The government's philosophy towards social protection was to build human capital by providing universal basic education and health care, as well as granting low-cost housing, improving infrastructure (especially in rural areas), providing income-generating schemes to the poor and limiting income transfers to the hardcore poor or unemployable poor. It therefore has focused on opening up income-generating opportunities rather than on cash transfers (World Bank, 2000). This desire to avoid creating dependency is visible in the focus of its programmes. Overall, safety nets in Malaysia proved largely resilient, although not sufficiently flexible to adapt effectively to the new poverty landscape brought about by the crisis, especially the rapid increase in urban poverty.

Thailand

The extent of formal safety nets and social security schemes was limited in Thailand prior to the crisis (Cook, 2009), and in the initial crisis period the government (keeping close to IMF guidelines) made substantial and damaging cuts to core services, which sharply limited its ability to mitigate the social impact of the crisis on poor and vulnerable people. Importantly, however, the 1997 People's Consortium and the Eighth National Economic and Social Development Plan (1997-2001) had embodied an important institutional framework empowering people to realise their rights and liberties. Civil society groups therefore pushed for government policies to be more responsive to lower-income and vulnerable groups (Pongsapich, 2001) and in 1999 fiscal expansion became more possible when the government decided to borrow $300 million from the World Bank for a 'social investment project'; $500 million from ADB for a 'social sector programme loan' and $1450 million from the Miyazawa Plan for three programmes. These included: 1) employment schemes; 2) restructuring of the agricultural sector; and 3) industrial credit (Chomthongdi, 2000). More resources were thus located towards social protection with a pro-poor focus, with efforts to make safety nets more universal.[85] A key question in the Thai case appears to be whether these were effective in mitigating the social impacts of crisis *and* the costs of reduced spending on core services. Overall, while the government's social protection efforts

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[85] More steps towards universalism, particularly in health, were taken after the crisis, driven in part by the populist politics of the Thaksin regime, but continued under successive governments (Cook, 2009).

brought benefits, they did not always reach the most vulnerable (e.g., Tangcharoensathien et al., 2000). The case also exposes lessons about the importance of gender responsiveness in social protection programmes. Health cards proved valuable for those who had them, but other programmes left vulnerable sub-groups unable to access safety nets, notably informal sector workers.

The following section employs available evidence to explore the variety of social protection programmes that were made available and/or scaled up during the financial crisis across the four countries. It questions how these addressed child- and gender-specific vulnerabilities and highlights key lessons arising from these experiences.

Unemployment-related measures

A look at the unemployment-related measures introduced in response to the crisis reveals important lessons about the accessibility of these different workers, including those in the informal sector, targeting criteria and gendered impacts.

Indonesia

In Indonesia, the JPS 'labour creation' programmes (*Padat Karya*) consisted of a loose and uncoordinated collection of labour-intensive public works programmes throughout various government departments (Pritchett and Sumarto, 2002). Targeting was geographic and self-targeting, so individuals chose whether they wanted to work for the specified wages. Its budget was 2066 billion rupiah, with the intention of providing 12.7 million days of work (ibid). There were various problems with the programme's targeting, regional differences, some evidence that in cases participants were not actually required to work and nepotism in the selection of beneficiaries (Sumarto, 2006). In terms of its impacts, Francisco et al. (1999) stress that the impact was highest when the programmes used a relatively low wage rate, ensuring that only those in need worked. However, this was not always the case, with different projects specifying different wage levels. Usually, these met with minimum wage requirements, but were sometimes higher or lower than those in the market, thus inducing those already working and not among the poor to participate (Sumarto, 2006). Female-headed households are reported to have been far less likely to participate in these, not necessarily surprising given that the first phase of this public works programme 'did not encourage female participation' (Pritchett and Sumarto, 2002) (see Table 35).

Table 35: Participation in Padat Karya in the past 12 months
among those who worked (second half of 1997 – second half of 1998)

	% of workers employed by *Padat Karya*
Overall	2.2
Gender	
Men	2.6
Women	1.7
Age	
15-24	2.7
25-39	1.9
40-54	2.1
55+	2.5
Education	
No school	2.3
Primary	2.5
More than primary	1.7
Residence	
Urban	1.5
Rural	2.8

Note: 3809 adults (15-75 years old) were interviewed in both IFLS2 (second half of 1997) and IFLS2+ (second half of 1998) and had worked at some point in the 12 months prior to the interview.
Source: Frankenberg et al. (1999).

Korea

In Korea, a number of unemployment measures were available and supplemented in the crisis years. The government's unemployment insurance scheme was first introduced in 1995. The government tried to 'lessen the tension produced by the economic crisis' by strengthening the unemployment insurance scheme first introduced in 1995 (Kim, 2005). Entitlement conditions for unemployment insurance were softened by shortening the duration of contributions from 12 months to 1 month and extending the maximum duration of benefits from 30 to 210 days (ibid). Coverage was also expanded first to firms with five or more employees and later to those with one or more employee. Mandatory contributions to training and wage subsidy schemes were also expanded. This expansion increased the number of workplaces covered more than 17 times, from 47,400 in 1997 to 800,000 in 2001 (Lee, 2004). The overall proportion of the population covered by this scheme increased from 2.6 per cent in 1997 to 4.2 per cent in 1999, and the governmental budget expanded by 105 per cent from 1997 to 1999 (Ministry of Health, Welfare and Family Affairs, 2001, in Kim, 2005). The same expansion coverage was implemented for the Workmen's Compensation Insurance, which increased from 8,237,000 in 1997 to 10,581,000 in 2001 (Lee, 2004). Some supplementary schemes were also arranged with the aim of supporting the unemployed and poor groups and included new training for the unemployed and loans with low interest rates (Kim, 2005). While these expansions proved valuable for some, the majority of irregular workers were excluded. Importantly, as of 2001, only 16.6 per cent of the unemployed were receiving unemployment benefits (Lee, 2004).

The government took a relatively proactive role in developing schemes to meet the needs of women, such as: special job training sessions for female-headed households; expansion of working women's centres; participation of females in layoff processes; finance hotline 'Equality Hotline'; inclusion of women-friendly public works; efforts to increase the ratio of women in public works; business loans for female-headed households; opening of part-time job referral centres; job referrals for college graduate women; and social services to prevent family breakdown and child care support for the unemployed (UN, 2003).[86] Nevertheless, there have been criticisms that unemployment benefits favoured men, serving to call into question how far the gendered nature of the labour market was tackled. Out of a total of 8082 cases, amounting to 50.5 billion won, men constituted 7725 cases (95.6 per cent), receiving 48.5 billion won (96 per cent), and women's cases numbered 357 (4.4 per cent), receiving only 4 per cent of the budget. The reason behind this was that eligibility was restricted to heads of households and/or primary income earners of the family. Generally, even when a woman was responsible for the livelihood of a family, she was not legally considered the head of household or the primary income earner if there was a husband living in the house (UN, 2003).

The Korean government also reformed its pension system in 1999 by expanding coverage to the urban self-employed, firms with less than five employees, temporary and daily workers (Lee, 2004). As such, 9 million individuals were added to make the 16 million universal coverage of pension insurance a reality by 2001 (ibid).

These unemployment insurance and assistance measures notwithstanding, it is important to contextualise them within the broader context of government measures to deregulate the labour market and remove barriers to large-scale layoffs (Lee, 2004). The crisis brought about many changes in corporate practices and culture, including easing restrictions on layoffs, which before 1998 had been prohibited under the Korean labour law. As a result, there was more job insecurity and increased competition in the workplace, and measures to promote affirmative action for women in the workplace were put on hold (Kim, 2004). The government's responses in the labour market created a variety of irregular and flexible jobs (Hart-Landsberg and Burkett, 2001).

Malaysia

In contrast with Korea, a number of Malaysian government initiatives sought to safeguard employment. Crucially, employers were urged to use retrenchment as a last resort and encouraged alternatives such as training and reduced working hours. An existing Employees' Social Security Scheme (1969) stipulated that all employees receiving an initial monthly salary of less than 2000 ringgit were entitled to benefits (ESCWA, 2003).[87] The Employees' Provident Fund (1951) aimed to ensure the financial security of its members, particularly after retirement, by means of a savings scheme that requires contributions from employers and employees (ibid).[88] In August 1998, a new amendment to the Employment Act was

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[86] Although the Maternity Protection Law was amended in 2001 to expand the coverage of maternity leave and child care, this had been a key part of the women's movement advocacy platform since the early 1990s (Jones, 2006) and therefore cannot be directly linked to a crisis response. However, it is possible that the particular struggles women faced in terms of layoffs and regaining paid employment after retrenchment added extra impetus to the debate among activists and government femocrats alike.

[87] Certain categories of workers, namely, domestic servants, tributers, spouse(s) of the employer, members of the armed forces, police officers, persons detained in a prison or detention centre and all public sector employees, are not covered by this scheme. In addition, immigrant workers have been excluded from the scheme since April 1993 (ESCWA, 2003).

[88] Employees not covered by this scheme include nomadic aborigines, domestic servants (except those employed by registered societies, businesses, corporations or designated employers, or who can elect to join), outworkers (except those employed by designated employers), detainees, legal immigrant workers (unless they elect to join and are not already covered by other provident or pension schemes) and any person who is a member of the administration, namely, Ministers, Deputy Ministers and Parliamentary Secretaries. In addition, self-employed persons or pensionable employees are entitled to become members

introduced that required prior notification to the Manpower Department by employers who planned to implement pay cuts and temporary layoffs. Moreover, the Ministry of Human Resources launched a 5 million ringgit Retraining of Retrenched Workers Scheme in May 1998 (World Bank, 2000), involving training schemes for newcomers in petty trading and agricultural activities. Efforts were also made to revitalise construction and infrastructure projects (UN, 2003).[89]

Given the negative impacts of the crisis on tertiary education and young graduates, two programmes were targeted specifically towards unemployed graduates in 2001 and 2002 (Baharudin, 2004). The 2001 programme involved a training scheme for graduates in information and communication technology (ICT) and languages with the options of allowance and loans for further study, and options of six months employment in a number of sectors, such as government offices and private companies in commercial agriculture and architecture. The 2002 Retraining Fund (100 million ringgit) was more focused on training new graduates in selected fields such as ICT and accountancy and a training scheme of one to two years in government-owned companies (ibid). In terms of the impacts of these schemes, they are suggested to have addressed the cyclical nature of unemployment through providing basic skills, and only slightly attempted to address structural unemployment. Since the economy was still largely unable to provide suitable jobs, graduates were generally forced to take whatever jobs were available (ibid). The World Bank (2000) has suggested that retraining for retrenched workers was not necessarily useful as the crisis was caused by an economic downturn rather than a mismatch of skills.

