Transition to the ‘Universal Welfare State’
The Changing Meaning of the “Welfare State” in Korea

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Introduction

➢ Transition to the Universal Welfare State?

➢ Is Korea a welfare state?
  • either yes or no: two different meanings of the concept of the welfare state
    • an ideal state of affairs the country should reach, as it strives to become a modern and advanced society
    • a set of public institutions aiming for social protection, a simple and analytical notion of institutions
  • the presidential election in Dec. 2012
    • President Park’s welfare state promise: addressing various welfare needs
    • the Democratic Party’s ‘universal’ welfare state: ‘free’ social programs, reducing income inequality
Introduction

- Tracking back the changing meaning of the welfare state
  - Policy makers’ understanding with their political strategies at critical political conjunctures
  - The welfare state and economic development
  - From the developmental to universal welfare state.

- Key arguments
  - Welfare state moved closer toward the second meaning.
  - The aspiration for the welfare state as an ideal state of affairs remains strong if not stronger than before.
  - The welfare state is one of the essential components of Korea’s modernization project.
Two meanings of ‘welfare state’ in the context of economic development

The understanding of the welfare state in Korea

- shaped by its relationship to economic development
- through two significant historical conjunctures

1) Park Chung Hee gov’t. (1961-1979) (cont.)

- ‘economy-first’ policy soon after the military coup in 1961
  - idea of development a clear purpose, project, and priority
    - ‘I want to emphasize and reemphasize that the key factor of the May 16 Military Revolution was in effect an industrial revolution in Korea. Since the primary objective of the revolution was to achieve a national renaissance, the revolution envisaged political, social and cultural reforms as well. My chief concern, however, was economic revolution.’

- in a 1963 speech
Two meanings of ‘welfare state’ in the context of economic development

1) **Park Chung Hee gov’t. (1961-1979)**
   - ‘economy-first’ policy + recognizing the need to address social welfare
     - social policy proposals (1962) from the Committee for Social Security (CSS)
       - industrial accident insurance was approved, but unemployment insurance and health insurance were rejected by the Supreme Council.
       - Public health insurance: ‘too idealistic’
   - The ‘developmental’ welfare state (1970s)
     - Social policy for economic development
     - introducing social insurances (health insurance & public pensions)
       - Health insurance (1977) only covered workers in large-scale industrial workplaces with more than 500 employees.
Two meanings of ‘welfare state’ in the context of economic development

2) **Kim Dae-jung gov’t. (1998-2003)**

- **after the 1997 Asian economic crisis**
  - the weaknesses of the developmental welfare state was exposed.
- **measures relating to economic structural adjustment**
  - a tripartite committee: government, business, and labour were able to reach a social consensus for reform
  - **social policy reforms**: extending the Employment Insurance Programme, and strengthening benefits of the public assistance programme for the poor
Two meanings of ‘welfare state’ in the context of economic development

2) **Kim Dae-jung gov’t. (1998-2003) (cont.)**
   - ‘productive’ welfare initiative (2000)
     - social policy: a mere instrument for economic consideration → a key policy priority on par with economic development
     - restructuring National Health Insurance Corporation
     - introducing Minimum Living Standard Guarantee
   - Public Spending on Social Protection in Korea
Two meanings of ‘welfare state’ in the context of economic development


- a significant change in the language of the welfare state in the academic field
    - Maintaining that there was a strong growth in the welfare state in Korea under Kim Dae-jung government
    - a number of chapters using the concept of welfare state as analytical concept, although some of chapters used the welfare state as the ideal state of affairs
From the developmental to ‘universal’ welfare state

1) as an ideal state of affairs: Chun Doo-whan gov’t (1980-1987)
   • a welfare state project, ‘Let’s Construct Welfare State’: the term, welfare state, epitomizes a good society
   • strengthen the public assistance programme → increase of the # of poor people

