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**SOCIAL PROTECTION AND
ECONOMIC
DEVELOPMENT IN KOREA**

The Evolution of the Welfare State in Korea

- The Developmental Welfare State
- Democratization and Social Policy
- Economic Crisis and Social Policy
- Rescaling the developmental Welfare State

Structure of the Korean Welfare State

- ◎ Social Insurance Programme
 - National Pension Programme,
 - National Health Insurance,
 - Employment Insurance Programme,
 - Industrial Accident Insurance,
 - Long-term Care Insurance

Structure of the Korean Welfare State

- ◎ Social Assistance Programme
 - Minimum Living Standard Guarantee
 - Social Entreprises

- ◎ Public Pension Programmes for
 - the Civil Service
 - Private School Teachers
 - and Military Personnel

Economic Development and Social Policy

- ◎ The success of the rapid economic development in Korea
 - Developmental State (White 1988; Woo-Cumings 1999)
- ◎ Welfare Developmentalism:
 - social policy incorporated in the state developmental strategy (Kuhnle and Hort, 2000)

Welfare developmentalism

- Subordinating welfare to economic efficiency
- Discouraging dependence on the state
- Promoting private source of welfare
- Diverting the financial resources of social insurance to investment in infrastructure
 - (Goodman and White, 1988)
- The State as regulator (Kwon, 1997)

Social Base of Welfare Developmentalism

⦿ Land Reform

- Carried out 1945-1950
- Creating small farmers
- Demise of vested interest: the state autonomy

⦿ Human Resource Development

- Farmers educated children
- Social Mobility
- Equality and Open Society

East Asian Economic Crisis and Welfare Reform

- ⦿ Global Competition and Structural Weakness
 - Recognized before the crisis
- ⦿ Reform efforts were lukewarm before the crisis

East Asian Economic Crisis and Welfare Reform

- ◎ Structural Weakness in economy
 - wage increase (14.3 %) faster than productivity increase (10.4%) since 1990
 - Seniority based employment, life-time employment, company based social welfare
 - Need to move to high-tech, and knowledge based economy
 - Employment Insurance Programme (1995)
 - New definition of developmental social policy

East Asian Economic Crisis and Welfare Reform

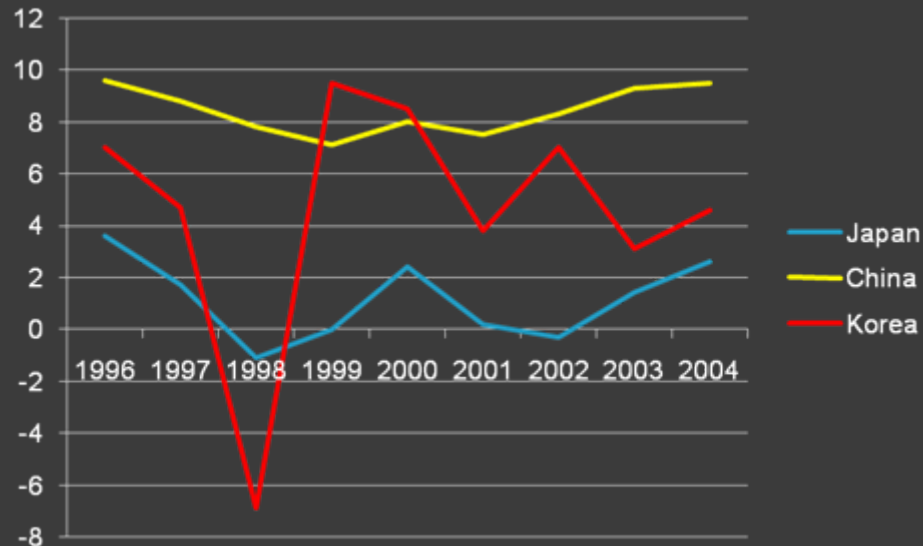
- ◎ Exention of the unemployment benefits
 - (benefit coverage %: unemployment benefit recipients among the unemployed)