Thailand

In Thailand, an emergency Unemployment Mitigation Plan (August 1998), encompassing a string of programmes, focused on job creation in rural areas; the repatriation of illegal workers but simultaneous promotion of Thai workers abroad; employment promotion in industry; promotion of new agricultural methods; career and occupational guidance; and job creation in the community and temporary employment of graduates (Pongsapich, 2001). The government's Employees' Provident Fund supported the extension of social security coverage to laid-off workers (Maskey and Kusakabe, 2005). This included a Workman's Compensation Fund and Employee Welfare Fund, largely directed towards employees in the formal sector (Pongsapich, 2001). Informal workers' access to social security was mainly through the Self-employment Scheme, which covered death, disability, maternity and accident benefit, but not health insurance (where workers had to pay a double premium) (Maskey and Kusakabe, 2005). There are reports, however, that the support offered by these measures was ad hoc and not continuous (Kelkar and Osawa, 1999, in Maskey and Kusakabe, 2005). Moreover, retrenched female workers from factories in Thailand who had turned to self-employment were not able to access these benefits, while many were reported to worry that the self-employment scheme did not cover them for serious illnesses and accidents (Maskey and Kusakabe, 2005).

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and public sector employees can enlist as members during their probationary period. Employees pay a monthly contribution that amounts to 23% of their wage. 11% of the contribution is paid by the employee and 12% by the employer. Self-employed persons and pensionable employees who are members determine the size of their contribution, as long as it is at least 20 ringgit per month (ESCWA, 2003).

[89] There were, however, some paternalistic overturns to the provision of this support. The Ministry of Rural Development combined with the Ministry of National Unity (particularly the Community Development Division, or KEMAS) set up motivation programmes aimed at 'changing the mentality and attitudes of the poorest towards development, before giving them proper training for the various packages of commercial projects' (UN, 2003).

The government of Thailand formed the Center for Assistance to Laid-Off Workers (CALOW) with branches in provincial capitals which registered laid-off workers. This was to provide a 'one-stop' service for training referrals, training, counselling and placement supports. Small microcredit loans were made available for those who wished to start a business (Maskey and Kusakabe, 2005) and non-formal education programmes under the Ministry of Education were also developed in support of laid-off workers (Tinakorn et al., 2000, in Maskey and Kusakabe, 2005). CALOW was also to ensure that training places were provided to laid-off female workers, but there are numerous accounts of women being overlooked by such schemes. For example, a study by Wanabriboom et al. (2002) found that there were fewer women beneficiaries than men in the employment creation programmes. In Maskey and Kusakabe's (2005) study, as many as two-thirds of the surveyed women were not aware of any available support from the government, in part because the activities for which training programmes were provided centred around male-oriented tasks such as repair, renovation and construction (ibid). The skills introduced for retrenched women workers at CALOW were also stereotypical, including cooking, sewing and making liquid soap, arguably exposing the government's traditional attitude towards women (ibid). Moreover, some respondents were not allowed to take certain courses owing to their age, highlighting the intersection between gender and age discrimination. There was also a dearth of policy arenas where informal workers' issues could be discussed. As in Indonesia, government assistance is reported not to have reached most of the retrenched women workers, particularly in urban areas (ibid).

Social assistance measures

Social assistance (including conditional or unconditional cash or in-kind transfers, school fee waivers, etc) can prove critical in helping to mitigate the impacts of an economic shock on the poor. An analysis of the measures adopted by the four case study countries together reveals important lessons regarding operational problems; the importance of an up-to-date and locally informed understanding of the crisis; and the need for flexibility to adapt programmes to meet the changing needs of vulnerable populations in crisis contexts.

Indonesia

Experiences from Indonesia show that its bold social assistance efforts yielded positive results. A central programme to umbrella JPS poverty alleviation programme was the subsidised rice programme (OPK) introduced in 1998, offering sales of subsidised rice to targeted households.[90] Reports of the OPK are overall favourable and positive: the programme exceeded its planned coverage and reached 44.2 million people in 1998 and peaked at approximately 50 million people in early 1999 (Dhanani and Islam, 2002). More than half of all poor households in Indonesia are reported to have received benefits from this programme (Sumarto, 2006), although targeting mechanisms had considerable scope for improvement.[91] Nevertheless, Tabor and Sawit (1999, in Dhanani and Islam, 2002) estimate, that in the

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[90] This allowed each eligible household to purchase 20kg of rice at the price of 1000 rupiah/kg (in August 1998 the market price for medium quality rice was around 3000 rupiah/kg) (Pritchett and Sumarto, 2002). Targeting was carried out through geographic targeting and lists. Its budget for financial year 1998/99 was 5450 billion rupiah, with a planned coverage of 12.8 million (ibid). Parallel to OPK, the World Food Programme (WFP) operated rice distribution in five urban slum areas. This is reported to have reached over half a million households in 1999 with 5kg of rice per month. In this case, however, the food was distributed by NGOs and did not require ID cards (Stalker, 2000).

[91] A SMERU field study in December 1998 of 21 urban areas and 19 rural areas in five provinces concluded that the 'OPK program is reaching needy people, but not all needy people received OPK' (Sri Kusumastuti et al., in Dhanani and Islam, 1999). A later SMERU survey of around 450 households in Northern Java found that 'there is no doubt that the OPK rice program has

absence of the OPK programme, the poor would have experienced an 11 per cent income reduction and the very poor a 22 per cent decline in income, and that the poor would have had to have reduced their calorie consumption by about 8 per cent and protein consumption by about 15 per cent. The programme is also said to have made an important contribution to price stability and, from the beginning of the programme, there was a pronounced absence of food riots. Similarly, Sumarto et al. (2005) found that participating in the OPK programme increased per capita household consumption by 4 per cent and reduced the probability of a household being below the poverty line (in the survey year) by 3 per cent.

Another key social assistance measure involved education scholarships for the poor. The GBS Scholarships programme provided scholarships directly to elementary, lower secondary and upper secondary students (Pritchett and Sumarto, 2002) and block grants to selected primary schools, which prevented the latter from refusing children wanting to attend school even when they were unable to pay the fees (ADB, 2006). Designed from scratch, the scholarship amount was substantial (10,000, 20,000 and 30,000 rupiah per month for primary, lower secondary and upper secondary school students, respectively), intended to exceed both official and unofficial school fees (ibid). These were allocated to the poorest schools; within each school, scholarships were allocated to individual students by a school committee consisting of the principal, a teacher representative, a student representative, the head of the parents' association and the village head. A range of criteria was used to select recipients, including household data from school records, family status according to classifications of the National Family Planning Agency (BKKBN), size of the family and likelihood of the student dropping out of school in the absence of a scholarship (Sumarto, 2006). The scholarships were paid directly to the students (or their families) twice a year via a cash transfer handled by the local post office. It sought to cover 6 per cent of primary, 17 per cent of lower secondary and 10 per cent of upper secondary school students and had an allocated budget of 1138 billion rupiah (ADB, 2006). In order to promote gender equity, the programme specified 'at least equal access for girls' in that 50 per cent or more of the scholarship should be allocated to girls and female-headed households were also targeted (ibid).

Evaluations of the scholarship programme have shown relatively positive results. ADB (2006) found that the actual number of scholarships to junior high school students reached twice the yearly target (from 480,000 to 1 million). A Susenas survey in 1999 also found that there was a strong bias toward the poorest groups: 63 per cent of all scholarships went to the poorest two quintiles, while 18 per cent went to the highest two quintiles, the latter share falling to 11 per cent in the case of primary school (Dhanani and Islam, 2002; Jones and Hagul, 2001). On average, participation in one of the scholarship programmes increased household per capita consumption by 10 per cent (Sumarto et al., 2005). Sumarto (2009), however, is less optimistic, reporting that the scholarship programmes for primary and upper secondary schools had the lowest coverage, with only around 5 per cent of poor students receiving scholarships. In terms of gender impacts, girls are reported to have been six percentage points more likely to receive a scholarship at the upper secondary school level than boys, and female-headed

assisted the poorer members of the community in hamlets where 10kg of rice was provided three or four times' (Hardjono, 1999, in Dhanani and Islam, 1999). Likewise, while it is widely agreed that, where OPK was available, it had gone to those who needed it and lessened their poverty burden (Dhanani and Islam, 2002) and that as a programme OPK was highly cost effective (Rachman et al., 1999), it is also recognised that there was some inadequate or insufficient coverage and weakness in targeting. More than a third of non-poor households are reported to have received the benefits (Sumarto, 2006).

households were 6.1 percentage points more likely to receive JPS funds compared with those headed by men (Cameron, 2000b; Pritchett and Sumarto, 2002).[92]

Reports on the impact of block grants are also positive. ADB (2006) found that block grants reached three times more primary schools than intended (from 40,000 to 120,000), and eight times more than the target for junior secondary schools (target 2700, reached 21,000). As such, they removed an important cause for rejecting students unable to pay school fees (ibid).

Korea

President Kim in Korea was quick to acknowledge the need for a social safety net in response to the crisis centred on the notion of social solidarity, and to improve coping measures. As part of these reforms, the government replaced its primary food distribution system with the NBLS system in October 2000, which sought to support people with inadequate incomes by providing households who earned an income below the government-set points of reference with the difference (Kim, 2004).[93] The NBLS also relaxed eligibility requirement so that, regardless of the reasons for being poor, those who were poor and could not keep the minimum living standard as defined by the Ministry of Health, Welfare and Family Affairs each year, were able to resort to the NBLS as 'the last safety net for all' (Lee, 2004). The new system was targeted through official poverty line calculations and means-testing carried out by qualified social workers. The Act also stipulated a conditional provision of benefit for those who were poor but capable of work. This required them to participate in the Self-reliance Support Programmes, intended to help beneficiaries get out of poverty and to prevent dependency of the employable poor on social assistance (ibid). The programme was also designed to offer subsidised vocation training to those who lost their jobs (Kim, 2004).