<table>
<thead>
<tr>
<th>year</th>
<th>Housing, income and medical</th>
<th>Income and medical</th>
<th>Medical supports</th>
<th>% of the total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>288</td>
<td>72</td>
<td>3563</td>
<td>13.66</td>
</tr>
<tr>
<td>1970</td>
<td>306</td>
<td>63</td>
<td>2116</td>
<td>7.71</td>
</tr>
<tr>
<td>1975</td>
<td>375</td>
<td>52</td>
<td>904</td>
<td>3.77</td>
</tr>
<tr>
<td>1980</td>
<td>339</td>
<td>47</td>
<td>1500</td>
<td>4.95</td>
</tr>
<tr>
<td>1985</td>
<td>282</td>
<td>63</td>
<td>1928</td>
<td>5.52</td>
</tr>
<tr>
<td>1990</td>
<td>340</td>
<td>81</td>
<td>1835</td>
<td>5.26</td>
</tr>
</tbody>
</table>

• BUT, it remained an elusive ideal
  • inevitable tension between the welfare initiative (military) and economic stabilization policy (bureaucrats) & relying more on bureaucrats
  • not continuing efforts into bolstering social programmes but pursuing a stabilisation policy
From the developmental to ‘universal’ welfare state

2) as an aspiration for a society where a high level of well-being: 2012 presidential campaign

- local election for the Educational Authorities in 2010

  - free school lunch for primary school students & universal social policy
  - a wide range of responses from politicians & the public
  - Kim Sang-gon, a candidates for the Kyunggi Province
    - ‘... in the advanced capitalist society it is natural that basic welfare should be provided universally to the public. As Korea is now preparing to enter the group of advanced societies, basic welfare should be guaranteed for everyone no matter who gets political power.’ - Interview with Hangyore Daily, April 2010
  - Kwak Nohyun, candidate for Seoul metropolitan area
    - ‘... in the school, universal welfare should be guaranteed. There shouldn’t be children stigmatized. ... Children of rich households should be eligible. ... Universal welfare should be for everyone.’ - Interview with Poli News, May 2010.
From the developmental to ‘universal’ welfare state

2) as an aspiration for a society where a high level of well-being: 2012 presidential campaign (cont.)

> general election in April 2012

- the Democratic Party (main opposition party)
  - first, ‘free’ welfare provision: free health care
  - later, ‘universal’ welfare
- Park Geunhye (governing party)
  - giving high priority to social welfare: every citizen would need social supports from the state during the life-cycle.
  - welfare benefits should be tailored to each citizen’s needs
From the developmental to ‘universal’ welfare state

2) **as an aspiration for a society where a high level of well-being: 2012 presidential campaign (cont.)**

- **presidential election in 2012**
  - both major parties promised a ‘universal’ welfare state – but unclear definition
    a) free provisions
    b) expanding coverage of social insurances
  
<table>
<thead>
<tr>
<th>Social Programmes</th>
<th>Categories</th>
<th>People covered by the programmes</th>
<th>People not covered by the programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Pensions</td>
<td>Working-age people</td>
<td>42.5% (Contributors to the National Pensions or Government Employees Pensions)</td>
<td>57.5 % (Non-contributors, and economically non-active)</td>
</tr>
<tr>
<td>Employment Insurance</td>
<td>Employed</td>
<td>41.2% (Regular employees and some of short-term contract workers)</td>
<td>58.8% (Part-time workers, family business employees and self-employed)</td>
</tr>
<tr>
<td>Minimum Living Standard</td>
<td>Low-income (below the poverty line)</td>
<td>46.4% (People without family members responsible for support)</td>
<td>53.6% (Low-income People with family members responsible for support)</td>
</tr>
</tbody>
</table>

- guaranteeing citizens a decent level of well-being
  - but, needs a clear direction: as an effective response to ‘new social risks’
Conclusion

The ‘welfare state’ in Korea

- **changing meaning of the term ‘welfare state’**: from as an embodiment of a ‘good society’ to as an analytical term referring to specific institutions and policies, the ‘universal’ welfare state

- **remarkable continuity**: the prevalence of the enduring belief that citizens should be guaranteed a decent standard of living
  - for democratic competition and the social shift towards post-industrialization
  - Korea’s modernization project about economic development, democracy and the welfare state.
Conclusion

Now, key questions

• What should be like the ‘universal’ welfare state?
• Who should be eligible for benefits?
• Who should pay for the ‘universal’ welfare state?
• How should the system be implemented?
Thank You !