	1997	1998	1999	2000
Korea	7.8	26.3	33.1	33.3
Taiwan	n.a.	n.a.	13.9	35.9

East Asian Economic Crisis and Welfare Reform

- Election of the new governments
- Advocacy coalitions in Korea
 - More often failed in their efforts for inclusive social policy
 - Lack of clear political strategy and heavy constraints
 - increased its influence with election of Kim Dae-jung governments in Korea and Taiwan,
 - Minimum Living Standard Guarantee (Korea)
 - Integration of National Health Insurance

East Asian Economic Crisis and Welfare Reform

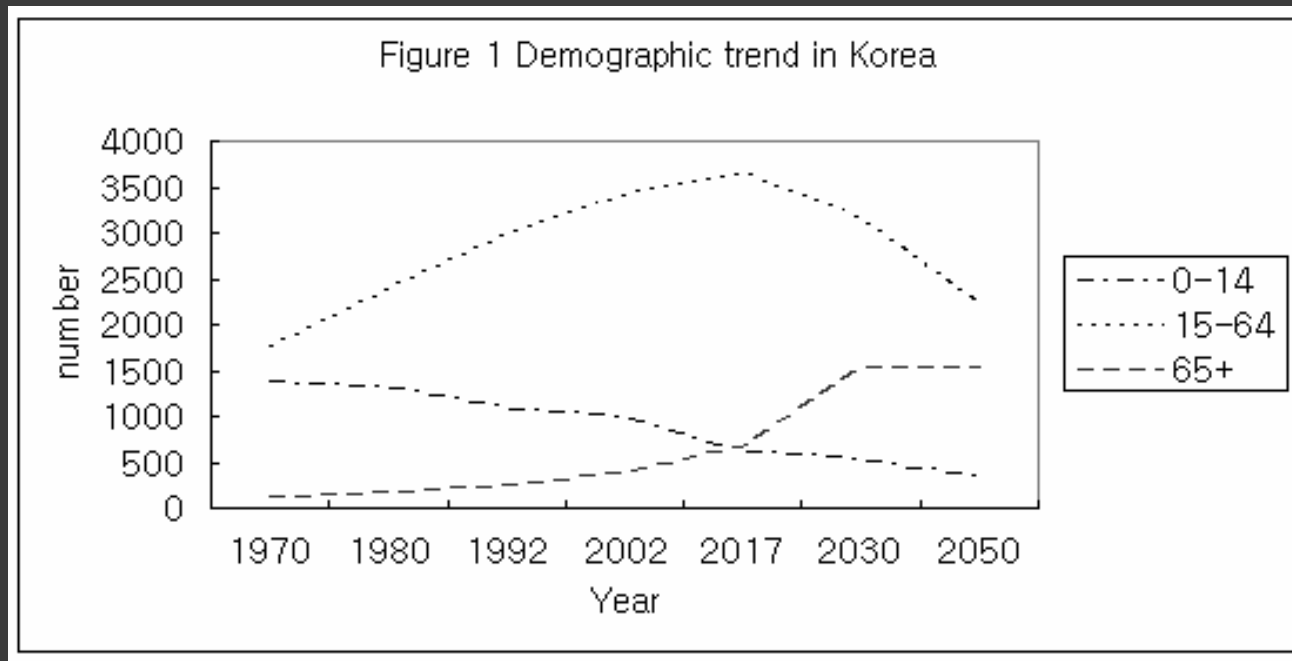


Rescaling the Developmental Welfare State in Korea

- ⦿ Enhanced Universal Coverage
- ⦿ Need to think on the overall structure of the welfare state
 - Cash benefits vs. social services
- ⦿ Sustainability
 - Willingness to pay vs. expectation

Rescaling the Developmental Welfare State in Korea

Lowest Fertility rate in the world
(1.13)
Fastest Ageing population



www.nso.go.kr(2006.6)

Rescaling the Welfare State

- ⦿ Expanding Childcare Services
- ⦿ Long-term Care Insurance
- ⦿ Policy responses to flexible labour market
 - Social Enterprises