Before the reform, women outnumbered men as beneficiaries of public assistance schemes in the crisis year 1998 (Home Assistance and Self-reliance Assistance were changed to the NBLS in 2000). In these programmes, 65 per cent of Home Assistance beneficiaries and 38.4 per cent of the Self-reliance Assistance recipients were women aged 65 years and older, reflecting the feminisation of poverty and the issues facing older women in the country (UN, 2003). Song (2006), however, points to how homeless women were 'invisible' in welfare programmes, in which the welfare administration was reluctant to consider homeless women as deserving of state aid during the financial crisis.[94]

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[92] The scholarship programme has actually been suggested to have contributed to the continuation of an already existing, albeit only slight, 'gender gap' where the enrolment rate among was girls was higher than that of boys before the crisis at both primary and secondary levels, even among the poorest quintile (ADB, 2006). Boys' primary school dropout rate was a little higher than that of girls in the poorest quintile, at 2.7% and 2.3%, respectively, in crisis year 1998. By post-crisis 2001 this was 2.0% for boys and 1.4% for girls. The lower secondary dropout rate was 2.3% for boys and 2.3% for girls in 1998, and 1.8% for boys and 1.4% for girls in 2001 (ibid).

[93] The set points were 320,000 won (roughly $250) for a one-person household, 540,000 won for a two-person household, 740,000 won for a three-person household, 930,000 won for a four-person household and 1,060,000 for a five-person household.

[94] As such, various social actors are said to have participated in the 'social governance of homelessness' and, in doing so, relied on logics which disciplined gender and family relationships (Song, 2006).

Table 36: Korea – livelihood protection benefits by sex, 1998

		Home Assistance		**Self-reliance Assistance**	
Year	**Sex**	**Number**	**%**	**Number**	**%**
1998	Male	68 024	35.1	119 699	49.6
	Female	125 645	64.9	121 858	50.4
	Total	193 669	100.0	241 557	100.0

Source: Korean Women's Development Institute (1999), in UN (2003).

As can be seen in Tables 36 and 37, the budget for the NBLS rose from 900 billion won in 1997 to 3403 billion won in 2002, and accounted for about half of the total budget of the Ministry of Health, Welfare and Family Affairs in 2002. The number of social assistance cash beneficiaries increased from 0.37 million in 1997 to 1.55 million in 2002 (Lee, 2004).

Table 37: NBLS budget (billion won)

Items	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**
MOHWFA (a)	2851.2	2057.0	3896.8	5310.0	7458.1	7749.5
NBLS (b)	900.8	1090.1	1847.9	2332.1	3269.6	3403.4
(b)/(a) (%)	31.6	35.8	47.4	43.9	43.8	43.9

Source: Lee (2004).

Table 38: Number of NBLS benefit recipients by year

Items	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**
Total recipients (in ,000s)	1410	1470	1920	1510	1490	1550
Livelihood aid recipients (in ,000s)	370	440	540	1510	1490	1550
(b)/(a) (%)	26.2	29.9	28.1	100.0	100.0	100.0

Source: Lee (2004).

Malaysia

Social assistance in Malaysia consisted of a variety of programmes, with its primary focus on rural areas. The government was reluctant to introduce new programmes, in fitting with its traditional strategy for poverty alleviation focused towards income generation rather than income transfers to the poor (World Bank, 2000). Additional budgets were allocated from a World Bank loan to the Development Programme for the Poorest (Programme Pembangunan Rakyat Termiskin, or PPRT), which focused on poverty reduction in the poorest areas through income-generating activities such as the production of cash crops (UN, 2003). Towards the rural sector, already in place from 1991, a nationwide Vision Village Movement (Gerakan Desa Wawasan, GDW) continued to be directed towards a transformation of the rural sector. The movement emphasised the participation of villagers in the planning and implementation of rural development programming (UN, 2003). Another key programme was the Orang Asli programme, a poverty reduction programme catering specifically to the Orang Asli aboriginal people.[95] Assistance took the form of encouraging involvement in income-generating activities, namely land development schemes, vegetable farming, livestock rearing, retail business and cottage industries (ESCWA, 2003).

[95] In 1999, government statistics revealed that the incidence of poverty in Orang Asli households was approximately 51% (ESCWA, 2003).

In 1997, social insurance coverage as a percentage of total employment was 48 per cent, yet tended to be confined to the formal and/or public sector (Hopkins, 2006). The solid foundations of the existing network of free health and basic education are reported to have remained virtually intact and helped cushion vulnerable groups during the crisis years (World Bank, 2000). The efficiency of this range of programmes is difficult to ascertain. While budgets were protected, the funding for the crisis was generally below expectations (UN, 2003), while households that received government assistance are reported to have been protected (Islam et al., 2007). Government assistance was an important contributor to household expenditure and played a significant role in resisting the deterioration in the living standards of low-income households caused by the financial crisis (ibid). However, critically, these were not adjusted to target urban poverty (where the impacts of the crisis were most dramatically felt) and thus were insufficient and not flexible enough to cope with and meet the needs of the urban poor. The existing programmes were targeted towards the rural poor (70 per cent of pre-crisis poor were in rural areas) and did not reach the significant numbers of newly urban poor (World Bank, 2000).

Thailand

Thailand's central social assistance programme was the Thai Help Thai Through Social Assistance programme, a poverty alleviation initiative for community development. This provided a 280,000 baht revolving fund per village, and funds from the Miyazawa Plan provided an allocation of 100,000 baht per village for community development, while Social Investment Funds also provided support to local organisations for community strengthening activities (Pongsapich, 2001). However, the scheme faced difficulties, primarily because of a lack of analysis and proper understanding of the crisis. This resulted in poorly coordinated and under-resourced implementation, which was exacerbated by the fact that not all committed project funds were actually launched as a result of government agency budget cuts (ibid).

Like Indonesia, although the education budget was subject to cuts during the crisis, an education scholarship fund was established as well as increased investment in a school feeding programme. Thanks to an ADB loan in 1998 and 1999, however, an emergency budget was put forward for the Student Scholarship Fund (1998),[96] which targeted students from poor families in pre-elementary to high schools and covered education fees and expenses. In terms of impacts, the scholarship programme was subject to some criticism for less than effective targeting, but an evaluation of targeted students whose parents earn an income of less than 120,000 baht a year indicated that 90 per cent of students granted scholarships came from families with an income of less than 50,000 baht a year (ibid), suggesting that results were in fact pro-poor (Pongsapich, 2001). In the case of the school feeding programme, the budget increased significantly between 1997 and 2001 (by 62 per cent for lunches for preschool elementary students and by 9 per cent for a school milk initiative for preschool and Grade 1-4 students (ibid)).

Social health insurance

There is increasing recognition that health shocks, often exacerbated by broader macroeconomic crises, are a major contributor to pushing families into poverty and therefore of the importance of social health protection (Walsh, 2009). Where health-related social protection measures were implemented in response to the crisis, they are reported largely to have proved valuable to the poor and children (e.g.,

[96] The budget allocation for student scholarships for 1998 was 886.20 million baht and decreased for 1999 to 520 million baht (Pongsapich, 2001).

Suci, 2006). However, evaluations do suggest that some highly vulnerable groups were excluded (e.g., Tangcharoensathien et al., 2000; World Bank, 2000), highlighting the significance of a sound and locally specific understanding of crisis impacts on the poor by region, gender and age, as well as programme flexibility to change and adapt to meet increased demands on health care.

Indonesia

In Indonesia, the health component of the JPS programme provided subsidies for medical services, operational support for health centres, medicine and imported medical equipment, family planning services, midwife services and supplemental food. The nutrition-related programme is reported to have contributed to continuing the downward trend in child malnutrition (ADB, 2006). Similarly, efforts to maintain women's access to family planning services, particularly injectables, have shown positive outcomes (ibid).[97] In addition, about 75 per cent to 94 per cent of targeted expectant mothers from poor families are estimated to have received medical checkups, and birthing assistance by medical personnel rose from 54 per cent in 1997 to 60 per cent in 1999, and 70 per cent as of December 2000.

A major programme that received additional impetus as part of the government's crisis response was the provision of health cards (*kartu sehat*) to eligible impoverished households, financed through a combination of the national budget and ADB resources (Barrientos et al., 2008; Halabi, 2009; Pritchett and Sumarto, 2002; Sumarto, 2006).[98] This entitled all members of the household to obtain free primary health services from designated public health care centres (*puskesmas*) for medical and family planning purposes, and antenatal and child birth services. The programme also included free food supplements for pregnant women and children under three years old (Sumarto, 2006). Eligibility was determined through village-level lists, consisting primarily of family planning prosperity status, with some modifications by local administration via a 'health committee' of village leaders, midwives, women's organisations and NGOs. Its budget was 1043 billion rupiah for financial year 1998/99, with planned coverage of 7.4 million households (Pritchett and Sumarto, 2002).

Reports of the programme are on the whole positive and show that poor people who obtained health cards had increased access to primary health services. According to ADB (2006), health cards reached 74 per cent of 5.3 million in financial year 1999 and 93 per cent of 5.2 million in financial year 2000, with 2.9 average visit rates per year to a health centre. Moreover, a Ministry of Health and National Development Planning Agency longitudinal study throughout 1998/99 found that children living in households with health cards (92 per cent of all children by the end of 1999) were more likely to visit outpatient facilities (Suci, 2006).[99]

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[97] The programme procured and distributed to all provinces 28 million cycles of injectable contraceptives; use among the poor increased from 31.5% in 1998 to 33.8% in 2000. Overall, married women increasingly used modern contraceptives during crisis years (having risen from 50% in 1991 to 57% in 1997 and to 60% in 2002/03) (ADB, 2006).

[98] The programme began in 1994 (Barrientos et al., 2008). In 2005, '*askeskin*' replaced the former *kartu sehat* programme. A distinctive feature of the new programme is the issue of health cards by *askes* (the existing health insurance provider for formal sector workers) (ILO, 2008),

[99] However, there is also contrasting evidence that some health card holders chose not to use the available health services. This is said to have stemmed from the fact that health providers received lump sum grants from the national government to provide free health services, rather than a total depending on the amount of free services provided. This meant that, in some cases, when a provider thought that the value of services provided had exceeded the funds received, eligible households were turned away or asked to pay. Some poor people are also reported to have thought that the quality of services provided by the free health providers was of a lower quality and therefore chose not to use them (Sumarto, 2006). Moreover, post-crisis there is

Korea

In Korea, a universal health insurance scheme had been in place since 1988 (UN, 2003). Before the reforms which followed the financial crisis, the system comprised 420 health insurance societies with differing contribution rates and independently managed funds. In response to the crisis and in order to increase efficiency and equity, these were incorporated into a single health insurance plan operated by the public sector, controlling the administration and funds of the independent agencies. A unified contribution standard was introduced, which is reported to have thereby also increased the equity of health insurance contributions. The scope of benefits covered by health insurance was also slightly extended (Lee, 2004). These reforms were pursued with the rhetoric of 'nationwide solidarity' and strengthening the state's responsibility for health care, but in reality proceeded in tandem with the separation of medical and pharmaceutical services, which resulted in steep increases in the cost of health care (ibid). These moves were part of the government's broader push towards privatisation of parts of public health services and deregulation of occupational health and safety measures. The amount spent on health insurance did increase during the crisis years[100] (coverage unknown). Nevertheless, in response to the financial crisis and reforms, household utilisation of health care decreased during the crisis years (Kim, 2005), suggesting that the reforms did not provide sufficient security against the costs of health shocks. Also, benefits pertinent to women's reproductive health were an important gap in need of expansion (UN, 2003).

Malaysia

As discussed, the focus of the Malaysian government's measures to mitigate the social impacts of the crisis was on enhancing income-earning opportunities while maintaining expenditures on health, education and its existing safety net programme (World Bank, 2000). The Malaysian public health care system already consisted of an extensive network of clinics, hospitals, preventive health services and maternal health services funded through general taxation. The services were highly subsidised and are mostly free to clients, and virtually 100 per cent subsidised in the case of rural populations and the poor (ESCWA, 2003; Pathmanathan et al., 2003). Among its programmes, an existing immunisation programme aimed to ensure that the following vaccinations were made available for all children: BCG, Triple Antigen (Diphtheria, Pertussis and Tetanus), Polio and Measles (ESCWA, 2003). The Family Health Programme promoted 'the health of the individual, family and community' and was expanded to include the Family Medicine Specialist Service in 1997, with the aim of ensuring 'the early detection of diseases and to provide the appropriate management of patients at the primary health care level' (ibid). This, combined with the decentralisation of outpatient departments from hospitals to health clinics and the provision of comprehensive primary health care to health clinics, has received positive evaluations, having successfully made comprehensive primary health care more accessible and reduced unnecessary referrals to hospitals (ibid).The government's National Plan of Action on Nutrition continued to be implemented under the Food and Nutrition programme, advocating equitable access to nutritional food

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evidence that there was considerable leakage towards the non-poor. Susenas and BPS data for 2002-2004 showed that the poorest quintile held about 32% and the second-poorest quintile another 24%; the remaining 44% were held by the non-poor and the richest quintile held about 11-10% (ADB, 2006).

[100] In million won, the amount spent on cash benefits for medical expenses increased from 19,708 to 28,777 between 1997 and 1998. That on service benefits for medical benefits increased from 5,709 290 to 6,584,518 and that for physical examination expenses from 5,585,990 to 6,221.072 in the same time period (Ministry of Health, Welfare and Family Affairs, 1996-2007, in Korea National Statistics Office, 2008).

and promoting healthy eating habits, particularly among school children and adolescents.[101] Government health programmes resulted in the establishment of an increased number of health facilities and a wider coverage of health services (Table 39), which were largely improved during the financial crisis years.

Table 39: Malaysia – public health facility and coverage, 1995 and 1999

	Number		**Ratio of facility to population**	
Category	**1995**	**1999**	**1995**	**1999**
Rural health facilities				
Community clinics (b)	1987	1992	1: 4717	1: 4758
Health clinics	721	725	1: 12,998	1: 13,194
Mobile units (c)	284	194		
Urban health facilities				
Maternal and child health clinics	102	107	1: 22,909	1: 25,853
Health clinics	51	54		
Patient care services				
Hospitals	118	119	1: 846	1: 495
Acute beds (d)	24,454	24,780	1: 8891	1: 8540
Dental units (e)	2327	2597		
Beneficiaries (thousands) (f)				
Outpatient visits (g)	24,290	27,039		
Inpatients (g)	1448	1543		
Rural water supply	7397	8398 (a)	85.8	93.5 (a)
Sanitary latrines (rural)	8132	8761 (a)	94.9	99 (a)
School dental clinics	2808	4029	63.4	83.1
Supplementary feeding	510	528	19	18.4
Immunisation (under 1 year old)				
BCG	554	479	100	100
Diphtheria, Pertussis and Tetanus (third dose)	501	499	93.7	94.1
Hepatitis B (third dose)	485	483	90.7	91.1
Measles	458	457	85.5	86.2
Polio (third dose)	500	495	93.5	93.4

Notes: a = Figures for 2000. b = Includes rural and midwife clinics that have been upgraded into community clinics. c = Dispensary services, village health teams, flying doctor and dental services. d = Hospital beds under the Ministry of Health; does not include beds for chronic cases. e = Dental chairs in government clinics. f = Thousands. g = Attendance in public health facilities.
Source: Adapted from the Government of Malaysia (2000).

Nevertheless, the financial crisis did place a strain on health services in Malaysia as existing social health insurance mechanisms became overstretched, with the health cards system forced to cope with 18 per cent more patients who could no longer afford private care in 1998 compared with the previous year (ADB, 2000; Bronner, 2003, in Hopkins, 2006). The impacts of this are arguably visible in the negative effects, although limited, felt in children's nutrition and immunisation during the financial crisis.

[101] The government was also operating a range of programmes covering environmental health and sanitation, occupational health and safety, improving medical services and health and research development (see ESCWA, 2003 for details).

Thailand

In Thailand, despite cuts in the public health budget, funds for free medical care for the Low Income Scheme, a crucial portion of the government anti-poverty budget, were increased with the help of the World Bank and ADB loans, which helped to open fiscal space (Tangcharoensathien et al., 2000).[102] Two health cards initiatives were scaled up: the Low Income Health Card (with a budget increase of 39 per cent between 1997 and 2000[103]) and the Voluntary Health Card (by 33 per cent from 1997 to 1998), but the budget for the latter initiative fell in 1999 to a level below that of 1996 (Pongsapich, 2001).[104] The former targeted households in the general public with monthly incomes of less than 2800 baht, single persons with a monthly income of less than 2000 baht, the elderly, disabled, veterans, religious leaders, HIV/AIDS patients and children 0-12 years old. The Voluntary Health Card scheme was again targeted at the general public, holding that a family of five would pay a fee of 500 baht per year (a government subsidy of 1000 baht) which covers husband and wife, children under 20 years and other members of households. Card holders were to receive care without expenses from pre-identified hospitals.

The two health cards had varying results. The Low Income Scheme was found not to adequately cover the poor, while the Voluntary Health Card Scheme played an important safety net role for maternal and child health (Tangcharoensathien et al., 2000). The monitoring of the Health Intelligence Unit of the Ministry of Public Health found insufficient coverage by the Low income Health Card: in 1998, 24-26 per cent of the poor were not covered by insurance and just 11-14 per cent of the poor were covered by the Low Income Card (ibid). The uptake of the Voluntary Health Card was fairly high among all groups (50 per cent), which proved an important safety net for the poor and unemployed (more so than the Low Income Card) (ibid). This is reflected in the difference between those who were insured and uninsured. The crisis hit uninsured urban mothers hardest. In 1999, the overall rate of low birth weight babies was 9 per cent, but 18 per cent among uninsured urban poor mothers, 12 per cent among uninsured rural poor mothers and 14 per cent among the urban poor who were insured. Thus, although there was no increase in the overall incidence of low birth weight rate between 1998 and 1999, the rate among some subgroups, such as urban, poor, uninsured women was worryingly high (ibid).

Social services for child protection[105]

Although not conventionally included in assessment of social protection, child poverty analysts are increasingly calling for the integration of child protection services with broader social protection policy design and programming (DFID et al., 2009; Jones, 2009). In the case of East Asia, the very limited available evidence (only found for Indonesia and Thailand) suggests that child protection as a sector in social services was already suffering and received little attention during crisis years.

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[102] The percent of the Low Income Scheme to total Ministry of Public Health budget increased from 8.7% to 9.5% and 12% during 1996-1998 (Tangcharoensathien et al., 2000).

[103] The budget for the Low Income Health Card increased from 5640.93 million baht in 1997, to 7029.75 in 1998, 7428.33 in 1999 and 7835.10 in 2000 (Pongsapich, 2001).

[104] The budget for the Voluntary Health Card increased and decreased sporadically during crisis years from 2794 million baht in 1996, to 2400 in 1997, 3200 in 1998, 1000 in 1999 and back to 2400 in 2000 (Pongsapich, 2001).

[105] We have been unable to identify details of child protection services specific to the 1997/98 crisis period in Korea, although it is known from earlier discussions that institutional care arrangements for children were required to deal with increasing numbers of abandoned and lost children (Section 3.7). Details of the child welfare services and initiatives to the current date are available at the Ministry of Health, Welfare and Family Affairs website at http://english.mw.go.kr/front_eng/jc/sjc0108mn.jsp?PAR_MENU_ID=1003&MENU_ID=100308.

Indonesia

In the Indonesian case, an already weak child protection system came under pressure from the rising number of vulnerable children. A government programme for street and neglected children provided street children with scholarships, vocational training, supplementary feeding and operating funds for open houses and social workers (ADB, 2006). ADB's evaluation (2006) of the programme found that almost all beneficiaries completed the training and about one-third found employment, and that social workers succeeded in motivating a number of street children to rejoin their families. But coverage was low (several thousand children), with demand exceeding the number of scholarship recipients anticipated, with growing numbers of children living and/or working on the streets in the crisis (ibid). In order to better address the needs of not only street but also other neglected children, the government also distributed funds to NGOs to manage orphanages, drop-in centres and open houses to reach street children in seven cities (ibid). For instance, Plan International set up a number of programmes under the Programme of Children in Need of Special Protection (CNSP) in Java and Jakarta, which was designed to improve the situation of those children who were already in need of special protection, with the intention not to make them more vulnerable to additional violations of their rights (Suharto, 2007). Initiatives included projects for street children, for children in conflict with the law and for children at risk of commercial sexual exploitation.

Thailand

In Thailand, less is known about governmental activities around child protection in response to the financial crisis of 1997/98. What is known is that the budget for services for disadvantaged girls and women (including protection/welfare services, occupational training and alternatives to prostitution declined by 25 per cent between 1996 and 1999 (Pongsapich, 2001)). Similarly, budget cuts of approximately 29 per cent were made during the same period to services related to foster families, adoptions, family counselling and services for abandoned children (ibid). In response to the crisis, a Voices of the Disadvantaged Project was undertaken by a network of foundations for child development, focused on advocacy activities towards the Senate and people's representative groups surrounding issues facing children affected by the crisis including child labour (ibid). There is some suggestion that child and family policy issues have generally achieved more attention from the government since 2001 (Kamerman, 2002),[106] perhaps in response to a realisation of the high level of vulnerabilities children face, made visible during the crisis years.

Malaysia

Little is known about child protection activities in Malaysia during the financial crisis, although the Youth Development Policy was instigated in 1997, replacing the National Youth Policy of 1985, and contained some child protection components (ESCWA, 2003).[107] The objective of youth development programmes was to contribute to producing 'well-rounded individuals'. In order to achieve this, young people were encouraged to:

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[106] A 2001 policy statement laid out the objectives of its child and family policy as: 1) to establish community-based centres providing information, advice and help to families with regard to health care and family planning; 2) to support quality, community-based, pre-primary schools; 3) to protect children against abuse and punish those who violate or abuse children; and 4) to promote women's rights, status, roles and gender equity (ibid).

[107] The new policy retained the 1985 definition of youth as those aged between 15 and 40 years old but focused on the 18-25 years old age group in its programmes.

- Broaden their knowledge;
- Acquire positive values and attitudes;
- Increase their vocational and technical skills;
- Improve social interaction;
- Promote the importance of a healthy lifestyle;
- Coordinate with government agencies, the private sector and NGOs.

Programmes targeted at young people incorporated these aims and covered areas such as leadership training, vocational skills, entrepreneurial development, healthy lifestyle, sports and arts and culture. In addition, programmes for 'problem youths' were established, including the rehabilitation of young people who have been involved in substance abuse and criminal activities. These programmes were implemented by the government, usually through the Ministry of Youth and Sports, in cooperation with youth organisations, NGOs and the private sector and in collaboration with the National Association for the Prevention of *Dadah*35 (Illegal Drugs) and the Malaysian Crime Prevention Foundation (ESCWA, 2003).

Box 5: Microcredit as a crisis response?

Scaling up microcredit initiatives was a common response to the crisis. In Thailand, for instance, the government increased funding for a rural-targeted **Revolving Fund for Women** from 4.61 million baht in 1997, to 10.14 in 1998 and 21.48 in 1999 (a 366 per cent increase) (Pongsapich, 2001). The success of these programmes varied, however, calling into question whether microcredit is a suitable policy response in a financial crisis.

In Indonesia, the **Community Empowerment (PDM-DKE) programme** involved 'village block grants' and 'community funds' which went directly to villages for the purposes of public works or a revolving fund for credit. This had a budget of 1701 billion rupiah and was targeted geographically based on poverty data and local decision making (Pritchett and Sumarto, 2002). The amount of money distributed ranged from around 10 million rupiah ($1000) for relatively well-off communities to around 1 billion rupiah ($100,000). Each community could use the funds as it chose to and decisions were made through a village governing body known as the Village Community Resilience Institution (LKMD). These were used largely for physical infrastructure and maintenance or revolving fund initiatives through subsidised credit schemes (Sumarto, 2006). However, Sumarto argues that participation in the subsidised credit programmes actually increased the probability of a household being below the poverty line. Because participants were supposed to use the credit funds for productive purposes, it is quite possible that they also set aside some of their own income to supplement the credit received. As the likeliness of these short-term investments yielding returns was low, the probability of being poor in the short term was higher. This is argued to highlight that subsidised credit programmes are unsuitable as a crisis response programme where a quick positive impact on household consumption is required.

In Malaysia, a number of microcredit programmes already existed for female-headed households and a new one was brought in for urban petty traders (World Bank, 2000). Microcredit programmes constituted a key component in Malaysia's response, in keeping with its aim to create income-generating activities rather than providing income transfers. The government allocated 200 million ringgit of the World Bank loan to provide microcredit assistance to petty traders and hawkers in urban areas (UN, 2003) and an additional 100 million ringgit to the NGO AIM (World Bank, 2000), after the World Bank deemed existing microcredit programmes 'now insufficient' (ibid). A Hardcore Poverty Development Programme was designed to provide loans to the hardcore poor for income-earning activities through AIM (Paitoonpong, 2001). AIM implemented the **Female Single Parents Financing Scheme (SKIT)**, a financing scheme to benefit female single parents living in urban areas (UN, 2003) and the Fishermen Financing Scheme (SPIN), targeted at small coastal fishermen to help them increase their livelihood as well as prepare them for the commercialised fishing industry and increase fish-based food production (UN, 2003). The Fund for Food programme, with a start up allocation of 300 million ringgit, was established to increase food production through provision of low-interest loans to small farmers and farmers' associations (Paitoonpong, 2001). However, the new programmes were found to have varying success, particularly among petty traders, who were unwilling to borrow in such economic conditions (World Bank, 2000).

4.5 Informal social protection

Available evidence suggests that informal social protection mechanisms provided by the family, community and NGOs constituted an important source of support to mitigate the worst effects of the economic shocks triggered by the crisis in the four case study countries (UN, 2003). Before the formal social protection systems discussed in this section were mobilised in response to the crisis, most East Asian households had little access to formal mechanisms to protect them from risks associated with job losses, catastrophic health costs, disabilities, aging, etc and, as discussed, coverage of pre-existing formal systems was often limited. Instead, many households came to rely primarily on personal savings and informal family and community links to manage such risks (Atinc and Walton, 1998). There is very little evidence, however, as to the efficacy of such mechanisms in terms of addressing child- and youth-specific vulnerabilities.

Interestingly, informal mechanisms were also factored into the design of new government initiatives introduced during the crisis. In Thailand, for example, the government's social protection reforms attempted to maintain informal safety nets, emphasising self-reliance and self-help (Blomquist et al. 2001). Similarly, in Malaysia, in line with the government's orientation not to provide 'handouts', existing informal safety nets were considered adequate. Government safety nets therefore sought to provide more effective 'built-in stabilisers' and measures to protect employment and social cohesion (Vijayaledchumy, 2003).

Informal safety nets appear to have been especially important in the immediate aftermath of the financial crisis, when formal systems were limited, particularly for formal sector employees. For example, in Thailand, immediate assistance came in the form of family and community assistance. Unemployed people sought help through their families, particularly as many Thai workers were in the informal sector or engaged in small-scale operations that were not covered by formal insurance or compensation programmes. Also, many of them did not even know about government assistance programmes. When they were hit by the crisis, many people returned to their hometowns to stay with their families, even though job opportunities were lacking in rural areas (Kittiprapas, 2002). Being able to borrow money informally through informal money lenders or cooperatives is also reported to have been an important coping strategy in Thailand (Sussangkarn and Vichyanond, 2007).

In Indonesia, assistance from friends and close and extended family was also important. The IFLS confirm this and show also that about one-quarter of households received informal assistance. In addition, the median value of that assistance is considerably higher than the value of assistance from formal sources, as illustrated in Table 40. However, it should be noted that the table refers to respondents interviewed in the second half of 1998 who were reporting on assistance received in the six months prior to this, therefore excluding the range of government programmes brought in past July 1998.

Table 40: Indonesia – receipt of assistance (cash, food or non-food) in the six months prior to interview (second half of 1998)

	Receipt of assistance	**By source: family/ friends**	**Govt. or non-govt.**	**Purchase at subsidised markets**	**Community-level availability**
Proportion of households receiving assistance in past 6 months	44.8	22.9	9.6	22.9	86.3
Proportion of households receiving	Type of assistance received by households that received assistance				
Cash	15.1	63.7	9.3	-	2.7
Rice	32.5	47.0	86.1	84.5	31.1
Vegetables	2.7	12.1	0.0	0.0	0.5
Sugar	14.2	20.7	35.2	31.4	20.6
Noodles	5.8	7.8	26.4	8.6	14.6
Fruit	2.2	10.1	0.0	0.0	0.0
Meat and fish	1.8	6.5	2.8	0.6	0.9
Snacks	2.0	8.4	0.5	0.0	7.8
Other food	3.4	9.8	6.5	2.4	2.3
Cooking oil	11.9	7.2	35.7	33.3	21.0
Kerosene	0.2	0.4	0.0	0.4	0.9
Other goods	2.4	5.5	2.8	3.5	3.7

Source: IFLS2 and IFLS2+, in Frankenberg et al. (1999).

Dhanani and Islam (2002) argue that, given the huge inflation rate felt in Indonesia in 1998, if government safety net interventions had been absent from mid-1998 onwards, household-level coping mechanisms and the informal network of support forged together by friends and family in the crisis period 'would have been overwhelmed … Ominous scenarios of an uncontrollable social crisis would have become a stark reality'. Hence, there was the need to combine macroeconomic stability with a long-term, fiscally sustainable social protection policy, one which was arguably able to reinforce existing social capital (ibid).

In Korea too, there are reports that households turned to extended families and friends to cope with their losses. Private transfers acted both as an ex-ante risk-managing device and an ex-post coping mechanism. Households that anticipated some shortfalls in consumption tended to receive ex-ante transfers at the beginning of the period to cushion the shocks, whereas households that received ex-post transfers seemed to use the transfers to cope with an unexpected fall in consumption of food and other non-durable goods (Goh et al., 2005).

4.6 Impacts on social capital

There is also evidence to suggest that the financial crisis impacted upon social capital and cohesion throughout societies, reflected in rising crime and violence and, in some contexts, a weakening of community cooperation and participation. Social capital is reported to have lessened in Indonesia, but strengthened in the other case study countries. Crime rose in all countries during the financial crisis.

Indonesia, the crisis is reported to have 'diminished social capital', with reports of reduced community reciprocity and security (Knowles et al., 1999).[108] In cases, cooperation and trust was replaced with intense competition for resources, and religious gatherings became less frequent (ADB, 2000). Women's and men's participation in groups decreased, as shown below, suggesting that men and women had less time to participate in community-based activities, possibly because of pressures on coping strategies in the household.

Table 41: Participation in Indonesian community development activities, 1997 and 1998 (%)

	1997	**1998**	**% change**
All adults			
Community meetings	22.7	18.2	-4.5
Voluntary labour	29.4	23.0	-6.5
Community improvement	16.6	14.5	-2.1
Men			
Security organisation	32.9	30.8	-2.1
Women			
Women's group	9.1	7.3	-1.8
Community health post	20.5	16.5	-4.0

Source: IFLS2 and IFLS2+, in Frankenberg et al. (1999).

Crime and violence in Indonesia also peaked after the crisis and with the fall of Suharto in 1998. The crisis has been associated with growth in violence, vulnerability and social divisions (Tadjoeddin and Murshed, 2007). Divisions along regional, class and cultural lines were 'deeply rooted in Indonesian society' and, while violent conflict had mostly been suppressed under the Suharto regime, the crisis served to weaken state institutions and 'brought the situation to the breaking point, allowing repressed tensions to flare up' (Lucas, 2009), demonstrating how Indonesia went from an economic crisis to a political and social one (Hopkins, 2006). Neighbourhood security systems were weakened by the loss of volunteers, and households often had to fend for themselves by keeping watchdogs and safety proofing windows, as examples (Knowles et al., 1999). During 1990-2003, as many as 85.5 per cent of all deaths in collective violence were found in 15 regions, while those regions were inhabited by only 6.5 per cent of the country's total population (Varshney et al., 2006). These regions experienced deadly ethno-communal violence, including the May 1998 anti-Chinese riot in Jakarta, a few days preceding the resignation of President Suharto, a series of incidents against Madurese migrants in West Kalimantan (in early 1997 and early 1999) and Central Kalimantan's town of Sampit (February 2001) and incidents of Muslim–Christian violence in Maluku, North Maluku and Poso (Tadjoeddin and Murshed, 2007).

By contrast, in Thailand, the crisis and cuts in expenditure are suggested to have resulted in a stronger formation of social capital. Strong community organisations helped people take advantage of government credit schemes and grants to set up small business and revolving funds. Women's groups were also extremely active in developing savings groups and income-generating activities and micro-enterprises, ranging from agricultural food processing and preservation of fish sauce and fried durian,

[108] Nevertheless, Beard (2003) reports increased activism among community-based organisations and cites one example of a Mother and Childcare Clinic in which residents learned how to organise, work collectively and redistribute resources. They then used these skills to mobilise behind a self-identified need: a health care clinic for the elderly. These experiences are described as having given these activists and other community members a palpable sense of collective agency: that they had the ability to identify local needs and conceptualise their own plans and the power necessary to implement them.

for example, to sewing and weaving activities (Knowles et al., 1999). Organised farmers' groups are known to have exchanged information on prices and other critical matters, and coordinated agriculturally related activities, including in irrigation and organic agriculture. In urban areas, community groups have been engaged in several kinds of self-help activities, including saving clubs, income enhancement and networking (ibid). Religious organisations are reported to have acted as a 'last resort safety net' in Thailand (Blomquist et al., 2007). There are nevertheless reports of breakdowns in community trust and hostility among neighbours (Serat, 2000).

Female factory workers in Bangkok found a great amount of support through friends and community and social networks outside the factories. Some started a saving group and a training centre for retrenched workers, and many felt empowered through staying together rather than returning to their villages (Maskey and Kusakabe, 2005).

In Korea, the crisis also appears to have strengthened community cooperation. There are numerous examples of communities organising to assist groups most adversely affected by the crisis. For instance, an announcement by the Ministry of Education in 1998 that the number of school children missing lunch had increased encouraged a group of women's organisations and religious groups to organise a campaign to distribute free lunch bags to children without lunch (Moon et al., 1999, in Knowles et al., 1999). Community-based initiatives flourished in Korea, as farmers' and women's groups organised to improve their situations (Serat, 2000).

Crime increased across the four case study countries during the financial crisis (see Knowles et al., 1999). In Malaysia, crime increased in 1998 by 31 per cent compared with the same period in 1997 (Piei et al., 1999, in Knowles et al., 1999). In Korea, the total number of crimes increased by 11.7 per cent between 1997 and 1998, compared with an increase of 8.7 per cent in the preceding year. The increase in theft and robberies was especially high in metropolitan areas (15.7 per cent and 16.0 per cent, respectively, compared with 7.6 per cent and 9.7 per cent in other parts of the country).

The number of homeless people also increased markedly during the crisis in Korea, suggesting increased social exclusion. While accurate figures are impossible to obtain, the government estimates that the number increased from 600 in December 1997 to 6100 in December 1998 (Ministry of Health, Welfare and Family Affairs, 2002, in Kim, 2005). The number has decreased slightly since but not returned to pre-crisis levels. This is suggested to relate to family problems and unemployment (Kim, 2005).

These findings point to the important role that informal safety nets played in household and community coping strategies throughout the crisis, but also reveal that the crisis held positive and negative impacts for social cohesion. While child-specific impacts in this case are less known, these effects would undoubtedly have affected the quality of the environment children were growing up in as well as the type of care they were able to rely on. Crucially, more needs to be known about how the effects impacted child wellbeing.

4.7 Summary of policy responses

Political economy drivers

Complex and dynamic political economy drivers shaped the reform process and played an important role in shaping both how deeply the crisis was felt and how quickly and effectively governments were able to respond. In Indonesia, political turmoil, rioting and social violence surrounded Suharto's resignation in May 1998. The new government was faced with designing a new budget and policy response from scratch and also coping with the effects of the El Niño drought. However, the change in power arguably created a new space to put in place more comprehensive social protection infrastructure. In Korea, the crisis hit the country around the same time as the election of a new President, who had come to power on a strong social reform agenda and with significant civil society support. This meant that the impetus for cushioning the social impacts of the economic crisis was strong, but it also generated significant socio-political tensions, given the fiscal constraints that the new administration was forced to operate under. In Malaysia, the crisis led to strong antagonisms with international actors, especially the IMF, owing to differing views on how best to tackle the macroeconomic shocks as well as a degree of domestic political instability as a result of tensions within the ruling party about how best to respond. Similarly, in Thailand, the crisis also precipitated some degree of political instability with a change of government, but this was largely peaceful and embodied a new rights-based institutional framework.

Economic policy

The economic policy responses adopted by the four case study countries were shaped strongly by interventions by the IMF. Indonesia, Thailand and Korea implemented IMF reform packages, which generally involved restructuring through strict monetary policies, fiscal discipline and a move towards privatisation. There are disagreements over the effectiveness of these; particularly for Indonesia and Thailand, some analysts argue that they prolonged the negative impacts of the crisis. Malaysia took a controversial standpoint in resisting the prescriptions of the IMF and foreign investors by pursuing its own path of curbing the financial crisis through capital control measures and by trying to gain control of its own economy. GDP recovered relatively quickly and Malaysia's response has since been credited with yielding important lessons. What sets the countries apart is largely the timing and intensity of the reform measures and the extent to which governments were able to rely on the pre-existing macroeconomic health of their economies. Korea recovered the most quickly in terms of GDP growth, followed by Malaysia, Thailand and Indonesia.

Social sector reform and investment in basic services

Overall, the paper's analysis highlights an important tension between cutting social expenditure on basic services and increasing that on social protection. Indonesia and Thailand had a more limited resource base and greater debts when the financial crisis struck, hampering their ability to protect these spheres and so significant cutbacks in basic services were made (some in crucial areas, such as reproductive health and preventative health care measures in Thailand). Social protection packages were later scaled up (Thailand) and designed largely from scratch (Indonesia), with the help of external funds in order to mitigate the worst effects on the poor. Malaysia and Korea had greater resource bases and fiscal space, allowing them greater freedom to protect spending on health and education. Malaysia actually increased its social sector spending, allowing the government to build on its already comparatively strong social service structures and programmes. Korea too was able largely to maintain social spending, with some slight dips in crisis years, combined with a push towards privatisation of the health system.

Social protection

Informal social protection mechanisms through family and community links are reported to have proved critical in shielding negative crisis impacts on the poor and children, especially in the immediate aftermath of the crisis before formal social protection programmes were brought in or scaled up, and for those without access to these. However, these also came under threat in some contexts as social capital and social cohesion eroded, reflected in rising rates of crime and violence, homelessness and drug abuse and falling community participation.

In terms of formal social protection, a range of targeted social protection programmes were introduced or expanded in all four countries, fuelled in part by strong civil society pressures for more proactive government responses. In Indonesia, the new SPSDP was introduced, made possible from alternative borrowing, including a rice subsidy programme, educational scholarships and health cards. In Thailand, resources were directed towards social protection with a pro-poor focus, with efforts to make safety nets more universal, especially with regard to health and education service provisions. Although there were some important limitations in terms of programme coverage (especially limited attention to the newly vulnerable urban poor) and leakage, the impacts on child wellbeing appear to have been relatively positive. Indonesia's rice subsidy programme and school scholarship programme and Thailand's health card system stand out as especially noteworthy examples. In Korea and Malaysia, there was a stronger focus on employment-related interventions which, although generally positive, overall appear to have failed to tackle the gendered nature of the labour market. Crucially, however, child protection and gender-based violence appear to have been a major gap in the policy responses in all four countries.

5 Conclusions and policy implications

Overall, our analysis highlights that the impacts of the Asian economic crisis were costly in terms of economic and human development, including children's rights to survival, development and protection. Key transmission belts included:

- Unemployment resulting in rising levels of household poverty and constrained food and basic service consumption capacities;
- Both declining remittance flows and increased out-migration, with implications for the quantity and quality of care available within the household;
- Reduced income generation opportunities, which compelled women in particular to take on more poorly remunerated and sometimes risky and/or degrading forms of work, with negative spill-over effects on child care and time use, especially that of girls;
- Rising levels of intra-household tension and conflict in some contexts, manifested in rising rates of gender-based violence and child abuse; and
- Elevated psychological ill-health among adults, with likely negative but under-researched spill-over effects on children's physical and psychological wellbeing.

Documented impacts on children and their families varied in length depending on the pre-existing social, political and economic base of the country, the subsequent economic and social policy responses by governments as well as the extent to which households were able to rely on informal social protection mechanisms.

This analysis yields a number of important lessons around economic crisis impacts and policy responses which can cushion children and caregivers from the worst effects of macroeconomic shocks, with relevance for discussions regarding the current global economic crisis and its effects on the East Asia region. Certainly there are a number of important differences between the Asian economic crisis and the current triple F crisis—especially the availability of exporting as a recovery path, and the ability for migrants to move to non-affected countries during the former, but generally stronger national economic foundations at the onset of the current crisis—which we consider below. Overall, however, we are of the view that these points of difference have a relatively limited effect on potential lessons regarding crises and child-specific vulnerabilities and believe that there is much to be learned from a historical review of policy responses.

Understand the political economy drivers of national reform processes: Our analysis suggests that, in order to understand the political opportunities for gender- and age-responsive responses to economic crisis, it is important to consider the complex and dynamic political economy drivers that shape any reform process. On the one hand, crises may trigger broader political and social turmoil (as was the case in Indonesia in particular, and to a significantly lesser extent in Thailand, Malaysia and Korea). Policy interventions therefore need to consider not only the economic impacts of crisis but also ways to effectively address social unrest and even social violence. On the other hand, however, crises may also present important opportunities to address pre-existing as well as new patterns of poverty and inequality, by spotlighting vulnerabilities and the limitations of existing systems and institutions to address these effectively. In this regard, both international agencies and CSOs played an important role in championing social policy reforms. In the case of Indonesia, Korea and Thailand, CSOs voiced the urgency of more proactive responses by government, and international agencies (including the World Bank and ADB and belatedly the IMF) provided critical financial loans to enable all four governments to invest in the development of social safety nets designed to cushion poor and vulnerable groups from the worst effects of the crisis.

In the context of the current crisis, non-governmental and international actors have been similarly articulating the importance of policy measures to cushion vulnerable populations. Greater attention to the potentially differential effects on different social groups, including children, is however urgently required so that more targeted policy approaches can be considered in policy discourse.[109]

Invest in child-sensitive social protection: Where social safety nets existed or were implemented, these appear to have been critical in mitigating some of the negative impacts on the poor and vulnerable, including those experienced by children, youth and caregivers. Social protection measures appeared to be especially important in cushioning the impacts on health (for instance, the social health insurance system for the poor in Thailand), employment (retrenchment compensation and skills retraining

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[109] Discussions from the 2009 Asian Development Bank's "The Impact on the Global Economic Slowdown on Poverty and Sustainable Development in Asia and the Pacific" High-Level Regional Conference in Hanoi, September 28-30, and the 2009 ODI and UNICEF Conference on "The Global Economic Crisis – Including Children in the Policy Response" in London, November 9-10.

measures as introduced in Korea and Malaysia) and education (especially the scholarship programmes in Indonesia and Thailand). However, at the same time, our analysis underscores some important limitations in the social protection policy choices adopted by governments in the region. Evidence suggests that informal social protection mechanisms (including remittances) played an especially important role in supporting families and communities in the initial crisis aftermath, indicating that more could potentially be done to harness these positive effects and stem the erosion of community social capital, as was felt in some sub-national contexts. Attention to such informal mechanisms is arguably particularly important in the context of the current crisis given the widely discussed decline in opportunities for migrant workers across the Asia-Pacific region and more globally with impacts being felt by developed and developing countries alike.

Our findings also expose an important tension between investments in targeted social protection interventions to address newly emerging vulnerabilities and the protection or scaling-up of existing social expenditure investments in basic health and education service provision. While demand-oriented social protection mechanisms such as cash or asset transfers and social insurance can play an important role in tackling poverty and vulnerability, it is critical that basic social service budgets are simultaneously maintained in order to not only avoid exacerbating crisis-related vulnerabilities but also so that demand-side mechanisms can support beneficiaries to access quality services. In the case of Indonesia and Thailand, there appears to have been a de facto trade-off between early and broader cuts in basic service budgets (but not in Korea and Malaysia) and the subsequent introduction of more targeted social protection programmes. Given the current global support for social protection policies and programmes, these potential risks need to be carefully considered so as not to undermine social protection effectiveness. However, given that investments in basic social protection infrastructure have already been made in many Asian countries, there is now the potential at least for government programmes to be scaled up more rapidly and effectively. Global evidence suggests that successful social protection programmes are typically accompanied by careful poverty mapping and vulnerability assessments, as well as ongoing monitoring and evaluation mechanisms, all of which take time to put in place, and largely preclude a short-term response. The capacity to build on past investments is therefore of critical importance to governments seeking to mitigate crisis impacts, and one which bears consideration for governments which are currently under-prepared.

Ensure policy responses integrate a gender perspective: Our analysis also highlighted the urgency of integrating a more gender-sensitive lens into policy responses. In the case of employment-related responses, the evidence suggests that there was little attention to the gendered patterning of unemployment and underemployment, and thus women remained especially vulnerable post-crisis, with important potential impacts in terms of their time poverty and ability to provide quality care to their children. Similarly, although children were largely cushioned from negative nutrition and health impacts of the crisis, this owed in part to women overcompensating by reducing their own food consumption. A decade on from the Asian crisis, policy-makers today have a substantial body of evidence on these gendered impacts; the challenge will be ensuring that this evidence base is uncovered and translated into practice.

Pay attention to crisis-related social vulnerabilities: A major gap in policy responses relates to addressing the social vulnerabilities that emerged in the context of the crisis, especially violence and abuse and psychological ill-health. While governmental responses to economic vulnerabilities and the related impacts on consumption of food and basic services appear to have been relatively effective, attention to gender-based violence and child protection from violence and neglect was inadequate across the four countries. Similarly, mental health impacts were significant for both men and women, but again the policy response seems to have been piecemeal at the very best, and consideration of potential spill-over impacts on children was absent.

Unfortunately there are few signs that these social dimensions are receiving greater attention in the current crisis environment, and thus it is critical that child-focused agencies, such as UNICEF, and international non-governmental actors, seek to monitor potential social vulnerabilities as the crisis unfolds, raise awareness among policy-makers of the potential risks, and propose cost-effective and synergistic policy approaches.

Invest in the collection, reporting and dissemination of age- and gender-disaggregated data: Finally, our analysis highlights the serious dearth of good quality age- and gender-disaggregated data and analysis of the impacts of economic crises. This is particularly the case in terms of sub-national disparities, children's rights to protection and especially participation, and differential impacts on children depending on their gender, ethnicity and (dis)ability status. Without such data, it is not only difficult to assess actual impacts on a large proportion of poor and vulnerable populations as they may be masked or hidden, but also similarly challenging to design effective and well-tailored policy responses. Moreover, based on evidence from other contexts, data constraints may contribute to not only short-term opportunity costs in terms of human capital development and social inclusion, but also risk longer-term life-course and/or inter-generational poverty transfers. In this regard, investment in real-time monitoring efforts of the gender- and age-specific effects of the current crisis would represent an important step forward. A number of such initiatives are emerging in the region, but the challenge now will be to ensure that there is coordination across data collection efforts and that the results are widely disseminated in policy circles.

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Appendix 1: Macro to meso shocks

Table A1.1: Real GDP growth (annual percentage change)

	Pre-crisis		Crisis			Post-crisis		Current crisis				
	1990	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2007**	**2008**	**2009**	**2010 (projected)**
Indonesia	7.2	8.2	7.8	4.7	-13.1	0.8	5.4	3.6	6.3	6.1	2.5	3.5
Thailand	11.6	9.2	5.9	-1.4	-10.5	4.4	4.8	2.2	5.1	2.6	-.3	1
Malaysia	9	9.8	10	7.3	-7.4	6.1	8.7	0.5	6.3	4.6	-3.5	1.3
Korea	9.2	9.2	7	4.7	-.6.9	9.5	8.5	4	4.9	2.2	-4	1.5

Note: Annual percentages of real GDP are year-on-year changes.
Source: Compiled from data from IMF (2009) World Economic Outlook.

Table A1.2: GDP based on PPP per capita

	1996	**1997**	**1998**	**1999**	**2000**	**% change between crisis years 1997-98**
Korea	13,773.447	14,517.137	13,573.688	14,696.609	16,455.632	-6.49
Malaysia	8230.541	8774.441	8028.373	8441.795	9061.959	-8.50
Thailand	5012.255	4980.057	4453.04	4671.813	4950.674	-10.58
Indonesia	2447.785	2566.228	2220.571	2237.201	2435.314	-13.46

Source: Compiled from data from IMF (2009) World Economic Outlook.

Table A1.3: Unemployment and changes in real wages

	Change in real wages	**Changes in unemployment**
Indonesia	30-50% (1998)	From 4.7% in 1997 to 5.5% in 1998 and 6.4% in 1999
Thailand	-10% (1998)	From 1.5% in 1996 to 5.6% in 1998
Malaysia	-	From 2.4% in 1997 to 3.0% in 1998
Korea	4.2% (Q4, 1997) and 8.9% (Q1, 1998)	From 2% in 1997 to 6.7% in 1998.

Source: Compiled from Gottschalk (2004), in Sumner (2009).

Table A1.4: General inflation rates (%), from 1996-2000

	1996	**1997**	**1998**	**1999**	**2000**
Indonesia	7.893	6.16	57.874	20.479	3.703
Thailand	5.86	5.54	8.12	0.31	1.56
Malaysia	3.48	2.71	5.28	2.77	1.51
Korea	4.9	4.48	7.48	0.85	2.27

Source: Implied inflation rate (%) calculated from the consumer price general index (including housing) (ILO 1996-2000).

Table A1.5: Food inflation rates (%), from 1996-2000

	1996	**1997**	**1998**	**1999**	**2000**
Indonesia	9.527	8.805	92.299	24.996	-4.791
Thailand	8.88	6.88	9.62	-0.87	-1.09
Malaysia	5.72	4.15	8.92	4.61	1.99
Korea	3.9	3.85	8.71	2.81	0.83

Notes: Only in the case of Korea does this include alcoholic beverages. Otherwise, this index measurement includes non-alcoholic beverages and excludes alcohol and tobacco.
Source: Implied inflation rate calculated from the consumer price food index (ILO 1996-2000).

Table A1.6 shows the price increases of a number of selected staple food items before, during and after the crisis. The increases were most dramatic in Indonesia where, for instance, the price of rice increased by 183.58 per cent, in comparison with 19.86 per cent in Thailand, 19.48 per cent in Malaysia and 8.04 per cent in Korea between 1997 and 1998. Of importance to exploring the impacts of the crisis on children, the price of infant's milk formula increased in Indonesia, Malaysia and Korea (no data for Thailand) and most so in Korea (62.73 per cent in 1997/98, 6.30 per cent in Malaysia 1997/98 and 7.25 per cent in Indonesia 1998/99). What is notable is how price increases were less marked in Malaysia in comparison with the other three countries, and that post-crisis items remained at pre-crisis levels following the crisis, or lower (chicken, bread and eggs) although rice, beef and milk remained slightly higher. Nevertheless, these were high for Malaysia, thought to have been impacted by the high import content in the national food bill (Sundaram, 2006). In contrast, all of the below food items were at a higher cost post-crisis than that pre-crisis in Indonesia, Thailand and Korea, with the exception of cabbage in Thailand (and the price of infant's powdered milk did fall following the crisis in Indonesia, while there are no pre-crisis data for this product so a comparison is not possible).

Table A1.6: Retail prices of selected foods (in country currency)

Food item	Country	1996	1997	1998	1999	2000	2001
Rice long grain (1kg)	Indonesia	-	1192.4	3381.5	2835.19	2624.19	2871.8
	Thailand	13.43	15.46	18.53	15.6	23.02	21.58
	Malaysia	1.44	1.54	1.84	1.82	1.81	1.89
	Korea	1866	1989	2149	2323	2381	2370
Wheat bread, white, sliced, wrapped (500g)	Indonesia	-	1621.13	3839.29	3750	3888.89	4444.45
	Thailand	20.93	22.67	26.05	24.89	24.14	24.95
	Malaysia	1.91	1.91	1.76	1.83	1.84	1.83
	Korea	1233	1315	1707	1498	1453	1336
Beef (without bone) (1kg)	Indonesia	-	12,357.97	20,285.72	26,281.22	27,000	32,277.78
	Thailand	72.47	95.67	102.33	110.67	120.33	119
	Malaysia	13.84	14.07	13.88	13.92	14.47	14.62
	Korea	27,686	27,540	-	21,435	23,437	29,622
Chicken (cleaned) (1kg)	Indonesia	-	5285.72	11,678.58	9871.32	10,844.44	9777.78
	Thailand	52.25	52.27	55.77	28.33475	52.4	55.5
	Malaysia	5.52	5.72	5.35	5.1	5.33	5.18
	Korea	2361	2840	2934	2490	2773	3153
Fresh fish (1kg)	Indonesia	-	3994.93	9876.46	8993.2	9000	8988.89
	Thailand	76.17	81.63	85.5	83.17	80.83	80.08
	Malaysia	5.79	5.89	6.39	6.39	6.96	6.54
	Korea	1956.67	2210	3677	4910	5037	5143
Infant's formula (powdered) (500g)	Indonesia	-	-	19,166.67	20,555.56	16,250	18,750
	Thailand	-	-	-	-	-	-
	Malaysia	6.765	6.825	7.225	7.485	8.31	8.51
	Korea	4915	4923	8011	7639	8516	8505
Chicken eggs (fresh) (12)	Indonesia	-	1964.53	5083.71	4527.99	4179.08	4891.19
	Thailand	23.64	23.16	30	28.5	22.44	27.36
	Malaysia	2.784	2.784	2.46	2.604	2.604	2.472
	Korea	1085	1127	1424	1129	1378	1498
Cabbage (1kg)	Indonesia	-	1564.2	2035.7	1857.43	2500	2255.56
	Thailand	18.57	18.76	15.23	15.15	14.21	14.33
	Malaysia	2.57	2.63	2.81	2.65	2.57	2.89
	Korea (	402	499	894	802	843	742

Source: Compiled from ILO retail prices of selected food items (1996-2001).

Indonesia, followed by Thailand, received the most ODA out of the four case study countries overall and during the crisis years.

Table A1.7: Total ODA to recipient country, net disbursements (US$ millions)

	1996	1997	1998	1999	2000	2007
Indonesia	1013.46	752.83	1218.02	2074.44	1543.98	362.09
Thailand	799.13	600.76	675.37	999.43	682.85	-396.22
Malaysia	-455.23	-243.66	198.11	140.10	43.27	191.73
Korea	-149.15	-158.30	-49.06	-53.78	-	-

Note: This includes the sum of grants, capital subscriptions and net loans (loans extended minus repayments of loan principal and offsetting entries for debt relief).
Source: OECD statistics (2009).

Table A1.8: Inflows of migrants by sex (where data are available)

	1996	1997	1998	1999	2000	2001
Indonesia (total men and women)	85,689	31,487	179,854	79,618	12,2139	65,585
Thailand (total men and women)	100,3863	1,125,780	1103546	766,543	780,617	827,649
Malaysia (total men and women)	120,100	73,700	57,700	97,600	86,900	97,361
Malaysia: Men	80,500	41,700	33,600	62,600	46,400	48,244
Malaysia: Women	39,600	32,000	24,200	34,900	40,500	49,117
Korea (total men and women)	108,653	114,052	86,778	109,734	118,093	106,862
Korea: Men	85,346	88,035	68,642	83,781	88,716	78,937
Korea: Women	23,307	26,017	18,136	25,953	29,377	27,925

Notes: Indonesia figures refer to the inflow of foreigners receiving a permanent residence visa. Malaysia figures are estimates based on the sample survey (57,000 Living Quarters) and immigrants shown refer to Indonesians only, which comprised the largest component of foreign workers. Korea data refer to those employed = industrial trainees + residence reporters + intra-company transfers + treaty investors + treaty traders + professors + research + special technology institution + arts and entertainment
Source: ILO international labour migration data (1996-2001).

Table A1.9: Outflows of nationals by sex (where data are available)

	1996	1997	1998	1999	2000	2001
Indonesia (total men and women)	418,176	305,774	367,526	427,619	435,219	338,992
Indonesia: Men	181,112	86,595	77,658	124,822	137,964	66,578
Indonesia: Women	237,064	219,179	289,868	302,797	297,255	272,414
Thailand (total men and women)	185,436	183,689	191,735	202,416	193,041	160,252
Thailand: Men	157,064	161,830	160,866	165,576	155,591	136,214
Thailand: Women	28,372	21,859	30,869	36,840	37,450	24,038
Korea (total men and women)	492,080	484,316	295,758	366,682	193,041	208,374
Korea: Men	416,186	391,625	261,248	312,533	137,040	139,827
Korea: Women	75,894	92,691	34,510	54,149	71,334	77,705

Source: ILO international labour migration data (1996-2001).

Table A1.10: Workers' remittances received (US$)

	1996	**1997**	**1998**	**1999**	**2000**	**2001**
Thailand	1,806,000,000	1,658,000,000	1,424,000,000	1,460,000,000	1,697,000,000	1,252,000,000
Indonesia	796,000,000	725,000,000	958,000,000	1,109,000,000	1,190,000,000	1,046,000,000
Malaysia	857,000,000	1,074,000,000	856,000,000	1,042,000,000	981,000,000	792,000,000
Korea	946,000,000	852,000,000	542,000,000	666,000,000	735,000,000	652,000,000

Source: World Development Indicators (2008).

Appendix 2: Micro-level impacts on households

Table A2.1: Indonesia – selected housing and health conditions, 1993-2000 (% of total households)

	Urban						**Rural**						**Urban + rural**					
	Pre-crisis			**Crisis**			**Pre-crisis**			**Crisis**			**Pre-crisis**			**Crisis**		
	93	**96**	**97**	**98**	**99**	**00**	**93**	**96**	**97**	**98**	**99**	**00**	**93**	**96**	**97**	**98**	**99**	**00(a)**
Earthen or wooden floor	18	16	14	13	13	12	61	55	51	49	48	46	47	41	38	35	34	32
Without improved drinking water (b)	18	12	10	10	10	11	50	42	38	36	36	36	40	31	28	26	26	25
Shared/public toilets	44	35	33	32	31	31	72	60	56	55	55	55	63	51	48	46	46	45
Defecate in rivers/ponds/ open air	46	42	40	41	37	37	89	85	83	82	80	79	75	69	67	67	63	61
No electricity for lighting	10	5	4	3	3	2	61	41	34	29	25	23	45	28	23	20	16	14
Traditional/ self-treatment (c)	37	41	34	37	38	_(d)	42	45	39	38	39	-	40	44	37	38	38	-
Traditional healer/family and other birth attendant (e)	29	21	19	26	18	18	74	64	60	60	53	56	60	50	46	48	40	37

Notes: a = Preliminary figures for 2000. b = Not using drinking water from pipe, pump, bottle, protected well or protected spring. c = Not using medical services of hospital, doctor, health centre, clinic or paramedic personnel. d = '–' not available. e = Last birth of under fives after 1998.

Source: Welfare Statistics, Annual National Socio-economic Survey Susenas, February, various years, CBS. Welfare Indicators, adapted from Dhanani and Islam (2002).

Appendix 3: Intra-household dynamics

Table A3.1: Changes in the divorce rate in Korea pre-, during and post-crisis

1970	**1980**	**1990**	**1995**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**
11,600	23,700	45,700	63,300	93,200	116,700	118,000	120,000	135,000	145,300

Source: National Statistical Office (2003), in Kim (2004).

Table A3.2: Thailand – suicide rate (per 100,000) by gender, 1988-2003

	1989	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Total	6.3	6.7	6.7	6.4	6.3	6.7	4	7.2	7.6	6.9	8.1	8.6	8.4	7.7	7.8	7.1
Male	7.8	8.7	8.8	8.6	8.3	9.1	5.6	10.6	11.3	10.7	12.6	13.3	13.2	11.9	12	11.0
Female	4.8	4.7	4.7	4.1	4.2	4.3	2.4	3.9	3.9	3.2	3.7	3.9	3.7	3.6	3.8	3.3
Male : female ratio	1.6	1.9	1.9	2.1	2.0	2.1	2.3	2.7	2.9	3.3	3.5	3.4	3.6	3.3	3.2	3.3

Source: Lotrakul (2006).

Appendix 4: Impacts on children's rights

Table A4.1: Life expectancy at birth (years)

	1996	**1998**	**1999**	**2001**	**2007**
Indonesia	64	65	66	67	70
Thailand	69	69	69	70	70
Malaysia	72	72	72	73	74
Korea	72	73	73	75	79

Source: Data compiled from UNICEF State of the World's Children reports (1998-2009).

Table A4.2: Under one and under five mortality rates (per 1000) over time

	1960	**1990**	**1996**	**1998**	**1999**	**2001**	**2008**
Under 1 mortality rate (per 1000)							
Indonesia	127	60	47	40	38	33	25
Thailand	103	26	31	30	26	24	6
Malaysia	73	16	11	9	8	8	10
Korea	90	8	6	5	5	5	4
Under 5 mortality rate (per 1000)							
Indonesia	216	91	71	56	52	45	31
Thailand	148	31	38	37	30	28	7
Malaysia	105	22	13	10	9	8	11
Korea	127	9	7	5	5	5	5

Source: Data compiled from UNICEF State of the World's Children reports (1998-2009).

Table A4.3: Thailand – orphanage admittance during the financial crisis (new orphan admissions per year)

	1995	**1996**	**1997**	**1998**
0-5 admissions	867	796	781	908
6-18 admissions	657	653	677	857

Source: Department of Social Welfare, 1993-1999; Thawornwanchai et al., 1999, in Tangcharoensathien et al. (2000).

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